

16 March 2022

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

Interim Financial Report for the half-year ended 31 December 2021

Attached is the Red Hill Iron Limited Interim Financial Report for the half-year ended 31 December 2021.

Correction of the Quarter 2 Cash Flow Report

Section 5 of the Company's Quarter 2 Cash Flow Report - Reconciliation of Cash and Cash Equivalents was lodged with the ASX on 31 January 2022 and included \$41M classified as "Other: Term Deposits" and a total Cash and Cash Equivalents balance of \$111.6M.

When preparing the Interim Financial Report an adjustment was made to reclassify \$30M of the Term Deposits as Other Financial Assets on account of their having a term greater than 3 months. As a result, the balance of Cash and Cash Equivalents was amended down by \$30M to \$81.6M. This amendment should have been reflected in the Quarter 2 Cash Flow Report.

Authorised by the board

P.C. Rutledge
Company Secretary

RED HILL IRON LIMITED

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2021

ABN 44 114 553 392

CONTENTS

DIRECTORS' REPORT	1
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF CHANGES IN EQUITY	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7
DIRECTORS' DECLARATION	14
AUDITOR'S INDEPENDENCE DECLARATION	15
INDEPENDENT AUDITOR'S REVIEW REPORT	16

DIRECTORS' REPORT

The directors of Red Hill Iron Limited (Red Hill Iron or the Company) submit their report for the half-year ended 31 December 2021.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as set out below. Directors were in office for this entire period unless otherwise stated.

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

REVIEW AND RESULTS OF OPERATIONS

Red Hill Iron is an iron ore and gold and base metals explorer whose activities are concentrated in the West Pilbara region of Western Australia.

The Company's operating profit for the half-year ended 31 December 2021, after income tax, was \$144,875,450 (2020: \$348,435 loss).

On 10 November 2021 the Company paid a fully franked Special Dividend of \$1.20 per share. The Company aims to maintain a regular dividend distribution policy that it deems appropriate from revenue while allowing for the expenditure requirements of its business activities.

The operating profit and the payment of the special dividend followed the sale in July of the Company's 40% interest in the Red Hill Iron Ore Joint Venture (RHIOJV) to Mineral Resources Limited (MinRes). The sale resulted in an initial payment of \$200 million with a further \$200 million to be paid when the first commercial shipment of iron ore extracted from the RHIOJV tenements departs port. Red Hill Iron will also receive a 0.75% FOB royalty revenue stream from all future production from the RHIOJV tenements and, for the first 10 years, also from the APIJV owned Upper Red Hill Creek tenement. Red Hill Iron will receive additional royalties of 0.75% FOB from all production from the MRL owned Bungaroo South resources that are developed in association with RHIOJV production.

The sale of the Company's interest in the RHIOJV related only to iron ore and the company retains 100% of the rights to all other minerals in the 1,900 sq kilometres of ground contained within the RHIOJV tenements. The RHIOJV participants are required to meet all expenditure commitments, rents and rates on the RHIOJV tenements.

Red Hill Iron is increasing the level of exploration for base and precious metals on this large area of prospective ground, having established dedicated management for this base and precious metal exploration project and an exploration team is currently being assembled. Assaying of existing drill core for base and precious metals is underway at Red Hill Iron's expense and fieldwork programmes for this year are well advanced. It is anticipated that the exploration spend on this project will approach approximately \$3 million per annum as the program develops.

Red Hill Iron is also moving forward with its studies for the development of the Pannawonica iron ore deposits. It recognises the opportunity to mine and truck modest tonnes of iron ore for export with the deposits being only some 150 kilometres from the nearest of several possible export port facilities.

As the Company will receive further payments from the sale of its 40% interest in the RHIOJV, progress by MinRes with the development of those iron ore deposits is important to the Company. MinRes have advised that their wholly owned subsidiary has taken over from API Management Pty Ltd as the manager and agent of the RHIOJV. In their half yearly results presentation (ASX:MIN 9 February 2022) MinRes provided an update on progress with the development of their Ashburton Hub of which the RHIOJV is a substantial component. Stage 1 of the Ashburton Hub will be 30Mtpa + 30 year mine life producing a Fe 57.5% product. Capital expenditure is estimated to be between A\$2.4 and \$2.55bn and operational expenditure estimated to be between A\$30 and \$35 per wmt FOB pre-royalties. MinRes also have advised that a final investment decision from JV partners Baowu, AMCI and POSCO is anticipated in June 2022 and first ore is targeted for December 2023 to March 2024. Once that milestone is achieved and ore is shipped from the project we will receive the second payment tranche of \$200 million and our royalty payments will commence.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than set out above, there were no significant changes in the state of affairs of the Company during the half-year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under section 307C of the Corporations Act 2001 is included in this Interim Financial Report.

Signed in accordance with a resolution of the directors.



Joshua Pitt
Executive Chairman
Perth, 16 March 2022

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Note	31 December 2021 \$	31 December 2020 \$
Gain on disposal of joint venture interest	2	199,897,890	-
Revenue from continuing operations	3	55,711	1,327
Other income	3	-	17,901
Exploration expenditure costs		(439,376)	(50,901)
Administration expenses	4	<u>(2,235,543)</u>	<u>(316,762)</u>
Profit/(loss) before income tax		197,278,682	(348,435)
Income tax expense	5	<u>(52,403,232)</u>	-
Profit/(loss) for the half-year after tax		144,875,450	(348,435)
Other comprehensive income for the half-year		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the half-year attributable to the ordinary equity holders of the Company		<u>144,875,450</u>	<u>(348,435)</u>
Earnings/(loss) per share attributable to the ordinary equity holders of the Company			
Basic and diluted earnings/(loss) per share		235.2 cents	(0.58) cents

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

**STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2021**

	Note	31 December 2021 \$	30 June 2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents		81,601,553	92,029
Other financial assets		30,000,000	-
Other receivables		<u>229,120</u>	<u>12,204</u>
Total Current Assets		<u>111,830,673</u>	<u>104,233</u>
Non-Current Assets			
Exploration and evaluation	6	9,905,915	10,008,025
Plant and equipment		<u>403</u>	<u>-</u>
Total Non-Current Assets		<u>9,906,318</u>	<u>10,008,025</u>
Total Assets		<u>121,736,991</u>	<u>10,112,258</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		170,768	333,551
Income tax payable		<u>41,398,905</u>	<u>-</u>
Total Current Liabilities		<u>41,569,673</u>	<u>333,551</u>
Total Liabilities		<u>41,569,673</u>	<u>333,551</u>
Net Assets		<u><u>80,167,318</u></u>	<u><u>9,778,707</u></u>
EQUITY			
Issued capital	7	30,188,863	28,081,923
Reserves		1,322,302	1,322,302
Retained earnings/(accumulated losses)		<u>48,656,153</u>	<u>(19,625,518)</u>
Total Equity		<u><u>80,167,318</u></u>	<u><u>9,778,707</u></u>

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

**STATEMENT OF CHANGES IN EQUITY
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Note	Issued Capital \$	Share Based Payments Reserve \$	Exercised Options Reserve \$	Retained Earnings/ (Accumulated Losses) \$	Total Equity \$
2021						
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 half-year		-	-	-	144,875,450	144,875,450
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income for the half-year		-	-	-	144,875,450	144,875,450
Dividends paid	8				(76,593,779)	(76,593,779)
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 expired options		-	(793,000)	793,000	-	-
Balance at 31 December 2021		30,188,863	243,532	1,078,770	48,656,153	80,167,318
2020						
Balance at 1 July 2020		28,081,923	243,532	285,770	(17,970,773)	10,640,452
Net loss for the half-year		-	-	-	(348,435)	(348,435)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the half-year		-	-	-	(348,435)	(348,435)
Transactions with equity holders in their capacity as equity holders:						
Share-based payments		-	89,000	-	-	89,000
Balance at 31 December 2020		28,081,923	332,532	285,770	(18,319,208)	10,381,017

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

**STATEMENT OF CASH FLOWS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	31 December 2021	31 December 2020
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(2,626,461)	(223,673)
Payments for exploration expenditure	(420,198)	(51,934)
Government grants and tax incentives	-	29,835
Interest received	39,573	2,176
Interest paid	(458)	-
Income tax paid	(11,000,000)	-
	<u>(14,007,544)</u>	<u>(243,596)</u>
Net cash outflows from operating activities		
Cash flows from investing activities		
Proceeds from disposal of joint venture interest	200,000,000	-
Payments to acquire property, plant and equipment	(403)	-
Payments for term deposits classified as financial assets	(30,000,000)	-
	<u>169,999,597</u>	<u>-</u>
Net cash inflow from investing activities		
Cash flows from financing activities		
Proceeds from share issue	2,112,500	-
Payments for share issue costs	(1,250)	-
Proceeds from borrowings	220,000	-
Repayment of borrowings	(220,000)	-
Dividends paid	(76,593,779)	-
	<u>(74,482,529)</u>	<u>-</u>
Net cash outflows from financing activities		
Net increase/(decrease) in cash and cash equivalents	81,509,524	(243,596)
Cash and cash equivalents at the beginning of the half-year	<u>92,029</u>	<u>651,167</u>
Cash and cash equivalents at the end of the half-year	<u><u>81,601,553</u></u>	<u><u>407,571</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**
NOTE 1 – SEGMENT INFORMATION

The directors of Red Hill Iron (who, collectively as the board, are the chief operating decision makers) have determined that the Company has one reportable segment, being mineral exploration within Australia. The board of directors monitors the Company based on actual versus budgeted exploration expenditure. This internal reporting framework is the most relevant to assist the board with making decisions regarding its ongoing exploration activities.

	31 December 2021	30 June 2021
	\$	\$
Reportable segment assets	<u>9,905,915</u>	<u>10,008,025</u>
Reconciliation of reportable segment assets:		
Reportable segment assets	9,905,915	10,008,025
Unallocated corporate assets	<u>111,831,076</u>	<u>104,233</u>
Total assets	<u>121,736,991</u>	<u>10,112,258</u>
Reportable segment liabilities	<u>33,163</u>	<u>41,353</u>
Reconciliation of reportable segment liabilities:		
Reportable segment liabilities	33,163	41,353
Unallocated corporate liabilities	<u>41,536,510</u>	<u>292,198</u>
Total liabilities	<u>41,569,673</u>	<u>333,551</u>
	31 December 2021	31 December 2020
	\$	\$
Reportable segment profit/(loss)	<u>199,458,514</u>	<u>(50,901)</u>
Reconciliation of reportable segment profit/(loss):		
Reportable segment profit/(loss)	199,458,514	(50,901)
Other revenue	55,711	19,228
Unallocated corporate expenses	<u>(2,235,543)</u>	<u>(316,762)</u>
Profit/(loss) before tax	<u>197,278,682</u>	<u>(348,435)</u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**
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 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 6) 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 when the relevant iron ore is extracted and sold.

	31 December 2021	31 December 2020
	\$	\$
Proceeds from disposal of joint venture interest	200,000,000	-
Acquisition cost of exploration asset	<u>(102,110)</u>	<u>-</u>
Gain on disposal of joint venture interest	<u>199,897,890</u>	<u>-</u>

NOTE 3 – REVENUE

	31 December 2021	31 December 2020
	\$	\$
Revenue from continuing operations		
Interest income	<u>55,711</u>	<u>1,327</u>
Other income		
Cash flow boost	<u>-</u>	<u>17,901</u>

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.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**
NOTE 4 – ADMINISTRATION EXPENSES

	31 December 2021	31 December 2020
	\$	\$
Loss before income tax includes the following specific administration expenses:		
Personnel expenses:		
Salaries, directors' fees and associated expenses	246,812	69,555
Superannuation	20,886	4,896
Share-based payments	-	89,000
Less: recharged to exploration expenditure	(8,568)	-
	<u>259,130</u>	<u>163,451</u>
Other administration expenses:		
Accounting fees	55,654	25,967
Administration services	29,557	29,557
Audit fees	12,439	7,934
Company secretarial	20,672	20,672
Consulting fees	1,500,000	-
Legal	239,466	19,646
Rental of office	34,602	32,872
Other	84,023	16,663
	<u>2,235,543</u>	<u>316,762</u>

NOTE 5 – INCOME TAX

31 December 2021	31 December 2020
\$	\$

(a) Income tax expense

The components of income tax expense comprise:

Current tax expense	(59,362,156)	-
Deferred tax benefit	6,958,924	-
	<u>(52,403,232)</u>	<u>-</u>

**(b) Reconciliation of income tax expense to prima facie tax payable
 on accounting profit**

Profit/(loss) before income tax	<u>197,278,682</u>	<u>(348,435)</u>
Prima facie tax (payable)/benefit at Australian rate of 25% (2020: 30%)	(49,319,670)	104,531
Adjusted for tax effect of the following amounts:		
Non-deductible items	(282)	(26,700)
Non-taxable items	-	6,310
Adjustment for change in tax rate	(893,651)	-
Tax benefit not brought to account	(2,189,629)	(84,141)
	<u>(52,403,232)</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**
NOTE 5 – INCOME TAX (continued)

The debit for current income tax expense is based on the profit for the period 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 period. Therefore, the reduced corporate tax rate of 25% applies to the Company.

(c) Deferred tax assets and liabilities not brought to account	31 December 2021	30 June 2021
	\$	\$
The directors estimate that the potential deferred tax assets and liabilities carried forward but not brought to account at period 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	10,032,050	8,415
Taxable temporary differences	(2,480,513)	(3,002,408)
	<hr/>	<hr/>
Unrecognised net deferred tax assets	7,551,537	5,361,908
	<hr/>	<hr/>
(d) Income tax payable	41,398,905	-
	<hr/>	<hr/>

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 6 – EXPLORATION AND EVALUATION	31 December 2021	30 June 2021
	\$	\$
Carrying amount at beginning of the period	10,008,025	10,008,025
Sale of interest in RHIOJV	(102,110)	-
	<hr/>	<hr/>
Carrying amount at end of the period	9,905,915	10,008,025
	<hr/>	<hr/>

The carrying amount represents the initial cost of the Company's wholly-owned Pannawonica Iron Ore Project and the initial acquisition cost of the tenements that form the basis of the RHIOJV. During the year the Company sold its interest in the RHIOJV.

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 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 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.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**
NOTE 7 – ISSUED CAPITAL

	Half-year to 31 December 2021	Year to 30 June 2021	Half-year to 31 December 2021	Year to 30 June 2021
	Number	Number	\$	\$
Ordinary Shares Fully Paid				
Balance at start of period	59,878,149	59,878,149	28,081,923	28,081,923
Shares issued during the period, net of costs	3,950,000	-	2,106,940	-
	<u>63,828,149</u>	<u>59,878,149</u>	<u>30,188,863</u>	<u>28,081,923</u>

Share Options

Balance at start of period	3,950,000	-
Options issued during the period	-	3,950,000
Options expired during the period	-	-
Options exercised during the period	(3,950,000)	-
	<u>-</u>	<u>3,950,000</u>

During the period 2,450,000 employee options and 1,500,000 director options were exercised. No options were issued or expired during the current period.

NOTE 8 – DIVIDENDS

	Half-year to 31 December 2021	Year to 30 June 2021
	\$	\$
Special fully franked dividend of \$1.20 (2021: nil)	<u>76,593,779</u>	<u>-</u>

The special dividend was franked to 100% and was paid on 10 November 2021. Franking credits available for subsequent reporting periods based on a tax rate of 25% (2021: 30%) amount to \$10,444,006 at 31 December 2021 with a comparative of nil at 30 June 2021.

NOTE 9 – COMMITMENTS FOR EXPENDITURE

In order to maintain the mineral tenements in which the Company owns, the Company is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. Since the last reporting date, there has been no material change in these commitments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021****NOTE 10 – RELATED PARTY TRANSACTIONS AND BORROWINGS****Borrowings from directors**

Borrowings relate to a loan facility of \$500,000 provided by a company associated with a director, Mr Pitt. Details of the facility is included in the Company's 2021 Annual Report. During the period, the Company drew down \$220,000 on this facility and repaid it in full, inclusive of interest, before terminating the facility.

Payments to related parties

All other arrangements with related parties, details of which are set out in the financial report for the year ended 30 June 2021, continue to be in place.

NOTE 11 – 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 tenement and, during the first 10 years from the FOOS date, the APIJV-owned Upper Red Hill Creek mining tenement.

The directors are not aware of any contingent liabilities as at 31 December 2021.

NOTE 12 – FINANCIAL INSTRUMENTS

The Company has a number of financial instruments which are not measured at fair value on a recurring basis in the statement of financial position. The directors consider that the carrying amounts of these financial instruments are a reasonable approximation of their fair value.

NOTE 13 – EVENTS OCCURRING AFTER BALANCE DATE

Other than as set out in the Review and Results of Operation section, to the best of the directors' knowledge and belief, there were no matters or circumstances which have arisen since the end of the half-year which have significantly affected the operations of the Company, nor are there any such matters or circumstances or any likely developments which, in the opinion of the directors, may affect the future results of those operations or the state of affairs of the Company.

NOTE 14 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Red Hill Iron is a for-profit public company, incorporated and domiciled in Australia and listed on the Australian Securities Exchange.

Statement of compliance and basis of preparation

The half-year financial statements are general-purpose financial statements, prepared in accordance with the requirements of the Corporations Act 2001 and applicable Accounting Standards, including AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with IAS 34 "Interim Financial Reporting".

The half-year financial statements do not include all notes of the type normally included within the annual financial statements. It cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial statements and should be read in conjunction with the 30 June 2021 annual financial report of Red Hill Iron.

It is also recommended that the half-year financial statements be considered together with any public announcements made by Red Hill Iron during the half-year ended 31 December 2021 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial statements have been prepared on the accruals basis and are based on historical cost.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021****NOTE 14 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

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.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the Company's financial statements for the year ended 30 June 2021 and the corresponding half-year reporting period.

Accounting standards and interpretations adopted*New accounting standards and interpretations applicable to 31 December 2021*

In the half-year ended 31 December 2021, 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 half-year 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 on the Company of any new and revised Standards and Interpretations and therefore no material change is necessary to accounting policies.

New accounting standards and interpretations issued, not yet effective, for the period ending 31 December 2021

The directors have 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 half-year reporting periods beginning on or after 1 January 2022.

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

**DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

1. In the opinion of the directors of the Company:
 - a) the accompanying financial statements and notes, as set out in this Interim Financial Report, are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory reporting requirements; and
 - (ii) give a true and fair view of the Company's financial position as at 31 December 2021 and of the performance for the half-year then ended.
 - 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 Interim Financial Report is in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration is signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.



Joshua Pitt
Executive Chairman
Perth, 16 March 2022

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Red Hill Iron Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
16 March 2022



M R Ohm
Partner

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Liability limited by a scheme approved under Professional Standards Legislation.

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

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Red Hill Iron Limited

Report on the Interim Financial Report

Qualified Conclusion

We have reviewed the accompanying interim financial report of Red Hill Iron Limited ("the Company") which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Company.

Based on our review, which is not an audit, except for the possible effects of the matter described in the *Basis for qualified conclusion* paragraph below, we have not become aware of any matter that makes us believe that the half-year financial report of Red Hill Iron Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for qualified conclusion

As disclosed in Note 2 to the interim financial report, the Company disposed of its interest in the Red Hill Iron Ore Project (the 'Interest') during the period for an initial cash payment of \$200 million, a further cash payment of \$200 million payable on first commercial shipment of iron ore and a royalty of 0.75% of free on board revenue payable on all iron ore extracted and sold from the tenements indicated in Note 2.

As at the date of approval of the interim financial report, we have been unable to obtain sufficient, appropriate evidence in relation to the amount of tax losses available to be deducted from assessable income relating to the gain arising on the disposal of the Interest. Had we been able to obtain sufficient, appropriate evidence in relation to the amount of tax losses available, matters might have come to our attention indicating that adjustments might be necessary to the interim financial report.

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the interim ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
16 March 2022



M R Ohm
Partner