

24 October 2022

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

Annual Report

Attached is the Red Hill Iron Limited 2022 Annual Report.

By authority of the board.

P.C. Rutledge
Company Secretary

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RED HILL IRON
Limited

ABN 44 114 553 392

2022
ANNUAL REPORT



CORPORATE DIRECTORY

DIRECTORS

Executive

Joshua Pitt - Chairman

Non Executive

Garry Strong
Mark Okeby
Nanette Allen

CHIEF EXECUTIVE OFFICER

Michael Wall

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: 1300 288 664
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

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CHAIRMAN'S LETTER

Dear Shareholders,

It gives me great pleasure to present you with the Red Hill Iron Limited Annual Report for the 2022 financial year which provides a very positive view on the progress our company has made in the endeavour to add value.

We now have the financial capability to enhance our exploration efforts, which continue to be focussed on the search for Tier One green metals and gold resources. Our team has been expanded to ensure that our large project area in the Western Pilbara can be evaluated efficiently.

On your behalf, I would like to welcome to the Company Michael Wall, who has recently taken up the role as Chief Executive Officer, and Glenn Martin, Chief Geologist, as well as the rest of our new team members.

I would also like to acknowledge the strong support of API Management Pty Ltd over the years both for bringing forward the iron ore resources of the Red Hill Iron Ore Joint Venture (RHIOJV) project area, of which we shared ownership, and for aiding our Company in seeking minerals other than iron ore, to which Red Hill Iron is solely entitled.

You would be aware that, during the course of the year, our Company sold its interest in the RHIOJV to Mineral Resources Limited (MinRes). Your board has formed a solid relationship with the management of MinRes and looks forward to a productive association as the RHIOJV iron ore reserves are advanced into production.

Red Hill Iron has an aggressive exploration budget in place for the coming year which should provide plenty of news flow and excitement. Shareholders can also be confident of a satisfactory dividend flow now that the RHIOJV participants are committed to the development of the RHIOJV reserves and anticipate first production to commence in December 2023.

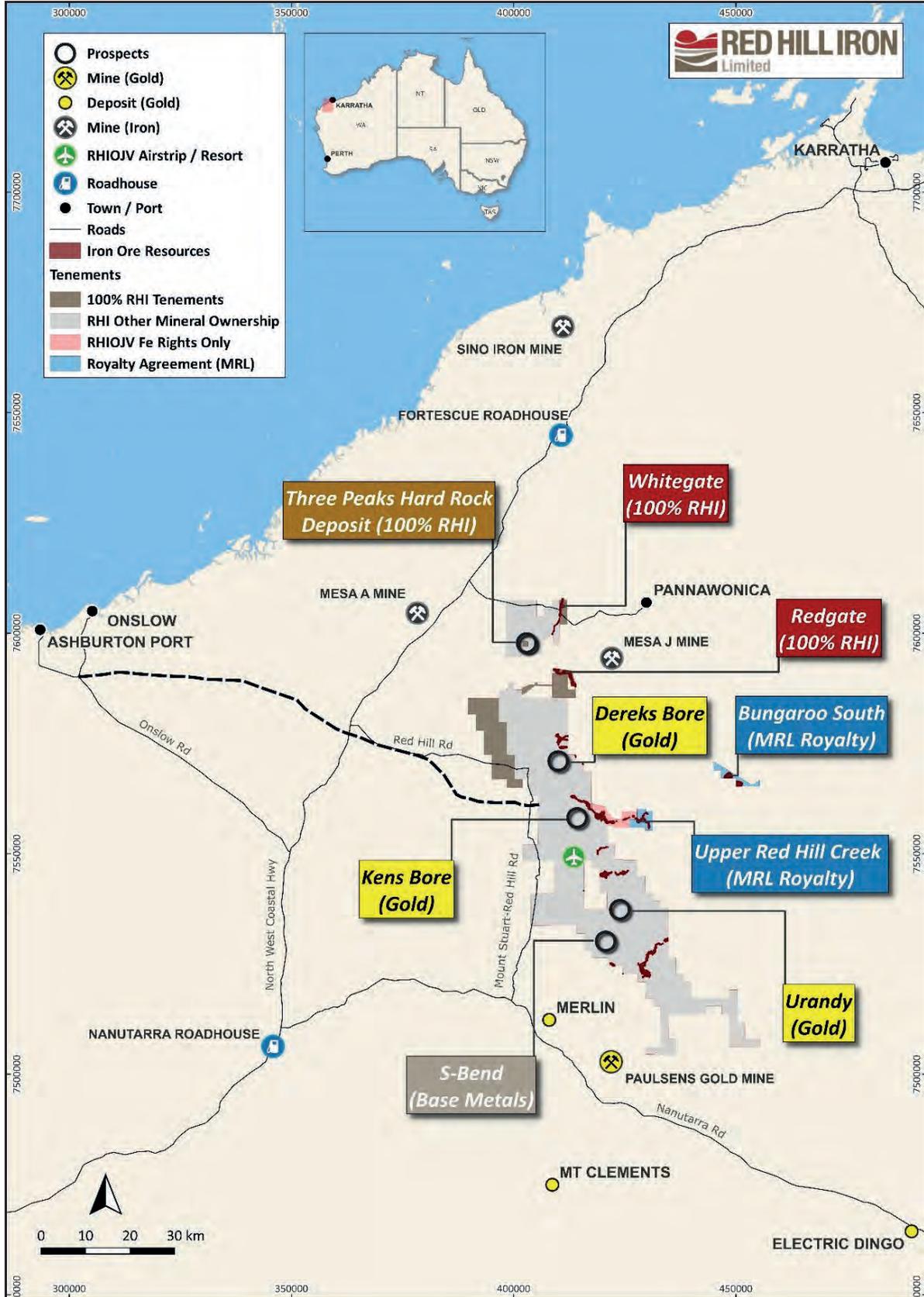
On behalf of the Board, thank you for your support.

Joshua Pitt
Chairman
14 October 2022

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CHAIRMAN'S LETTER

Location Plan



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EXPLORATION REPORT

Gold and Base/Battery Metals

Red Hill Iron Limited (the Company) has continued its gold and base/battery metals focus on the expansive RHIOJV tenement package, over which it retains all mineral rights other than Iron Ore, on the edge of the Hamersley Ranges in the Ashburton Basin (Figure 1) which has significant potential for Tier One mineral discovery.

The exploration team and exploration budget has been expanded to enable the rate of target definition and testing to be increased and a broader application of modern techniques utilised as we methodically explore this large under-explored area.

The Ashburton Basin contains several gold deposits in excess of 1Moz that are associated with the deep-seated, mantle-tapping faults and splays associated with the Nanjilgardy Fault system which extends through the Company's tenure. Much of the area is under cover, with deep weathering, acid leaching and silicification having caused geochemical depletion/suppression of the surface geochemistry.

Work to date on this area by Red Hill Iron has provided strong indications of significant gold and base metal potential. A great deal of effort is now required to bring the exploration forward.

Historical and new datasets with better detection limits are being integrated to allow for a comprehensive review of this area, and ranking and testing of exploration targets will be the focus of work in the coming year. New datasets this year include:

- Geochemical assays and XRF spectral scans of broad spaced stratigraphic diamond core drilled over the past two years;
- RC drilling and sampling across multiple target areas;
- An extensive VTEM survey.

The Company has also sent for multi-element data analysis samples from selected drillholes to further develop an understanding of the geochemical zonation of existing prospects and provide vectors towards new ones.

Red Hill Iron will also be working on heritage surveys, geological mapping, geophysical and geochemical sampling programs and the Company expects to be on the ground drill-testing targets by mid-2023.

The Company has identified several gold prospects including Urandy, Kens Bore and Dereks Bore, all of which have been covered by the 2022 VTEM survey. One regional focus will be on areas not previously sampled for sediment hosted ("Carlin-style") gold mineralisation. Evaluating and prioritising anomalies identified during the 2022 VTEM survey, in conjunction with existing prospects and datasets, will form a key component of the target ranking process.

The Company is looking forward to continuing to provide value to shareholders through exploration of this highly prospective area of the Ashburton Basin.

Three Peaks Hard Rock Deposit

The Company has commenced a review of its 100% owned Three Peaks hard rock deposit. Previous petrographic reports and trial crushing of the porphyry rock material show that the unweathered rock is of high quality, high strength and durability and would be suitable for use as concrete aggregates, asphalt aggregates, high quality road bases, unbound pavement material and rail ballast. Red Hill Iron has identified potential commercial opportunities for a proposed quarry.

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EXPLORATION REPORT

Figure 1: The Ashburton Basin showing the Red Hill Iron Project Area



Pannawonica Iron Ore Project

Red Hill Iron has been working in conjunction with CZR Resources Limited to complete baseline environmental surveys covering the non-processing infrastructure and potential haul routes for the Pannawonica Iron Ore Project (Redgate and Whitegate Channel Iron Deposits). An airborne lidar survey was completed to assist with engineering studies and haul road design. Joint cost-saving approval activities and development opportunities continue to be reviewed.

Competent Person Statement

The information in this report that relates to exploration activities is based on information compiled by Mr Michael Wall, Chief Executive Officer, Red Hill Iron Limited who is a Member of the Australian Institute of Mining and Metallurgy. Mr Wall is a full-time employee of Red Hill Iron Limited. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined by the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Wall consents to the report being issued in the form and context in which it appears.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

Red Hill Iron Limited (Red Hill Iron or the Company) is an Australian company listed on the Australian Securities Exchange (ASX). The registered 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 2022.

DIRECTORS

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

Joshua Pitt	Executive Chairman
Garry Strong	Non-Executive Director
Mark Okeby	Non-Executive Director
Nanette Allen	Non-Executive Director

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were exploration for iron ore and other minerals including precious and base/battery metals.

OPERATING AND FINANCIAL REVIEW

On 30 July 2021 the Company reported the sale of its interest in the Red Hill Iron Ore Joint Venture (RHIOJV) to a subsidiary of Mineral Resources Limited (MinRes) (ASX:MIN) for an initial payment of \$200 million, which was received on 3 September 2021, with a further \$200 million to be paid when the first commercial shipment of iron ore extracted from the RHIOJV tenements departs port (FOOS date). From that time, Red Hill Iron will receive 0.75% FOB royalty streams from the project.

These royalty streams will be sourced from:

- (i) production from the RHIOJV tenements
- (ii) during the first 10 years from the FOOS date, production from the Australian Premium Iron JV (APIJV) owned Upper Red Hill Creek tenement, and
- (iii) if developed in association with the development of one or more of the RHIOJV tenements, production from the MinRes owned Bungaroo South tenement

The Company retains 100% of the rights to all minerals other than iron ore (Other Minerals) within the RHIOJV tenements, a 1,600 square kilometre land area within a highly prospective geological setting in the West Pilbara.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

OPERATING AND FINANCIAL REVIEW (continued)

Iron ore exploration by the RHIOJV was managed and funded by API Management Pty Ltd (APIM) while Red Hill Iron managed exploration for Other Minerals. To direct future Other Minerals exploration, the Company engaged Michael Wall as Exploration Manager during the year. Michael has extensive industry experience and a detailed knowledge of the RHIOJV project area. He has been tasked with building an exploration team with the capability of applying advanced exploration techniques to prepare, then undertake, the significant exploration effort required to pursue tier-one mineral deposits within this large project area.

The Company is continuing to assess the various development options for its 100% owned Pannawonica Iron Ore Project which contains an Ore Reserve of 4.68 million tonnes (Mt) at 56% Iron applying a 54.5% Iron cut-off grade. This Ore Reserve has been derived from a total project Mineral Resource of 62.5 Mt at 53.4% Iron (refer Red Hill Iron 2021 Annual Report – Statement of Mineral Resources and Ore Reserves). It is also studying the opportunities for providing road surfacing material and rail line ballast from the Three Peaks hard rock resource owned by the Company at Pannawonica.

The Company is not aware of any new information or data that materially affects the information included above in respect of the Pannawonica project's estimates of Mineral Resources and Ore Reserves and all material assumptions and technical parameters underpinning the estimates outlined continue to apply and have not materially changed.

DIVIDENDS

The Company paid a fully franked special dividend of \$1.20 per share on 10 November 2021 and a second fully franked special dividend of \$0.20 per share on 31 May 2021.

The Company aims to maintain a dividend distribution policy from revenue that it deems appropriate, taking into account the expenditure requirements of its exploration activities.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than as set out below and elsewhere in the report, there were no significant changes in the state of affairs.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

SUBSEQUENT EVENTS

On 28 July 2022, the Company appointed Michael Wall as Chief Executive Officer and issued him with 1,000,000 options exercisable at \$3.50 per share. The options vest in three equal tranches on 27 July 2023, 27 July 2024 and 27 July 2025, and expire 24 months after vesting.

On 29 August 2022, MinRes announced that the RHIOJV parties had made an unconditional Final Investment Decision to develop the RHIOJV iron ore assets as part of MinRes' Ashburton Hub Development and a Binding Project Development Term Sheet had been executed. MinRes advised that first ore on ship was targeted as early as December 2023.

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 have not been dealt with in these financial statements and which would cause reliance on the information shown in this report to be misleading.

LIKELY DEVELOPMENTS

There are no likely developments of which the Directors are aware which could be expected to significantly affect the results of the Company's operations in subsequent financial years not otherwise disclosed in the Principal Activities and Operating and Financial Review or the Subsequent Events sections of the Directors' Report.

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 2021 to 30 June 2022 the Directors have assessed that there are no current reporting requirements, but that the Company may be required to report in the future.

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

INFORMATION RELATING TO THE DIRECTORS AND SENIOR MANAGEMENT

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.

Non-Executive Directors

Garry Strong

Mr Strong is a prospector with a lifetime of experience in gold and base metal reconnaissance 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, LLM

Mr Okeby has over 30 years' experience as a Director of ASX listed mining and exploration companies. He holds a Master of Laws (LLM) and was appointed a Non-Executive Director of Red Hill Iron on 12 August 2015. Mr Okeby was a Non-Executive Director of Regis Resources Ltd from 29 July 2009 to 20 February 2019 when he retired from that role. Mr Okeby was appointed a Non-Executive Director of Capricorn Metals Ltd on 8 July 2019 and appointed Chairman of Peel Mining Limited on 23 February 2022. He has held no other directorships of ASX listed companies during the last three financial years.

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

Ms Allen, having worked in the resource sector for over 20 years as a mining executive and geologist, has a wealth of technical and corporate experience. This experience ranges from business development and governance to exploration and mine development, finance and asset divestment. Ms Allen has held no other directorships of ASX listed companies during the last three financial years.

Chief Executive Officer (appointed 28 July 2022)

Michael Wall, BSc (Hons Geology), MBA, MAusIMM, MAICD

Mr Wall has over 20 years of experience working across a wide range of geological settings in Australia, New Zealand and Vietnam. He has gained broad technical and managerial experience across private and listed exploration companies, joint ventures, consulting and research including more recently as Exploration Manager for API Management Pty Ltd. He has established long standing relationships with the major stakeholders in the Company and its project areas and has extensive early-stage exploration operational and business development experience.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

INFORMATION RELATING TO THE COMPANY SECRETARY

Peter Rutledge BSc, CA, FFin

Mr Rutledge is a Chartered Accountant and a Fellow of The Financial Services Institute of Australia and has over 30 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	13,198,225	-
G R Strong	2,073,139	-
D M Okeby	2,357,142	-
N Allen	500,000	-

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	12	12
G R Strong	12	12
D M Okeby	12	12
N Allen	12	12

The Company does not have any committees.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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 and, from time to time, the grant of options to acquire shares in the Company. 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 reimbursed all travelling and other expenses properly incurred by them in the business of the Company.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

AUDITED REMUNERATION REPORT (continued)

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. The remuneration of the Chief Executive Officer, Mr M Wall, is a market related base salary, including superannuation, and options to acquire ordinary shares in the Company that may be granted from time to time.

Company performance and its consequences on shareholder wealth

The table below shows the gross revenue, profit/(loss), and earnings/(loss) per share for the last five years:

		2022	2021	2020	2019	2018
Revenue and other income	\$	200,046,217	19,320	33,556	7,982	18,168
Net profit/(loss)	\$	143,588,977	(1,654,745)	(466,409)	(574,936)	(556,271)
Earnings/(loss) per share	cents	229.01	(2.76)	(0.81)	(1.05)	(1.02)
Share price at year end	\$	3.20	0.92	0.15	0.20	0.46

During the year the Company paid special dividends amounting to \$1.40 per share, fully franked at 30%.

(b) Details of remuneration

As at the date of this report, the key management personnel of the Company are the Directors and the Chief Executive Officer (appointed 28 July 2022). 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)	2022	37,500	3,750	-	41,250	-
	2021	25,000	2,375	-	27,375	-
Non-Executive Directors						
G R Strong	2022	52,456	16,050	-	68,506	-
	2021	2,875	25,000	204,000	231,875	-
D M Okeby	2022	188,706	18,871	-	207,577	-
	2021	153,300	15,205	204,000	372,505	-
N Allen	2022	37,500	3,750	-	41,250	-
	2021	10,417	990	204,000	215,407	-
Total	2022	316,162	42,421	-	358,583	-
	2021	191,592	43,570	612,000	847,162	-

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

AUDITED REMUNERATION REPORT (continued)

The Company engaged Mr Okeby to carry out additional services during the year for which he was remunerated accordingly (included above).

Mr Strong is occasionally required to carry out duties in addition to his Director duties, for which he is remunerated accordingly (included above).

(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 \$50,000 (2021: \$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.

Chief Executive Officer

Subsequent to the end of the financial year, on 28 July 2022, Mr Michael Wall was engaged as Chief Executive Officer of the Company. His service agreement provides for an annual salary of \$300,000 plus statutory superannuation with a three month notice of termination. Mr Wall was granted 1,000,000 unlisted options, exercisable at \$3.50 per share, of which 333,334 vest on 27 July 2023, 333,333 vest on 27 July 2024 and 333,333 vest on 27 July 2025.

(d) Share-based compensation

Share based payments are generally provided in the form of options vesting immediately or over a period. 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

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

AUDITED REMUNERATION REPORT (continued)

These options were exercised during the current financial year. The value of each option on date of exercise was \$3.54. No options were issued or expired during the year. Mr Wall was appointed Chief Executive Officer subsequent to the end of the financial year.

Details of the options in the Company provided as remuneration to key management personnel of the Company during the year are set out below. Further information on options, including the basis of valuation, is set out in Note 23.

	Balance at beginning of year	Received as remuneration	Options exercised	Balance at end of year
Director				
J N Pitt	-	-	-	-
G R Strong	500,000	-	(500,000)	-
D M Okeby	500,000	-	(500,000)	-
N Allen	500,000	-	(500,000)	-
	<hr/>			
	1,500,000	-	(1,500,000)	-

(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:

	Balance 1 July 2021	Acquired on exercise of options	Acquired	Balance 30 June 2022
Director				
J N Pitt	12,832,783	-	365,442	13,198,225
G R Strong	1,573,139	500,000	-	2,073,139
D M Okeby	857,142	500,000	1,000,000	2,357,142
N Allen	-	500,000	-	500,000
	<hr/>			
	15,263,064	1,500,000	1,365,442	18,128,506

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

None of the shares are held nominally.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

AUDITED REMUNERATION REPORT (continued)

(f) Transactions with key management personnel

Payments to related parties

During the financial year the Company paid \$77,807 (2021: \$77,826) to Hampton Hill Mining NL, a public 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 \$151,206 (2021: \$141,130) to Mr Okeby, Director, for additional work undertaken as a Director.

Loans to key management personnel

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

Borrowings from Director

During the financial year the Company drew down \$220,000 on a loan facility provided by a company associated with a Director, Mr Pitt. The facility, bearing interest at 2.5% per annum, was terminated during the year after repayment in full, inclusive of interest of \$458.

(g) Additional information

The Company received a majority of votes in favour of its remuneration report for the 2021 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
27 July 2022	26 July 2025	\$3.50	333,334	0%
27 July 2022	26 July 2026	\$3.50	333,333	0%
27 July 2022	26 July 2027	\$3.50	333,333	0%

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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 2022.

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 28 September 2022.



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 2022, 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
28 September 2022



M R Ohm
Partner

hlb.com.au

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

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
Gain on disposal of joint venture interest	2	199,897,890	-
Interest income	3	148,327	1,419
Other income	3	-	17,901
Exploration expenditure		(1,547,653)	(190,867)
Administration expenses	4	(2,880,222)	(1,483,198)
Profit/(loss) before income tax		195,618,342	(1,654,745)
Income tax expense	5	(52,029,365)	-
Profit/(loss) for the year		143,588,977	(1,654,745)
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year attributable to the ordinary equity holders of the Company		143,588,977	(1,654,745)
Earnings/(loss) per share attributable to the ordinary equity holders of the Company		cents	cents
Basic and diluted earnings/(loss) per share	6	229.01	(2.76)

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

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	69,046,408	92,029
Other receivables and prepayments	8	133,366	12,204
Total Current Assets		69,179,774	104,233
Non-Current Assets			
Exploration assets	9	9,905,915	10,008,025
Plant and equipment	10	302,453	-
Right-of-use asset	11	173,486	-
Other assets		61,419	-
Total Non-Current Assets		10,443,273	10,008,025
Total Assets		79,623,047	10,112,258
LIABILITIES			
Current Liabilities			
Trade and other payables	12	306,522	333,551
Income tax payable	5	13,025,039	-
Lease liability	11	64,604	-
Total Current Liabilities		13,396,165	333,551
Non-Current Liabilities			
Lease liability	11	111,667	-
Total Non-Current Liabilities		111,667	-
Total Liabilities		13,507,832	333,551
Net Assets		66,115,215	9,778,707
EQUITY			
Issued capital	13	30,188,863	28,081,923
Reserves	14	1,322,302	1,322,302
Retained earnings/(Accumulated losses)		34,604,050	(19,625,518)
Total Equity		66,115,215	9,778,707

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 2022

	Note	Issued capital	Share based payments reserve	Future value option reserve	Retained earnings / (Accumulated losses)	Total equity
		\$	\$	\$	\$	\$
2022						
Balance at 1 July 2021		28,081,923	1,036,532	285,770	(19,625,518)	9,778,707
Net profit after income tax for the year		-	-	-	143,588,977	143,588,977
Total comprehensive income recognised during the year		-	-	-	143,588,977	143,588,977
Transactions with equity holders in their capacity as equity holders:						
Issue of ordinary fully paid shares, net of issue costs		2,106,940	-	-	-	2,106,940
Transfer of expense on exercised options		-	(793,000)	793,000	-	-
Dividends paid	15	-	-	-	(89,359,409)	(89,359,409)
Balance at 30 June 2022		30,188,863	243,532	1,078,770	34,604,050	66,115,215
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

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

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Payments to suppliers and employees		(3,092,085)	(442,905)
Payments for exploration expenditure		(1,479,007)	(148,563)
Government grants and tax incentives		-	29,835
Interest received		129,515	2,495
Interest paid		(4,344)	-
Income tax paid		(39,000,000)	-
Net cash outflows from operating activities	16	(43,445,921)	(559,138)
Cash flows from investing activities			
Proceeds from disposal of joint venture interest	2	200,000,000	-
Payments to acquire property, plant and equipment	10	(312,112)	-
Net cash inflows from investing activities		199,687,888	-
Cash flows from financing activities			
Proceeds from borrowings	16	220,000	-
Repayment of borrowings	16	(220,000)	-
Proceeds from issue of shares		2,112,500	-
Payment for share issue costs		(9,886)	-
Lease payments	11	(30,793)	-
Dividends paid	15	(89,359,409)	-
Net cash outflows from financing activities		(87,287,588)	-
Net increase/(decrease) in cash and cash equivalents		68,954,379	(559,138)
Cash and cash equivalents at the beginning of the year		92,029	651,167
Cash and cash equivalents at the end of the year	7	69,046,408	92,029

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 2022

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.

	2022 \$	2021 \$
Reportable segment assets	9,905,915	10,008,025
Reconciliation of reportable segment assets:		
Reportable segment assets	9,905,915	10,008,025
Unallocated corporate assets	69,717,132	104,233
Total assets	79,623,047	10,112,258
Reportable segment liabilities	193,409	41,353
Reconciliation of reportable segment liabilities:		
Reportable segment liabilities	193,409	41,353
Unallocated corporate liabilities	13,314,423	292,198
Total liabilities	13,507,832	333,551
Reportable segment profit/(loss)	198,350,237	(190,867)
Reconciliation of reportable segment loss:		
Reportable segment profit/(loss)	198,350,237	(190,867)
Other revenue	148,327	19,320
Unallocated corporate expenses	(2,880,222)	(1,483,198)
Profit/(loss) before tax	195,618,342	(1,654,745)

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 2 GAIN ON DISPOSAL OF JOINT VENTURE INTEREST

During the current period, the Company sold its interest in the RHIOJV to a wholly owned subsidiary of Mineral Resources Limited (MinRes) for an initial cash payment of \$200 million, a further cash payment of \$200 million 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 payable on all iron ore extracted and sold from the RHIOJV mining tenements, MinRes's Bungaroo South mining tenement if that is developed in association with RHIOJV production and, during the first 10 years from the FOOS date, the APIJV-owned Upper Red Hill Creek mining tenement.

The initial cash consideration received, less the carrying value of the asset of \$102,110 (refer Note 9) has been accounted for within profit and loss. The further cash receipt will be accounted for with effect from the FOOS date and the royalty receipts will be accounted for at the time the relevant iron ore is extracted and sold.

	2022	2021
	\$	\$
Proceeds from disposal of joint venture interest	200,000,000	-
Acquisition cost of exploration asset	(102,110)	-
	199,897,890	-

NOTE 3 REVENUE

	2022	2021
	\$	\$
Interest income	148,327	1,419
Other income	-	17,901

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 in the prior year 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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 4 ADMINISTRATION EXPENSES

	Note	2022 \$	2021 \$
Profit/(loss) before income tax includes the following specific administration expenses:			
Personnel expenses			
Salaries, Directors' fees and other personnel expenses		510,838	253,225
Superannuation		45,774	22,905
Share-based payments		-	793,000
		<hr/>	<hr/>
		556,612	1,069,130
Less: Recharged to exploration expenditure		(125,721)	(3,696)
		<hr/>	<hr/>
		430,891	1,065,434
Depreciation charge - Plant and equipment	10	9,659	-
Amortisation charge – Right-of-use-asset	11	33,578	-
Finance charge – Office lease	11	3,886	-
Finance charge – Borrowings		458	-
Consultants - Corporate		1,614,394	100,000
Legal fees		299,461	32,840
Accounting fees		90,301	48,434
Administration services		59,114	59,114
Audit fees		65,214	23,597
Rental of office		103,613	64,391
Listing fees		44,379	15,238
Other		125,274	74,150
		<hr/>	<hr/>
		2,880,222	1,483,198
		<hr/>	<hr/>

NOTE 5 INCOME TAX

(a) Income tax (expense)/benefit	2022 \$	2021 \$
The components of income tax (expense)/benefit comprise:		
Current tax	(58,977,554)	-
Deferred tax	6,948,189	-
	<hr/>	<hr/>
	(52,029,365)	-
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 5 INCOME TAX (continued)

(b) Reconciliation of income tax (expense)/benefit to prima facie tax payable on accounting profit/(loss)	2022 \$	2021 \$
Operating profit/(loss) before income tax	195,618,342	(1,654,745)
Prima facie tax (payable)/benefit at Australian rate of 25% (2021: 30%)	(48,904,586)	496,424
Adjusted for tax effect of the following amounts:		
Non-deductible items	(282)	(237,901)
Non-taxable items	-	7,250
Utilisation of previously unrecognised tax losses	6,952,515	-
Adjustment for change in tax rate	498,999	-
Tax benefit not brought to account	(10,576,011)	(265,773)
Income tax expense	(52,029,365)	-

The debit for current income tax expense is based on the profit 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 satisfies all of the conditions to qualify as a base rate entity for the current year. Therefore, the reduced corporate tax rate of 25% applies for the Company.

(c) Deferred tax assets and liabilities not brought to account	2022 \$	2021 \$
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 25% (2021: 30%), are made up as follows:		
On income tax account:		
Carried forward tax losses	-	8,355,901
Deductible temporary differences	10,106,571	8,415
Taxable temporary differences	(2,524,553)	(3,002,408)
Unrecognised net deferred tax assets	7,582,018	5,361,908

(d) Deferred tax recognised directly in equity	2022 \$	2021 \$
Deferred tax credit relating to share issue costs	4,326	-

(e) Income tax payable	2022 \$	2021 \$
Current tax liability comprise:		
Income tax payable	13,025,039	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 5 INCOME TAX (continued)

The income tax expense arising from the sale of the Company's interest in the RHIOJV includes an amount relating to the estimated fair value of the contingent tranches of the consideration, for which the Company has engaged an independent expert.

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 6 EARNINGS/(LOSS) PER SHARE

	2022 cents	2021 cents
Basic and diluted earnings/(loss) per share	229.01	(2.76)
Reconciliation of profit/(loss)	\$	\$
The profit/(loss) used in calculating basic and diluted earnings/(loss) per share is to the profit/(loss) attributable to ordinary equity holders of the Company in the Statement of Profit or Loss and Other Comprehensive Income	143,588,977	(1,654,745)
	No. of Shares	No. of shares
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings/(loss) per share	62,700,204	59,878,149

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 6 EARNINGS/(LOSS) PER SHARE (continued)

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

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings/(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 earnings/(loss) per share is the same as the basic earnings/(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 earnings/(loss) per share.

NOTE 7 CASH AND CASH EQUIVALENTS

2022	2021
\$	\$

Cash at bank and on hand	69,046,408	92,029
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Cash includes deposits at call with financial institutions and other highly liquid deposits with relatively 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 25.

NOTE 8 OTHER RECEIVABLES AND PREPAYMENTS

2022	2021
\$	\$

Interest receivable	18,812	-
Other receivables and prepayments	114,554	12,204
	133,366	12,204

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 a prepayment for rent of a storage unit, the term of which will commence subsequent to year end.

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 25.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 9 EXPLORATION ASSETS

	2022	2021
	\$	\$
Carrying amount	10,008,025	10,008,025
Sale of the 40% interest in the RHIOJV	(102,110)	-
	9,905,915	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 the subject of the RHIOJV (\$102,110). During the year the Company sold its 40% interest in the RHIOJV but retained its rights to all other minerals in those tenements.

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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 10 PLANT AND EQUIPMENT

	2022	2021
	\$	\$
Leasehold improvements – at cost	7,285	-
Accumulated depreciation	(48)	-
Leasehold improvements – carrying amount	7,237	-
Office equipment and furniture – at cost	53,020	-
Accumulated depreciation	(1,898)	-
Office equipment and furniture – carrying amount	51,122	-
Computer equipment – at cost	69,429	-
Accumulated depreciation	(6,904)	-
Computer equipment – carrying amount	62,525	-
Motor vehicles – at cost	182,378	-
Accumulated depreciation	(809)	-
Motor vehicles – carrying amount	181,569	-
Total plant and equipment – carrying amount	302,453	-

A reconciliation of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year is set out below:

	Leasehold improvements	Office furniture & equipment	Computer equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$
2022					
Carrying amount at 1 July 2021	-	-	-	-	-
Additions during the period	7,285	53,020	69,429	182,378	312,112
Depreciation expense	(48)	(1,898)	(6,904)	(809)	(9,659)
Carrying amount at 30 June 2022	7,237	51,122	62,525	181,569	302,453

Recognition and measurement

Plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Costs include expenditure that is directly attributable to the acquisition of the items. 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 Company and the cost of the item can be measured reliably.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 10 PLANT AND EQUIPMENT (continued)

Depreciation

Depreciation is calculated on a straight line basis so as to write off the net cost or revalued amount of each item of plant and equipment over its expected useful life to the Company. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The depreciation rates used for the current and comparative periods are as follows:

Plant and equipment:	10% - 20% straight line
Motor vehicle:	8.3% - 12.5% straight line

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

NOTE 11 RIGHT-OF-USE ASSET AND LEASE LIABILITY

	2022	2021
	\$	\$
Right-of-use asset		
Right-of-use asset – at cost	207,064	-
Right-of-use asset – accumulated amortisation	(33,578)	-
	<hr/>	<hr/>
Total right-of-use asset	173,486	-
	<hr/>	<hr/>
Carrying amount at 1 July	-	-
Additions	207,064	-
Amortisation charge	(33,578)	-
	<hr/>	<hr/>
Carrying amount at 30 June	173,486	-
	<hr/>	<hr/>

The Company has recognised a right-of-use asset and corresponding lease liability in respect of an office lease.

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are amortised on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the amortisation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 11 RIGHT-OF-USE ASSET AND LEASE LIABILITY (continued)	2022	2021
	\$	\$
Lease liability		
Lease liability – current	64,604	-
Lease liability – non-current	111,667	-
	<hr/>	<hr/>
Total lease liability	176,271	-
	<hr/>	<hr/>
Carrying amount at 1 July	-	-
Additions	207,064	-
Lease repayment	(30,793)	-
	<hr/>	<hr/>
Carrying amount at 30 June	176,271	-
	<hr/>	<hr/>

The total finance charge, in the form of interest, incurred on the lease for the financial year was \$3,886 (2021: nil).

A lease liability is recognised at the commencement date of a lease. It is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 12 TRADE AND OTHER PAYABLES	2022	2021
	\$	\$
Trade creditors and accruals	276,672	330,073
Employee entitlements	29,850	3,478
	<hr/>	<hr/>
	306,522	333,551
	<hr/>	<hr/>

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year 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 25.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 13 ISSUED CAPITAL

	2022	2021
	\$	\$
(a) Share capital		
63,828,149 (2021: 59,878,149) fully paid ordinary shares	30,188,863	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 25.

(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

	2022	2021	2022	2021
	Number of shares	Number of shares	\$	\$
At 1 July	59,878,149	59,878,149	28,081,923	28,081,923
Shares issued on exercise of options, net of costs	3,950,000	-	2,106,940	-
At 30 June	63,828,149	59,878,149	30,188,863	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:

Type of options	Expiry date	Exercise price	2022	2021
			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 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 14 RESERVES

	2022	2021
	\$	\$
Share based payments reserve	243,532	1,036,532
Future value option reserve	1,078,770	285,770
	<hr/>	<hr/>
	1,322,302	1,322,302

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 15 DIVIDENDS

	2022	2021
	\$	\$
Special fully franked dividend of \$1.20 (2021: nil)	76,593,779	-
Special fully franked dividend of \$0.20 (2021: nil)	12,765,630	-
	<hr/>	<hr/>
	89,359,409	-

The special dividends were fully franked and were paid on 10 November 2021 and 31 May 2022 respectively. Franking credits available for subsequent reporting periods based on a tax rate of 25% (2021: 30%) amount to \$147,117 at 30 June 2022 (2021: nil).

NOTE 16 CASH FLOW INFORMATION

	2022	2021
	\$	\$
Reconciliation of profit/(loss) after income tax with cash flow from operating activities		
Profit/(loss) after income tax	143,588,977	(1,654,745)
Equity-based payments	-	793,000
Depreciation – plant and equipment	9,659	-
Amortisation – right of use asset	33,578	-
Profit from disposal of joint venture interest	(199,897,890)	-
Change in operating assets and liabilities:		
(Increase)/decrease in other receivables and prepayments	(86,649)	13,009
(Decrease)/increase in payables and provisions	(27,027)	293,814
Increase in tax payable	13,029,365	-
Increase in GST receivable	(95,934)	(4,216)
	<hr/>	<hr/>
Net cash outflows from operating activities	(43,445,921)	(559,138)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 16 CASH FLOW INFORMATION (continued)

	2022	2021
	\$	\$
Changes in liabilities arising from financing activities		
Borrowings		
Opening balance	-	-
Proceeds from borrowings	220,000	-
Repayment of borrowings	(220,000)	-
	<hr/>	<hr/>
Closing balance	-	-
	<hr/>	<hr/>
Lease liability		
Opening balance	-	-
Non-cash flow movement on initial set-up of lease liability under AASB 16	207,064	-
Net cash outflow of lease payments	(30,793)	-
	<hr/>	<hr/>
Closing balance	176,271	-
	<hr/>	<hr/>

There were no non-cash flows from investing activities.

NOTE 17 CONTINGENT ASSETS AND LIABILITIES

The Company has a contingent asset of \$200 million in relation to a cash payment receivable 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 payable on all iron ore extracted and sold from the RHIOJV mining tenements, MinRes's Bungaroo South mining tenements if developed in association with the development of one or more of the RHIOJV tenements and, during the first 10 years from the FOOS date, the APIJV-owned Upper Red Hill Creek mining tenement.

Subsequent to year end, on 29 August 2022, MinRes announced that the RHIOJV parties had made an unconditional Final Investment Decision to develop the RHIOJV iron ore assets as part of MinRes' Ashburton Hub Development and a Binding Project Development Term Sheet had been executed. MinRes advised that first ore on ship was targeted as early as December 2023.

There are no contingent liabilities for termination benefits under service agreements with Directors or Executives at 30 June 2022. The Directors are not aware of any other contingent liabilities as at 30 June 2022.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18 COMMITMENTS

Mineral Tenements

In order to maintain the mineral tenements that the Company holds, 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 Pannawonica Project is \$260,000 (2021: \$117,000).

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 Company's retained interest in the other mineral rights within the RHIOJV tenements will continue to be the responsibility of MinRes as the manager of the RHIOJV.

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.

NOTE 19 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
Garry Strong
Mark Okeby
Nanette Allen

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

	2022	2021
	\$	\$
Short-term employee benefits	316,162	191,592
Post-employment benefits	42,421	43,570
Share-based payments	-	612,000
	<hr/>	<hr/>
	358,583	847,162

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 2022

NOTE 19 RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with Director-related entities

Payments to related parties

During the financial year the Company paid \$77,807 (2021: \$77,826) to Hampton Hill Mining NL, a public 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 \$151,206 (2021: \$141,130) to Mr Okeby, Director, for additional work undertaken as a Director.

Borrowings from Director

During the financial year the Company drew down \$220,000 on a loan facility provided by a company associated with a Director, Mr Pitt. The facility, bearing interest at 2.5% per annum, was terminated during the year after repayment in full, inclusive of interest of \$458.

NOTE 20 EVENTS OCCURRING AFTER BALANCE DATE

On 28 July 2022, the Company appointed Michael Wall as Chief Executive Officer and issued him with 1,000,000 options exercisable at \$3.50 per share. The options vest in three equal tranches on 27 July 2023, 27 July 2024 and 27 July 2025, and expire 24 months after vesting.

On 29 August 2022, MinRes announced that the RHIOJV parties had made an unconditional Final Investment Decision to develop the RHIOJV iron ore assets as part of MinRes' Ashburton Hub Development and a Binding Project Development Term Sheet had been executed. MinRes advised that first ore on ship was targeted as early as December 2023.

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 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 21 MINERAL EXPLORATION AGREEMENTS

The Company disposed of its iron ore interests in the RHIOJV during the financial year. The company retains 100% interest in all other minerals within the RHIOJV tenements.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 22 REMUNERATION OF AUDITORS

	2022	2021
	\$	\$
Amounts received, or due and receivable, by HLB Mann Judd (WA Partnership) for:		
Auditing and review of the financial reports of the Company	65,214	23,597
Other services	-	-
	65,214	23,597

NOTE 23 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.

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.

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

Grant date	Expiry date	Exercise price cents	Outstanding at start of year number	Granted number	Exercised/Expired number	Outstanding at end of year number
2022						
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						
Weighted average exercise price (cents)			53.5	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23 SHARE BASED PAYMENTS (continued)

Grant date	Expiry date	Exercise price cents	Outstanding at start of year number	Granted number	Exercised/ Expired number	Outstanding at end of year 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	-	53.5

No options were issued during the current year.

The weighted average remaining contractual life of options outstanding at the end of the year was nil (2021: 1.64 years).

Subsequent to the end of the financial year, the Company approved a revised Employee Securities Incentive Plan, announced to the ASX on 28 July 2022.

NOTE 24 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 24 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Capitalisation of exploration and evaluation expenditure

The amount attributable to Exploration Assets in the Statement of Financial Position of \$9,905,915 (2021: \$10,008,025) relates to the Company's interest in the Pannawonica project. During the year the Company sold its interest in the RHIOJV (initial acquisition cost of the tenements subject to the RHIOJV amounted to \$102,110). The balance has been carried forward on the basis that the Directors consider there to be no facts or circumstances suggesting that the carrying amount of the exploration and evaluation assets may exceed 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 23 for further information.

Tax treatment of RHIOJV disposal contingent consideration

The income tax expense arising from the sale of the Company's interest in the RHIOJV includes an estimate of the fair value of the contingent tranches of the consideration, for which the Company engaged an independent expert.

NOTE 25 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) 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 1.36% (2021: 0.01%).

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 \$345,232 (2021: \$460); with no effect (2021: nil) on other components of equity.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 25 FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk

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

The following tables detail the Company's expected undiscounted contractual maturity for its financial liabilities based on the earliest date the Company can be required to repay, and includes both interest and principal cash flows:

	Interest rate	Within 6 months \$	6 -12 months \$	1 – 2 years \$	2+ years \$
2022					
Trade and other payable	-	306,522	-	-	-
Income tax payable	-	13,025,039	-	-	-
Lease liability	4.0%	31,414	33,190	69,353	42,314
2021					
Trade and other payable	-	333,551	-	-	-
Income tax payable	-	-	-	-	-
Lease liability	-	-	-	-	-

(c) 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 deposited at only two banks. Whilst the risk of a bank failing is considered minimal, the Company manages this exposure by ensuring its funds are deposited only with major banks with high security ratings.

(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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Red Hill Iron Limited is a public company, incorporated and domiciled in Australia and listed on the ASX. During the financial year, the principal activities of the Company consisted of the exploration for iron ore and other minerals including precious and base/battery metals. 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 on 28 September 2022. The general purpose 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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.

The income tax expense arising from the sale of the Company's interest in the RHIOJV includes an estimate of the fair value of the contingent tranches of the consideration, for which the Company engaged an independent expert.

(e) 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 twelve 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.

(f) 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.

(g) 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 2021.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 26 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2021.

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.

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DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2022

- 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 2022 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 2022.

This declaration is signed in accordance with a resolution of the Board of Directors on 28 September 2022 and is signed for and on behalf of the Directors by:



Mr J N Pitt
Chairman

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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 2022, 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 2022 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.

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Key Audit Matter	How our audit addressed the key audit matter
<p data-bbox="212 398 738 432">Gain on disposal of joint venture interest</p> <p data-bbox="212 432 399 465">Refer to Note 2</p> <p data-bbox="212 495 791 891">The Company sold its interest in the RHIOJV for an initial cash payment of \$200 million, a further cash payment of \$200 million 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 payable on all iron ore extracted and sold from the RHIOJV mining tenements, the Bungaroo South mining tenement that is developed in association with RHIOJV production and, during the first 10 years from the FOOS date, the APIJV-owned Upper Red Hill Creek mining tenement.</p> <p data-bbox="212 920 791 1070">We considered this to be a key audit matter due to its materiality, the degree of audit effort and communication with management involved and its importance to users' understanding of the financial statements.</p>	<p data-bbox="874 495 1394 555">Our procedures included but were not limited to the following:</p> <ul data-bbox="882 584 1394 1099" style="list-style-type: none"> - We reviewed the agreement for the sale and purchase of the joint venture interest to gain an understanding of the key terms and conditions associated with the transaction; - We reviewed the components of the consideration and agreed the initial proceeds forming the initial cash consideration received; - We considered the treatment of the deferred contingent consideration component and the royalty component; - We ensured the gain on disposal had been correctly calculated; and - We reviewed the adequacy of the disclosures made within the financial report.
<p data-bbox="212 1126 355 1160">Income tax</p> <p data-bbox="212 1160 399 1193">Refer to Note 5</p> <p data-bbox="212 1223 791 1373">For the year ended 30 June 2022, the Company has recorded an income tax expense of \$52,029,365 in its financial report, primarily due to the gain on the disposal of its interest in the RHIOJV and an associated current tax liability of \$13,025,039.</p> <p data-bbox="212 1424 791 1529">The income tax expense includes an estimate of the fair value of the contingent tranches of the consideration, for which the Company engaged an independent expert.</p> <p data-bbox="212 1581 791 1709">We considered this to be a key audit matter due to its materiality, the degree of audit effort and communication with management involved and its importance to users' understanding of the financial statements.</p>	<p data-bbox="874 1223 1394 1261">Our procedures included but were not limited to the following:</p> <ul data-bbox="882 1290 1394 2018" style="list-style-type: none"> - We reviewed the taxation calculations prepared by management; - We reviewed the estimate of the fair value of the deferred contingent consideration completed by management's expert; - We reviewed the Company's assessment in relation to the availability of income tax losses under the business continuity test and engaged our own expert to assist us in relation to our assessment; - We considered the application of relevant accounting standards and interpretations; - We assessed the experience and qualifications of management's expert in addition to, amongst other factors, the reasonableness and adequacy of the assumptions and methodologies used; and - We reviewed the adequacy of the disclosures made within 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 2022, 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 2022.

In our opinion, the Remuneration Report of Red Hill Iron Limited for the year ended 30 June 2022 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
28 September 2022



M R Ohm
Partner

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MINERAL RESOURCES AND ORE RESERVES

AS AT 30 JUNE 2022

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 2022.

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 and Ore Reserves since the previous year's statement.

Competent Person Statement:

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.

SHAREHOLDER INFORMATION

AS AT 30 SEPTEMBER 2022

NUMBER AND DISTRIBUTION OF SHARES AND OPTIONS

Shares	Listed	Not listed
Ordinary shares fully paid	63,828,149	-
Options over unissued shares		
Vesting 27 July 2023, exercisable at \$3.50 each expiring 26 July 2025	-	333,334
Vesting 27 July 2024, exercisable at \$3.50 each expiring 26 July 2026	-	333,333
Vesting 27 July 2025, exercisable at \$3.50 each expiring 26 July 2027	-	333,333
Vesting 22 September 2023, exercisable at \$4.15 each expiring 21 September 2025	-	133,334
Vesting 22 September 2024, exercisable at \$4.15 each expiring 21 September 2026	-	133,333
Vesting 22 September 2025, exercisable at \$4.15 each expiring 21 September 2027	-	133,333

Distribution of shares and options by size of holding			Shareholders	Option holders
1	-	1,000	361	-
1,001	-	5,000	224	-
5,001	-	10,000	67	-
10,001	-	100,000	111	-
100,001	+		51	2
			<hr/>	<hr/>
			814	2

UNMARKETABLE PARCEL

There are 206 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	34.56
China Baowu Steel Group Corporation Limited, Baosteel Resources International Co. Ltd, Baosteel Resources Australia Pty Ltd	9,920,202	15.54
Aigle Royal Superannuation Fund Pty Ltd <A Poli Super Fund A/c>	6,695,121	11.69
AMCI Group LLC	4,051,210	6.35

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.

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SHAREHOLDER INFORMATION

AS AT 30 SEPTEMBER 2022

TWENTY LARGEST SHAREHOLDERS

Shareholders	No of shares	%
1 Perth Capital Pty Ltd	11,616,544	18.20
2 Aquila Resources Pty Ltd	9,920,202	15.54
3 Elohpool Pty Ltd	8,862,286	13.88
4 Aigle Royal Superannuation Pty Ltd <A Poli Super Fund A/c>	7,464,367	11.69
5 Citicorp Nominees Pty Ltd	4,060,195	6.36
6 Yandal Investments Pty Ltd	2,200,000	3.45
7 D H Stewart	2,000,000	3.13
8 Liberty Management Pty Ltd <The Liberty Super Fund A/c>	1,857,142	2.91
9 Glyde Street Nominees Pty Ltd <J Pitt Super Fund A/c>	1,437,933	2.25
10 Strong Investments Pty Ltd <The Prospectors Super A/c>	988,392	1.55
11 G R Strong	878,092	1.38
12 Anneling Pty Ltd <Serendipity Super Fund A/c>	866,255	1.36
13 Fifty-First Y Pty Ltd <Clarkefarm Super Fund A/c>	667,142	1.05
14 Liberty Management Pty Ltd <The Liberty A/c>	500,000	0.78
15 N M Allen <Arete A/c>	500,000	0.78
16 M E I'Ons	472,000	0.74
17 Cranport Pty Ltd <No 10 A/c>	441,202	0.69
18 P R Penny	432,000	0.68
19 J Hughes & L Hughes <Inkese Super A/c>	430,000	0.67
20 H M Phillips <J F G Phillips Family A/c>	389,280	0.61
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	55,983,032	87.70

MINERAL TENEMENT INFORMATION

AS AT 30 SEPTEMBER 2022

MINING TENEMENTS AND BENEFICIAL INTERESTS, AND THEIR LOCATION:

Tenement	Location	Registered Holding	Beneficial Interest
E08/1227-I	West Pilbara, WA	0%	Note 1
E08/1283-I	West Pilbara, WA	0%	Note 1
E08/1289-I	West Pilbara, WA	0%	Note 1
E08/1293-I	West Pilbara, WA	0%	Note 1
E08/1294-I	West Pilbara, WA	0%	Note 1
E08/1295-I	West Pilbara, WA	0%	Note 1
E08/1430-I	West Pilbara, WA	0%	Note 1
E08/1516-I	West Pilbara, WA	0%	Note 1
E08/1537-I	West Pilbara, WA	0%	Note 1
E47/1141-I	West Pilbara, WA	0%	Note 1
E47/1693-I	West Pilbara, WA	0%	Note 1
M47/1472-I	West Pilbara, WA	0%	Note 1
M08/483-I	West Pilbara, WA	0%	Note 1
M08/484-I	West Pilbara, WA	0%	Note 1
M08/485-I	West Pilbara, WA	0%	Note 1
M08/480-I	West Pilbara, WA	0%	Note 2
M08/512-I	West Pilbara, WA	0%	Note 2
M08/499-I	West Pilbara, WA	100%	Note 3
M08/500-I	West Pilbara, WA	100%	Note 3
M08/501	West Pilbara, WA	100%	Note 3
M08/505-I	West Pilbara, WA	100%	Note 3
E08/2730	West Pilbara, WA	100%	Note 3
E08/2729	West Pilbara, WA	100%	Note 3
ELA08/3382	West Pilbara, WA	100%	Note 3
ELA08/3540	West Pilbara, WA	100%	Note 3
L08/0305	West Pilbara, WA	100%	Note 3
M47/1504-I	West Pilbara, WA	0%	Note 4
M47/1464-I	West Pilbara, WA	0%	Note 4

Note 1: Red Hill Iron Limited has a beneficial interest of 100% in all minerals other than iron ore.
Covered by RHIOJV Iron Ore Production Agreement.

Note 2: Covered by RHIOJV Iron Ore Production Agreement only.

Note 3: 100%

Note 4: Iron Ore Production Royalty Agreement with Mineral Resources Limited for Upper Red Hill Creek (M47/1504) and Bungaroo South (M47/1464).

Key:

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

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NOTES

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