

30 April 2021

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

Terms of Director Options issued and announced in Appendix 3B

Attached is a copy of the terms of the Director Options issue announced today.

By authority of the Board

P C Ruttledge
Company Secretary

RED HILL IRON LIMITED

ABN 44 114 553 392

Terms and Conditions of options issued to non-executive directors on 27 April 2021

- (a) Each Option entitles the Option-holder to subscribe for one fully paid ordinary share in the capital of Red Hill Iron Limited
- (b) Issue Price: Each Option is issued for nil consideration;
- (c) Exercise Price: The Exercise Price is \$1.00 per Option;
- (d) Expiry Date: The Options will expire at 5pm Western Standard Time (WST) on 7 March 2024 unless expiry occurs earlier under these terms and conditions;
- (e) Grant Date: 9 March 2021;
- (f) Vesting Date: The Options will vest upon issue following Shareholder approval;
- (g) Not transferable and not listed: The Options are not transferable and not listed;
- (h) Exercise: Subject to (i) below, the Options may be exercised by notice in writing to the Company (the Exercise Notice), delivery of the option certificate and payment of the Exercise Price to the Company at any time prior to 5.00 pm WST on the Expiry Date (the Exercise Period). The Options may be exercised in one or more lots on different occasions during the Exercise Period, provided that such lots are equal to or a multiple of 50,000 options. Within 5 business days of receipt of the Exercise Notice and option certificate and payment of the Exercise Price, the Company will allot the corresponding number of fully paid ordinary shares to the Option-holder, procure the issue of a statement of holding for the shares and apply for the shares to be listed on the Australian Securities Exchange (ASX). The shares issued as a result of exercise of the Options shall rank equally in all respects with the other issued fully paid shares in the Company. In the event of an exercise of less than all of the Options held by the Option-holder a balance option certificate will also be issued.
- (i) Cessation of engagement:
 - (i) In the event that the Option-holder is deceased or otherwise ceases to be engaged as a director of the Company at any time prior to the Expiry Date, then, with effect from the date of ceasing to be engaged (the Cessation Date), the number of Options held by that Option-holder which can validly be exercised as at the Cessation Date may be exercised by or on behalf of the Option-holder, or the Option-holder's permitted nominee holder, within the lesser of 3 months from the Cessation Date and the term remaining to the Expiry Date of the Options, following which that Option-holder's Options shall forthwith lapse and have no further effect, unless otherwise determined by the directors of the Company;
 - (ii) In the event that the Option-holder's services to the Company are terminated by the Company following, or as a result of, the takeover of the Company, or following a change of control of the Company (being a change in the composition of the shareholders of the Company whereby a person who does not presently control the Company within the meaning of Section 500A of the Corporations Act 2001 (Cth) gains such control over the Company), all the Options shall remain in full force and effect for the full term up until the Expiry Date;
- (j) New share issues: There are no participation rights or entitlements inherent in the Options and their holder will not be entitled to participate in new issues of capital offered to shareholders without exercising the options. The Company, however, will ensure that, for the purposes of determining entitlements to any such issue, the books closing date will be in accordance with the ASX Listing Rules. Subject to any requirements of the Corporations Act and ASX Listing Rules, the Options do not confer the right to a change in exercise price or the number of securities over which the Options are exercisable;
- (k) Reorganisations: In the event of any reorganisation of the issued capital of the Company, the number of Options or the exercise price of the Options or both shall be reconstructed in a manner which complies with the ASX Listing Rules in force at that time and in all other respects the terms for the exercise of the Options shall remain unchanged; and
- (l) Options not exercised by 5.00 pm WST on the Expiry Date will automatically expire.