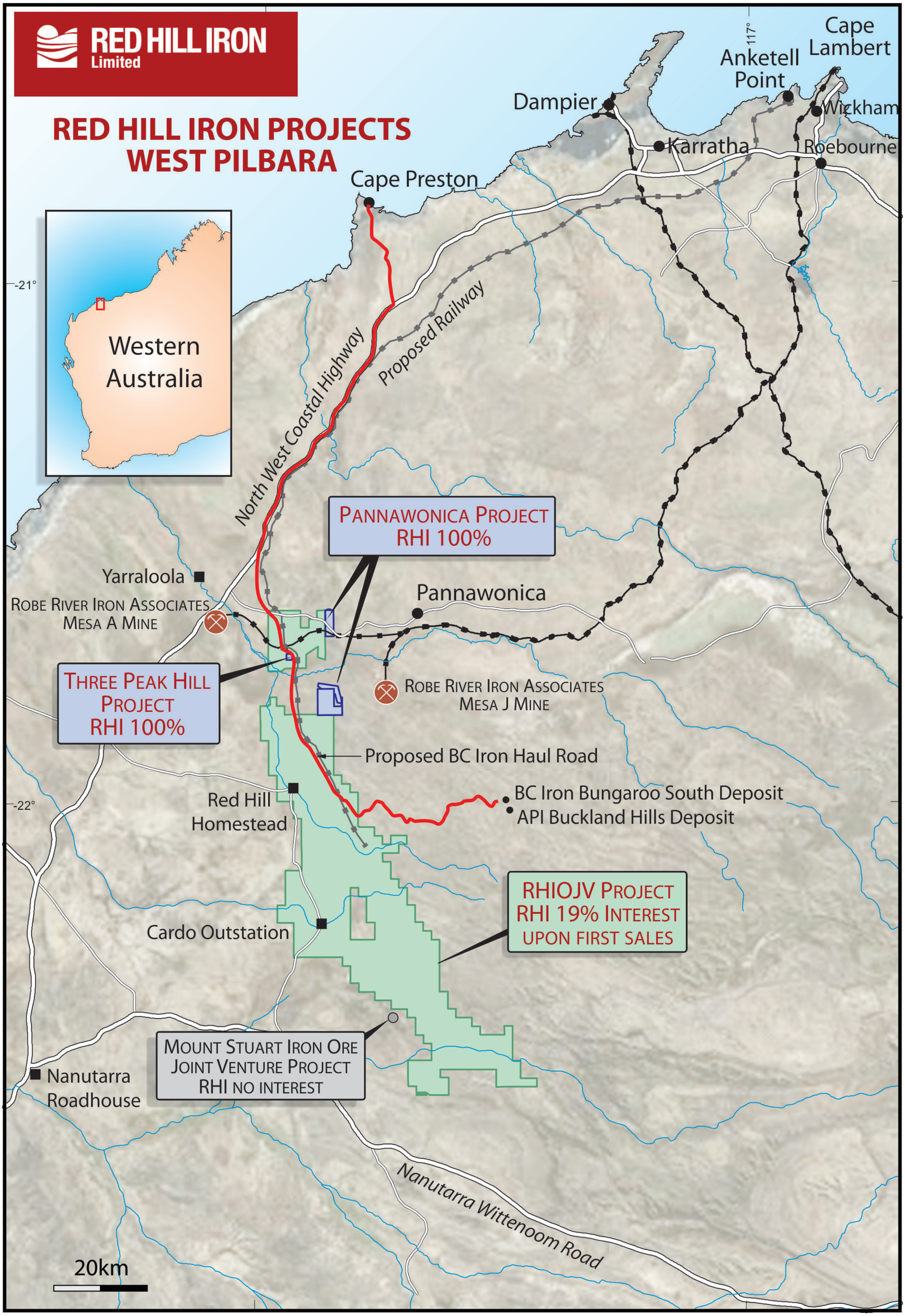
RED HILL IRON Limited

ABN 44 114 553 392

2017 ANNUAL REPORT



RED HILL IRON
Limited
RED HILL IRON PROJECTS
WEST PILBARA
Western Australia
Cape Preston
Dampier
Anketell Point
Cape Lambert
Wickham
Karratha
Roebourne
117°
-21°
-22°
North West Coastal Highway
Proposed Railway
PANNAWONICA PROJECT
RHI 100%
Pannawonica
Yarraloola
ROBE RIVER IRON ASSOCIATES
MESA A MINE
THREE PEAK HILL
PROJECT
RHI 100%
ROBE RIVER IRON ASSOCIATES
MESA J MINE
Proposed BC Iron Haul Road
BC Iron Bungaroo South Deposit
API Buckland Hills Deposit
Red Hill
Homestead
RHIOJV PROJECT
RHI 19% INTEREST
UPON FIRST SALES
Cardo Outstation
MOUNT STUART IRON ORE
JOINT VENTURE PROJECT
RHI NO INTEREST
Nanutarra
Roadhouse
Nanutarra Wittenoom Road
20km

CONTENTS

CORPORATE DIRECTORY

DIRECTORS	
Executive	Neil Tomkinson - Chairman
Non Executive	Joshua Pitt Garry Strong Mark Okeby
PROJECT MANAGER	Doug Stewart
COMPANY SECRETARY	Peter Ruttledge
REGISTERED OFFICE	Level 2, 9 Havelock Street West Perth WA 6005 Tel: (08) 9481 8627 Fax: (08) 9481 8445 Email: redhillinfo@redhilliron.com.au
AUDITOR	HLB Mann Judd (WA Partnership) Level 4, 130 Stirling Street Perth WA 6000
HOME EXCHANGE	Australian Securities Exchange (ASX)
ASX CODE	RHI
SHARE REGISTRY	Security Transfer Australia Pty Ltd 770 Canning Highway Applecross WA 6153 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233 Email: registrar@securitytransfer.com.au
WEBPAGE	www.redhilliron.com.au
CORPORATE GOVERNANCE STATEMENT	http://www.redhilliron.com.au/CorpGov.htm

Red Hill Iron Limited (ABN 44 114 553 392) is a public listed company incorporated and domiciled in Australia

OPERATIONS REVIEW

IRON ORE

The Red Hill Iron Ore Joint Venture

Red Hill Iron Limited (the Company or Red Hill Iron) is a ferrous metals, gold and base metals explorer whose activities are concentrated in the West Pilbara region of Western Australia. The Company's current interest is centred on the Red Hill Iron Ore Joint Venture (RHIOJV) (Red Hill Iron 40% carried interest) which is an integral part of the West Pilbara Iron Ore Project (WPIOP) Stage 1 and will provide the major proportion of ore for the first twenty years of the WPIOP's proposed production profile of 40 million tonnes per year. The WPIOP participants who are responsible for management of the RHIOJV through API Management Pty Ltd (API)* have delayed further consideration of the Project's feasibility to the end of this calendar year at the earliest.

Currently the manager is focusing its attention on the project's potential for production of iron ore at a higher grade and with lower impurities than detailed in the published Mineral Resource Estimate; there is currently no data available to support this possibility as the work is in its early stages.

During the year API announced an updated Mineral Resource Estimate for the RHIOJV including maiden estimates for the Trixie West and Cardo Bore West Channel Iron Deposits (CID) and an updated estimate for the Red Hill Creek CID. The overall increase of three million tonnes to the Mineral Resource Estimate increases the total Mineral Resources from 813 million tonnes *(RHI ASX announcement 26 June 2015)* to 816 million tonnes *(RHI ASX announcement 24 November 2016).*

Red Hill Iron has the right to convert its 40% carried interest to a 19% participating interest upon commencement of commercial production. This would involve the Company in participation at the 19% level in the RHIOJV and require the repayment to API of funds advanced to that time on Red Hill Iron's behalf. As at 30 June 2017 these funds amounted to $25,963,067. The alternative to retaining a 19% participating interest is for Red Hill Iron to elect, once commercial production has started, to revert to a 2% gross (FOB) royalty on ores mined from the entire RHIOJV Mineral Resource Estimate inventory; such election would also lead to Red Hill Iron being released from any liability to repay the free carried amount referred to above.

The Pannawonica Project

Red Hill Iron's potential mining operation at Pannawonica with a Mineral Resource Estimate of 62.5 million tonnes at an iron grade of 53.4% is, to a large extent, dependent on third parties providing road and port infrastructure to enable export of the ore together with an improvement in the price payable for ores of this grade. The project also includes significant hard rock quarry resources which could provide materials for the various developments mooted in the region.

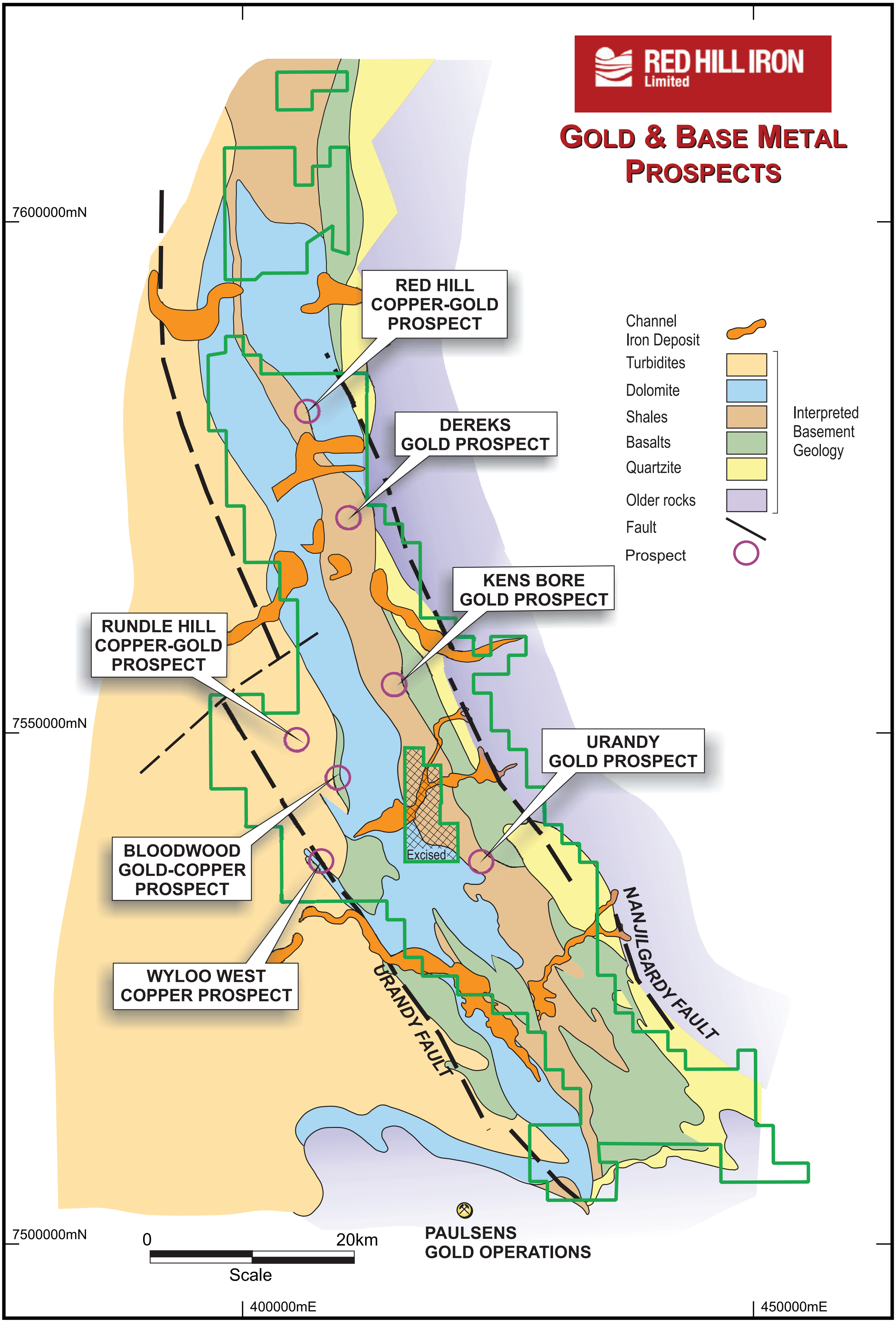
GOLD AND BASE METALS

The Company retains ownership of 100% of all minerals except iron ore within the tenements covered by the RHIOJV. Up to 2009, Red Hill Iron carried out exploration in its own right for gold and base metals, but work was suspended whilst the Company focused on the RHIOJV and its proposed development as an iron ore mining operation. Mining Leases over

The RHIOJV has now secured all likely occurrences of iron ore resources within the joint venture area. With this clarification and an improved gold price, Red Hill Iron carried out a re-evaluation of the residual Exploration Licenses for gold and base metals with positive results. Following on from this work, the Company commenced discussions with third parties designed to secure funding to continue gold and base metal exploration and in September 2016 secured a joint venture agreement with Chalice Gold Mines Limited (Chalice).

Red Hill Iron and Chalice Gold and Base Metal Joint Venture

The area of this non ferrous joint venture lies within Exploration Licences held by the RHIOJV participants and encompasses 12 Exploration Licenses totalling over 1,300 square kilometres. Chalice may earn an interest of up to 70% in any gold and base metal deposits discovered within the joint venture area by expending $3 million, of which a minimum of $500,000 is committed within the first twelve months.


RED HILL IRON Limited
GOLD & BASE METAL PROSPECTS
7600000mN
7550000mN
7500000mN
400000mE
450000mE
RED HILL COPPER-GOLD PROSPECT
DEREKS GOLD PROSPECT
KENS BORE GOLD PROSPECT
URANDY GOLD PROSPECT
RUNDLE HILL COPPER-GOLD PROSPECT
BLOODWOOD GOLD-COPPER PROSPECT
WYLOO WEST COPPER PROSPECT
Excised
URANDY FAULT
NANJILGARDY FAULT
PAULSENS GOLD OPERATIONS
0
20km
Scale
Channel Iron Deposit
Turbidites
Dolomite
Shales
Basalts
Quartzite
Older rocks
Fault
Prospect
Interpreted Basement Geology

OPERATIONS REVIEW

Exploration prior to 2009 by Red Hill Iron identified a number of targets, primarily Carlin-style and vein/shear-hosted gold mineralisation through regional soil samplings and RAB drill programs, many of which require further investigation. Of the prospects identified, Derek's Bore and Urandy are the most advanced with Red Hill Iron having completed wide-spaced follow-up RC drilling at both prospects. Encouraging results included a 9 metre intersection grading 4.5 g/t at Urandy and a 20 metre intersection grading almost 0.5 g/t at Derek's Bore.

Since taking over management of the base metal and gold exploration at Red Hill, Chalice have carried out a full field review and completed ground geophysical surveys of target areas defined at the Wyloo West, Derek's Bore and Red Hill prospects. Chalice is currently preparing drilling programs for the Ken's Bore, GI, and Wyloo East prospects and also plan to drill test any significant anomalism derived from the geophysical surveying.

CORPORATE

During the year the Company made a pro-rata entitlement offer of new shares to existing shareholders on the basis of one new ordinary share for every seven ordinary shares held, resulting in the issue of 5,177,899 new ordinary shares, at a price of 38 cents per share, to raise $1,948,650 after costs of the issue. The purpose of the issue was to repay director related loans to the Company of $500,000 and to meet the Company's ongoing administration and exploration costs for the ensuing two to three years.

The Company issued 950,000 unlisted options to staff during the year as an incentive in terms of the Company's Employee Share Option Plan. The options were issued at no cost for a term of three years with an exercise price of 54 cents per share.

Whilst activity on the RHIOJV is largely determined by the price of iron ore and the likely cost of transporting product to a port and onto ships, the RHIOJV interest should not be underestimated, as it is currently free-carried and can be converted at no cost to a substantial gross overriding royalty when production commences. It is the Directors' view that the RHIOJV interest will ultimately prove of great value to the Company whilst, in the short term, Red Hill Iron shareholders can look forward to the results of an active gold and base metal exploration program being carried out by Chalice. Your directors thank you, our shareholders, for your support of this year's Entitlement Issue and hope that during the next twelve months shareholders will receive positive results from the RHIOJV and the gold and base metal exploration program.

N Tomkinson

Chairman

September 2017

** API is 50% owned by Aquila Steel Pty Ltd (a company 85% held by Chinese Government State Owned Baosteel and 15% by Aurizon Ltd) with the other 50% owned by AMCI (IO) Pty Ltd a company jointly owned by American Metals & Coal International and the major Korean steel producer, POSCO.*

MINERAL RESOURCES AND ORE RESERVES

AS AT 8 SEPTEMBER 2017

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

Commodity: Iron ore
Red Hill Iron interest: 40% (with election on first production to move to 19% participating or 2% FOB royalty)
Location: West Pilbara, Western Australia
Review: The Mineral Resources of the project were upgraded in November 2016
The Ore Reserves of the project were upgraded in September 2015

Mineral Resources (JORC 2012): *(Red Hill Iron ASX announcement 24 November 2016)*

Project	JORC category	Mt	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	LOI (%)	P (%)
West Pilbara Iron Ore Project - RHIOJV	Measured	263.5	57.17	5.71	3.67	8.24	0.081
	Indicated	448.7	56.32	6.31	3.85	8.64	0.070
	Inferred	103.7	55.19	6.82	4.21	9.37	0.064
	Total	**815.9**	**56.45**	**6.18**	**3.84**	**8.61**	**0.073**
RHI attributable if elects for 19%		**155**					

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

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

Project	JORC category	Mt	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	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
	Total	**537**	**57.2**	**5.7**	**3.6**	**8.2**	**0.07**
RHI attributable if elects for 19%		**102**					

Comparison with previous year:

The Mineral Resource estimates were updated on 24 November 2016 to reflect an overall increase of 3Mt from 813Mt to 815.9Mt.
There have been no changes in the Ore Reserves of this project since the previous year's statement.

Competent Person Statements:

Mineral Resource
The Competent Person responsible for the geological interpretation and the drill hole data used for the resource estimation is Mr Michael Wall who is a full-time employee of API Management Pty Ltd, and Member of the Australasian Institute of Mining and Metallurgy. Michael Wall has sufficient relevant experience to the style of mineralisation 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 Edition).

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 mineralisation 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 Edition).

Ore Reserves
The information in this statement that relates to the WPIOP Ore Reserve estimate is based on information compiled and reviewed by Mr Glen Williamson, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Williamson is a full time employee of AMC Consultants Pty Ltd. Mr Williamson 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 8 SEPTEMBER 2017

PROJECT: PANNAWONICA

Commodity: Iron ore
Red Hill Iron interest: 100%
Location: West Pilbara, Western Australia
Review: The Mineral Resources and Ore Reserves of the project remained unchanged during the year ended 30 June 2017

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

Project	JORC category	Mt	Fe (%)	Al_2O_3 (%)	P (%)	SiO_2 (%)	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
	Total	**62.5**	**53.4**	**5.1**	**0.05**	**8.7**	**9.0**

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_2O_3 (%)	P (%)	SiO_2 (%)
Pannawonica	Proved	4.2	54.1	4.6	0.03	8.1
	Probable	25.1	54.0	4.9	0.05	8.2
	Total	**29.3**	**54.0**	**4.8**	**0.05**	**8.2**

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 2017

Red Hill Iron Limited (the Company or Red Hill Iron) is an Australian company listed on the Australian Securities Exchange (ASX). The registered and corporate office of the Company is 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 2017.

DIRECTORS

The following persons were directors of the Company during the financial year and up to the date of this report:
Neil Tomkinson
Joshua Pitt
Garry Strong
Mark Okeby

PRINCIPAL ACTIVITIES

The principal activities of the Company are exploration for iron ore, gold and base metals. 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

Red Hill Iron is a ferrous metals, gold and base metals explorer whose activities are concentrated in the West Pilbara area of Western Australia. The Company's current interests are reviewed below:

The Red Hill Iron Ore Joint Venture (RHIOJV)

This project involves an exploration and development joint venture limited to iron ore, in which Red Hill Iron currently holds a 40% carried interest convertible, at the Company's election, to a 2% FOB Royalty. The RHIOJV is managed by API Management Pty Ltd (API), the manager of the API Joint Venture (participants Baosteel/Aurizon and AMCI/Posco). It has identified substantial Channel Iron Deposit (CID) Mineral Resources and Ore Reserves contained within a number of Exploration Licences and Mining Leases in the West Pilbara.

During the year API announced an updated Mineral Resource Estimate including maiden estimates for the Trixie West and Cardo Bore West Channel Iron Deposits (CID) and an updated estimate for the Red Hill Creek CID. The increase of 3 million tonnes in the overall Mineral Resource Estimate takes the total Mineral Resources from 813Mt (RHI ASX announcement 26 June 2015) to 816Mt (RHI ASX announcement 24 November 2016).

The API joint venture participants, as operators of the overall West Pilbara Iron Ore Project (WPIOP), are progressing a desktop study to consider an integrated rail and port infrastructure solution designed to handle production from the API joint venture and the RHIOJV.

The West Pilbara Gold Project

This is a joint venture entered into during the year with Chalice Gold Mines Ltd (Chalice). The area of this non-ferrous joint venture lies within Exploration Licences held by the RHIOJV. Chalice may earn up to a 70% interest in any gold and base metal deposits discovered within the joint venture area by expending $3M, with an initial minimum commitment of $500,000 within the first twelve months. The estimated financial effect of this agreement for the Company cannot be reliably measured at this time.

The project is located approximately 160km south-southwest of Karratha and has contiguous coverage of 90km of strike of prospective geology along the contact between the Ashburton and Hamersley Basins, referred to as the Paraburdoo Hinge Zone. The region is under-explored for both gold and base metals and the southwest boundary of the property is approximately 8km from Northern Star Resources' (ASX: NST) Paulsens multi-million ounce gold mine.

Based on the results of a recent field program, three prospects (Wyloo West, Dereks Bore and Red Hill) are currently being subjected to gradient array IP geophysics by Chalice to cover identified targets which include either elevated gold and copper rock chip sampling, anomalous soil geochemistry or historic gold drill intersections. The Company has been informed by Chalice and reported to the market (RHI Quarterly Report for Quarter ending June 30 2017) that any new drill targets defined from the IP survey will be included in Chalice's planned drilling programs at Ken's Bore, G1, and Wyloo East, with drilling scheduled to commence later in the year.

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS (continued)

The wholly owned Pannawonica Project

This project encompasses two CID deposits and a commercial hard rock resource. The Pannawonica Project has an Estimated Ore Reserve of 29.3 million tonnes of iron ore grading 54% iron (RHI ASX announcement 14 April 2014). Development studies have been suspended at this project pending an improved iron ore outlook.

Corporate

During the year the Company made an entitlement offer of new shares to existing shareholders on the basis of 1 new ordinary share for every 7 ordinary shares held resulting in the issue of 5,177,899 new ordinary shares, at a price of 38 cents per share, to raise $1,948,650 after costs of the issue. The purpose of the issue was to repay director related loans to the Company of $500,000 and to meet the Company's ongoing administration and exploration costs for the ensuing two to three years.

The Company issued 950,000 unlisted options to staff during the year as an incentive in terms of the Company's Employee Share Option Plan. The options were issued free for a term of three years with an exercise price of 54 cents per share.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the operating results and the issue of new shares and unlisted staff options, there were no significant changes in the state of affairs of the Company during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

To the best of the directors' knowledge and belief, there were no material items, transactions or events 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 2016 to 30 June 2017 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 a non-executive director of Pan Pacific Petroleum NL until his resignation in August 2014. Mr Tomkinson has held no other directorships of ASX listed companies during the last three financial years.

INFORMATION RELATING TO THE DIRECTORS (continued)

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). He was a non-executive director of Pan Pacific Petroleum NL until his resignation in August 2014. Mr Pitt has held no other directorships of ASX listed companies during the last three financial years.

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. Mr Strong was an executive director of the Company up to 31 March 2016, thereafter assuming a non-executive role. He has held no other directorships of ASX listed companies during the last three years.

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). Mr Okeby has held no other directorships of ASX listed companies during the last three years.

INFORMATION RELATING TO THE COMPANY SECRETARY

Peter Ruttledge BSc, CA, FFin

Mr Ruttledge 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' 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:

Directors	Ordinary shares	Options over ordinary shares
N Tomkinson	7,310,061	-
J N Pitt	10,570,784	-
G R Strong	1,310,951	-
D M Okeby	714,285	-

The relevant interest of Mr Tomkinson and Mr Pitt in the shares of the Company is their combined holding of 17,880,845 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	12	12
J N Pitt	12	12
G R Strong	12	12
D M Okeby	12	12

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.

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.

AUDITED REMUNERATION REPORT (continued)

Company performance and its consequences on shareholder wealth

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:

		2017	2016	2015	2014	2013
Revenue and other income	$	14,117	5,223	344,090	290,013	80,567
Net loss	$	595,549	668,578	560,146	1,973,042	3,596,293
Loss per share	cents	1.2	1.4	1.1	4.0	7.9
Share price at year end	$	0.63	0.41	0.80	1.65	0.80

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:

		Short-term benefits	Post-employment benefits	Total	Performance related
	Year	**Salary & fees**	**Superannuation**		
		$	**$**	**$**	**%**
Executive directors					
N Tomkinson (Chairman)	**2017**	**25,000**	**2,375**	**27,375**	**-**
	2016	25,000	2,375	27,375	-
G R Strong	**2017**	**-**	**-**	**-**	**-**
	2016	65,000	20,531	85,531	-
Non-executive directors					
J N Pitt	**2017**	**25,000**	**2,375**	**27,375**	**-**
	2016	25,000	2,375	27,375	-
G R Strong	**2017**	**13,500**	**27,375**	**40,875**	**-**
	2016	14,000	6,844	20,844	-
D M Okeby	**2017**	**25,000**	**2,375**	**27,375**	**-**
	2016	22,175	2,107	24,282	-
Total	**2017**	**88,500**	**34,500**	**123,000**	**-**
	2016	151,175	34,232	185,407	-

Mr Strong was engaged by the Company in an executive capacity up to 31 March 2016, whereupon he reverted to being a non-executive director. Occasionally he is required to carry out duties in addition to his director duties, for which he is remunerated accordingly.

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

(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.

AUDITED REMUNERATION REPORT (continued)

Non-executive directors

A service agreement is in place for Mr Okeby (appointed August 2016). There is no separate service agreement for the other non-executive directors.

Executive chairman

There is no separate service agreement for the Chairman in respect of his executive duties 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 2017. 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 2016	Net changes	Balance 30 June 2017
Directors			
N Tomkinson	6,157,650	1,145,354	7,303,004
J N Pitt	8,994,255	1,573,529	10,567,784
G R Strong	1,286,938	24,013	1,310,951
D M Okeby	625,000	89,285	714,285
	17,063,843	2,832,181	19,896,024

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.

(f) Transactions with key management personnel

Income from related parties

During the financial year the Company paid $82,111 (2016: $89,493) 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.

Borrowings from directors

The loan facility of $900,000 with companies associated with directors Mr Tomkinson and Mr Pitt, remained in place at balance date. This facility consists of two unsecured short term loans of up to $450,000 each at an interest rate of 2.5% per annum, and is otherwise on normal commercial terms and conditions. The facility was established to enable the Company to meet its ongoing working capital requirements.

During the financial year a further $300,000 was drawn down on this facility and, following the Company's successful pro rata entitlement share issue, the full borrowing of $500,000 subsequently repaid. The total interest incurred on the loans for the financial year was $4,493, all of which was paid at balance date.

The loan facility expires on 15 October 2017 and is not expected to be extended.

Loans to key management personnel

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

AUDITED REMUNERATION REPORT (continued)

(g) Additional information

The Company received a majority of votes in favour of its remuneration report for the 2016 financial year at its Annual General Meeting (AGM). 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.

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

The audited remuneration report ends here.

SHARES UNDER OPTION

The number of options on issue at the date of this report are set out below. The options were issued during the year to members of staff and are unlisted.

Grant date	Expiry date	Issue price of shares	Number under option	Percent vested
24 Dec 2016	26 Dec 2019	0.54 cents per share	950,000	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

HLB Mann Judd (WA Partnership) (HLB), the Company's auditor, did not perform any non-audit services for the Company for the year ended 30 June 2017.

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. HLB holds office in accordance with section 327C(2) of the Corporations Act 2001.

Signed in Perth in accordance with a resolution of directors on 11 September 2017.

Mr N Tomkinson

Chairman

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Red Hill Iron Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

B M'Veigh

B G McVeigh
Partner

Perth, Western Australia
11 September 2017

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		$	$
Revenue from continuing operations	2	14,117	4,223
Other income	2	-	1,000
Exploration expenditure		(120,005)	(202,406)
Administration expenses	3	(489,661)	(471,395)
Loss before income tax		(595,549)	(668,578)
Income tax expense	4	-	-
Loss for the year		(595,549)	(668,578)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year attributable to the ordinary equity holders of the Company		(595,549)	(668,578)
Loss per share attributable to the ordinary equity holders of the Company		**cents**	**cents**
Basic and diluted loss per share	5	1.15	1.35

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 2017

	Note	2017 $	2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	227,746	109,770
Trade and other receivables	7	1,027,284	11,053
Total Current Assets		1,255,030	120,823
Non-Current Assets			
Exploration assets	8	10,008,025	10,008,025
Plant and Equipment	9	-	-
Total Non-Current Assets		10,008,025	10,008,025
Total Assets		11,263,055	10,128,848
LIABILITIES			
Current Liabilities			
Trade and other payables	10	71,662	157,088
Borrowings	11	-	200,000
Total Current Liabilities		71,662	357,088
Total Liabilities		71,662	357,088
Net Assets		11,191,393	9,771,760
EQUITY			
Issued capital	12	27,035,248	25,086,598
Reserves	13	529,302	462,770
Accumulated losses		(16,373,157)	(15,777,608)
Total Equity		11,191,393	9,771,760

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 2017

	Issued capital $	Share based payments reserve $	Future value option reserve $	Accumulated losses $	Total equity $
2017					
Balance at 1 July 2016	25,086,598	177,000	285,770	(15,777,608)	9,771,760
Net loss for the year	-	-	-	(595,549)	(595,549)
Total comprehensive loss recognised during the year	-	-	-	(595,549)	(595,549)
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares, net of issue cost	1,948,650	-	-	-	1,948,650
Equity-settled share based payments	-	66,532	-	-	66,532
Balance at 30 June 2017	27,035,248	243,532	285,770	(16,373,157)	11,191,393
2016					
Balance at 1 July 2015	25,086,598	177,000	285,770	(15,109,030)	10,440,338
Net loss for the year	-	-	-	(668,578)	(668,578)
Total comprehensive loss recognised during the year	-	-	-	(668,578)	(668,578)
Transactions with equity holders in their capacity as equity holders	-	-	-	-	-
Balance at 30 June 2016	25,086,598	177,000	285,770	(15,777,608)	9,771,760

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 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Payments to suppliers and employees		(443,943)	(441,970)
Payments for exploration expenditure		(184,054)	(187,475)
Interest received		3,155	6,103
Interest paid		(5,832)	-
Net cash outflows from operating activities	14	(630,674)	(623,342)
Cash flows from investing activities			
Proceeds from sale of plant and equipment	2	-	1,000
Funds placed on bank term deposit		(1,000,000)	-
Net cash flows from investing activities		(1,000,000)	1,000
Cash flows from financing activities			
Proceeds from borrowings		300,000	200,000
Repayment of borrowings		(500,000)	-
Proceeds from issue of shares		1,967,602	-
Payment of share issue costs		(18,952)	-
Net cash flows from financing activities		1,748,650	200,000
Net increase/(decrease) in cash and cash equivalents		117,976	(422,342)
Cash and cash equivalents at the beginning of the year		109,770	532,112
Cash and cash equivalents at the end of the year	6	227,746	109,770

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

NOTE 1 SEGMENT INFORMATION

Management has determined that the Company has one reportable operating and geographical segment, being mineral exploration within Western 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.

	2017	2016
	$	$
Reportable segment assets	10,008,025	10,008,025
Reconciliation of reportable segment assets:		
Reportable segment assets	10,008,025	10,008,025
Unallocated corporate assets	1,255,030	120,823
Total assets	11,263,055	10,128,848
Reportable segment liabilities	633	64,682
Reconciliation of reportable segment liabilities:		
Reportable segment liabilities	633	64,682
Unallocated corporate liabilities	71,029	292,406
Total liabilities	71,662	357,088
Reportable segment loss	(120,005)	(202,406)
Reconciliation of reportable segment loss:		
Reportable segment loss	(120,005)	(202,406)
Other revenue	14,117	5,223
Unallocated corporate expenses	(489,661)	(471,395)
Loss before tax	(595,549)	(668,578)

NOTE 2 REVENUE

Revenue from continuing operations		
Interest income	14,117	4,223
Other income		
Profit on disposal of assets	-	1,000

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.

NOTE 3 ADMINISTRATION EXPENSES	Note	2017	2016
		$	$
Loss before income tax includes the following specific administration expenses:			
Personnel expenses			
Salaries, directors fees and other employment expenses		120,310	152,915
Superannuation		10,065	13,043
Share based payments		66,532	-
		196,907	165,958
Less: Recharged to exploration expenditure		(6,133)	(38,362)
		190,774	127,596
Depreciation		-	52
Finance costs	11	4,493	1,339
Other expenses			
Accounting fees		47,609	49,172
Administration services		58,423	60,480
Audit fees		21,160	23,698
Operating lease expense		73,539	80,988
Legal expenses		-	1,367
Listing fees		33,599	30,185
Other		60,064	96,518
		489,661	471,395

NOTE 4 INCOME TAX

(a) Income tax benefit

The components of income tax benefit comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-

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

Operating loss before income tax	(595,549)	(668,578)
Prima facie tax benefit at Australian rate of 27.5% (2016: 28.5%)	(163,776)	(190,545)
Adjusted for tax effect of the following amounts:		
Non-deductible items	18,296	
Non-taxable items	(5,520)	(4,640)
Under provision in prior year	-	-
Adjustment for change in tax rate	147,967	211,678
Tax benefit/(expense) not brought to account	3,033	(16,493)
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.

The income tax rate for small business entities was reduced from 28.5% to 27.5% effective from 1 July 2016. The Company currently satisfies the conditions to be a small business entity.

NOTE 4 INCOME TAX (continued)

(c) Deferred tax assets and liabilities not brought to account	2017	2016
	$	$
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 27.5% (2016: 28.5%) are made up as follows:		
On income tax account:		
Carried forward tax losses	6,971,967	7,064,250
Deductible temporary differences	3,355	5,106
Taxable temporary differences	(2,755,221)	(2,852,287)
Unrecognised net deferred tax assets	4,220,101	4,217,069

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	1.15	1.35
Reconciliation of loss	**$**	**$**
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	(595,549)	(668,578)
	No. of shares	**No. of shares**
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted loss per share	52,001,080	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.

NOTE 5 LOSS PER SHARE (continued)

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	**2017**	**2016**
	$	**$**
Cash at bank and on hand	227,746	109,770

Cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

Information about the Company's exposure to interest rate risk and credit risk is disclosed in Note 23.

NOTE 7 TRADE AND OTHER RECEIVABLES

Bank term deposit	1,000,000	-
Interest receivable	10,962	-
Other	16,322	11,053
	1,027,284	11,053

Bank term deposit is a cash deposit with a major Australian bank for a term exceeding 3 months.

Interest receivable comprises pro-rata interest receivable at balance date in respect of deposits at call and bank term deposits that is expected to be received within 60 days.

Other receivables relate to amounts recoverable from the Australian Taxation Office in respect of goods and services tax (GST).

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 23.

NOTE 8 EXPLORATION ASSETS

Carrying amount	10,008,025	10,008,025

The carrying amount represents the initial acquisition cost of the Company's wholly owned Pannawonica Iron Ore Project ($9,905,915) and the initial acquisition cost of the tenements that form the basis of the RHIOJV ($102,110).

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.

NOTE 8 EXPLORATION ASSETS (continued)

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	2017	2016
	$	$
Field equipment – at cost	-	5,715
Accumulated depreciation	-	(5,715)
Total field equipment – carrying amount	-	-
Total plant and equipment – carrying amount	-	-

There was no movement in the carrying amount of plant and equipment during the year (2016: nil).

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 are 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	65,657	144,091
Employee entitlements	6,005	12,997
	71,662	157,088

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 23.

NOTE 11 BORROWINGS

	2017 $	2016 $
Current and unsecured loans – related party loans	-	200,000
Finance costs – related party loans	4,493	1,339

The loan facility of $900,000 with companies associated with directors Mr Tomkinson and Mr Pitt, remained in place at balance date. This facility consists of two unsecured short term loans of up to $450,000 each at an interest rate of 2.5% per annum, and is otherwise on normal commercial terms and conditions. The facility was established to enable the Company to meet its ongoing working capital requirements.

During the financial year a further $300,000 was drawn down on this facility and, following the Company's successful pro rata entitlement share issue, the full borrowing of $500,000 subsequently repaid. The total interest incurred on the loans for the financial year was $4,493, all of which was paid at balance date.

The loan facility expires on 15 October 2017 and is not expected to be extended.

Borrowings are short term and initially recognised at fair value. There are no transaction costs associated with the borrowings. Interest on borrowings is accrued daily using the effective interest rate method and recognised in profit or loss over the period of the borrowings. Due to the short term nature of these borrowings, their carrying value is assumed to approximate their fair value.

NOTE 12 ISSUED CAPITAL

(a) Share Capital

54,582,936 (2016: 49,405,037) fully paid ordinary shares	27,035,248	25,086,598

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 23.

(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 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 shares are listed on the ASX and carry no trade restrictions.

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

	2017 Number of shares	2016 Number of shares	2017 Amount $	2016 Amount $
At 1 July	49,405,037	49,405,037	25,086,598	25,086,598
Movement during the year:				
Shares issued	5,177,899	-	1,967,602	-
Share issue costs			(18,952)	-
At 30 June	54,582,936	49,405,037	27,035,248	25,086,598

During the year the Company made an entitlement offer of new shares to existing shareholders on the basis of 1 new ordinary share for every 7 ordinary shares held at a price of 38 cents per share.

NOTE 12 ISSUED CAPITAL (continued)

(d) Options to acquire ordinary shares

Set out below is a summary of the movement of options on issue during the current and prior years:

	2017 Number of options	2016 Number of options	Grant date	Expiry date	Exercise price per share $
At 1 July	-	500,000	13 Apr 2013	8 Apr 2016	0.9875
Options expired during the year	-	(500,000)	13 Apr 2013	8 Apr 2016	0.9875
Options issued during the year	950,000	-	24 Dec 2016	26 Dec 2019	0.5400
Options exercised during the	-	-			
Options forfeited during the year	-	-			
At 30 June	950,000	-			
Vested and exercisable at 30	950,000	-			0.5400

The Company's policy on share-based payments, partly paid shares and share options is set out in Note 21.

NOTE 13 RESERVES

	2017 $	2016 $
Share based payments reserve	243,532	177,000
Future value option reserve	285,770	285,770
	529,302	462,770

The share based payments reserve is used to recognise the fair value of options issued.

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 14 CASH FLOW INFORMATION

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

	2017 $	2016 $
Loss after income tax	(595,549)	(668,578)
Depreciation	-	52
Profit on disposal of non current assets	-	(1,000)
Equity based payments	66,532	-
Change in operating assets and liabilities:		
(Increase)/decrease in debtors	(10,962)	1,879
(Decrease)/increase in creditors	(85,426)	36,538
(Increase)/decrease in GST receivable	(5,269)	7,767
Net cash outflows from operating activities	(630,674)	(623,342)

There were no non-cash flows from financing and investing activities.

NOTE 15 CONTINGENCIES

Contingent liabilities

There are no contingent liabilities for termination benefits under service agreements with directors or executives at 30 June 2017.

The directors are not aware of any other contingent liabilities at 30 June 2017.

NOTE 16 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.

	2017 $	2016 $
Minimum estimated expenditure requirements	66,000	65,000

NOTE 17 RELATED PARTY TRANSACTIONS

(a) Key management personnel

The key management personnel of the Company are the directors.
Directors of the Company during the financial year were:
Neil Tomkinson
Joshua Pitt
Garry Strong
Mark Okeby

The compensation paid to key management personnel during the year is set out below:

	2017	2016
Short-term employee benefits	88,500	151,175
Post-employment benefits	34,500	34,232
	123,000	185,407

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

(b) Director-related entities

Loans from director-related entities

Refer to Note 11 Borrowings for details of borrowings from related parties.

Other transactions

During the financial year the Company paid $82,111 (2016: $89,493) 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 facilities. This agreement is at arms-length and on normal commercial terms and conditions.

NOTE 18 MINERAL EXPLORATION AGREEMENTS

The Company has an interest in the following mineral exploration agreements as at 30 June 2017:

West Pilbara – Red Hill Iron Ore Joint Venture

Interest:	40%
Exploration activity:	Iron one
Other parties:	API Management Pty Ltd

In order for API to earn an increase in its interest in the RHIOJV from 60% to 81% (dependant on Red Hill Iron's election detailed in (a) and (b) below), 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) reduce its interest to a 19% participating interest in the project by agreeing to repay 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 which are incurred by API on the Company's behalf.

API has advised that the total expenditure funded on behalf of the Company by API to 30 June 2017, including interest thereon, amounted to $25,963,067.

The parties to the RHIOJV have entered into mutual Deeds of Cross Charge supported by Mortgages registered against their interests in the project tenements to ensure compliance with their obligations under the RHIOJV Agreement.

West Pilbara Gold Project – farm-in agreement

Interest:	100%
Exploration activity:	Gold and base metals
Other parties:	Chalice Gold Mines Ltd

Chalice may earn up to 70% in Red Hill Iron's gold and base metal interests, which are located within the RHIOJV project area, through expenditure of $3 million with an initial minimum commitment of $500,000 by 16 December 2017.

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.

NOTE 19 EVENTS OCCURRING AFTER BALANCE DATE

To the best of the directors' knowledge and belief, there were no material items, transactions or events 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 20 REMUNERATION OF AUDITORS	2017 $	2016 $
Amounts received, or due and receivable, by HLB for:		
Auditing and review of the financial report of the Company	21,160	14,000
Other services	-	-
Amounts received, or due and receivable, by BDO Audit (WA) Pty Ltd for:		
Auditing and review of the financial report of the Company	-	9,698
Other services	-	-
	21,160	23,698

NOTE 21 SHARE BASED PAYMENTS

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 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.

The assessed fair value of the options issued during the year was $66,532 (2016: not applicable) as calculated at the date of grant using the Black-Scholes model for the valuation of call options. The model inputs for the options granted during the period included:

Grant date:	24 December 2016
Exercise by:	26 December 2019
Exercise price per share:	$0.54
Share price at grant date:	$0.54
Expected volatility of the Company's shares:	16.7%
Risk-free interest rate:	2.07%

Historical volatility has been the basis for estimating likely future share price volatility. Actual future volatility may differ from the estimate used. The expected average life of the options has been estimated as 3 years. The actual life could differ from this estimate if the holder of the options chooses to exercise his options prior to their expiry date.

The weighted average remaining contractual life of options outstanding at the end of the year was 2.49 years (2016: nil). The fair value of the options that expired during the prior year was $177,000. No options have been issued to or are held by directors.

NOTE 22 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.

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.

Capitalisation of exploration and evaluation expenditure

The amount attributable to Exploration Assets in the Statement of Financial Position consists of $9,905,915 relating to the Company's interest in the Pannawonica project and $102,110 relating to the initial acquisition cost of the tenements that form the basis of the RHIOJV. These amounts have 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 their recoverable amount.

NOTE 23 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, other than related party loans (Note 11), is that associated with trade creditors in respect of which the Company's policy is to ensure payment within 30 days. The related party loans are not considered to be a significant liquidity risk as the magnitude and term of the loans are such that the Company has adequate time to manage their repayment funded by raising additional capital or realising exploration assets. 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.

NOTE 23 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 and bank term deposit receivable. The risk is managed by monitoring the interest rate yield curve out to 180 days to ensure a balance is maintained between the liquidity of its cash assets and interest rate return.

The weighted average rate of interest to which the Company was exposed on its cash assets and bank term deposit receivable as at the year end was 2.37% (2016: 0.79%).

The table below summarises the sensitivity of the Company's cash assets and bank term deposit receivable 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		Other components of equity	
	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$
Cash & cash equivalents	227,746	109,770				
Bank term deposit receivable	1,000,000	-				
Change in interest rate:						
- 0.5%			(6,139)	(549)	-	-
+ 0.5%			6,139	549	-	-

(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 24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Red Hill Iron is a public company, incorporated and domiciled in Australia and listed on the ASX. 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.

(a) Statement of compliance and basis of preparation

The financial report was authorised for issue on by the board of directors. The financial report complies with the Corporations Act 2001 and Australian Accounting Standards, which include Australian equivalents to International Financial Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS). The Company is a for-profit entity for the purpose of applying these standards.

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

NOTE 24 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

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 and interpretations adopted

There were no new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

NOTE 24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards and interpretations in issue, not yet adopted

The following Standards and Interpretations have been issued and/or amended by the AASB 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 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. The quantification of the implications of this standard is yet to be determined.	1 Jan 2018
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. The Company does not have any financial assets or liabilities measured at fair value through profit or loss. The adoption of this standard will have no impact on the financial statements.	1 Jan 2018
AASB 2016-5 Classification and measurement of share-based payment transactions	Clarifies the accounting for various aspects of share-based payment transactions under AASB 2, being: - Impact of vesting and non-vesting conditions when measuring cash-settled share-based payment transactions; - Net settlement feature for withholding tax obligations; and - Changing classification from cash-settled to equity-settled. The Company has elected not to early adopt this standard and have not yet quantified the effect of application on future periods.	1 Jan 2018

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2017

1 In the opinion of the Directors of the Company

a. the accompanying financial statements are in accordance with the Corporations Act 2001 and

(i) give a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year then ended; and

(ii) comply with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

c. The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2 This declaration has been made after receiving the declarations required be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 2017

This declaration is signed in accordance with a resolution of the Board of Directors on 11 September 2017 and is signed for and on behalf of the directors by:

Neil Tomkinson

Mr N Tomkinson

Chairman

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the Members of Red Hill Iron Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Red Hill Iron Limited ("the Company") which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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HLB Mann Judd

Key Audit Matter	How our audit addressed the key audit matter
Exploration assets Refer to note 8 in the financial statements	
In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Company capitalises all exploration and evaluation expenditure, including acquisition costs and subsequently applies the cost model after recognition. Our audit focussed on the Company's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Company. We planned our work to address the audit risk that the capitalised expenditure might no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.	Our procedures included but were not limited to the following: • We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest; • We considered the Directors' assessment of potential indicators of impairment; • We obtained evidence that the Company has current rights to tenure of its areas of interest; • We examined the exploration budget for the year ending 30 June 2018 and discussed with management the nature of planned ongoing activities; • We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Company had not resolved to discontinue exploration and evaluation at any of its areas of interest; and • We examined the disclosures made in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

HLB Mann Judd

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Red Hill Iron Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

Responsibilities

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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

B G McVeigh
Partner

Perth, Western Australia
11 September 2017

SHAREHOLDER INFORMATION
AS AT 8 SEPTEMBER 2017

NUMBER AND DISTRIBUTION OF SHARES AND OPTIONS

Shares	Listed	Not listed
Ordinary shares fully paid	54,582,936	-
Options over unissued shares		
Exercisable at 0.54 cents expiring 27 December 2019	-	950,000

Distribution of shares and options by holding			Shareholders	Option holders
1	-	1,000	91	-
1,001	-	5,000	92	-
5,001	-	10,000	42	-
10,001	-	100,000	112	2
100,001	+		41	2
			378	4

MARKETABLE PARCEL

There are 67 holders of less than a marketable parcel of ordinary shares.

EMPLOYEE INCENTIVE SCHEME

The unlisted 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	17,880,845	32.76
Aquila Resources Pty Ltd	9,920,202	18.17
Aigle Royal Superannuation Fund Pty Ltd <A Poli Super Fund A/c>	4,834,187	8.86
Brisbane Investments I Ltd, Brisbane Investments II Ltd	4,051,210	7.42

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.

SHAREHOLDER INFORMATION
AS AT 8 SEPTEMBER 2017

TWENTY LARGEST SHAREHOLDERS

Shareholders		No of shares	%
1	Perth Capital Pty Ltd	10,443,464	19.13
2	Aquila Resources Limited	9,920,202	18.17
3	Elohpool Pty Ltd	7,310,061	13.39
4	Aigle Royal Superannuation Fund Pty Ltd <A Poli Super Fund A/c>	4,834,187	8.86
5	HSBC Custody Nominees Australia Limited	4,637,931	8.50
6	Yandal Investments Pty Ltd	2,200,000	4.03
7	Zero Nominees Pty Ltd	1,885,714	3.44
8	Pershing Australia Nominees Pty Ltd	1,241,321	2.27
9	T D M Boddington	1,231,921	2.26
10	Strong Investments Pty Ltd <The Prospectors Super A/c>	823,660	1.51
11	Liberty Management Pty Ltd <The Liberty Superfund A/c>	714,285	1.31
12	Rupert Clarke & Co Pty Ltd	685,714	1.26
13	J F G Phillips < J F G Phillips Family A/c>	429,280	0.79
14	M E I'Ons	400,000	0.73
15	G R Strong	315,077	0.58
16	Maxigold Holdings Pty Ltd <The M G R Thomson Super A/c>	315,056	0.58
17	Anneling Pty Ltd <Serendipity Super Fund A/C>	305,213	0.56
18	K J Cairns & C V Cairns<Cairns Family Super A/C>	250,000	0.46
19	Merrill Lynch (Australia) Nominees Pty Limited	240,670	0.44
20	Penmaen Limited	228,571	0.42
		48,412,327	88.69

MINERAL TENEMENT INFORMATION
AS AT 30 JUNE 2017

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
M47/1472	West Pilbara, WA	40%	40%	1
M08/480-I	West Pilbara, WA	0%	40%	1
M08/483-I	West Pilbara, WA	40%	40%	1
M08/484-I	West Pilbara, WA	40%	40%	1
M08/485-I	West Pilbara, WA	40%	40%	1
M08/512	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	0%	100%	
ELA08/2730	West Pilbara, WA	0%	100%	

Note 1: These tenements are held by the parties to the Red Hill Iron Ore Joint Venture.
Red Hill Iron's 40% beneficial interest relates to iron ore rights.
Red Hill Iron also has a 100% beneficial interest in all other minerals which occur within the Exploration Licences and Mining Leases.

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

NOTES

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