



RED HILL IRON Limited

ABN 44 114 553 392

2021 ANNUAL REPORT



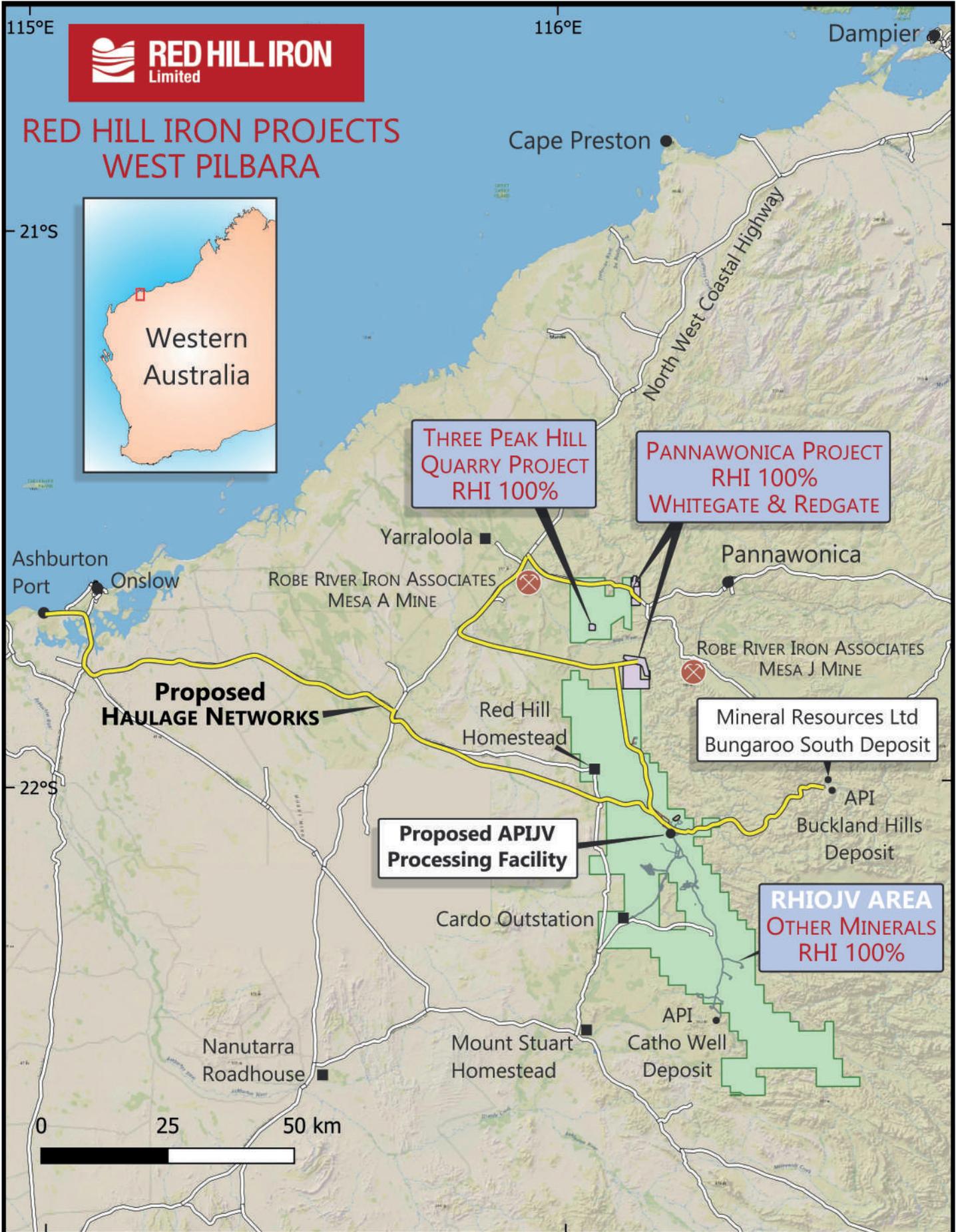


RED HILL IRON
Limited

RED HILL IRON PROJECTS WEST PILBARA



Western
Australia



**THREE PEAK HILL
QUARRY PROJECT
RHI 100%**

**PANNAWONICA PROJECT
RHI 100%
WHITEGATE & REDGATE**

**Proposed
HAULAGE NETWORKS**

**Proposed APIJV
Processing Facility**

**Mineral Resources Ltd
Bungaroo South Deposit**

**RHIOJV AREA
OTHER MINERALS
RHI 100%**



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CORPORATE DIRECTORY

DIRECTORS

Executive

Joshua Pitt - Chairman

Non Executive

Garry Strong
Mark Okeby
Nanette Allen

PROJECT MANAGER

Doug Stewart

COMPANY SECRETARY

Peter Rutledge

REGISTERED OFFICE

Level 2, 9 Havelock Street
West Perth WA 6005
Tel: (08) 9481 8627
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

Automic Group
Level 5, 126 Phillip Street
SYDNEY NSW 2000
Telephone: +61 2 9698 5414
Email: hello@automic.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



RED HILL IRON
Limited

GOLD AND BASE METAL PROSPECTS

GSWA LITHOLOGY	
	CID IRON ORE
	ASHBURTON FORMATION
	DUCK CREEK DOLOMITE
	MOUNT MCGRATH FORMATION
	WOOLY DOLOMITE
	CHEELA SPRINGS BASALT
	INTERPRETED FAULTS

7,600,000mN

7,575,000mN

7,550,000mN

7,525,000mN

7,500,000mN

400.000mE

425.000mE

450.000mE

RED HILL

KENS BORE

BLOODWOOD

URANDY

Cardo Outstation

Excised

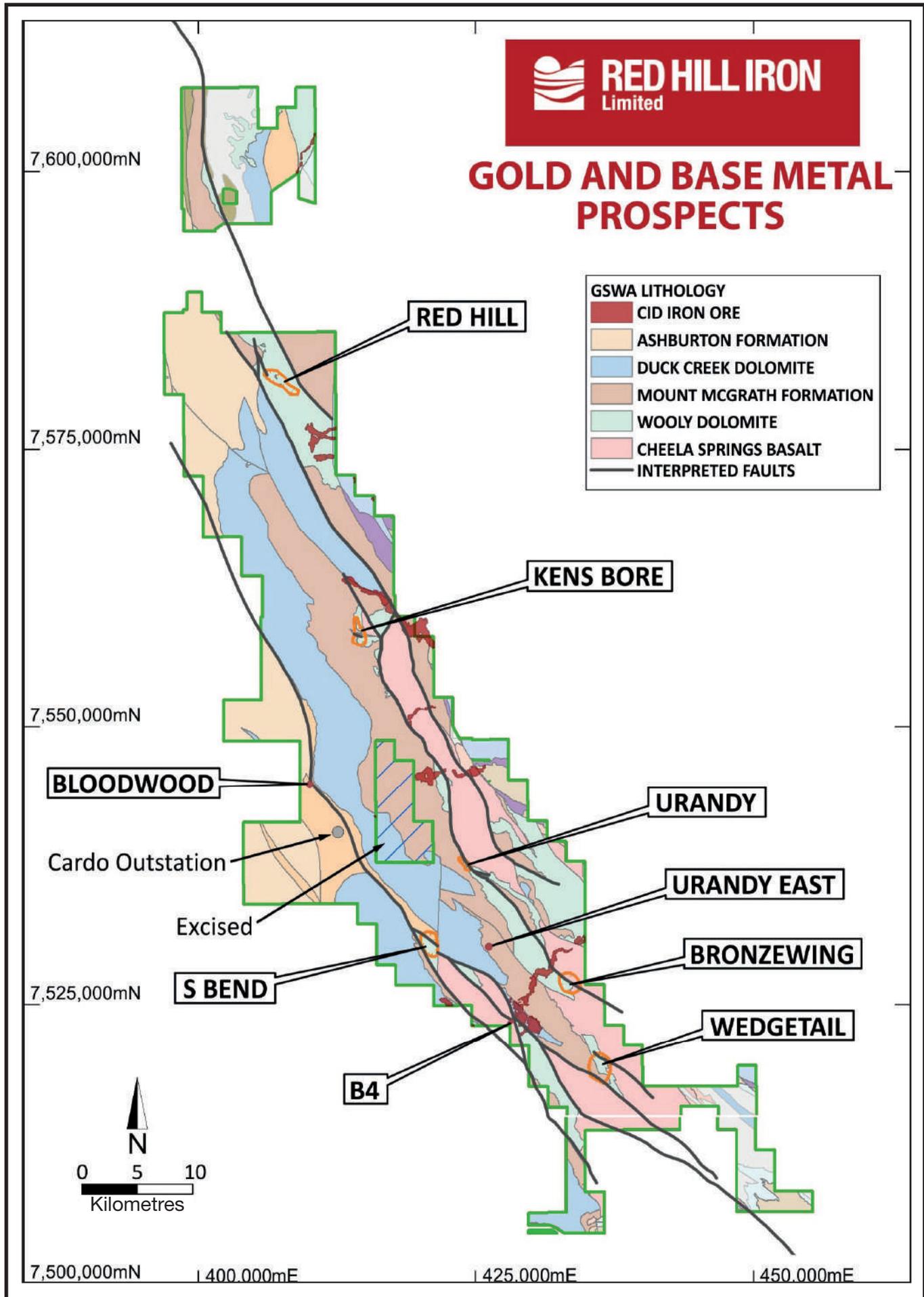
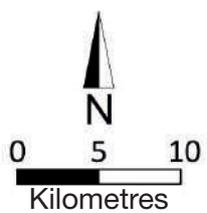
URANDY EAST

S BEND

BRONZEWING

B4

WEDGETAIL



CHAIRMAN'S REVIEW

CORPORATE

Shareholders would be aware of the recent sale of our 40% interest in the Red Hill Iron Ore Joint Venture (RHIOJV) to Mineral Resources Limited (MRL) which was completed on 3 September. The sale has three components: an initial payment of \$200 million, received on completion, a further payment of \$200 million payable upon first production being achieved from the RHIOJV mining tenements and a 0.75% royalty held over all future production by the RHIOJV as well as from MRL's Bungaroo South mining tenements and, for the first 10 years, from commissioning two mining tenements situated adjacent to the RHIOJV mining tenements.

When considering a sale the Board took into account the strong record of MRL as a party that can deliver projects efficiently, as well as MRL's obvious enthusiasm for the RHIOJV assets. The terms of sale are based on our confidence in the quality of the resources and our view as to MRL's ability. We are confident that the project will remain robust.

On 7 October a \$1.20 per share fully franked dividend was declared by the Company. This was in line with the Company policy of forwarding funds to shareholders deemed in excess of the need for maintaining reasonable financial strength for the Company given its tax obligations and ongoing project development ambitions. Funding requirements and revenue will be closely monitored and future dividends will be determined based on the above policy.

THE RED HILL IRON ORE PROJECT

Red Hill Iron stands to benefit from this project should it move into production as anticipated. The current level of activity on site is expected to intensify as the new owner group, that is MRL together with API Management Pty Ltd (APIM) on behalf of Aquila Steel Ltd., AMCI Corp and POSCO, confirm their onward working relationship, bring development plans into sharper focus, and integrate the Red Hill Iron Ore Project into the development of MRL's Ashburton Hub Iron Ore Project. MRL currently envisages this project commencing around August 2023, starting with mining from their Bungaroo South mining tenements. The revenue stream for Red Hill Iron from its 0.75% royalty entitlement is expected to flow from that date.

Red Hill Iron expects to receive the second purchase cash payment of \$200 million upon the commencement of mining from the RHIOJV mining tenements and the royalty stream will consequently expand with that commencement.

As set out in this Annual Report the iron ore resources within the RHIOJV stood at 820 million tonnes grading 56% iron that, together with the Bungaroo South and applicable adjacent resources, have the potential to provide our Company with royalties over many years.

CHAIRMAN'S REVIEW

PANNAWONICA PROJECT

Red Hill Iron has reviewed the viability of mining this 100% owned project which is situated just north of the RHIOJV tenements. The Company has identified higher grade zones within the global Mineral Resource and defined an Ore Reserve totalling 4.68 million tonnes with a 56% iron grade. The project mining leases are granted but a full mining approval process needs to be completed before mining can commence. As part of this process additional environmental survey work is being carried out.

Your Board is aware of the recent reduction in iron ore prices and the expanded discount for lower grade ores such as those of this project and will need to be convinced that the project is robust before proceeding with development.

At Pannawonica the Company also holds a granted mining lease over the Three Peaks hard rock resource. Bench scale test work has demonstrated that the rock is suitable for road aggregate or rail ballast and may prove valuable for regional project developments in the future.

GOLD AND BASE METALS

The recent sale to MRL was of our Company's iron ore rights only and Red Hill Iron retains all other mineral rights to the RHIOJV mining tenements which cover a large proportion of the western margin of the Pilbara Hamersley Province. Exploration for gold and base metals has been severely inhibited over the last 20 years as attention was devoted to iron.

Despite the iron focus Red Hill Iron geologists and the exploration team of APIM, the manager of the RHIOJV, have over the years gathered a large bank of data and samples that will provide a real momentum boost as our Company sets about a thorough project appraisal. Our team has worked with APIM to outline over 40 targets justifying early attention. The Red Hill Iron plan for the next field season involves establishing a full geological team and providing a substantial exploration budget to be built upon over several years. We are currently expending \$300,000 so that a backlog of diamond drill core and reverse circulation drill samples can be analysed. The data derived will aid planning our initial programs.

Joshua Pitt
Chairman
15 October 2021

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

Red Hill Iron Limited (Red Hill Iron or the Company) 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 2021.

DIRECTORS

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

Joshua Pitt

Neil Tomkinson (ceased 30 October 2020)

Garry Strong

Mark Okeby

Nanette Allen (appointed 1 February 2021)

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 or recommended to be paid during the financial year.

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS

Red Hill Iron Ore Joint Venture (RHIOJV)

During the financial year Red Hill Iron continued to hold a 40% interest in the Red Hill Iron Ore Joint Venture (RHIOJV) (reducing to 19% or a 2% gross overriding royalty on the commencement of production), with the remaining 60% interest held by API Management Limited (APIM) on behalf of the API Joint Venture (APIJV). During the reporting period the RHIOJV, which is managed by APIM, continued to study and evaluate development concepts for the project, with a view to developing mining operations on a stand-alone basis or with third parties.

Subsequent to year end, the Company has sold its interest in the RHIOJV to a subsidiary of Mineral Resources Limited (MinRes). Shareholder approval of the sale was obtained on 2 September 2021 with 99.95% of shareholders at the meeting voting in favour of the sale. Completion of the transaction took place later that day.

On completion, an initial cash payment of \$200 million has been paid to the Company. A further cash payment of \$200 million is payable when the first commercial shipment of iron ore extracted from the RHIOJV mining tenements departs port (FOOS date), and a royalty of 0.75% of FOB revenue is payable on all iron ore that is extracted and sold from the RHIOJV mining tenements, the MinRes Bungaroo South mining tenement and, during the first 10 years from the FOOS date, the APIJV Red Hill Creek mining tenement.

The amounts to be paid will, after tax is paid, place the Company in a position to pay fully franked dividends. The board's intention is to pay fully franked dividends from the first \$200 million of the sale price as soon as practicable, but timing will depend upon timing of payment of tax by the Company. The Company will also assess whether a share buy-back plan is appropriate. The quantum of dividends and any buy-backs will depend on the Company's project commitments and any other activities it might undertake.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The Company retains 100% of the other mineral rights in the RHIOJV tenements, and exploration activities for non-ferrous minerals within the RHIOJV tenements is underway.

Pannawonica Project

Red Hill Iron will continue to progress the approvals process and pre-development work for its wholly owned Pannawonica iron ore project. Within the total Project's Mineral Resource estimate of 62.5 million tonnes at 53.4% Fe (ref: ASX announcement 18 February 2014) the Company has identified a 4.68 million tonne Ore Reserve at 56% Fe (ref: ASX announcement 23 July 2021).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

As set out above in the Review of Operations and Likely Developments section, the Company has sold its 40% iron ore interest in the RHIOJV to a wholly owned subsidiary of Mineral Resources Limited.

To the best of the directors' knowledge and belief, there were no other 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 2020 to 30 June 2021 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

Joshua Pitt BSc, MAusIMM, MAIG

Mr Pitt is a geologist with extensive exploration experience who has, for more than forty 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. Mr Pitt was appointed a director of Red Hill Iron on its formation in June 2005 and assumed the position of executive chairman in December 2019. He is also the executive chairman of Hampton Hill Mining NL (appointed a director in January 1997 and chairman in April 2012), and the non-executive chairman of Traka Resources Limited (appointed a director in January 2003 and chairman in December 2019). He holds the position of non-executive director at Red Metal Limited (appointed July 2003). Mr Pitt has held no other directorships of ASX listed companies during the last three financial years.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

Non-executive Directors

Garry Strong

Mr Strong is a prospector with a lifetime of experience in mineral exploration in Australia and is a founding director of Red Hill Iron. Mr Strong has held no other directorships in ASX listed companies during the last three financial years.

Mark Okeby, LL.M

Mr Okeby has considerable experience in the resource 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 a non-executive director of Capricorn Metals Ltd (appointed 8 July 2019), and was previously a director of Regis Resources Ltd (from 29 July 2009 to 20 February 2019). Mr Okeby has held no other directorships of ASX listed companies during the last three financial years.

Ms Nanette Allen, BSc (Hons), MAICD, MAusIMM

Ms Allen, having worked in the resource sector as a mining executive and geologist, has a wealth of technical and corporate experience. Her career has focussed on strategy implementation, mine development, joint venture management, capital raisings and asset divestments. Ms Allen has held no other directorships of ASX listed companies during the last three financial 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 ASX 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:

Director	Ordinary shares	Options over ordinary shares
J N Pitt	13,108,760	-
G R Strong	1,573,139	500,000
D M Okeby	857,142	500,000
N Allen	-	500,000

A company of which Mr Okeby is a director and shareholder, has an option agreement with Perth Capital Pty Ltd, a company associated with Mr Pitt, to acquire 1,000,000 ordinary fully paid shares in Red Hill Iron from Perth Capital Pty Ltd at a price of \$2.00 per share.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

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
J N Pitt	13	13
N Tomkinson	4	4
G R Strong	13	13
D M Okeby	13	13
N Allen	5	5

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.

Remuneration is not dependent on the satisfaction of any conditions relating to the Company's market performance.

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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

AUDITED REMUNERATION REPORT (continued)

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 J Pitt, 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.

Company performance and its consequences on shareholder wealth

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

		2021	2020	2019	2018	2017
Revenue and other income	\$	19,230	33,556	7,982	18,168	14,117
Net loss	\$	1,654,745	466,409	574,936	556,271	595,549
Loss per share	cents	2.76	0.81	1.05	1.02	1.20
Share price at year end	\$	0.92	0.15	0.20	0.46	0.63

No dividends have been declared during these periods.

(b) Details of remuneration

The key management personnel of the Company are the directors.

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

	Year	Short-term benefits Salary & fees \$	Post- employment benefits Superannuation \$	Share based payments Options \$	Total \$	Performance related %
Executive directors						
J N Pitt (Chairman)	2021	25,000	2,375	-	27,375	-
	2020	25,000	2,375	-	27,375	-
Non-executive directors						
N Tomkinson	2021	8,333	792	-	9,125	-
	2020	25,000	2,375	-	27,375	-
G R Strong	2021	2,875	25,000	204,000	231,875	-
	2020	5,375	25,000	-	30,375	-
D M Okeby	2021	153,300	15,205	204,000	372,505	-
	2020	25,000	2,375	-	27,375	-
N Allen	2021	10,417	990	204,000	215,407	-
	2020	-	-	-	-	-
Total	2021	199,925	44,362	612,000	856,287	-
	2020	80,375	31,125	-	112,500	-

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

AUDITED REMUNERATION REPORT (continued)

The Company engaged Mr Okeby to carry out additional services during the year for which he is remunerated accordingly.

Mr Strong is occasionally required to carry out duties in addition to his director duties, for which he is remunerated accordingly.

(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.

Non-executive directors

Service agreements are in place for Mr Okeby (appointed August 2016) and Ms Allen (appointed 1 February 2021). There is no separate service agreement with Mr Strong, who was appointed on the foundation of the Company.

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

Share based payments are generally provided in the form of options vesting immediately. Each option is convertible into one ordinary share and carries no dividend or voting right. The issue of options is not linked to past company performance since their principal purpose is to promote additional incentive to the key management personnel. Directors receiving share based payments are not involved in any board discussions regarding their remuneration.

The basic terms and conditions of each grant of options affecting key management personnel remuneration in the previous, current or future reporting periods are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price cents	Value per option at grant date	Number of options
27 April 2021	27 April 2021	7 March 2024	100	40.8 cents	1,500,000

Details of the options in the Company provided as remuneration to key management personnel of the Company are set out below. Further information on options, including the basis of valuation, is set out in Note 19.

Director	Balance at beginning of year	Received as remuneration	Options exercised	Balance at end of year
J N Pitt	-	-	-	-
G R Strong	-	500,000	-	500,000
D M Okeby	-	500,000	-	500,000
N Allen	-	500,000	-	500,000

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

AUDITED REMUNERATION REPORT (continued)

(e) Shares held by key management personnel

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

Director	Balance 1 July 2020	Acquired/ Disposed	Other	Balance 30 June 2021
J N Pitt	12,832,783	-	-	12,832,783
N Tomkinson	8,862,286	-	(8,862,286)	-
G R Strong	1,573,139	-	-	1,573,139
D M Okeby	857,142	-	-	857,142
N Allen	-	-	-	-
	<hr/>			
	24,125,350	-	(8,862,286)	15,263,064

Other relates to Mr Tomkinson ceasing to be a director during the 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

Payments to related parties

During the financial year the Company paid \$77,826 (2020: \$87,475) to Hampton Hill Mining NL, a listed company of which Mr Pitt is a director and shareholder, for rental of office space and provision of administration services. This agreement is at arms-length and on normal commercial terms and conditions.

During the financial year the Company paid \$141,130 to Mr Okeby, director, for work undertaken in addition to his services as a director.

Borrowings from director

Borrowings relate to the loan facility of \$500,000 provided by a company associated with a director, Mr Pitt. The facility is unsecured and otherwise on normal commercial terms and conditions, bearing interest at a rate of 2.5% per annum, repayable by 1 October 2022. The facility is to enable the Company to meet its ongoing working capital requirements.

No amount was drawn on the facility at balance date and no interest was outstanding.

Following the end of the financial year, the company drew down \$220,000 of this facility, which has been subsequently repaid including interest.

Options issued to directors

During the financial year the Company issued unlisted options to directors Mr Strong, Mr Okeby and Ms Allen. Refer to Note 19 for details.

Loans to key management personnel

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

AUDITED REMUNERATION REPORT (continued)

(g) Additional information

The Company received a majority of votes in favour of its remuneration report for the 2020 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.

The audited remuneration report ends here.

SHARES UNDER OPTION

The number of unlisted options on issue at the date of this report are set out below:

Grant date	Expiry date	Exercise price per share	Number	Percent vested
10 July 2020	30 June 2022	25 cents	2,450,000	100%
27 April 2021	7 March 2024	100 cents	1,500,000	100%

INSURANCE OF OFFICERS

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

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to any court pursuant to Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the 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 2021.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

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 Financial 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 8 September 2021.



Mr J N Pitt

Chairman

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 2021, 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.

Perth, Western Australia
8 September 2021



M R Ohm
Partner

hl**b.com.au**

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Revenue from continuing operations	2	1,419	3,721
Other income	2	17,901	29,835
Exploration expenditure		(190,867)	(90,347)
Administration expenses	3	<u>(1,483,198)</u>	<u>(409,618)</u>
Loss before income tax		(1,654,745)	(466,409)
Income tax expense	4	<u>-</u>	<u>-</u>
Loss for the year		(1,654,745)	(466,409)
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive loss for the year attributable to the ordinary equity holders of the Company		<u>(1,654,745)</u>	<u>(466,409)</u>
Loss per share attributable to the ordinary equity holders of the Company		cents	cents
Basic and diluted loss per share	5	(2.76)	(0.81)

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 2021

	Note	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	92,029	651,167
Trade and other receivables	7	12,204	20,997
Total Current Assets		104,233	672,164
Non-Current Assets			
Exploration assets	8	10,008,025	10,008,025
Total Non-Current Assets		10,008,025	10,008,025
Total Assets		10,112,258	10,680,189
LIABILITIES			
Current Liabilities			
Trade and other payables	9	333,551	39,737
Total Current Liabilities		333,551	39,737
Total Liabilities		333,551	39,737
Net Assets		9,778,707	10,640,452
EQUITY			
Issued capital	10	28,081,923	28,081,923
Reserves	11	1,322,302	529,302
Accumulated losses		(19,625,518)	(17,970,773)
Total Equity		9,778,707	10,640,452

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 2021

	Issued capital \$	Share based payments reserve \$	Future value option reserve \$	Accumulated losses \$	Total equity \$
2021					
Balance at 1 July 2020	28,081,923	243,532	285,770	(17,970,773)	10,640,452
Loss for the year	-	-	-	(1,654,745)	(1,654,745)
Total comprehensive loss recognised during the year	-	-	-	(1,654,745)	(1,654,745)
Transactions with equity holders in their capacity as equity holders:					
Equity settled share based payment transactions	-	793,000	-	-	793,000
Balance at 30 June 2021	28,081,923	1,036,532	285,770	(19,625,518)	9,778,707
2020					
Balance at 1 July 2019	27,035,248	243,532	285,770	(17,504,364)	10,060,186
Loss for the year	-	-	-	(466,409)	(466,409)
Total comprehensive loss recognised during the year	-	-	-	(466,409)	(466,409)
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares, net of issue cost	1,046,675	-	-	-	1,046,675
Balance at 30 June 2020	28,081,923	243,532	285,770	(17,970,773)	10,640,452

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 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(442,905)	(432,664)
Payments for exploration expenditure		(148,563)	(108,137)
Government grants and tax incentives		29,835	17,901
Interest received		2,495	2,645
Interest paid		-	(1,490)
		<hr/>	<hr/>
Net cash outflows from operating activities	12	(559,138)	(521,745)
Cash flows from investing activities			
Net cash flows from investing activities		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from borrowings		-	200,000
Repayment of borrowings		-	(200,000)
Proceeds from issue of shares		-	1,059,043
Payment for share issue costs		-	(12,368)
		<hr/>	<hr/>
Net cash inflows from financing activities		-	1,046,675
Net (decrease)/increase in cash and cash equivalents		(559,138)	524,930
Cash and cash equivalents at the beginning of the year		<hr/>	<hr/>
		651,167	126,237
Cash and cash equivalents at the end of the year	6	<hr/>	<hr/>
		92,029	651,167

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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.

	2021	2020
	\$	\$
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	104,233	672,164
Total assets	10,112,258	10,680,189
Reportable segment liabilities	41,353	1,362
Reconciliation of reportable segment liabilities:		
Reportable segment liabilities	41,353	1,362
Unallocated corporate liabilities	292,198	38,375
Total liabilities	333,551	39,737
Reportable segment loss	(190,867)	(90,347)
Reconciliation of reportable segment loss:		
Reportable segment loss	(190,867)	(90,347)
Other revenue	19,320	33,556
Unallocated corporate expenses	(1,483,198)	(409,618)
Loss before tax	(1,654,745)	(466,409)

NOTE 2 REVENUE

	2021	2020
	\$	\$
Revenue from continuing operations		
Interest income	1,419	3,721
Other income	17,901	29,835

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 income relates to the Government's Cash Flow Boost grant. Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants are presented as Other income in the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 3 ADMINISTRATION EXPENSES

	2021	2020
	\$	\$
Loss before income tax includes the following specific administration expenses:		
Personnel expenses		
Salaries, directors' fees and other personnel expenses	253,225	128,430
Superannuation	22,905	9,600
Share based payments	793,000	-
	<u>1,069,130</u>	<u>138,030</u>
Less: Recharged to exploration expenditure	(3,696)	(672)
	1,065,434	137,358
Accounting fees	48,434	44,628
Administration services	59,114	54,502
Audit fees	23,597	19,550
Rental of office	64,391	68,561
Listing fees	15,238	15,168
Interest paid	-	1,490
Legal fees	32,840	-
Consultants - Corporate	100,000	-
Other	74,150	68,361
	<u>1,483,198</u>	<u>409,618</u>

NOTE 4 INCOME TAX

(a) Income tax benefit

The components of income tax benefit comprise:

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

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

Operating loss before income tax	(1,654,745)	(466,409)
Prima facie tax benefit at Australian rate of 30% (2020: 30%)	496,424	139,923
Adjusted for tax effect of the following amounts:		
Non-deductible items	(237,901)	-
Non-taxable items	7,250	10,830
Tax benefit not brought to account	(265,773)	(150,753)
	<u>-</u>	<u>-</u>

The credit for current income tax benefit is based on the loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or substantively enacted by the balance date.

The Company does not satisfy all of the conditions to qualify as a base rate entity for the current year. Therefore, the full corporate tax rate of 30% applies for the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 4 INCOME TAX (continued)

(c) Deferred tax assets and liabilities not brought to account	2021	2020
	\$	\$
The directors estimate that the potential deferred tax assets and liabilities carried forward but not brought to account at year end, at the Australian corporate tax rate of 30% (2020: 30%), are made up as follows:		
On income tax account:		
Carried forward tax losses	8,355,901	8,095,415
Deductible temporary differences	8,415	3,450
Taxable temporary differences	<u>(3,002,408)</u>	<u>(3,002,730)</u>
Unrecognised net deferred tax assets	<u>5,361,908</u>	<u>5,096,135</u>

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	<u>2.76</u>	<u>0.81</u>
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	<u>(1,654,745)</u>	<u>(466,409)</u>
	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	<u>59,878,149</u>	<u>57,339,348</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 5 LOSS PER SHARE (continued)

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

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

NOTE 6 CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
Cash at bank and on hand	92,029	651,167

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 21.

NOTE 7 TRADE AND OTHER RECEIVABLES

	2021	2020
	\$	\$
Interest receivable	-	1,076
Other receivables	12,204	19,921
	12,204	20,997

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) and cash flow boost grant.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 8 EXPLORATION ASSETS

	2021	2020
	\$	\$
Carrying amount	<u>10,008,025</u>	<u>10,008,025</u>

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.

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.

The recoupment of cost carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTE 9 TRADE AND OTHER PAYABLES

	2021	2020
	\$	\$
Trade creditors and accruals	330,073	33,773
Employee entitlements	<u>3,478</u>	<u>5,964</u>
	<u>333,551</u>	<u>39,737</u>

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 of recognition. Non-derivative financial liabilities are recognised initially at fair value and subsequently at amortised cost, comprising original debts less principal payments and amortisation. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 10 ISSUED CAPITAL

2021 **2020**
\$ \$

(a) Share Capital

59,878,149 (2020: 59,878,149) fully paid ordinary shares 28,081,923 28,081,923

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributed to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration. The Company's capital risk management policy is set out in Note 21.

(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

	2021	2020	2021	2020
	Number of	Number of	\$	\$
	shares	shares		
At 1 July	59,878,149	54,582,936	28,081,923	27,035,248
Shares issued during the year, net of costs	-	5,295,213	-	1,046,675
At 30 June	59,878,149	59,878,149	28,081,923	28,081,923

(d) Options to acquire ordinary shares

Set out below is a summary of unlisted options to acquire ordinary shares in the Company:

			2021	2020
Type of options	Expiry date	Exercise price	No of options	No of options
Director options	7 March 2024	100 cents	1,500,000	-
Employee options	30 June 2022	25 cents	2,450,000	-
Total			3,950,000	-

The Company's policy on share-based payments, partly paid shares and share options is set out in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 11 RESERVES

	2021	2020
	\$	\$
Share based payments reserve	1,036,532	243,532
Future value option reserve	285,770	285,770
	<u>1,322,302</u>	<u>529,302</u>

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 12 CASH FLOW INFORMATION

	2021	2020
	\$	\$
Reconciliation of loss after income tax with cash flow from operating activities		
Loss after income tax	(1,654,745)	(466,409)
Equity based payments	793,000	-
Change in operating assets and liabilities:		
Decrease/(increase) in debtors	13,009	(13,010)
Increase/(decrease) in creditors	293,814	(47,078)
(Increase)/decrease in GST receivable	(4,216)	4,752
Net cash outflows from operating activities	<u>(559,138)</u>	<u>(521,745)</u>
Changes in liability arising from financing activities:		
Opening balance borrowings	-	-
Proceeds from borrowings	-	200,000
Repayment of borrowings	-	(200,000)
Non-cash flow movement in borrowings	-	-
Closing balance borrowings	<u>-</u>	<u>-</u>

There were no non-cash flows from investing activities.

NOTE 13 CONTINGENCIES

Contingent liabilities

There are no contingent liabilities for termination benefits under service agreements with directors or executives at 30 June 2021. The directors are not aware of any other contingent liabilities as at 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 14 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 Industry Regulation and Safety for the next financial year in respect of the tenements subject to the RHIOJV will continue to be paid by APIM, as the Manager of the RHIOJV, as the RHIOJV is required to keep the tenements in good standing.

The Company expects to have some commitments for minimum expenditure requirements and maintenance expenditure in respect of tenements not funded by APIM, as Manager of the RHIOJV, 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 governmental approval. Exploration expenditure commitments beyond twelve months cannot be reliably determined.

Minimum estimated expenditure commitments for the current year are \$117,000 (2020: \$75,000).

NOTE 15 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:

Joshua Pitt

Neil Tomkinson (ceased 30 October 2020)

Garry Strong

Mark Okeby

Nanette Allen (appointed 1 February 2021)

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

	2021	2020
	\$	\$
Short-term employee benefits	199,925	80,375
Post-employment benefits	44,362	32,125
Share-based payments	612,000	-
	<hr/>	<hr/>
	856,287	112,500

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 15 RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with director-related entities

Payments to related parties

During the financial year the Company paid \$77,826 (2020: \$87,475) to Hampton Hill Mining NL, a listed company of which Mr Pitt is a director and shareholder, for rental of office space and provision of administration services. This agreement is at arms-length and on normal commercial terms and conditions.

During the financial year the Company paid \$141,130 (2020: \$nil) to Mr Okeby, director, for work undertaken in addition to his services as a director.

Options issued to directors

During the financial year, following shareholder approval, the Company issued 500,000 unlisted options each to directors Mr Strong, Mr Okeby and Ms Allen. Refer to Note 19 for details.

Borrowings from directors

Borrowings relate to the loan facility of \$500,000 provided by a company associated with a director, Mr Pitt. The facility is unsecured and otherwise on normal commercial terms and conditions, bearing interest at a rate of 2.5% per annum, repayable by 1 October 2022. The facility is to enable the Company to meet its ongoing working capital requirements.

No amount was drawn on the facility at balance date and no interest was outstanding.

Following the end of the financial year, the company drew down \$220,000 of this facility, which has subsequently been repaid including interest.

NOTE 16 MINERAL EXPLORATION AGREEMENTS

The Company has an interest in the following mineral exploration agreement as at 30 June 2021:

West Pilbara – Red Hill Iron Ore Joint Venture

Interest:	40%
Exploration activity:	Iron ore
Other parties:	API Management Pty Ltd (APIM)

APIM has the right to increase its interest in the RHIOJV from 60% to 81% (dependent on Red Hill Iron's election detailed in (a) and (b) below), by funding, 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 APIM on the Company's behalf.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 16 MINERAL EXPLORATION AGREEMENTS (continued)

APIM has advised that the total expenditure funded on behalf of the Company by API to 30 June 2020, including interest thereon, amounted to \$34,447,344 (2020: \$32,281,961).

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

Refer to Note 17 Events Occurring After Balance Date.

NOTE 17 EVENTS OCCURRING AFTER BALANCE DATE

Subsequent to year end, the Company has sold its interest in the RHIOJV to a subsidiary of Mineral Resources Limited (MinRes). Shareholder approval of the sale was obtained on the 2 September 2021 and completion of the transaction took place later that day.

On completion, an initial cash payment of \$200 million has been paid to the Company. A further cash payment of \$200 million is payable when the first commercial shipment of iron ore extracted from the RHIOJV mining tenements departs port (FOOS date), and a royalty of 0.75% of FOB revenue is payable on all iron ore that is extracted and sold from the RHIOJV mining tenements, the MinRes Bungaroo South mining tenement and, during the first 10 years from the FOOS date, the APIJV Red Hill Creek mining tenement.

To the best of the directors' knowledge and belief, there were no other 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 18 REMUNERATION OF AUDITORS

	2021	2020
	\$	\$

Amounts received, or due and receivable, by HLB Mann Judd (WA Partnership) for:

Auditing and review of the financial report of the Company	23,597	19,550
Other services	-	-
	<hr/>	<hr/>
	23,597	19,550

NOTE 19 SHARE BASED PAYMENTS

The Company has 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 19 SHARE BASED PAYMENTS (continued)

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 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 issue of options to non-executive directors was not made under the Employee Share Option Plan and was approved by shareholders in general meeting on 27 April 2021.

Grant date	Expiry date	Exercise price	Outstanding at start of year	Granted	Exercised/ Expired	Outstanding at end of year
		cents	number	number	number	number
2021						
Employee						
10 Jul 2020	30 Jun 2022	25	-	2,450,000	-	2,450,000
Director						
27 Apr 2021	7 Mar 2024	100	-	1,500,000	-	1,500,000
Total			-	3,950,000	-	3,950,000
Vested and exercisable at 30 June						3,950,000
Weighted average exercise price (cents)						53.5
2020						
Employee						
24 Dec 2016	26 Dec 2019	54	950,000	-	(950,000)	-
Vested and exercisable at 30 June						-
Weighted average exercise price (cents)						54

The vesting expense of the options that expired during the prior year was \$66,532.

The assessed fair value of the options issued during the year was \$793,000 (2020: nil) as calculated at the date of grant using the Black-Scholes model for valuation of call options, the inputs of which included:

	Employee Options	Director Options
No of options	2,450,000	1,500,000
Grant date	10 July 2020	27 April 2021
Exercise by	30 June 2022	7 March 2024
Expected average life of the options	2 years	2.8 years
Exercise price per share	25 cents	\$1
Share price at grant date	16 cents	70 cents
Expected volatility	110%	110%
Risk-free interest rate	0.27%	0.13%
Value of options at grant date	7.38 cents	40.8 cents

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 19 SHARE BASED PAYMENTS (continued)

The weighted average remaining contractual life of options outstanding at the end of the year was 1.64 years (2020: nil).

NOTE 20 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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 costs 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.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instrument at the date at which they are granted. The fair value is determined by using a Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. Refer to Note 19 for further information.

NOTE 21 FINANCIAL RISK MANAGEMENT

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

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

(a) Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 21 FINANCIAL RISK MANAGEMENT (continued)

(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.

(c) Market risk

Interest rate risk

The Company is exposed to Australian money market interest rates in respect of its cash assets. The risk is managed by monitoring the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of its cash assets and interest rate return. The weighted average rate of interest to which the Company was exposed on its cash assets as at the year end was 0.01% (2020: 0.89%).

At balance date, if interest rates had been 0.5% higher or lower and all other variables were held constant, the Company's profit or loss would increase/decrease by \$460 (2020: \$3,256); with no effect (2020: nil) on other components of equity.

The Company has no interest rate risk associated with any of its other financial assets or liabilities.

(d) Capital risk management

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

NOTE 22 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 22 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Going concern

Notwithstanding the fact that the Company incurred a net loss of \$1,654,745 for the year ended 30 June 2021 and, at balance date, the Company's current liabilities exceeded current assets, the financial statements have been prepared on the going concern basis of accounting, which assumes that the Company will be able to meet its commitments as and when they fall due. In arriving at this assumption, the directors have recognised the subsequent realisation of assets. Refer to Note 17 for details of the transaction subsequent to the year end relating to the realisation of assets.

(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 and annual 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 22 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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

The Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the reporting periods beginning on or after 1 July 2020.

As a result of this review, the directors have determined that there is no material impact of any new and revised Standards and Interpretations on the Company and therefore no material change is necessary to accounting policies.

New accounting standards and interpretations in issue, not yet adopted

The Company has also reviewed all the new and revised Standards and Interpretations in issue, not yet adopted, that are relevant to the Company and effective for the current annual reporting period beginning on or after 1 July 2020.

As a result of this review, the directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue, not yet adopted, on the Company and therefore no material change is necessary to accounting policies.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2021

- 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 2021 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 to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 2021.

This declaration is signed in accordance with a resolution of the Board of Directors on 8 September 2021 and is signed for and on behalf of the directors by:



Mr J N Pitt

Chairman

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 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and 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 2021 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
<p>Carrying value of exploration assets Note 8</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Company capitalises all exploration acquisition expenditure and subsequently applies the cost model after recognition.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the key processes associated with

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Key Audit Matter	How our audit addressed the key audit matter
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<p>Carrying value of exploration assets Note 8</p> <p>Our audit focussed on the Company's assessment of the carrying amount of the capitalised exploration asset, as this is one of the most significant assets of the Company.</p> <p>We planned our work to address the audit risk that the capitalised expenditure might no longer meet 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 the exploration asset may exceed its recoverable amount.</p>	<p>management's review of the carrying values of each area of interest;</p> <ul style="list-style-type: none"> • 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 upcoming period and discussed with management the nature of planned ongoing activities; • We enquired with management, reviewed ASX announcements and minutes 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.
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<p>Share-based payments Note 19</p> <p>During the year, the Company issued a total of 1,500,000 unlisted options to Directors in addition to 2,450,000 unlisted options to employees under share-based payment arrangements.</p> <p>Our audit focused on share-based payment remuneration due to its materiality and importance to users of the financial statements.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • We agreed the terms and conditions of the options to underlying documentation; • We reviewed the Company's third-party independent valuation report; • We considered the appropriateness of the Company's valuation model; • We considered the Company's judgement for the key inputs in the valuation model such as grant date, share price at grant date, risk free rate and volatility were appropriate; • We applied sensitivities to the Company's volatility; • We recalculated the share-based payments expense for the year; • We examined the disclosures made in the financial report.
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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 2021, 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.

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 within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Red Hill Iron Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

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

Perth, Western Australia
8 September 2021



M R Ohm
Partner

SHAREHOLDER INFORMATION

AS AT 21 SEPTEMBER 2021

NUMBER AND DISTRIBUTION OF SHARES AND OPTIONS

Shares	Listed	Not listed
Ordinary shares fully paid	59,978,149	-
Options over unissued shares		
Exercisable at 25 cents each expiring 30 June 2022	-	2,350,000
Exercisable at \$1 each expiring 7 March 2024	-	1,500,000

Distribution of shares and options by size of holding

	Shareholders	Option holders
1 - 1,000	163	-
1,001 - 5,000	122	-
5,001 - 10,000	43	-
10,001 - 100,000	97	1
100,001 +	47	5
	<hr/>	<hr/>
	472	6

UNMARKETABLE PARCEL

There are 43 holders of less than a marketable parcel of ordinary shares.

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	21,031,046	35.06
China Baowu Steel Group Corporation Limited, Baosteel Resources International Co. Ltd, Baosteel Resources Australia Pty Ltd	9,920,202	16.54
Aigle Royal Superannuation Fund Pty Ltd <A Poli Super Fund A/c>	6,695,121	11.16
AMCI	4,051,210	6.75

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 21 SEPTEMBER 2021

TWENTY LARGEST SHAREHOLDERS

Shareholders	No of shares	%
1 Perth Capital Pty Ltd	11,740,000	19.57
2 Aquila Resources Pty Ltd	9,920,202	16.54
3 Elohpool Pty Ltd	8,862,286	14.78
4 Aigle Royal Superannuation Pty Ltd <A Poli Super Fund A/c>	6,695,121	11.16
5 AMCI	4,051,210	6.75
6 Zero Nominees Pty Ltd	2,350,000	3.92
7 Yandal Investments Pty Ltd	2,200,000	3.66
8 Liberty Management Pty Ltd <Liberty Super Fund A/c>	1,857,142	3.10
9 Strong Investments Pty Ltd <The Prospectors Super A/c>	988,392	1.65
10 Fifty-First Y Pty Ltd <Clarkefarm Super Fund A/c>	667,142	1.11
11 M E l'Ons	472,000	0.79
12 J Hughes & L Hughes <Inkese Super A/c>	430,000	0.72
13 J F G Phillips <J F G Phillips Family A/c>	409,567	0.68
14 Cranport Pty Ltd <No 10 A/c>	400,000	0.67
15 AMK Investments (WA) Pty Ltd <The AMK A/c>	395,031	0.66
16 G R Strong	378,092	0.63
17 Anneling Pty Ltd <Serendipity Super Fund A/c>	366,255	0.61
18 Glyde Street Nominees Pty Ltd <J Pitt Super Fund A/c>	333,149	0.56
19 Maxigold Holdings Pty Ltd <The M G R Thomson Super A/c>	314,000	0.52
20 B R Strong	300,120	0.50
	<hr/>	
	53,129,709	88.58

MINERAL RESOURCES AND ORE RESERVES

AS AT 30 JUNE 2021

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 and Ore Reserves of the project remained unchanged during the year ended 30 June 2021.

Mineral Resources (JORC 2012): (Red Hill Iron ASX announcement 30 January 2020)

Project	JORC category	Mt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	LOI (%)	P (%)
West Pilbara Iron Ore Project - RHIOJV	Measured	263.5	57.17	5.72	3.67	8.24	0.08
	Indicated	452.3	56.30	6.32	3.85	8.65	0.07
	Inferred	104.2	55.19	6.82	4.21	9.38	0.06
	Total	820	56.44	6.19	3.84	8.62	0.07
RHI attributable if elects for 19%		156					

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 ₂ O 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:

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

Competent Person Statements:

Mineral Resources

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 a Member of the Australasian Institute of Mining and Metallurgy. Michael Wall has sufficient experience relevant to the style of mineralisation 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 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 a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy. Richard Gaze has sufficient experience relevant to the style of mineralisation 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 Edition).

Ore Reserves

The information in this report that relates to the WPIOP-Stage 1 Ore Reserve estimate is based on information 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 mineralisation or 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 Resources and Ore Reserves'. Mr Williamson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

MINERAL RESOURCES AND ORE RESERVES

AS AT 30 JUNE 2021

PROJECT: PANNAWONICA

Commodity:	Iron ore
Red Hill Iron interest:	100%
Location:	West Pilbara, Western Australia
Review:	The Mineral Resources of the project remained unchanged during the year ended 30 June 2021 while the Ore Reserves have been revised.

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

Project	JORC category	Mt	Fe (%)	Al ₂ O 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 23 July 2021)*

Project	JORC category	Mt	Fe (%)	Al ₂ O ₃ (%)	P (%)	SiO ₂ (%)	LOI (%)
Pannawonica	Proved	0.63	55.7	3.8	0.03	6.2	8.9
	Probable	4.05	56.0	4.4	0.05	6.7	8.0
	Total	4.68	56.0	4.3	0.04	6.6	8.2

Comparison with previous year:

There have been no changes in the Mineral Resources since the previous year's statement. Mineral Resources were first reported on 18 February 2014. Red Hill Iron confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement. In the case of estimates of Mineral Resources the Company confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Red Hill Iron Directors confirm that the form and context of matters in that announcement have not been materially altered.

The Ore Reserves have been updated. Reserves have been reduced to 4.68 million tonnes at the higher grade of 56% Fe following revised pit optimisation and a review of Modifying Factors and assumptions of profitability.

Competent Person Statements:

The information in this report that relates to Mineral Resources and Ore Reserves for the Pannawonica Project is based on, and fairly represents, information compiled by Mr Douglas Stewart, who is an employee of Red Hill Iron Limited. Mr Stewart is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Stewart 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 Resources and Ore Reserves" (JORC Code 2012). Mr Stewart 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 statements of Mineral Resources and Ore Reserves comply with the Company's Corporate Governance arrangements and internal controls.

MINERAL TENEMENT INFORMATION

AS AT 30 JUNE 2021

MINING TENEMENTS AND BENEFICIAL INTERESTS, AND THEIR LOCATION:

Tenement	Location	Registered Holding	Beneficial Interest	Note
E08/1227-I	West Pilbara, WA	40%	100%	1
E08/1283-I	West Pilbara, WA	40%	100%	1
E08/1289-I	West Pilbara, WA	40%	100%	1
E08/1293-I	West Pilbara, WA	40%	100%	1
E08/1294-I	West Pilbara, WA	40%	100%	1
E08/1295-I	West Pilbara, WA	40%	100%	1
E08/1430-I	West Pilbara, WA	40%	100%	1
E08/1516-I	West Pilbara, WA	40%	100%	1
E08/1537-I	West Pilbara, WA	40%	100%	1
E47/1141-I	West Pilbara, WA	40%	100%	1
E47/1693-I	West Pilbara, WA	40%	100%	1
M47/1472	West Pilbara, WA	40%	100%	1
M08/483-I	West Pilbara, WA	40%	100%	1
M08/484-I	West Pilbara, WA	40%	100%	1
M08/485-I	West Pilbara, WA	40%	100%	1
M08/480-I	West Pilbara, WA	0%	100%	1
M08/512-I	West Pilbara, WA	0%	100%	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%	
E08/2730	West Pilbara, WA	100%	100%	
ELA08/2729	West Pilbara, WA	0%	100%	
L08/0248	West Pilbara, WA	100%	100%	
L08/0249	West Pilbara, WA	100%	100%	
L08/0252	West Pilbara, WA	100%	100%	

Note 1: Red Hill Iron has a beneficial interest of 100% in all minerals other than iron ore and owns 40% of the iron ore rights.

Key:

- E: Exploration Licence
- ELA: Exploration Licence Application
- M: Mining Lease
- L: Miscellaneous Licence



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