

16 October 2015

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

Dear Sir/Madam

**Annual Report**

Attached is the Red Hill Iron Limited 2015 Annual Report.

Yours faithfully

P.C.Ruttledge  
Company Secretary



**RED HILL IRON**  
Limited

ABN 44 114 553 392

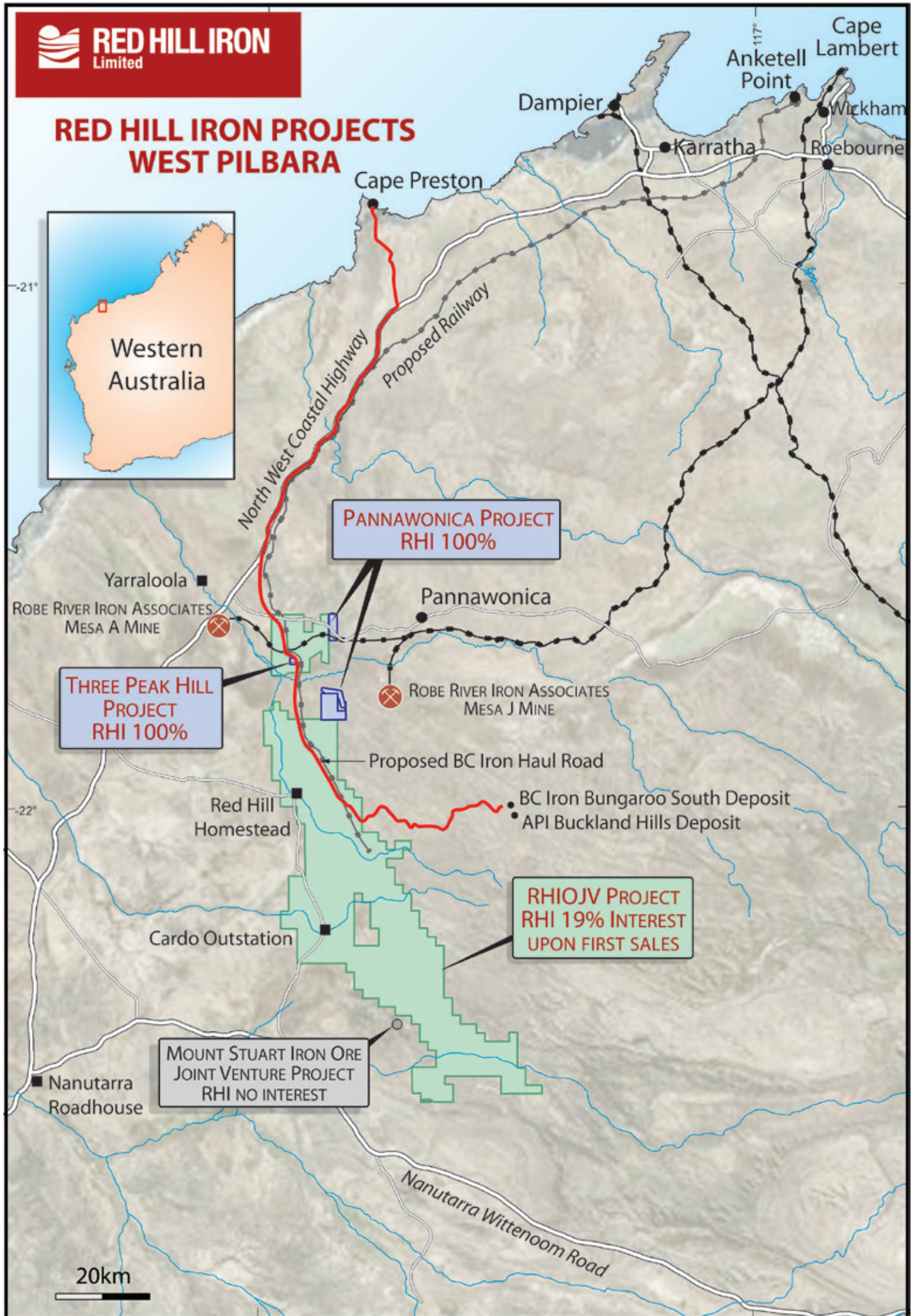
**2015**  
**ANNUAL REPORT**





**RED HILL IRON**  
Limited

# RED HILL IRON PROJECTS WEST PILBARA



**PANNAWONICA PROJECT**  
RHI 100%

**THREE PEAK HILL PROJECT**  
RHI 100%

**RHIOJV PROJECT**  
RHI 19% INTEREST  
UPON FIRST SALES

**MOUNT STUART IRON ORE  
JOINT VENTURE PROJECT**  
RHI NO INTEREST

20km

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# CORPORATE DIRECTORY

## DIRECTORS

### Executive

Neil Tomkinson - Chairman  
Garry Strong

### Non Executive

Joshua Pitt  
Mark Okeby (appointed 12.08.2015)

## PROJECT MANAGER

Doug Stewart

## COMPANY SECRETARY

Peter Rutledge

## REGISTERED OFFICE

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Fax: (08) 9481 8445  
Email: redhillinfo@redhilliron.com.au  
Website: www.redhilliron.com.au

## AUDITOR

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

## HOME EXCHANGE

Australian Securities Exchange

## SHARE REGISTRY

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153  
Telephone: (08) 9315 2333  
Facsimile: (08) 9315 2233  
Email: registrar@securitytransfer.com.au

[www.redhilliron.com.au](http://www.redhilliron.com.au)

ASX Code: RHI



# REPORT ON OPERATIONS

## CORPORATE UPDATE

In a year where good news in the iron ore industry was hard to find, Red Hill Iron Limited has been fortunate to report significantly increased resource and reserve figures for the 40% owned Red Hill Iron Ore Joint Venture (RHIOJV). The West Pilbara Iron Ore Project (WPIOP), of which the RHIOJV is an integral part, is proceeding apace despite the precipitous fall in the iron ore price indices. A key moment for the Company is approaching when the results of the +/- 15% scoping evaluation work will come to hand and the RHIOJV and WPIOP participants, in conjunction with Aurizon Holdings Limited (Aurizon), the proposed rail and port infrastructure provider, are due to decide whether or not to proceed with a Definitive Feasibility Study (DFS).

This decision is expected in late December and, if positive, would lead to an anticipated completion of the DFS by July 2016 and the possibility of a project development decision prior to the end of that year. Our joint venture manager, API Management Pty Ltd (API)\* has continued to move the project forward in difficult circumstances resulting in significant increases in resources and reserves and the proposed life of mining operations. These new figures combined with the recognition of the expanded Kens Bore East resources and reserves attributable to the RHIOJV, as a result of the settlement of the ownership dispute between the parties, have added an exciting new dimension to the Company's share of future mining revenues.

Red Hill Iron is focused entirely on its two iron ore projects in the West Pilbara:

Red Hill Iron's interest in the RHIOJV is 40% and remains at that level up to the point of first production of ore with no obligation to fund costs. At that point, Red Hill Iron may elect either to become a 19% participant in RHIOJV production or to convert its interest into a 2% FOB Royalty on 100% of RHIOJV production. If Red Hill Iron becomes a 19% RHIOJV participant, it will be obligated to pay back funds expended on its behalf from out of 80% of the Company's share of the project's free cash flow. If Red Hill Iron elects to take the royalty, all funds advanced or provided by API on Red Hill Iron's behalf will be written off.

The Company's wholly owned Pannawonica Project has an estimated Ore Reserve of 29.3 million tonnes of iron ore grading 54% iron (Refer to the Mineral Resources and Ore Reserves statement in this report). Development studies have been suspended at this project pending an improved iron ore outlook.

## RED HILL IRON ORE JOINT VENTURE

This joint venture is an integral part of the WPIOP Stage 1 and is designated as the major provider of ore for the first 20 years of proposed WPIOP production. The WPIOP participants initiated a major step up in activity during the year with Aurizon carrying out studies for a rail and port solution for project development while API was active in updating the 2010 Joint Venture Feasibility Study.

Further drilling campaigns and intense engineering studies resulted in a major lift in the estimates of both Mineral Resources and Ore Reserves of the WPIOP. The new reserve figures were released in September 2015 together with an anticipated Mining Schedule (Refer Figure 1) for the planned twenty year mine life. The schedule indicates that, were Red Hill Iron to elect to participate in the proposed mining operations, its 19% share of production would approach 8 million tonnes per year for the first five years tapering somewhat in later years. The planned majority contribution of RHIOJV ores in the early years of the WPIOP Stage 1 has significant positive economic implications for your Company.

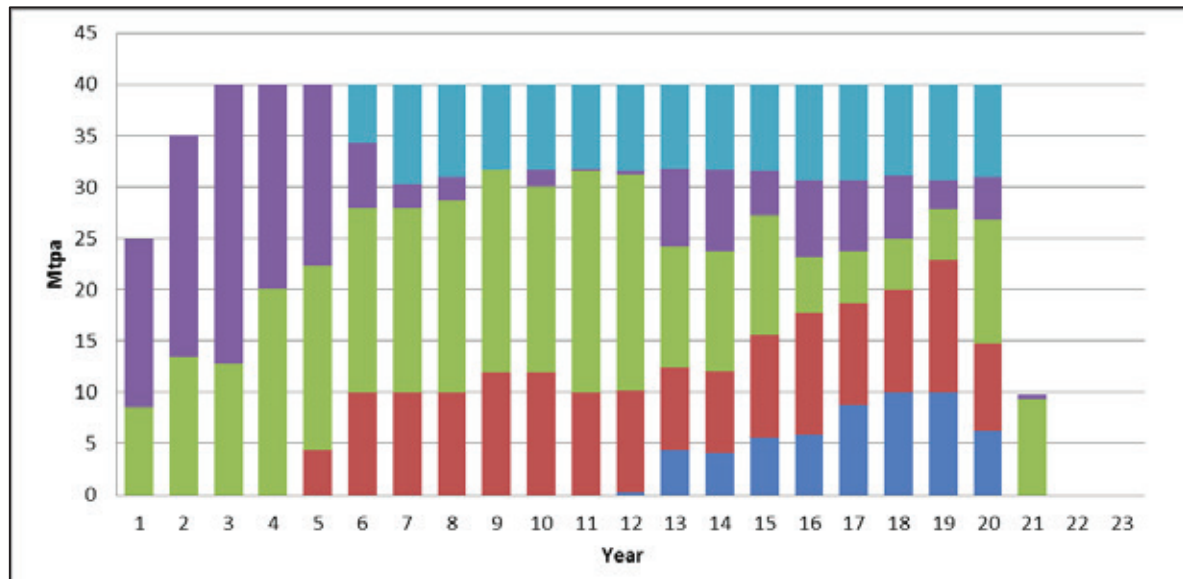
The WPIOP total Mineral Resources now stand at over 1.2 billion tonnes of iron ore grading 56.4%. These Mineral Resources have been calculated to contain an estimated Ore Reserve of 780 million tonnes grading 57.2% iron (Refer to Appendices 1 and 2 of the Mineral Resources and Ore Reserves statement in this report), which is adequate to support the currently planned twenty years of project production. About two thirds of both the Mineral Resources and the Ore Reserves occur within the area of the RHIOJV.

In parallel with the ongoing feasibility study activities, the participants in both the WPIOP and RHIOJV are continuing negotiations aimed at agreeing the various arrangements required to ensure a smooth progress to development. These arrangements include the setting up of ownership structures for the mining and infrastructure operations, the provision of rail and port services, which will involve an agreed tariff regime, and marketing arrangements for the sale of product.

# REPORT ON OPERATIONS

In May of this year Red Hill Iron and API settled the Kens Bore East dispute that centred on Red Hill Iron’s claim that a portion of two exploration licences that covered the Kens Bore East deposit was an RHIOJV asset. The settlement resulted in the relevant area being recognised by API as an RHIOJV asset. Red Hill Iron for its part agreed that, in the event that it elected to participate in the ongoing RHIOJV mining operations rather than convert its interest to a Royalty, its interest would reduce to 19%. Red Hill Iron can still elect to revert to a 2% gross royalty on all ores mined from the entire RHIOJV resources which now stand at 813 million tonnes (Refer to the Mineral Resources and Ore Reserves statement in this report).

**Figure 1: WPIOP – Stage 1 – Proposed Mining Schedule by Area**



Ownership	Deposit
RHIOJV	Kens Bore
RHIOJV	Cochrane , Jewel
RHIOJV Part RHIOJV, Part APIJV	Upper Cane, Cardo Bore North, Cardo Bore East Red Hill Creek
RHIOJV MSIOJV	Trinity Bore Catho Well
Buckland Hills	APIJV

As set out in Figure 1 above, the proposed mining schedule for the WPIOP – Stage 1 involves a staged approach to the mining of deposits in different areas, with Kens Bore, Red Hill Creek, Upper Cane, Cardo Bore North and Cardo Bore East deposits, which are located closest to the proposed site for the central processing facility, commencing first. The Catho Well and Trinity Bore deposits followed by the Buckland Hills deposit are then scheduled to start in years 5 and 6 respectively. The Cochrane and Jewel deposits will be introduced in year 12. This approach defers higher ore haulage costs.

## PANNAWONICA PROJECT

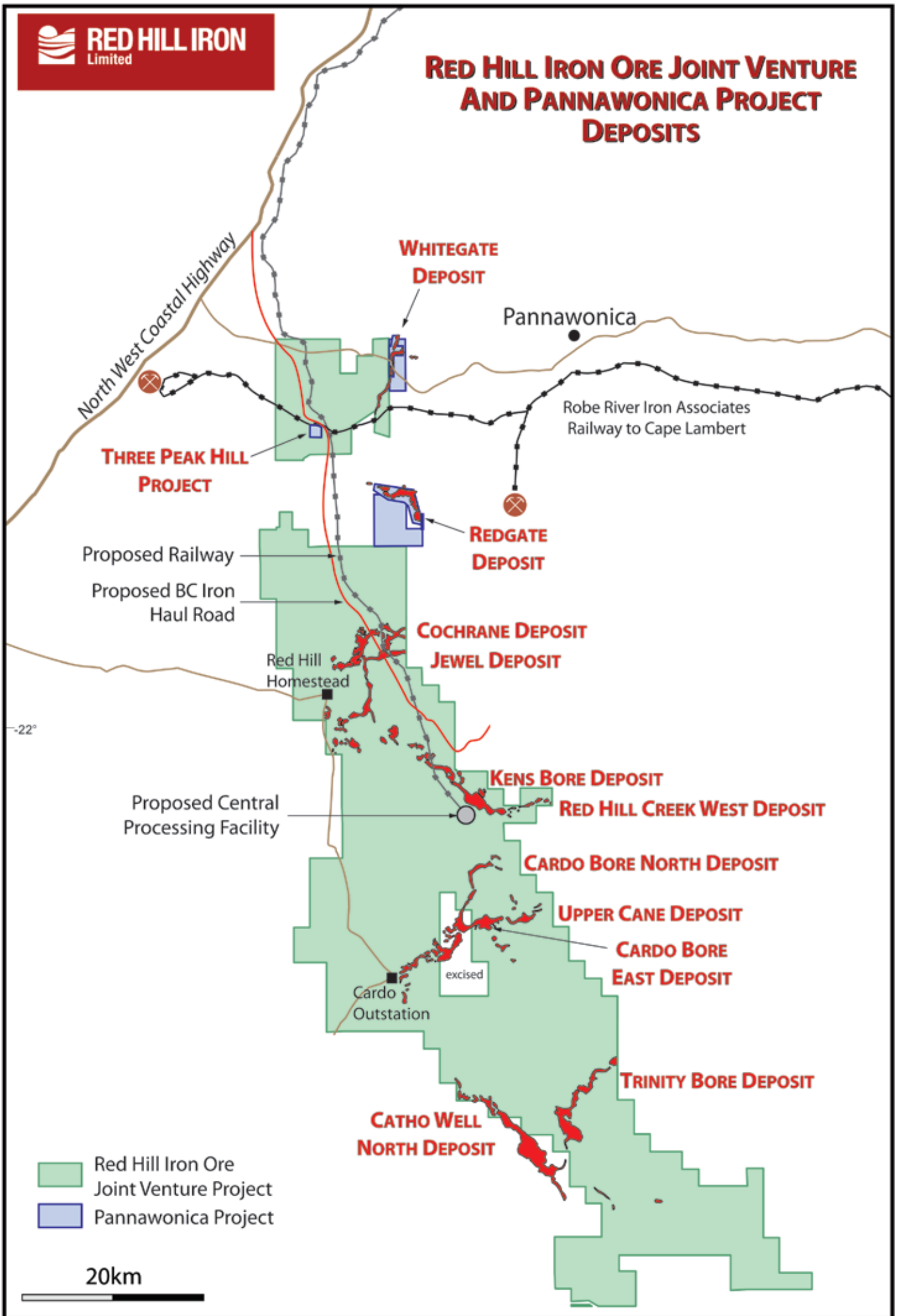
Red Hill Iron Limited continues to investigate the potential for a mining operation at its Pannawonica Project which will, to a large extent, be dependent on transport infrastructure solutions being provided by third parties. This could be solved by either the proposed Aurizon rail and port infrastructure development or the proposed BCI ore haul road and transshipment infrastructure development.

The Pannawonica Project also has significant hard rock quarry resources which could provide materials for the various developments mooted in the region.

\* API is 50% owned by Aquila Resources Pty Ltd (a company 85% owned by subsidiaries of Baosteel Group Corporation of China and 15% by Aurizon Holdings Limited) with the other 50% owned by a company jointly owned by American Metals & Coal International (AMCI) and the major Korean steel producer, POSCO.



# RED HILL IRON ORE JOINT VENTURE AND PANNAWONICA PROJECT DEPOSITS





# MINERAL RESOURCES AND ORE RESERVES

## AS AT 16 SEPTEMBER 2015

### PROJECT: WEST PILBARA IRON ORE PROJECT – RED HILL IRON ORE JOINT VENTURE (RHIOJV)

<b>Commodity:</b>	Iron ore
<b>Red Hill Iron interest:</b>	40% (with election on first production to move to 19% participating or 2% FOB royalty)
<b>Location:</b>	West Pilbara, Western Australia
<b>Review:</b>	The Mineral Resources of the project were upgraded in June 2015 The Ore Reserves of the project were upgraded in September 2015

#### Mineral Resources (JORC 2012): (Red Hill Iron ASX announcement 26 June 2015)

Project	JORC category	Mt	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	LOI (%)	P (%)
West Pilbara Iron Ore Project - RHIOJV	Measured	247	57.2	5.67	3.69	8.13	0.079
	Indicated	460	56.3	6.30	3.84	8.62	0.071
	Inferred	107	55.2	6.80	4.17	9.31	0.066
	<b>Total</b>	<b>813</b>	<b>56.5</b>	<b>6.18</b>	<b>3.84</b>	<b>8.56</b>	<b>0.073</b>
<b>RHI attributable if elects for 19%</b>		<b>154</b>					

The Mineral Resources in this table are inclusive of the Ore Reserves set out in the table below.

The Mineral Resources of the entire West Pilbara Iron Ore Project, of which the RHIOJV Resources form a part, are set out in Appendix 1 to this statement.

#### Ore Reserves (JORC 2012): (Red Hill Iron ASX announcement 16 September 2015)

Project	JORC category	Mt	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	LOI (%)	P (%)
West Pilbara Iron Ore Project - RHIOJV	Proved	208	57.7	5.5	3.6	7.9	0.08
	Probable	329	57.0	5.9	3.7	8.4	0.07
	<b>Total</b>	<b>537</b>	<b>57.2</b>	<b>5.7</b>	<b>3.6</b>	<b>8.2</b>	<b>0.07</b>
<b>RHI attributable if elects for 19%</b>		<b>102</b>					

The Ore Reserves of the entire West Pilbara Iron Ore Project, of which the RHIOJV Reserves form a part, are set out in Appendix 2 to this statement

#### Comparison with previous year:

The Mineral Resources of this project have increased by 72% and the Ore Reserves have increased by 86% since the previous year's statement (under JORC 2004) as a result of the settlement of the ownership dispute over the Ken's Bore East deposit and further drilling campaigns and engineering studies giving rise to the above JORC 2012 statements.

#### Competent Person Statements:

The Competent Person responsible for the geological interpretation and the drill hole data used for the resource estimation is Mr Stuart Tuckey who is a full-time employee of API Management Pty Ltd, and Member of the Australasian Institute of Mining and Metallurgy. Stuart Tuckey has sufficient relevant experience to the style of mineralization and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012.

The information in this statement which relates to Mineral Resources is based on information compiled by Mr Richard Gaze who is a full-time employee of Golder Associates Pty Ltd, and Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy. Richard Gaze has sufficient relevant experience to the style of mineralization and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012.

The information in this statement that relates to the WPIOP Ore Reserve estimate is based on information compiled and reviewed by Ms Kate Sommerville, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Ms Sommerville is a full time employee of AMC Consultants Pty Ltd. Ms Sommerville has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code 2012.

# MINERAL RESOURCES AND ORE RESERVES

## AS AT 16 SEPTEMBER 2015

PROJECT: RED HILL IRON ORE JOINT VENTURE (RHIOJV)

Appendix 1: WPIOP – Stage 1 Mineral Resource Estimates

Deposit	Classification (JORC, 2012)	Tonnage Mt	Fe %	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	Mn %	LOI (%)	MgO (%)	P (%)	S %
Upper Cane RHIOJV	Measured	58	58.6	5.15	3.04	0.02	7.47	0.05	0.077	0.021
	Indicated	26	56.8	6.79	3.55	0.04	7.76	0.07	0.094	0.018
	Inferred	4	54.4	8.84	4.06	0.07	8.32	0.09	0.115	0.013
	<b>Total</b>	<b>87</b>	<b>57.9</b>	<b>5.80</b>	<b>3.23</b>	<b>0.03</b>	<b>7.59</b>	<b>0.05</b>	<b>0.084</b>	<b>0.020</b>
Cochrane RHIOJV	Measured	0	0.0	0.00	0.00	0.00	0.00	0.00	0.000	0.000
	Indicated	52	56.3	6.22	4.30	0.02	8.23	0.12	0.077	0.020
	Inferred	4	56.0	6.44	4.09	0.02	8.65	0.13	0.051	0.017
	<b>Total</b>	<b>56</b>	<b>56.3</b>	<b>6.23</b>	<b>4.29</b>	<b>0.02</b>	<b>8.26</b>	<b>0.12</b>	<b>0.075</b>	<b>0.020</b>
Jewel RHIOJV	Measured	0	0.0	0.00	0.00	0.00	0.00	0.00	0.000	0.000
	Indicated	26	55.9	6.41	4.03	0.02	9.11	0.06	0.060	0.020
	Inferred	11	56.3	6.20	3.92	0.02	8.86	0.06	0.070	0.020
	<b>Total</b>	<b>37</b>	<b>56.0</b>	<b>6.35</b>	<b>4.00</b>	<b>0.02</b>	<b>9.04</b>	<b>0.06</b>	<b>0.060</b>	<b>0.020</b>
Kens Bore RHIOJV	Measured	83	56.1	6.30	3.88	0.03	8.95	0.12	0.085	0.013
	Indicated	81	56.6	5.81	3.77	0.02	8.85	0.10	0.074	0.015
	Inferred	34	55.3	6.66	4.15	0.03	9.54	0.12	0.063	0.013
	<b>Total</b>	<b>198</b>	<b>56.1</b>	<b>6.16</b>	<b>3.88</b>	<b>0.03</b>	<b>9.01</b>	<b>0.11</b>	<b>0.077</b>	<b>0.014</b>
Kens Bore East RHIOJV	Measured	95	57.4	5.54	3.97	0.02	7.89	0.07	0.071	0.015
	Indicated	89	57.5	5.61	3.50	0.02	8.07	0.09	0.073	0.012
	Inferred	1	55.1	7.51	4.13	0.02	8.99	0.13	0.104	0.008
	<b>Total</b>	<b>185</b>	<b>57.4</b>	<b>5.59</b>	<b>3.74</b>	<b>0.02</b>	<b>7.99</b>	<b>0.08</b>	<b>0.072</b>	<b>0.013</b>
Cardo Bore East RHIOJV	Measured	0	0.0	0.00	0.00	0.00	0.00	0.00	0.000	0.000
	Indicated	45	57.9	5.34	3.99	0.06	7.04	0.12	0.072	0.016
	Inferred	14	56.3	6.27	4.13	0.03	8.31	0.10	0.064	0.024
	<b>Total</b>	<b>59</b>	<b>57.5</b>	<b>5.56</b>	<b>4.03</b>	<b>0.05</b>	<b>7.35</b>	<b>0.12</b>	<b>0.070</b>	<b>0.018</b>
Cardo Bore North RHIOJV	Measured	0	0.0	0.00	0.00	0.00	0.00	0.00	0.000	0.000
	Indicated	6	56.2	6.42	4.27	0.03	8.34	0.05	0.070	0.022
	Inferred	5	54.7	6.72	4.82	0.02	9.55	0.05	0.068	0.026
	<b>Total</b>	<b>11</b>	<b>55.5</b>	<b>6.55</b>	<b>4.52</b>	<b>0.02</b>	<b>8.87</b>	<b>0.05</b>	<b>0.069</b>	<b>0.024</b>
Red Hill Creek West RHIOJV	Measured	11	57.8	4.83	3.18	0.03	7.44	0.07	0.110	0.008
	Indicated	14	56.5	5.87	3.48	0.02	8.00	0.07	0.120	0.011
	Inferred	4	56.5	6.45	3.11	0.02	7.66	0.07	0.124	0.008
	<b>Total</b>	<b>28</b>	<b>57.0</b>	<b>5.54</b>	<b>3.32</b>	<b>0.02</b>	<b>7.74</b>	<b>0.07</b>	<b>0.117</b>	<b>0.009</b>
Red Hill Creek API Elvire	Measured	9	57.3	5.62	3.15	0.02	7.56	0.05	0.111	0.013
	Indicated	24	57.0	5.74	3.24	0.02	7.68	0.05	0.115	0.014
	Inferred	3	56.3	6.51	3.40	0.02	7.78	0.06	0.111	0.014
	<b>Total</b>	<b>36</b>	<b>57.1</b>	<b>5.77</b>	<b>3.23</b>	<b>0.02</b>	<b>7.66</b>	<b>0.05</b>	<b>0.114</b>	<b>0.014</b>

 Red Hill Iron Ore Joint Venture deposits

# MINERAL RESOURCES AND ORE RESERVES

## AS AT 16 SEPTEMBER 2015

### PROJECT: RED HILL IRON ORE JOINT VENTURE (RHIOJV)

#### Appendix 1: WPIOP – Stage 1 Mineral Resource Estimates (continued)

Deposit	Classification (JORC, 2012)	Tonnage Mt	Fe %	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	Mn %	LOI (%)	MgO (%)	P (%)	S %
Trinity Bore RHIOJV	Measured	0	0.0	0.00	0.00	0.00	0.00	0.00	0.000	0.000
	Indicated	109	54.7	7.44	4.01	0.03	9.74	0.11	0.057	0.022
	Inferred	29	54.4	7.16	4.44	0.02	9.98	0.10	0.060	0.024
	<b>Total</b>	<b>138</b>	<b>54.6</b>	<b>7.38</b>	<b>4.10</b>	<b>0.03</b>	<b>9.79</b>	<b>0.11</b>	<b>0.058</b>	<b>0.022</b>

Catho Well MSIOJV	Measured	3	55.3	6.45	3.56	0.06	9.98	0.19	0.042	0.022
	Indicated	140	54.4	7.60	3.42	0.08	10.36	0.19	0.036	0.016
	Inferred	19	54.5	7.70	3.18	0.10	10.28	0.20	0.039	0.016
	<b>Total</b>	<b>162</b>	<b>54.4</b>	<b>7.59</b>	<b>3.40</b>	<b>0.08</b>	<b>10.35</b>	<b>0.19</b>	<b>0.037</b>	<b>0.016</b>

Catho Well North RHIOJV	Measured	0	0.0	0.00	0.00	0.00	0.00	0.00	0.000	0.000
	Indicated	12	54.7	7.48	2.98	0.11	10.38	0.24	0.039	0.016
	Inferred	3	53.9	7.86	3.26	0.17	10.64	0.25	0.037	0.012
	<b>Total</b>	<b>14</b>	<b>54.5</b>	<b>7.56</b>	<b>3.03</b>	<b>0.13</b>	<b>10.43</b>	<b>0.24</b>	<b>0.038</b>	<b>0.015</b>

Buckland Hills API Elvire	Measured	126	57.8	6.13	2.26	0.11	8.30	0.06	0.135	0.008
	Indicated	78	56.8	7.98	2.42	0.04	7.70	0.05	0.132	0.014
	Inferred	4	55.2	10.40	2.52	0.04	7.47	0.06	0.135	0.014
	<b>Total</b>	<b>208</b>	<b>57.4</b>	<b>6.91</b>	<b>2.32</b>	<b>0.08</b>	<b>8.06</b>	<b>0.06</b>	<b>0.134</b>	<b>0.010</b>

WPIOP – Stage 1 TOTAL	Measured	385	57.4	5.83	3.21	0.05	8.19	0.07	0.098	0.013
	Indicated	701	56.0	6.73	3.58	0.04	8.83	0.11	0.072	0.016
	Inferred	132	55.1	7.03	3.96	0.04	9.37	0.12	0.066	0.018
	<b>Total</b>	<b>1218</b>	<b>56.4</b>	<b>6.48</b>	<b>3.50</b>	<b>0.04</b>	<b>8.69</b>	<b>0.10</b>	<b>0.079</b>	<b>0.016</b>

RHIOJV TOTAL	Measured	247	57.2	5.67	3.69	0.02	8.13	0.08	0.079	0.015
	Indicated	460	56.3	6.30	3.84	0.03	8.62	0.10	0.071	0.017
	Inferred	107	55.2	6.80	4.17	0.03	9.31	0.10	0.066	0.019
	<b>Total</b>	<b>813</b>	<b>56.5</b>	<b>6.18</b>	<b>3.84</b>	<b>0.03</b>	<b>8.56</b>	<b>0.10</b>	<b>0.073</b>	<b>0.017</b>

#### Appendix 2: WPIOP – Stage 1 Ore Reserve Estimate – Split by Joint Venture

Joint Venture	Category	Tonnes (Mt, dry)	Fe %	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	LOI (%)	Strip Ratio	% of Total Reserve
APIJV	Proved	10	57.2	5.8	3.2	0.11	7.5		
	Probable	151	58.1	6.0	2.2	0.13	8.0		
	<b>Total Ore</b>	<b>161</b>	<b>58.0</b>	<b>6.0</b>	<b>2.2</b>	<b>0.13</b>	<b>8.0</b>	<b>0.67</b>	<b>20%</b>
MSIOJV	Proved	3	55.4	6.4	3.5	0.04	9.9		
	Probable	80	55.1	7.1	3.2	0.04	10.2		
	<b>Total Ore</b>	<b>83</b>	<b>55.1</b>	<b>7.0</b>	<b>3.2</b>	<b>0.04</b>	<b>10.2</b>	<b>0.84</b>	<b>11%</b>
RHIOJV	Proved	208	57.7	5.5	3.6	0.08	7.9		
	Probable	329	57.0	5.9	3.7	0.07	8.4		
	<b>Total Ore</b>	<b>537</b>	<b>57.2</b>	<b>5.7</b>	<b>3.6</b>	<b>0.07</b>	<b>8.2</b>	<b>0.79</b>	<b>69%</b>
Total WPIOP	Proved	220	57.6	5.5	3.6	0.08	7.9		
	Probable	560	57.0	6.1	3.2	0.08	8.5		
	<b>Total Ore</b>	<b>780</b>	<b>57.2</b>	<b>5.9</b>	<b>3.3</b>	<b>0.08</b>	<b>8.4</b>	<b>0.75</b>	<b>100%</b>

 Red Hill Iron Ore Joint Venture deposits

# MINERAL RESOURCES AND ORE RESERVES

## AS AT 16 SEPTEMBER 2015

### PROJECT: PANNAWONICA

<b>Commodity:</b>	Iron ore
<b>Red Hill Iron interest:</b>	100%
<b>Location:</b>	West Pilbara, Western Australia
<b>Review:</b>	The Mineral Resources and Ore Reserves of the project remained unchanged during the year ended 30 June 2015

### Mineral Resources (JORC 2012): *(Red Hill Iron ASX announcement 18 February 2014)*

Project	JORC category	Mt	Fe (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	SiO <sub>2</sub> (%)	LOI (%)
Pannawonica	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
	<b>Total</b>	<b>62.5</b>	<b>53.4</b>	<b>5.1</b>	<b>0.05</b>	<b>8.7</b>	<b>9.0</b>

The Mineral Resources in this table are inclusive of the Ore Reserves in the table below.

### Ore Reserves (JORC 2012): *(Red Hill Iron ASX announcement 14 April 2014)*

Project	JORC category	Mt	Fe (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	SiO <sub>2</sub> (%)
Pannawonica	Proved	4.2	54.1	4.6	0.03	8.1
	Probable	25.1	54.0	4.9	0.05	8.2
	<b>Total</b>	<b>29.3</b>	<b>54.0</b>	<b>4.8</b>	<b>0.05</b>	<b>8.2</b>

### Comparison with previous year:

There have been no changes in the Mineral Resources and Ore Reserves since the previous year's statement.

### Competent Person Statements:

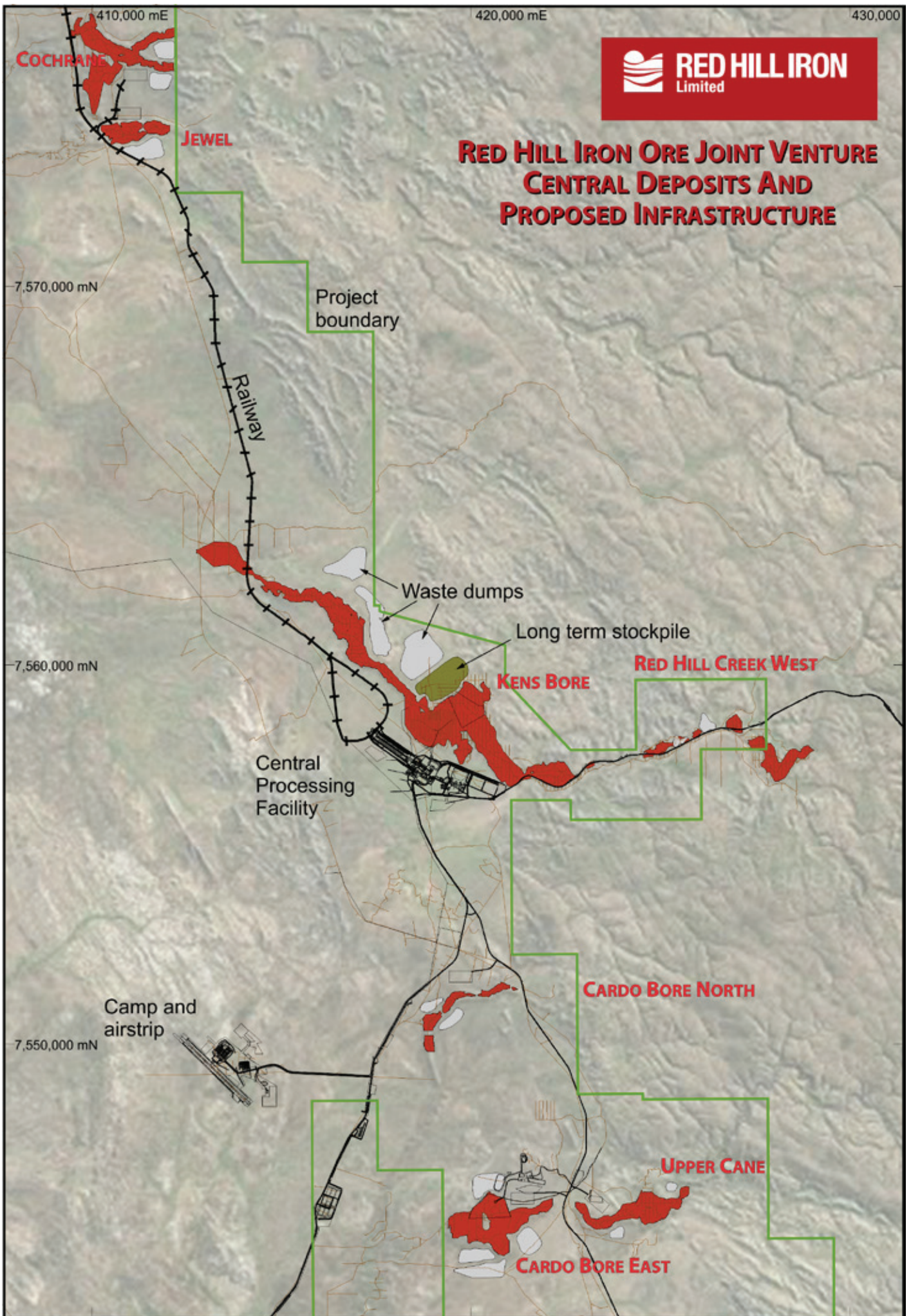
The information in this report that relates to the Mineral Resources (JORC 2012) for the Pannawonica Project is based on information compiled by Mr Neal Leggo and Mr Shane Fieldgate, who are employees of Ravensgate. Mr Fieldgate is a Registered Professional Member of the Australian Institute of Geoscientists 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 of this information in this public statement in the form and context in which it appears.

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. 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 JORC Code 2012. Mr Croeser consents to the inclusion of this information in this public statement in the form and context in which it appears.

### Governance and internal controls:

The Company is satisfied that the above Mineral Resource and Ore Reserve Statement complies with the Company's Corporate Governance arrangements and Internal Controls.







# **DIRECTORS' REPORT**

## **FOR THE YEAR ENDED 30 JUNE 2015**

Red Hill Iron Limited ("the Company" or "Red Hill Iron") is an Australian company listed on the Australian Securities Exchange. The registered and corporate office of the Company is located at Level 2, 9 Havelock Street, West Perth, Western Australia.

The directors of the Company present their report on the Company for the year ended 30 June 2015.

### **DIRECTORS**

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

Neil Tomkinson  
Garry Strong  
Joshua Pitt

Mark Okeby was appointed a director on 12 August 2015 and continues in office at the date of this report.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company during the financial year consisted of iron ore exploration. There has been no significant change in the Company's activity during the financial year.

### **DIVIDENDS**

No dividends were paid during the year and the directors do not recommend the payment of a dividend.

### **REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS**

Activities of the Red Hill Iron Ore Joint Venture (RHIOJV) were stepped up during the 2015 financial year. API Management Pty Ltd (API), the manager of the RHIOJV, was active updating the 2010 West Pilbara Iron Ore Project (WPIOP) Feasibility Study, of which the RHIOJV iron ore resources are an integral component. It is anticipated that the Study will be well advanced by November with an initial tariff rate for the planned rail and port charges to be provided by Aurizon Holdings Limited at +/-15% accuracy. This step is designed to enable the WPIOP participants to determine whether or not to proceed with a Final Feasibility Study. Should the WPIOP participants agree to proceed with a Final Feasibility Study, this could be completed by mid-year 2016 with a more accurate rail and port tariff rate defined at +/-10%.

During the year, further drilling and studies led to an expansion of RHIOJV ore resources which were augmented as a result of the Ken's Bore East Settlement discussed below. The RHIOJV Mineral Resource Estimate now stands at 813 million tonnes grading 56.5% iron at a 52% iron cut off.

The Company has put on hold activities related to evaluating the Pannawonica Project pending stabilization of the iron ore markets and prices, which it does not expect in the current financial year. The project also requires a third party transport infrastructure solution which is not at present available.

### **Commercial**

In May of this year Red Hill Iron and API concluded the Ken's Bore East Settlement. The Ken's Bore East deposit is a direct extension of the Ken's Bore deposit and its agreed inclusion within the RHIOJV Project Area has significantly enhanced the RHI project interest. This is despite the fact that the Settlement included RHI's ultimate participating interest in the RHIOJV being reduced from 20% to 19% should the Company make the election to retain a participating interest at the commencement of production. It should be noted that the Settlement has not affected the royalty rate should RHI elect to revert to a royalty interest at the commencement of production. In that circumstance, RHI will then receive a 2% gross royalty on the entire production from the expanded RHIOJV resources.

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

Other than the operating results there were no significant changes in the state of affairs of the Company during the financial year.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2015

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

In August 2015 the Company entered into agreements with companies associated with directors Mr Tomkinson and Mr Pitt whereby those companies made available loan facilities totalling \$500,000 to the Company. These facilities are to enable the Company to meet its ongoing working capital requirements. As at the date of this report, no part of these facilities has been drawn down.

To the best of the directors' knowledge and belief, there were no other material items, transactions or events, other than the matter noted above, subsequent to the end of the financial year which, although they do not relate to conditions existing at that date, have not been dealt with in these financial statements and which would cause reliance on the information shown in this report to be misleading.

### ENVIRONMENTAL REGULATIONS

The mineral tenements granted to the Company pursuant to the Mining Act (1978) (WA) are granted subject to various conditions which include standard environmental requirements. The Company adheres to these conditions and the directors are not aware of any environmental laws that are not being complied with. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the period 1 July 2014 to 30 June 2015 the directors have assessed that there are no current reporting requirements, but that the Company may be required to report in the future.

### INFORMATION RELATING TO THE DIRECTORS

#### Executive Chairman

##### Neil Tomkinson, LLB Hons

Mr Tomkinson, who has been Chairman of the Company since April 2008, was appointed Executive Chairman on 31 August 2011. Mr Tomkinson has extensive experience over the last thirty five years in the administration of and investment in exploration and mining companies and is an investor in private mineral exploration and in resources in general in Australia. He is a non-executive director of Hampton Hill Mining NL (appointed January 1997) and the non-executive chairman of Traka Resources Limited (appointed September 2003). He was non-executive chairman of Pan Pacific Petroleum NL until his resignation as a director in August 2014 (appointed a director in 2006 and chairman in December 2008).

#### Executive Director

##### Garry Strong

Mr Strong is a prospector with over forty years' experience in gold and base metal reconnaissance exploration in Australia. He has spent the last twenty years working in the Pilbara region of Western Australia for the private exploration syndicate which originally acquired the core tenements purchased by Red Hill Iron.

#### Non-executive Directors

##### Joshua Pitt BSc, MAusIMM, MAIG

Mr Pitt is a geologist with extensive exploration experience who has, for more than thirty five years, been a director of exploration and mining companies in Australia. Mr Pitt is involved in private mineral exploration and also in substantial resource investments. He is the executive chairman of Hampton Hill Mining NL (appointed a director in January 1997 and chairman in April 2012), and a non-executive director of Traka Resources Limited (appointed July 2003) and Red Metal Limited (appointed July 2003). Mr Pitt was a non-executive director of Pan Pacific Petroleum NL until his resignation in August 2014 (appointed December 2008).

##### Mark Okeby, LLM

Mr Okeby has considerable experience in the resources industry as a lawyer and as a director of listed companies. He holds a Master of Laws (LLM) and was appointed a non-executive director on 12 August 2015. Mr Okeby is also a non-executive director of Regis Resources Ltd (appointed 29 July 2009).

### INFORMATION RELATING TO THE COMPANY SECRETARY

#### Peter Rutledge BSc, CA, FFin

Mr Rutledge is a Chartered Accountant and a Fellow of The Financial Services Institute of Australia and has over thirty years' experience as company secretary of a number of listed mining and exploration companies.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2015

### DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The number of shares and options in the Company held directly and indirectly by the directors as at the date of this report is set out below:

Director	Ordinary shares	Options over ordinary shares
N Tomkinson	5,292,043	-
J N Pitt	8,268,722	-
G R Strong	1,286,938	-
D M Okeby	-	-

The relevant interests of Mr Tomkinson and Mr Pitt in the shares of the Company are their combined holdings of 13,560,765 ordinary shares.

### MEETINGS OF DIRECTORS

The following table sets out the number of meetings of directors held during the financial year and the number of meetings attended by each director:

Director	Meetings of Directors whilst a director	Meetings attended
N Tomkinson	6	6
J N Pitt	6	6
G R Strong	6	6

Mr D M Okeby was appointed a non-executive director after the end of the financial year.

The Company does not have any committees.

### AUDITED REMUNERATION REPORT

The information provided in this remuneration report has been audited as required by section 308(3c) of the Corporations Act 2001.

#### (a) Principles used to determine the nature and amount of remuneration

The objective of the Company's remuneration policy for directors and other key management personnel is to ensure that:

- remuneration packages properly reflect the duties and responsibilities of the persons concerned, and
- remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The remuneration framework has regard to shareholders' interests by:

- focusing on sustained growth in share price, as well as focusing the executives on key non-financial drivers of value, and
- attracting and retaining high calibre executives.

The remuneration framework has regard to executives' interests by:

- rewarding capability and experience,
- providing a clear structure for earning rewards, and
- providing recognition for contribution.

The remuneration policy is not linked to the Company's performance and is linked to shareholder wealth only in so far as options over the Company's shares are included in remuneration.

Remuneration is reviewed by the board on an annual basis having regard to performance and market competitiveness. The remuneration of executive personnel, other than the Chairman, is determined by the non-executive directors and the Chairman and comprises a base salary or fee based on the services provided and market rates of remuneration. The remuneration of the executive chairman is determined by the remainder of the board. All remuneration paid to key management personnel is valued at cost to the Company and expensed.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2015

### AUDITED REMUNERATION REPORT (continued)

#### Non-executive directors

Fees paid to the non-executive directors for services as directors are determined by the board (within the overall limit set by shareholders) based on their level of responsibility and with reference to the general level of fees paid by companies of similar size and operations.

The Company operates with a small staff and a non-executive director can be called upon to undertake work for the Company in addition to his/her services as a director. Where this occurs the director may be remunerated for those additional services at market rates. Non-executive directors may be paid all travelling and other expenses properly incurred by them in the business of the Company.

#### Executives

The remuneration of the executive chairman, Mr N Tomkinson, is the basic fee, including superannuation, paid to a non-executive director. The remainder of the board reviews the terms of the executive chairman's remuneration on an annual basis. The remuneration of the executive director, Mr G Strong, consists of the basic fee paid to a non-executive director plus a set monthly amount to compensate him for his executive services. It is paid in the form of director fees and related superannuation plus a fee for the executive services. The remainder of the board reviews the terms of the executive director's remuneration annually.

#### Company Performance

It is not possible at this time to evaluate the Company's financial performance using generally accepted measures such as profitability and total shareholder return as the Company is an exploration company with no significant revenue stream. This assessment will be developed if and when the Company moves from explorer to producer.

The table below shows the gross revenue, losses and loss per share for the last five years for the Company:

		2015	2014	2013	2012	2011
Revenue and other	(\$000)	344	290	80	153	246
Net Loss	(\$000)	560	1,973	3,596	1,043	1,231
Loss per share	(cents)	1.13	4.0	7.9	2.4	2.8
Share price at year end	(\$)	0.80	1.65	0.80	1.90	2.18

No dividends have been declared during these periods.

#### (b) Details of remuneration

The key management personnel of the Company are the directors.

The remuneration of key management personnel for the financial year is summarised below:

	Year	Short-term benefits Salary & fees \$	Post-employment benefits Superannuation \$	Total \$	Performance related %
<b>Executive Directors</b>					
N Tomkinson (Chairman)	2015	27,375	-	27,375	-
	2014	27,313	-	27,313	-
G R Strong	2015	98,000	27,375	125,375	-
	2014	123,000	27,313	150,313	-
<b>Non-executive Directors</b>					
J N Pitt	2015	25,000	2,375	27,375	-
	2014	25,000	2,313	27,313	-
Total	2015	150,375	29,750	180,125	-
	2014	175,313	29,626	204,939	-

Mr D M Okeby was appointed a non-executive director after the end of the financial year.

No part of the remuneration of the key management personnel is contingent upon the performance of the Company.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2015

### AUDITED REMUNERATION REPORT (continued)

#### (c) Service agreements

##### Directors

Shareholders of the Company have approved the maximum fees payable in aggregate to the directors of the Company for their services as directors be set at \$200,000 per annum. Each director of the Company is currently entitled to receive an annual fee of \$25,000 plus statutory superannuation for their services as directors.

##### Executive director

Commencing 1 January 2013, Mr Strong was requested by the other members of the board to take on an executive role overseeing the company's ongoing exploration and evaluation of its Pannawonica CID project as well as undertaking other exploration and RHIOJV related activities. It was agreed that Mr Strong be paid \$7,500 per month plus a field allowance of \$500 per day when attending the project site. No fixed terms or notice period applies and there is no provision for termination benefits.

##### Executive chairman

There is no separate service agreement for the Chairman on his appointment as Executive Chairman. No fixed term or notice period applies and there is no provision for termination benefits.

#### (d) Share-based compensation

No options have been issued to, or exercised by, directors or any other key management personnel during the year ended 30 June 2015. No options are held by key management personnel and currently the board does not anticipate that any share-based compensation will be issued to directors.

#### (e) Equity held by key management personnel

The number of ordinary fully paid shares in the Company held directly and indirectly by the directors and other key management personnel, and any movements in these holdings over the year, is set out below:

	Balance 1 July 2014	Net changes	Balance 30 June 2015
<b>2015</b>			
<b>Director</b>			
N Tomkinson	5,189,912	102,131	5,292,043
J N Pitt	8,009,722	259,000	8,268,722
G R Strong	1,286,938	-	1,286,938
	14,486,572	361,131	14,847,703

Mr D M Okeby was appointed a non-executive director after the end of the financial year.

Net changes relate to shares acquired or sold during the financial year.

There were no shares granted as compensation to key management personnel during the reporting period.

There were no shares granted on the exercise of options to key management personnel during the reporting period.

None of the shares are held nominally.

Mr Tomkinson's and Mr Pitt's relevant interest in the shares of the company at 30 June 2015 is their combined holdings of 13,560,765 shares.

#### (f) Additional information

##### Voting and comments at the Company's 2014 Annual General Meeting

The Company received a majority of votes in favour of its remuneration report for the 2014 financial year. The Company did not receive any specific comments on its remuneration practices at the AGM or throughout that year.

The Company has not engaged remuneration consultants to make a remuneration recommendation in respect of any of the key management personnel.



# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2015

### AUDITED REMUNERATION REPORT (continued)

Transactions with key management personnel

None of the directors of the Company are eligible to participate in the Company's employee share scheme.

The Company has not made any loans to key management personnel during the year.

During the financial year the Company paid \$87,211 (2014: \$92,815) to Hampton Hill Mining NL, a listed company of which Mr Tomkinson and Mr Pitt are directors and shareholders, for rental of office space and administration services. This agreement is at arms-length and on normal commercial terms and conditions.

During the financial year the Company received \$290 (2014: nil) from Traka Resources Ltd, a listed company of which Mr Tomkinson and Mr Pitt are directors and shareholders, for recharged expenses paid by the Company on normal commercial terms and conditions.

The audited remuneration report ends here.

### OPTIONS OVER UNISSUED SHARES

The number of options on issue at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number of options	Percent vested
13 April 2013	8 April 2016	\$0.9875	500,000	100%

### INSURANCE OF OFFICERS

During the financial year the Company paid an amount to insure all current directors and officers of the Company against certain liabilities which may be incurred by them whilst acting in their capacity as directors and officers of the Company other than conduct including a wilful breach of duty to the Company. In accordance with commercial practice the policy prohibits disclosure of the terms of the policy including the limit of liability and the amount of premium paid.

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to any court pursuant to section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for a purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not party to any such proceedings during the year.

### AUDIT COMMITTEE

The Company is not of a size nor are its financial affairs of such complexity to justify a separate audit committee of the board of directors. All matters that might properly be dealt with by such a committee are the subject of scrutiny at full board meetings.

### NON-AUDIT SERVICES

BDO Audit (WA) Pty Ltd ("BDO"), the company's auditor, did not perform any non-audit services for the Company for the year ended 30 June 2015.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required by Section 307C of the Corporations Act 2001 is included in this Annual Report. BDO continues in office in accordance with section 327 of the Corporations Act 2001.

Signed in Perth in accordance with a resolution of directors on 3 September 2015.



Mr N Tomkinson

Chairman

## DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF RED HILL IRON LIMITED

As lead auditor of Red Hill Iron Limited for the year ended 30 June 2015, 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.



**Phillip Murdoch**  
Director

**BDO Audit (WA) Pty Ltd**

Perth, 3 September 2015

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 \$	2014 \$
Revenue from continuing operations	2	19,877	58,232
Other income	2	324,213	231,781
Exploration expenditure		(376,210)	(1,663,946)
Administration expenses	3	(528,026)	(599,109)
<b>Loss before income tax</b>		(560,146)	(1,973,042)
Income tax expense	4	-	-
<b>Loss for the year</b>		(560,146)	(1,973,042)
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive loss for the year attributable to the ordinary equity holders of the Company</b>		(560,146)	(1,973,042)
<b>Loss per share attributable to the ordinary equity holders of the Company</b>			
Basic and diluted loss per share (cents)	5	1.1	4.0

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

# STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2015

	NOTE	2015 \$	2014 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	532,112	931,197
Trade and other receivables	7	20,699	356,597
Total Current Assets		552,811	1,287,794
<b>Non-Current Assets</b>			
Exploration assets	8	10,008,025	10,008,025
Plant and equipment	9	52	511
Total Non-Current Assets		10,008,077	10,008,536
Total Assets		10,560,888	11,296,330
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	120,550	295,846
Total Current Liabilities		120,550	295,846
Total Liabilities		120,550	295,846
<b>Net Assets</b>		10,440,338	11,000,484
<b>EQUITY</b>			
Issued capital	11	25,086,598	25,086,598
Reserves	12	462,770	462,770
Accumulated losses		(15,109,030)	(14,548,884)
<b>Total Equity</b>		10,440,338	11,000,484

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2015

	Issued capital \$	Share based payments reserve \$	Future value option reserve \$	Accumulated losses \$	Total equity \$
<b>2015</b>					
Balance at 1 July 2014	25,086,598	177,000	285,770	(14,548,884)	11,000,484
Net loss for the year	-	-	-	(560,146)	(560,146)
Total comprehensive income recognised during the year	-	-	-	(560,146)	(560,146)
Transactions with equity holders in their capacity as equity holders:	-	-	-	-	-
<b>Balance at 30 June 2015</b>	<b>25,086,598</b>	<b>177,000</b>	<b>285,770</b>	<b>(15,109,030)</b>	<b>10,440,338</b>
<b>2014</b>					
Balance at 1 July 2013	25,086,598	177,000	285,770	(12,575,842)	12,973,526
Net loss for the year	-	-	-	(1,973,042)	(1,973,042)
Total comprehensive income recognised during the year	-	-	-	(1,973,042)	(1,973,042)
Transactions with equity holders in their capacity as equity holders:	-	-	-	-	-
<b>Balance at 30 June 2014</b>	<b>25,086,598</b>	<b>177,000</b>	<b>285,770</b>	<b>(14,548,884)</b>	<b>11,000,484</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(595,239)	(485,178)
Payments for exploration expenditure		(468,451)	(1,652,504)
Receipt of Research & Development incentive		555,994	-
Receipts of security deposits refunded		85,000	32,690
Interest received		23,611	72,386
		<hr/>	<hr/>
Net cash outflows from operating activities	13	(399,085)	(2,032,606)
<b>Cash flows from investing activities</b>			
Net cash flows from investing activities		-	-
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Net cash flows from financing activities		-	-
		<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>		(399,085)	(2,032,606)
Cash and cash equivalents at the beginning of the year		931,197	2,963,803
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	6	532,112	931,197
		<hr/>	<hr/>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 1 SEGMENT INFORMATION

Management has determined that the Company has one reportable segment, being mineral exploration within Australia. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the members of the board of Directors.

The Board of Directors monitors the company based on actual versus budgeted exploration expenditure. This reporting framework is the most relevant to assist the board with making decisions regarding its ongoing exploration activities.

	2015 \$	2014 \$
Reportable segment assets	10,008,025	10,240,531
Reconciliation of reportable segment assets:		
Reportable segment assets	10,008,025	10,240,531
Unallocated corporate assets	552,863	1,055,799
Total assets	10,560,888	11,296,330
Reportable segment liabilities	49,751	66,992
Reconciliation of reportable segment liabilities:		
Reportable segment liabilities	49,751	66,992
Unallocated corporate liabilities	70,799	228,854
Total liabilities	120,550	295,846
Reportable segment loss	(51,997)	(1,431,440)
Reconciliation of reportable segment loss:		
Reportable segment loss	(51,997)	(1,431,440)
Other revenue	19,877	57,507
Unallocated corporate expenses	(528,026)	(599,109)
Loss before tax	(560,146)	(1,973,042)

### NOTE 2 REVENUE

#### Revenue from continuing operations

Interest income	19,877	58,232
<b>Other income</b>		
Research and development incentive	324,213	231,781

Revenue is measured at the fair value of the consideration received or receivable. Interest income is brought to account as income over the term of each financial instrument on an effective interest basis. Other revenue is recognised as it accrues.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 3 ADMINISTRATION EXPENSES

	2015 \$	2014 \$
<b>Loss before income tax includes the following specific administration expenses:</b>		
Personnel expenses		
Salaries, directors fees and other employment expenses	153,017	215,557
Superannuation	10,438	15,922
	<u>163,455</u>	<u>231,479</u>
Less: Recharged to exploration expenditure	(65,863)	(134,338)
	<u>97,592</u>	<u>97,141</u>
Depreciation	459	1,815
Other expenses		
Accounting fees	49,172	56,638
Administration services	60,480	75,957
Audit fees	26,921	30,688
Operating lease expense	77,617	93,300
Legal expenses	42,677	107,095
Listing fees	32,454	30,898
Other	140,654	105,577
	<u>528,026</u>	<u>599,109</u>

### NOTE 4 INCOME TAX

#### (a) Income tax benefit

The components of income tax benefit comprise:

Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

#### (b) Reconciliation of income tax benefit to prima facie tax payable on accounting loss

Operating loss before income tax	(560,146)	(1,973,042)
Prima facie tax benefit at Australian rate of 30% (2014: 30%)	(168,044)	(591,913)
Adjusted for tax effect of the following amounts:		
Non-deductible items	-	-
Non-taxable items	(102,148)	(75,441)
Under provision in prior year	216,143	154,521
Tax benefits not brought to account	54,049	512,833
	<u>-</u>	<u>-</u>

Income tax benefit

The charge for current income tax expenses is based on the loss for the year adjusted for any non-assessable or disallowed items, calculated using tax rates enacted or substantively enacted by the balance date.

#### (c) Deferred tax assets and liabilities not brought to account

The directors estimate that the potential deferred tax assets and liabilities carried forward but not brought to account at year end at the Australian corporate tax rate of 30% are made up as follows:

On income tax account:		
Carried forward tax losses	7,232,494	7,177,608
Deductible temporary differences	4,040	5,779
Taxable temporary differences	(3,002,971)	(3,003,874)
	<u>4,233,562</u>	<u>4,179,513</u>

Unrecognised net deferred tax assets

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 4 INCOME TAX (continued)

Deferred tax is accounted for using the liability 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 tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable comprehensive income.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity or comprehensive income, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The amount of benefits brought to account, or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

### NOTE 5 LOSS PER SHARE

	cents	cents
Basic and diluted loss per share	1.1	4.0
<b>Reconciliation of loss</b>	<b>\$</b>	<b>\$</b>
The loss used in calculating basic and diluted loss per share is equal to the loss attributable to ordinary equity holders of the Company in the Statement of Profit or Loss and Other Comprehensive Income	(560,146)	(1,973,042)
	<b>No. of shares</b>	<b>No. of shares</b>
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted loss per share	49,405,037	49,405,037

The weighted average number of ordinary shares used in calculating basic and diluted loss per share is derived from the fully paid ordinary shares on issue. Basic loss per share is determined by dividing the operating loss after income tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. The diluted loss per share is the same as the basic loss per share on account of the Company's potential ordinary shares (in the form of options) not being dilutive because their conversion to ordinary shares would not increase the loss per share.

### NOTE 6 CASH AND CASH EQUIVALENTS

	2015 \$	2014 \$
Cash at bank and on hand	132,112	131,197
Deposits at call	400,000	800,000
	532,112	931,197

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 6 CASH AND CASH EQUIVALENTS (continued)

Cash includes deposits at call, short term deposits and bills of exchange which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

Information about the Company's exposure to interest rate risk and credit risk is disclosed in Note 21.

### NOTE 7 TRADE AND OTHER RECEIVABLES

	2015	2014
	\$	\$
Security deposits	-	85,000
Interest receivable	1,879	5,613
Other	18,820	265,984
	<hr/>	<hr/>
	20,699	356,597
	<hr/>	<hr/>

Interest receivable comprises pro-rata interest receivable at balance date in respect of deposits at call that are expected to be repaid within 45 days.

Other receivables in the prior year relate primarily to amounts recoverable from the Australian Taxation Office in respect of Research and Development incentives.

Due to their short term nature, the carrying value of trade and other receivables is equal to their fair value. No trade and other receivables are considered impaired or past due.

Information about the company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 21.

### NOTE 8 EXPLORATION ASSETS

Carrying amount	<hr/>	<hr/>
	10,008,025	10,008,025

The carrying amount represents the initial acquisition cost of the Company's wholly owned Pannawonica Iron Ore Project. Exploration and evaluation expenditure is recorded at historical cost on an area of interest basis. Expenditure on acquisition of an area of interest is carried forward where rights to tenure of the area of interest are current and it is expected to be recouped through successful development and exploitation of the area of interest or alternatively by its sale, or exploration and evaluation activities are continuing in an area of interest but at balance date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Exploration and evaluation expenditure incurred by the Company subsequent to acquisition is expensed as incurred. Once a decision to proceed to development has been taken, all further expenditure incurred relating to the area will be capitalised. Projects are advanced to development status when it is expected that further expenditure can be recouped through sale or successful development and exploitation of the area of interest.

At each reporting date the Company assesses for impairment expenditure on acquisition of each area of interest that is to be carried forward to ensure that the carrying amount of the exploration and evaluation expenditure does not exceed its recoverable amount. Any resulting provision for impairment is recognised as a charge to the profit or loss.

### NOTE 9 PLANT AND EQUIPMENT

Field equipment – at cost	21,966	21,966
Accumulated depreciation	(21,914)	(21,455)
	<hr/>	<hr/>
Total field equipment – carrying amount	52	511
	<hr/>	<hr/>
Total plant and equipment – carrying amount	52	511
	<hr/>	<hr/>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 9 PLANT AND EQUIPMENT (continued)

	2015 \$	2014 \$
Field equipment		
Carrying amount at 1 July	511	2,326
Additions during the year	-	-
Disposals during the year	-	-
Depreciation expense	(459)	(1,815)
	<hr/>	<hr/>
Carrying amount at 30 June	52	511

#### *Recognition and measurement*

Plant and equipment items are measured on the cost basis less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

#### *Depreciation*

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for field equipment is 5% to 15% straight line.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

### NOTE 10 TRADE AND OTHER PAYABLES

Trade creditors and accruals	115,240	286,182
Employee entitlements	5,310	9,664
	<hr/>	<hr/>
	120,550	295,846

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days or recognition. Non-derivative financial liabilities are recognised initially at fair value and subsequently at amortised cost, comprising original debts less principal payments and amortisation. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Information about the Company's exposure to liquidity risk is disclosed in Note 21.

### NOTE 11 ISSUED CAPITAL

#### (a) Share Capital

49,405,037 (2014: 49,405,037) fully paid ordinary shares	25,086,598	25,086,598
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Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributed to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

The Company's capital risk management policy is set out in Note 21.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 11 ISSUED CAPITAL (continued)

#### (b) Rights attaching to ordinary shares

The ordinary shares have no par value. Ordinary shares entitle the holder to participate in dividends and in the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary fully paid shares present at a meeting, in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote. The ordinary fully paid shares are listed on the ASX and carry no trade restrictions.

#### (c) Movements in ordinary fully paid shares during the past two years

	2015 Number of shares	2014 Number of shares	2015 Amount \$	2014 Amount \$
At 1 July	49,405,037	49,405,037	25,086,598	25,086,598
Movement during the year	-	-	-	-
At 30 June	49,405,037	49,405,037	25,086,598	25,086,598

#### (d) Share options - unlisted

Options on issue and movement in options during the past two years:

	2015 Number of options	2014 Number of options	Grant date	Expiry date	Exercise price per share \$
At 1 July	500,000	500,000	13 April 2013	8 April 2016	0.9875
Options issued during the year	-	-			
Options expired during the year	-	-			
Options lapsed during the year	-	-			
At 30 June	500,000	500,000			
Vested and exercisable at 30 June	500,000	500,000			

The weighted average remaining contractual life of options outstanding at the end of the year was 9 months.

The Company has established an Employee Share Option Plan, the details of which are set out in the Company's initial public offering prospectus in December 2005. The Company from time to time grants options to acquire ordinary fully paid shares in the Company to management personnel and other staff on terms set out in the plan. The granting of options is at the Directors' discretion and is designed to provide an incentive component in the remuneration package of personnel. Options granted carry no dividend or voting rights. Each option is exercisable into a fully paid ordinary share of the Company. The exercise price of the options is set at the time of grant with reference to the weighted average price at which the Company's shares have been trading on the ASX prior to the decision to grant.

The fair value of options granted to employees is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date is independently determined using an option pricing model that takes into account the price, the term, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the unlisted options, 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 12 RESERVES

	2015	2014
	\$	\$
Share based payments reserve	177,000	177,000
Future value option reserve	285,770	285,770
	462,770	462,770

The share based payments reserve records items recognised as expenses on valuation of options issued to employees.

The future value option reserve arises on the exercise of options when the share based payments reserve attributable to the options being exercised is transferred to this reserve.

### NOTE 13 CASH FLOW INFORMATION

#### Reconciliation of loss after income tax with cash flow from operating activities

Loss after income tax	(560,146)	(1,973,042)
Depreciation	459	1,815
Change in operating assets and liabilities:		
Decrease /(Increase) in debtors	235,515	(217,626)
(Decrease)/Increase in creditors	(175,296)	95,907
Decrease in GST receivable	15,383	27,650
Decrease in security deposit	85,000	32,690
	(399,085)	(2,032,606)

### NOTE 14 CONTINGENCIES

#### Contingent Liabilities

There are no contingent liabilities for termination benefits under service agreements with directors or executives at 30 June 2015.

The directors are not aware of any other contingent liabilities at 30 June 2015 other than as noted in Note 17.

### NOTE 15 COMMITMENTS

#### Mineral Tenements

In order to maintain the mineral tenements in which the Company and other parties are involved, the Company is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. The minimum estimated expenditure in accordance with the requirements of the Western Australian Department of Mines and Petroleum for the next financial year in respect of most of the Company's mineral tenements is expected to be paid by the party farming in to the iron ore rights on the Company's tenements in accordance with a farm in agreement.

The Company expects to have some commitments for minimum expenditure requirements and maintenance expenditure in respect of tenements not part of the iron ore joint venture, as set out below. These commitments are expected to be fulfilled in the normal course of operations and may be varied from time to time subject to approval by the grantor of titles. Exploration expenditure commitments beyond twelve months cannot be reliably determined.

Minimum estimated expenditure requirements	207,000	208,000
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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 16 RELATED PARTY TRANSACTIONS

#### (a) Key management personnel

Directors of the Company during the financial year were:

Neil Tomkinson

Garry Strong

Joshua Pitt

Mr Mark Okeby was appointed a director after the end of the financial year on 12 August 2015.

#### (b) Key management personnel compensation

	2015	2014
	\$	\$
Short-term employee benefits	150,375	175,313
Post-employment benefits	29,750	29,626
	180,125	204,939

Further details regarding the key management personnel remuneration are provided in the Audited Remuneration Report contained in the Directors' Report accompanying these financial statements.

#### (c) Other transactions with director-related entities

During the financial year the Company paid \$87,211 (2014: \$92,815) to Hampton Hill Mining NL, a listed company of which Mr Tomkinson and Mr Pitt are directors and shareholders, for rental of office space and administration services. This agreement is at arms-length and on normal commercial terms and conditions.

During the financial year the Company received \$290 (2014: nil) from Traka Resources Ltd, a listed company of which Mr Tomkinson and Mr Pitt are directors and shareholders, for recharged expenses paid by the Company on normal commercial terms and conditions.

### NOTE 17 MINERAL EXPLORATION AGREEMENTS

The Company has an interest in the following pre-existing mineral exploration agreement as at 30 June 2015:

Name of project	Interest	Activities	Other Parties
West Pilbara – Red Hill Iron Ore	40%	Iron ore exploration	API Management Pty Ltd ("API") (60% earning 80%)

In order for API to earn an increase in its interest in the Red Hill Iron Ore Joint Venture ("RHIOJV") from 60% to 80%, API is required to fund, on a 100% basis, all exploration and development expenditures relating to the RHIOJV project up to the point when first delivery of ore to customers takes place.

At any time up to and including the first delivery of ore, Red Hill Iron can elect to:-

- (a) maintain a 19% participating interest in the project by agreeing to repay the 19% of funds expended on its behalf by API out of 80% of the Company's share of the RHIOJV project's free cash flow during mining operations; or
- (b) revert to a 2% FOB royalty, which election will trigger the automatic cancellation of all liability in relation to exploration and development expenditures incurred by API on the Company's behalf.

Red Hill Iron may also repay funds expended on its behalf by API at any time by way of a lump sum payment.

API has advised that the total expenditure funded on behalf of the Company by API to 30 June 2015, including interest thereon, amounted to \$21,450,326.

The Company's mineral exploration agreements with third parties do not constitute separate legal entities. They are contractual agreements between the participants for the sharing of costs and output and do not in themselves generate revenue and profit. The agreements are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs in proportion to their ownership of joint venture assets. The parties to the agreement do not hold any assets other than their title to the mineral tenements and accordingly the company's share of exploration expenditure is accounted for in accordance with the policy set out in Note 8.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 18 EVENTS OCCURRING AFTER BALANCE DATE

In August 2015 the Company entered into agreements with companies associated with directors Mr Tomkinson and Mr Pitt whereby those companies made available loan facilities totalling \$500,000 to the Company. These facilities are to enable the Company to meet its ongoing working capital requirements. As at the date of this report, no part of these facilities has been drawn down.

To the best of the directors' knowledge and belief, there were no other material items, transactions or events, other than the matter noted above, subsequent to the end of the financial year which, although they do not relate to conditions existing at that date, have not been dealt with in these financial statements and which would cause reliance on the information shown in this report to be misleading.

### NOTE 19 REMUNERATION OF AUDITORS

	2015	2014
	\$	\$
Amounts received, or due and receivable, by BDO Audit (WA) Pty Ltd for:		
Auditing and review of the financial report of the Company	26,921	30,688
Other services	-	-
	<hr/>	<hr/>
	26,921	30,688

### NOTE 20 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

#### i) Key estimates - impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of exploration and evaluation assets, and plant and equipment. Where an impairment trigger exists under the relevant standard, the recoverable amount of the asset is determined. The recoverable amount of the asset is the higher of its value in use and its fair value less costs to sell. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates and fair value less cost to sell is determined using market rates.

#### ii) Capitalisation of exploration and evaluation expenditure

Included as part of the Exploration Assets in the Statement of Financial Position is an amount of \$9,905,915 relating to the Company's interest in the Pannawonica project. This amount has been carried forward on the basis that the Directors consider there to be no facts or circumstances suggesting that the carrying amount of the exploration and evaluation assets may exceed its recoverable amount.

### NOTE 21 FINANCIAL RISK MANAGEMENT

The Company, in its normal course of business, is exposed to financial risks comprising market risk (essentially interest rate risk), credit risk and liquidity risk.

The directors have overall responsibility for the Company's management of these risks and seek to minimise these risks through ongoing monitoring and review of the adequacy of the risk management framework in relation to the risks encountered by the Company.

#### (a) Liquidity risk

The Company has no significant exposure to liquidity risk as the Company's only debt is that associated with trade creditors in respect of which the Company's policy is to ensure payment within 30 days. The Company manages its liquidity by monitoring forecast cash flows.

#### (b) Credit risk

The Company does not have any significant exposure to credit risk. The minimal exposure to credit risk that could arise is from having its cash assets all deposited at one bank. Whilst the risk of the bank failing is considered minimal, the Company manages this exposure by ensuring its funds are deposited only with a major bank with high security ratings, currently AA-.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 21 FINANCIAL RISK MANAGEMENT (continued)

#### (c) Market risk

##### Interest rate risk

The Company's market risk exposure is to the Australian money market interest rates in respect of its cash assets. The risk is managed by monitoring the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of its cash assets and interest rate return.

Bank deposits at call, amounting to \$400,000 (2014: \$800,000), all mature within 60 days of balance date.

The weighted average rate of interest to which the Company was exposed on its cash assets as at the year end was 2.08% (2014: 3.27%).

The table below summarises the sensitivity of the Company's cash assets to interest rate risk. The Company has no interest rate risk associated with any of its other financial assets or liabilities. This analysis includes the effect of a 0.5% decline and 0.5% increase in interest rates as recent Australian Treasury announcements and press reports would indicate movement in interest rates of this magnitude to be possible over the next 12 months.

	Carrying amount of cash assets		Effect of decrease or increase of interest rate on			
			Post tax profit		Equity	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Cash & cash equivalents	532,112	931,197				
Change in interest rate:						
- 0.5%			(2,661)	(4,656)	(2,661)	(4,656)
+ 0.5%			2,661	4,656	2,661	4,656

#### (d) Capital risk management

The Company's objective in managing capital, which consists of equity capital and reserves less accumulated losses to date, is to safeguard its ability to continue as a going concern, so that it can continue to explore for minerals with the ultimate objective of providing returns for shareholders whilst maintaining an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets, or farm out joint venture interests in its projects.

### NOTE 22 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements that relate specifically to matters dealt with in the preceding notes, are set out in the relevant notes. The more general accounting policies not already set out above, are listed below. These policies have been consistently applied to all the years presented unless otherwise stated.

Red Hill Iron Limited is a public company, incorporated and domiciled in Australia and listed on the Australian Securities Exchange ("ASX").

The Company is a for-profit entity for the purpose of applying these standards.

#### (a) 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 ("AASB") and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Board ("IASB").

##### *Reporting Basis and Conventions*

These financial statements have been prepared on an accruals basis and under the historical cost convention.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 22 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any objective evidence that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to 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.

#### (c) Financial assets and liabilities

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out in the relevant notes.

#### (d) Employee benefits

*Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*Retirement benefits obligations*

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

#### (e) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the Statement of Financial Position. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### (f) Accounting standards and interpretations

*New accounting standards adopted*

New Australian Accounting Standards that are mandatory for the first time in the current financial year have been adopted in the preparation of the financial statement at reporting date, as shown in the table below:

Reference and title	Nature of change to accounting policy and impact on initial application	Application date
Interpretation 21 Levies	Clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.  The Company is not liable to pay any government levies so there is no impact on the financial statements.	1 July 2014



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 22 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *New accounting standards and interpretations not yet adopted*

The following Australian Accounting Standards have been issued and/or amended and are applicable to the Company but are not yet effective. They have not been adopted in the preparation of the financial statements at reporting date. The application date of the standard is for the annual reporting periods beginning on or after the date shown in the table below:

Reference and title	Nature of change to accounting policy and impact on initial application	Application date
AASB 9  Financial Instruments	Amends the requirement for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Upon adoption, the Company's financial assets classified as available-for-sale will be reclassified into the fair value through profit and loss category. The cumulative fair value changes in the available-for-sale reserve will be reclassified into retained earnings and subsequent fair value changes recognised in profit and loss. The Company does not have any financial liabilities measured at fair value through profit or loss.	1 July 2018
AASB 15  Revenue from contracts with customers	Revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.  Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.	1 July 2018

## DIRECTORS' DECLARATION

### FOR THE YEAR ENDED 30 JUNE 2015

The directors of the Company declare that:

1. The financial statements, comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and 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 financial position as at 30 June 2015 and of the performance for the year ended on that date of the Company.
2. 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.
3. 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*.
4. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the directors on 3 September 2015 and is signed for and on behalf of the directors by:



Mr N Tomkinson

Chairman

Perth, 3 September 2015



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Subiaco, WA 6008  
PO Box 700 West Perth WA 6872  
Australia

## INDEPENDENT AUDITOR'S REPORT

To the members of Red Hill Iron Limited

### Report on the Financial Report

We have audited the accompanying financial report of Red Hill Iron Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 22(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Red Hill Iron Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## Opinion

In our opinion:

- (a) the financial report of Red Hill 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 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 22(a).


## Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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.

## Opinion

In our opinion, the Remuneration Report of Red Hill Iron Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO  


Phillip Murdoch  
Director

Perth, 3 September 2015

# MINERAL TENEMENT INFORMATION

## AS AT 9 SEPTEMBER 2015

### MINING TENEMENTS AND BENEFICIAL INTERESTS HELD, AND THEIR LOCATION

Tenement	Location	Registered Holding	Beneficial Interest	Note
E08/1227-I	West Pilbara, WA	40%	40%	1
E08/1283-I	West Pilbara, WA	40%	40%	1
E08/1289-I	West Pilbara, WA	40%	40%	1
E08/1293-I	West Pilbara, WA	40%	40%	1
E08/1294-I	West Pilbara, WA	40%	40%	1
E08/1295-I	West Pilbara, WA	40%	40%	1
E08/1430-I	West Pilbara, WA	40%	40%	1
E08/1473-I	West Pilbara, WA	40%	40%	1
E08/1516-I	West Pilbara, WA	40%	40%	1
E08/1537-I	West Pilbara, WA	40%	40%	1
E47/1141-I	West Pilbara, WA	40%	40%	1
E47/1693-I	West Pilbara, WA	40%	40%	1
MLA47/1472	West Pilbara, WA	40%	40%	1
MLA08/480-I	West Pilbara, WA	0%	40%	1
MLA08/483-I	West Pilbara, WA	40%	40%	1
MLA08/484-I	West Pilbara, WA	40%	40%	1
MLA08/485-I	West Pilbara, WA	40%	40%	1
MLA08/512-I	West Pilbara, WA	0%	40%	1
M08/499-I	West Pilbara, WA	100%	100%	
M08/500-I	West Pilbara, WA	100%	100%	
M08/501	West Pilbara, WA	100%	100%	
M08/505-I	West Pilbara, WA	100%	100%	
ELA08/2729	West Pilbara, WA	100%	100%	
ELA08/2730	West Pilbara, WA	100%	100%	

**Note 1:**

These tenements are held by the parties to the Red Hill Iron Ore Joint Venture

**Key:**

E: Exploration Licence  
 ELA: Exploration Licence application  
 M: Mining Lease  
 MLA: Mining Lease application

# SHAREHOLDER INFORMATION

## AS AT 9 SEPTEMBER 2015

NUMBER AND DISTRIBUTION OF SHARES AND OPTIONS	No. listed	No. not listed	Total
<b>Shares</b>			
Ordinary shares fully paid	49,405,037	-	49,405,037
<b>Options</b>			
Exercisable at 98.75 cents expiring 8 Apr 2016	-	500,000	500,000

Distribution of shares and options by holding	Shareholders	Option holders
1 - 1,000	96	
1,001 - 5,000	107	
5,001 - 10,000	59	
10,001 - 100,000	109	
100,001 +	49	1
	420	1

### MARKETABLE PARCEL

There are 99 holders of less than a marketable parcel of ordinary shares.

### EMPLOYEE INCENTIVE SCHEMES

The options were issued under an employee incentive scheme.

### SUBSTANTIAL SHAREHOLDERS

Substantial shareholdings in the Company and relevant percentage interests are set out below:

Name	No. of shares	%
Perth Capital Pty Ltd and associates	13,595,765	27.52
Baosteel Group Corporation, Fortune BS, Aurizon Holdings Limited, and associates	8,680,179	17.57
Brisbane Investments I Ltd, Brisbane Investments II Ltd	4,051,210	8.20
Acorn Capital Limited	3,171,212	6.42

### VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes of shares (at present there are none), at a general meeting every shareholder or class of shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each fully paid share which that member holds or represents and, in respect of partly paid shares, voting rights pro-rata to the amount paid up or credited as paid up on each such share.

Any vendor securities which are or might be in breach of the Australian Securities Exchange Listing Rules or any escrow agreement entered into by the Company shall not be entitled to any votes for as long as the breach exists.



# SHAREHOLDER INFORMATION

## AS AT 9 SEPTEMBER 2015

### TWENTY LARGEST SHAREHOLDERS

Shareholders	No of shares	%
1 Perth Capital Pty Ltd	8,218,450	16.64
2 Penoir Pty Ltd	6,735,772	13.63
3 Elohpool Pty Ltd	5,311,043	10.75
4 Yandal Investments Pty Ltd	2,200,000	4.45
5 Brisbane Investments I Limited	2,025,605	4.10
6 Brisbane Investments I Limited	2,025,605	4.10
7 HSBC Custody Nominees Australia Limited	1,722,571	3.49
8 Zero Nominees Pty Ltd	1,637,505	3.31
9 T D M Boddington	1,331,821	2.70
10 Aquila Resources Limited	1,286,564	2.60
11 J P Morgan Nominees Australia Limited	1,124,943	2.28
12 Flexiplan Management Pty Ltd <Susan Thomas PSF A/c>	1,086,156	2.20
13 Aigle Royal Superannuation Fund Pty Ltd <A Poli Super Fund A/c>	1,041,393	2.11
14 HSBC Custody Nominees Australia Ltd <NT Commonwealth Super Corp A/c>	993,355	2.01
15 National Nominees Limited	888,567	1.80
16 Maxigold Holdings Pty Ltd <The MGR Thomson Super A/c>	873,843	1.77
17 BT X Pty Ltd	657,843	1.33
18 Rupert Clarke & Co Pty Ltd	600,000	1.21
19 Strong Investments Pty Ltd <The Prospector's Super A/c>	506,250	1.02
20 J F G Phillips < J F G Phillips Family A/c>	429,280	0.87
	<u>40,696,566</u>	<u>82.37</u>

# CORPORATE GOVERNANCE STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2015

The board of directors (the "Board") of Red Hill Iron Limited ("Red Hill Iron" or the "Company") is responsible for monitoring the business affairs of the Company and protecting the rights and interests of all shareholders. High standards of corporate governance are essential to give effect to its responsibilities. The Company's corporate governance arrangements are set and reviewed by the Board having regard to any changing circumstances of the Company, statutory and regulatory requirements and the best interests of all shareholders. They are designed to comply as far as possible with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3<sup>rd</sup> Edition (the 'Principles'). This statement outlines the Company's approach to corporate governance for the financial year ended 30 June 2015. Any documents referenced in this statement as being available on the Company's website can be found on [www.redhilliron.com.au](http://www.redhilliron.com.au).

### 1 LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

#### 1.1 Roles and responsibilities of the Board and management and those roles reserved for the Board and those delegated to management

The Board's key objective is the increase of shareholder value by successful exploration for and/or production of minerals. The Board focuses the Company's activities on pursuing exploration opportunities in the mineral resource business which are judged to have the potential for success without exposing the Company to undue risk. Red Hill Iron's predominant current interest is in iron ore resources, namely the potential development of the Red Hill Iron Ore Joint Venture and the evaluation and possible development of its 100% owned Pannawonica Project.

The Board is accountable to shareholders for the performance of the Company, and its responsibilities include:

- (a) approval of corporate strategy including annual approval of budgets and monitoring performance against the budget;
- (b) determining the capital structure of the Company;
- (c) appointing and determining the duration, remuneration and other terms of appointment of the project manager and other senior executive personnel;
- (d) evaluating the performance of the project manager and other senior personnel;
- (e) overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- (f) approving the risk management strategy and frameworks and monitoring their effectiveness;
- (g) determination and monitoring of the Company's corporate governance systems and practices;
- (h) approval of investments, corporate acquisitions, new joint ventures; and
- (i) appointment of the external auditors and principal advisors.

Due to the concentration of corporate aim and the small size of the Board all issues are considered by the full Board.

#### *Senior executives*

**Executive Chairman:** the Chairman is the chief executive officer of the Company.

**Executive Director:** The Board has appointed one of its non-executive members, Mr GR Strong, to take on the executive responsibility for managing the exploration and evaluation of the Company's Pannawonica CID Project and its nearby quarry interests. The Executive Director is delegated by the Board to implement its policy, planning and strategy in respect of this project and to report regularly on the implementation to the full Board.

**Project Manager:** The role of the Project Manager during the year under review has been to manage the Company's interest in the Red Hill Iron Ore Joint Venture project pursuant to authority delegated by the Board and implement Board and corporate policy and planning in regard to this project. The Project Manager reports to the Board regularly and is under an obligation to make sure that all reports which he presents give a true and fair view of the Company's interests in the Red Hill Iron Ore Joint Venture project.

#### 1.2 Appropriate checks to be carried out on prospective directors

The Board oversees the selection, appointment and induction of new directors. An important part of this process is assessing potential candidates for the Board and includes undertaking appropriate checks before appointing a person as a director of the Company or putting forward to shareholders a new candidate for election as a director.

# CORPORATE GOVERNANCE STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2015

The assessment of potential candidates includes their relevant qualifications, skills and experience, their character, details of other board commitments, potential conflicts of interest and whether they qualify as being independent.

The Board provides shareholders with biographical details and other relevant information as to the qualifications, experience and skills of a candidate standing for election or re-election as a director to enable the shareholders to make an informed decision as to whether or not to elect or re-elect the candidate.

### 1.3 Written agreements with directors and senior executives

A written agreement, in the form of a letter of appointment, is provided to new directors, setting out the term of their appointment, their remuneration, the time that it is envisaged they will need to commit to perform their duties, the requirement for them to disclose interests and matters that may affect their independence, the requirement for them to comply with key corporate policies including the Company's policy on trading its shares, and the requirement to adhere to ongoing confidentiality obligations. The letter of appointment also sets out indemnity and insurance arrangements, ongoing rights of access to corporate information and the circumstances in which directors may seek independent professional advice at the Company's expense.

Existing directors will receive similar letters of appointment at the time that they are re-elected to the Board.

Written contracts of engagement are entered into with senior executives setting out their position, duties and responsibilities, termination circumstances and entitlements.

### 1.4 Company Secretary accountable to the Board

The Company Secretary is accountable to the Board and reports directly to the Chairman. The decision to appoint or remove the Company Secretary is made by the Board.

Each director may communicate directly with the Company Secretary and vice versa.

The duties and responsibilities of the Company Secretary include coordinating Board meetings and the timely circulation of Board papers, minuting board meetings and resolutions, regularly communicating with Board members on matters relating to Board procedures and compliance with ASX Listing Rules and advising the Board on governance matters.

### 1.5 Board diversity

The Company believes that fair and equal access to employment opportunities should be afforded to all eligible employees, regardless of gender, age, nationality, race, religion or sexuality, and that a diverse workforce will provide the broadest and most effective talent pool. All appointments are nevertheless made on the basis of merit.

Due to the fact that the Company has no permanent employees, the Company does not have a formalised diversity policy in place, but the Board is cognisant of the benefits of diversity and will embrace the adoption of such a policy as and when the Company's growth allows.

#### *Measurable objectives for achieving gender diversity*

The Company will establish measurable objectives for achieving gender diversity as and when its workforce reaches a size that justifies such a policy.

#### *Employee proportions*

As at 30 June 2015 the Company had no full time employees. There were no new personnel appointments during the year to either the executive or the Board of three directors, who are all male.

### 1.6 Evaluation of Board performance

Due to the size and composition of the Board, the Company does not have a formal process for the performance evaluation of the Board or individual directors.

Accordingly, no formal performance evaluation for the Board or its members took place during the reporting period.

Directors are encouraged to attend director training and professional development courses, as required, at the Company's expense. New directors have access to all employees to gain full background on the Company's operations.

All directors have access to company records and information and receive regular financial and operational reports from management. The Chairman and the other directors regularly consult with the Project Manager and the Company Secretary and may consult with and request additional information from any company personnel.

# CORPORATE GOVERNANCE STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2015

The Board collectively, and each director individually, has the right to seek independent professional advice at the expense of the Company to assist with the discharge of their duties. While the Chairman's prior approval is required, it may not be unreasonably withheld.

### 1.7 Evaluation of the performance of senior executives

The Board is responsible for setting the Project Manager's performance objectives and for evaluating his performance against these objectives. The full Board carries out an annual review of the adequacy of the Project Manager's remuneration and participation in share incentive arrangements.

The Executive Director's performance is reviewed regularly by the other members of the Board, who also review his remuneration annually.

The Executive Chairman's performance is evaluated by the rest of the board. The Executive Chairman has elected, with the Board's consent, to receive no additional remuneration to that of the non-executive board members.

The Company Secretary's performance and remuneration are evaluated on an annual basis.

## 2 STRUCTURE THE BOARD TO ADD VALUE

### 2.1 Nomination committee

Due to the size of the Company and the composition of the Board, a nomination committee has not been established. The Board does not consider that the Company's affairs are of such a size and complexity as to merit the establishment of a separate nomination committee. Until this situation changes, the Board will carry out the functions of a nomination committee.

The Board considers that it is in the best interests of the Company to determine the criteria for the selection of new directors based on any perceived "gaps" in the skill set of the Board as and when a casual vacancy arises. The Board remains constantly aware of the requirement to balance the Company's need to retain the overall spread of knowledge, experience and skills that the current Board provides with any opportunity or need that may arise to enhance the overall capabilities of the board either through the replacement of an existing director or the appointment of an additional director.

Retirement and rotation of directors is governed by the Corporations Act and the constitution of the Company. Each year, one-third of the directors must retire and offer themselves for re-election. Any casual vacancy filled between general meetings will be subject to a shareholder vote at the next Annual General Meeting of the Company.

Re-appointment of directors is not automatic. Shareholders are provided with relevant information on each of the candidates for election or, where applicable, re-election.

### 2.2 Board skills matrix

The principal skills identified as important for the board of the Company are set out below identifying the number of directors (on the three-man board) providing those skills:

Skills	No of Directors
Strategic leadership	3
Business acumen / financial	3
Industry experience	3
Communication	2
Governance	2
Legal	1

Given the small size of the Company and of the board, the skill cover of the existing board is considered to be comprehensive.

Each director has the right to access all relevant company information and to communicate with any of the Company's personnel. Directors may also, subject to prior consultation with the Chairman, seek independent professional advice from a suitably qualified adviser at the Company's expense.

### 2.3 Independent directors

During the year ended 30 June 2015, the Board consisted of three directors, none of whom are considered independent in terms of the Factors relevant to assessing the independence of a director set out in Recommendation

# CORPORATE GOVERNANCE STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2015

2.3 of the Principles (Factors). Two of the directors, Mr N Tomkinson and Mr JN Pitt, are not independent within the strict meaning of the Factors because they are associated with a substantial shareholder in the Company, as defined in the Corporations Act, and the Chairman is an executive of the Company. The third director, Mr G Strong ceased to be independent in terms of the Factors when he was assigned an executive role in 2013.

However, recognizing that approximately 60% of the Company's share capital is held by four non associated substantial shareholders and having noted that no member of the Board has any association with the three substantial shareholders not represented at Board level, the directors believe that there exists a strong incentive for all Board members to carry out their directorial duties in an independent manner. The Board considers that this, combined with the fact that there is sufficient independence of view and variety of intellectual input between the directors, achieves the objectives of the Factors and consequently views the non-executive director, Mr Joshua Pitt, as effectively independent.

Mr Joshua Pitt has served as a director since the inception of the Company on 1 June 2005.

### **2.4 Majority of the board should be independent directors**

As set out under Recommendation 2.3, the majority of the Board has not been made up of independent directors during the year.

A determination with respect to independence is made by the Board on an annual basis. In addition the directors are required on an ongoing basis to disclose relevant personal interests and conflicts of interest which may in turn trigger a review of a director's independent status.

Subsequent to the year end the board has appointed a fourth director, Mr Mark Okeby, who is considered to be independent.

### **2.5 Chairman's independence and the roles of chairman and chief executive officer**

The Chairman is the chief executive officer of the Company, which means that he cannot be considered to be independent. Consequently the Company does not comply with this Principle. Nevertheless the Board considers that the Board and shareholder structure of the Company ensure that the Chairman effectively acts as an independent director.

The small size of the Company, the limited number of executive personnel and the relative simplicity of operations, with the majority of exploration work currently being carried out in a joint venture managed by the joint venture party, and the conservation of working capital are all factors supporting the size of the Board being kept to a minimum despite the desired requirements of this Principle.

#### *Role of the Chairman*

The Chairman is responsible for the day to day running of the Company, effective conduct of meetings of directors and general meetings of shareholders. He is also responsible for setting the agenda for Board meetings with the Company Secretary. Any director of the Board may request an item of business to be included on the agenda.

The Chairman is the person authorised by the Board to make verbal statements on the Company's behalf.

### **2.6 Program for inducting new directors and provision of professional development opportunities**

The Company Secretary is responsible for ensuring new directors are provided with an induction program to familiarise them with the Company's operations and policies and procedures.

Board members are encouraged to take opportunities to develop and maintain their skills and knowledge relevant to their position as a director of the Company – undertaking any such training or professional development courses at the expense of the Company is subject to prior approval by the Chairman.

## **3. ACT ETHICALLY AND RESPONSIBLY**

### **3.1 Code of conduct**

The Company has a code of conduct which is committed to achieving the following objectives:

- (a) ensuring that all of its business affairs are conducted legally, ethically and with integrity;
- (b) ensuring that the Company itself and its joint venturers who act as operators of projects in which the Company has an interest adopt high standards of occupational health and safety, environmental management and ethics;

# CORPORATE GOVERNANCE STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2015

- (c) managing its legal obligations and the reasonable expectations of stakeholders effectively through the development and implementation of a risk management framework which incorporates these key areas; and
- (d) fostering and maintaining a culture of ownership, care, professional excellence, confidentiality, integrity and freedom from any conflict or perceived conflict of interest in each of the Company's employees and consultants.

### *Director conflict of interest*

All directors are required to disclose any actual or potential conflict of interest upon appointment and are required to keep up to date these disclosures to the Board.

### *Trading in company securities*

The Company's securities trading policy has been disclosed in accordance with the provisions of the ASX Listing Rules and is published on the Company's website.

## **4. SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

### **4.1 Audit committee**

The Board does not consider that the Company's affairs are of such a size and complexity as to merit the establishment of a separate audit committee. Until this situation changes, the Board will carry out all audit committee functions.

The Board monitors the form and content of the Company's financial statements; it also maintains an overview of the Company's internal financial control and audit system and risk management systems.

Additionally, the Board, in line with its overall responsibility to shareholders, annually reviews the performance and independence of the external auditor and the continuation of that appointment. The Board also approves the remuneration and terms of engagement of the external auditor. Any appointment of a new external auditor will be submitted for ratification by shareholders at the next annual general meeting of the Company.

### **4.2 CEO/CFO declaration required prior to approving financial statements for a financial period**

The Board, prior to approving quarterly, half-yearly and annual financial statements, receives from the Executive Chairman and the Company Secretary/Chief Financial Officer a declaration in writing that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### **4.3 External auditor attends the annual general meeting**

The Company ensures that a representative of the external auditor attends the annual general meeting and is available to take questions from attendees concerning the conduct of the audit, the preparation and content of the audit report, the independence of the auditor and the accounting policies adopted by the Company.

## **5. MAKE TIMELY AND BALANCED DISCLOSURE**

### **5.1 Policy for complying with continuous disclosure obligations under the ASX Listing Rules**

The Company's policy on continuous disclosure and its compliance procedures are designed to ensure it complies with the disclosure requirements of the ASX Listing Rules including timely and balanced disclosure.

All announcements to the ASX are promptly loaded onto the Company's website following their release.

## **6. RESPECT THE RIGHTS OF SECURITY HOLDERS**

### **6.1 Information about the Company and its governance provided to investors via the Company website**

The Company's website is intended as a source of general information about the Company and its operations, as well as a source of information specifically for shareholders. It includes information about the Company's capital structure and its larger shareholdings and sets out the Company's Corporate Governance Statement. Copies of the annual, half yearly and quarterly reports and financial statements for at least the past five years can also be accessed. It is updated promptly with the Company's latest ASX announcements – these include notices of meetings and any investor updates and company presentations as well as a link to the Company's current share price on the ASX. Company contact details are provided, including a facility for visitors to the site to send any queries they may have direct to the Company.



# CORPORATE GOVERNANCE STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2015

### **6.2 Design and implement an investor relations program to facilitate two-way communication with investors**

The Company has a simple investor relations program whereby it responds promptly to shareholder and investor communications that it receives and utilises the annual general meeting and its website to facilitate communications between the Company and its shareholders and investors.

### **6.3 Policies and processes to facilitate and encourage participation at meetings of security holders**

The Company actively engages with shareholders at the annual general meeting, encouraging them to participate in discussion of the Company's business and affairs. It also uses the opportunity to update shareholders on the Company's operations and is proactive in encouraging attendees to participate in ensuing discussion. Any enquiries received from shareholders to be addressed at the annual general meeting are dealt with at the meeting and at all other times are responded to promptly.

### **6.4 Provide security holders with the option to receive communications from and send communications to the Company electronically**

Shareholders are given the option to receive information such as the Annual Report in print or electronic form.

The Company maintains a website at [www.redhilliron.com.au](http://www.redhilliron.com.au). Shareholders can find all recent information on the Company under various headings on the Company's website, including latest ASX releases, details of its projects and its Corporate Profile. Shareholders may also request a print copy of the Company's recent ASX releases. The Company has not as yet initiated a direct on-line voting mechanism for its shareholders at general meetings as the cost of such a mechanism is considered out of proportion to the number of shareholders choosing to participate.

## **7. RECOGNISE AND MANAGE RISK**

### **7.1 Committee to oversee risk**

The Board does not consider that the Company's affairs are of such a size and complexity as to merit the establishment of a separate committee to oversee risk and relies on the Board as a whole to oversee and manage risk.

The processes the Board employs for overseeing the entity's risk management framework include:

- (a) the establishment of a register of business risks, being principally the risks involved in the Company's main business enterprise, namely iron ore exploration and potential development;
- (b) regularly reviewing the risks relative to any change in the Company's situation and external factors.

To the extent possible in a Company with a very small staff, internal controls are in place to mitigate against any material business risks. Risks of a strategic, financial and operational nature (such as ability to raise capital to fund exploration, commodity price and currency fluctuations, adequate levels of insurance, contract documentation, resourcing, and meeting financial reporting and compliance obligations) are reviewed on a regular basis by the Board. Potential operational risks involved in running the Company are managed by the Board. The Executive Chairman and the Company Secretary report to the Board on the effective management of risk at least quarterly.

### **7.2 Review of risk management framework at least annually**

The Board reviews its risk management framework regularly and at least annually. There have been no significant changes during the past year.

### **7.3 Internal audit function**

The Board considers that the Company's affairs are not of sufficient size or complexity to warrant an internal audit function.

The Board itself reviews and evaluates the effectiveness of its risk management and processes of internal control.

### **7.4 Material exposure to economic, environmental and social sustainability risks**

The Board is currently satisfied that the manner in which the Company conducts its business should not give rise to any material exposure to economic, environmental and social sustainability risks.

# CORPORATE GOVERNANCE STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2015

### 8. REMUNERATE FAIRLY AND RESPONSIBLY

#### 8.1 Remuneration committee

The Board does not have a separate remuneration committee due to the small size of the Company and the limited number of employees. The full Board carries out the functions of a remuneration committee.

The Board on an annual basis reviews remuneration and incentive policies, as well as superannuation arrangements. The Board adheres to the principles used to determine the nature and amount of remuneration outlined in the audited Remuneration Report set out in the Directors' Report. The Board reviews these principles at least annually and, where necessary, will consult with external consultants and specialists. Executive directors do not participate in deciding their own remuneration.

#### 8.2 Separate disclosure of remuneration policies and practices for non-executive directors and executive directors and senior executives

Remuneration for non-executive directors is fixed and directors do not participate in any incentive plans. Directors do not receive any retirement benefits, except that, as part of their fixed remuneration, they are paid superannuation.

The Executive Director receives a set salary in addition to his director fees to compensate him for his executive role. The Executive Chairman has elected, with the Board's consent, to receive no additional remuneration to that of the non-executive Board members. For information about director remuneration practice, reference can be made to the audited Remuneration Report set out in the Directors' Report.

Remuneration of other Company personnel is by way of salary or fees, on a set or hourly basis, and, at the Directors' discretion, may include the grant of options to acquire shares in the company in accordance with the Company's Employee Share Option Plan.

#### 8.3 Equity based remuneration scheme

Recipients of equity-based remuneration such as incentive options are not permitted to enter into transactions which would limit the economic risk of participating in such schemes.



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