

30 April 2014

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

Dear Sir/Madam

## **ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2014**

The quarter has seen further progress (see ASX Release dated 14 April 2014) towards commercialisation of the Company's Pannawonica and Three Peak Hill Projects. Red Hill Iron Limited (RHI) is now considering the commencement of a Definitive Feasibility Study of the Pannawonica CID deposits. This is an exciting development for the Company. The previously announced Pannawonica Mineral Resource Estimate of 62.5 million tonnes of 53.4% iron (JORC Code 2012 compliant) together with the Company's 20% participating share of the previously announced Mineral Resource Estimate for the Red Hill Iron Ore Joint Venture (RHIOJV) of 94 million tonnes of 56.7% iron (JORC Code 2004 compliant) puts RHI's CID inventory at more than 156 million tonnes. This figure excludes significant additional tonnes currently the subject of legal proceedings between RHI and API Management Pty Ltd (API) the Manager of the RHIOJV over ownership of the ore reserves of the Ken's Bore East CID which RHI contends fall within the RHIOJV Project Area.

### **PANNAWONICA IRON ORE PROJECT - 100% RED HILL IRON**

The Pannawonica Iron Ore Project, which is located approximately 1,200 kilometers north of Perth and 22 kilometers west of Pannawonica in the northwest of Western Australia, comprises the Redgate and Whitegate channel iron ore deposits. Mineral tenure over the project consists of three granted Mining Leases held by Red Hill Iron.

The deposits lie to the North and the South of Rio Tinto's Mesa A railway and the access road to Pannawonica township and are within 10 kilometers of a proposed new railway to Anketell Point designed to service the Australian Premium Iron Ore Joint Venture channel iron ore deposits that include the RHIOJV resources in which RHI has an interest. Also, the proposed Iron Ore Holdings Limited (IOH) haul road to the proposed new port at Cape Preston East runs close to the project boundary.

**The Project has now advanced to the stage where the following milestones have been achieved:-**

- **Mining Leases** have been granted and registered in RHI's name over the Redgate and Whitegate deposits;
- **A Maiden Ore Reserve estimate** of 29.3 million tonnes grading 54% iron has been independently estimated in terms of JORC Code 2012 – announced 14 April 2014. (This Ore Reserve estimate is derived from and included in the previously announced 62.5 million tonne Mineral Resource estimate);
- **Pre-Feasibility Study** has indicated that a profitable mining operation could be developed on the Redgate and Whitegate deposits;
- **Native Title Agreement** has been reached with the Kuruma and Marthudunera group within whose claim area the Project falls;
- **Sinter test work** has confirmed the product's acceptability for smelter blending;
- **A Mining Lease** has also been granted to RHI over the proposed Three Peak Hill hard rock road, rail and port construction material quarry.

**RED HILL IRON ORE JOINT VENTURE - 40% RED HILL IRON (reducing to 20% on first delivery of ore to customers)**

The manager of the RHIOJV, API Management Pty Ltd, has reported on the quarter's activities as follows (the RHIOJV Report):-

- *There were no significant safety incidents reported during the March quarter*
- *Outstanding results from the 2013 drill programme at the Trinity Bore CID Deposit have been received and better RC drill assays include ( $\geq 15m$  thick):*
  - *20m @ 55.55% Fe from 10m in TBRC775.*
  - *16m @ 54.67% Fe from 4m in TBRC791.*
- *Compliance activities were carried out in respect of mine environmental approval and licence conditions;*
- *Drafting of Native Title (Land Access Agreements) with Kuruma Marthudunera (KM) and Puutu Kunti Kurrama & Pinkura (PKKP) people were finalised;*
- *Reporting compilation of Section 16 Heritage work continued;*

**FEASIBILITY & COMPLIANCE**

**Environmental**

*Groundwater monitoring (level and quality) was undertaken across the mine area during the quarter.*

*A Compliance Assessment Report (condition 4 of Ministerial Statement 881) was submitted to the Office of the Environmental Protection Authority. An Annual Aquifer Review was submitted to the Department of Water, in fulfilment of a licence condition.*

*Several management plans and an environmental offset document, as required by environmental approval conditions, were progressed during the quarter.*

## **Land Management**

*In consultation with the Group's representatives final drafts of each of the K&M and PKKP Land Access Agreements have been circulated to the RHIOJV Participants.*

*The analysis and reporting required to fulfil conditions attached to the Section 16 permit fieldwork continues.*

*The initial Cultural Heritage Management Plan has been completed and GIS data quality assurance work is on-going.*

*Work is continuing to complete Heritage Information Submission Forms as required by the Department of Aboriginal Affairs.*

*Tenement related processes for miscellaneous licences continued.*

*'Opting in' to the Mining Rehabilitation Fund (MRF) has been completed and disturbance areas reported to DMP for the various tenements. DMP has retired the Unconditional Performance Bonds on these tenements which are now the subject of the MRF.*

## **EXPLORATION**

*Exploration work continued during the Quarter targeting Channel Iron Deposits (CID) and included final preparations for the commencement of infill RC drilling at several resource areas within the project area (Figure 1). Outstanding results from the 2013 drill programme at the Trinity Bore CID Deposit have also been received and better RC drill assays include ( $\geq 15\text{m}$  thick):*

- 20m @ 55.55% Fe from 10m in TBRC775.*
- 16m @ 54.67% Fe from 4m in TBRC791.*

*Intercepts are true widths and calculated for greater than 54% Fe.*

*A full list of better intercepts (intercepts  $\geq 10\text{m}$  thick) are reported in Table 1 and Figure 2 shows the location of these drill holes. Drilling targeted CID mineralisation formed by the alluvial and chemical deposition of iron rich sediments in palaeo-river channels. Results, reported in Table 1, confirm the interpreted mineralised zones within the previously defined resource envelopes at Trinity Bore.*

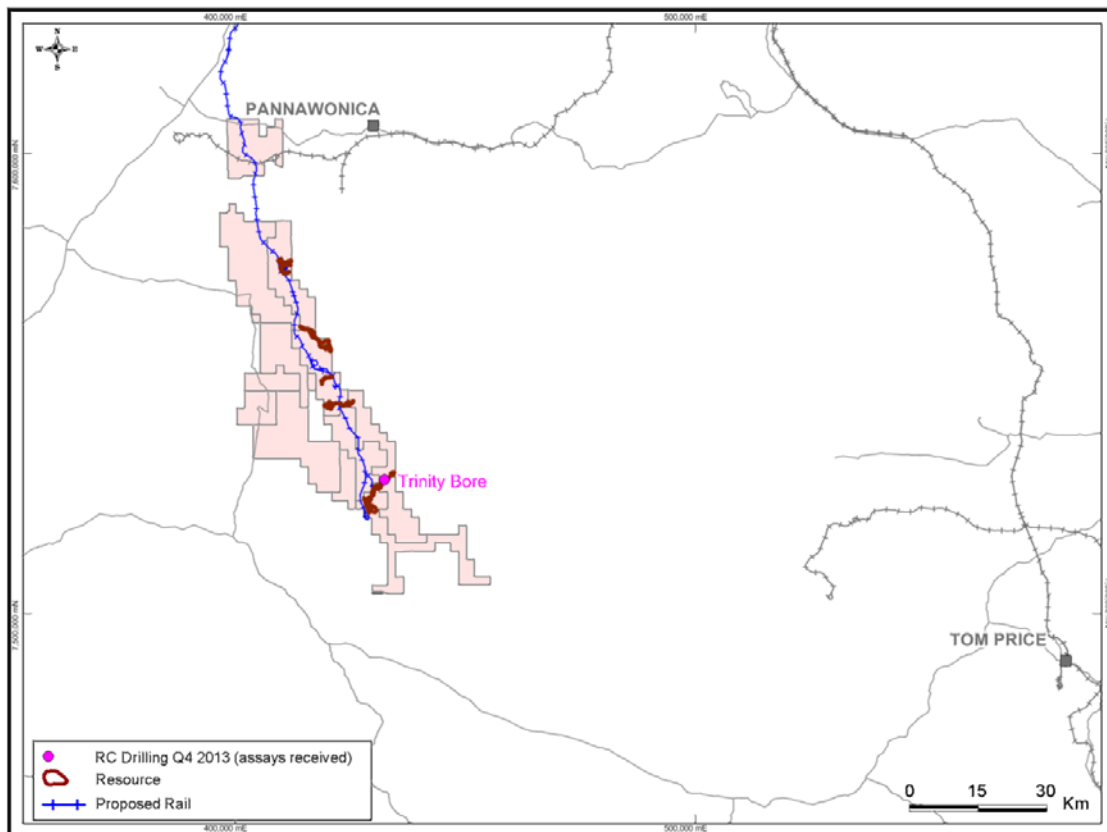
*Infill RC drilling will commence at several resource areas next Quarter.*

**Table 1 - Better Drilling Intercepts for Trinity Bore prospect (RHIOJV) – March 2014 Quarter**

Hole ID	Easting	Northing	RL	From	Intercept	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	P %	S %	LOI %	Hole Depth
TBRC 775	431418	7527496	311	10	20m @ 55.55% Fe	3.96	6.66	0.064	0.018	9.34	40
TBRC 776	431427	7527505	331	18	10m @ 56.00% Fe	3.41	6.91	0.074	0.008	9.06	40
TBRC 777	431513	7527598	326	18	14m @ 55.76% Fe	3.81	5.64	0.062	0.011	10.18	40
TBRC 779	431760	7527907	311	18	14m @ 56.75% Fe	3.62	5.00	0.071	0.013	9.59	52
TBRC 782	433151	7529441	329	0	14m @ 56.36% Fe	3.82	5.25	0.083	0.014	9.75	46
TBRC 783	433036	7529451	327	2	12m @ 56.21% Fe	3.27	6.64	0.088	0.012	9.20	46
TBRC 784	432850	7529471	327	4	10m @ 57.14% Fe	3.31	4.92	0.089	0.019	9.63	46
TBRC 787	432622	7529509	335	14	10m @ 55.28% Fe	4.55	5.98	0.101	0.024	9.93	52
TBRC 791	434004	7530340	326	4	16m @ 54.67% Fe	4.24	7.06	0.063	0.012	10.08	46

Intercepts are true widths ≥ 10m thick and calculated using a 54% Fe cut-off.  
All drill holes were drilled vertically and co-ordinates are in MGA94 Zone 50.

A full list of results is reported in Table 2 in Appendix 1 to the RHIOJV Report.



**Figure 1 - Location Plan**

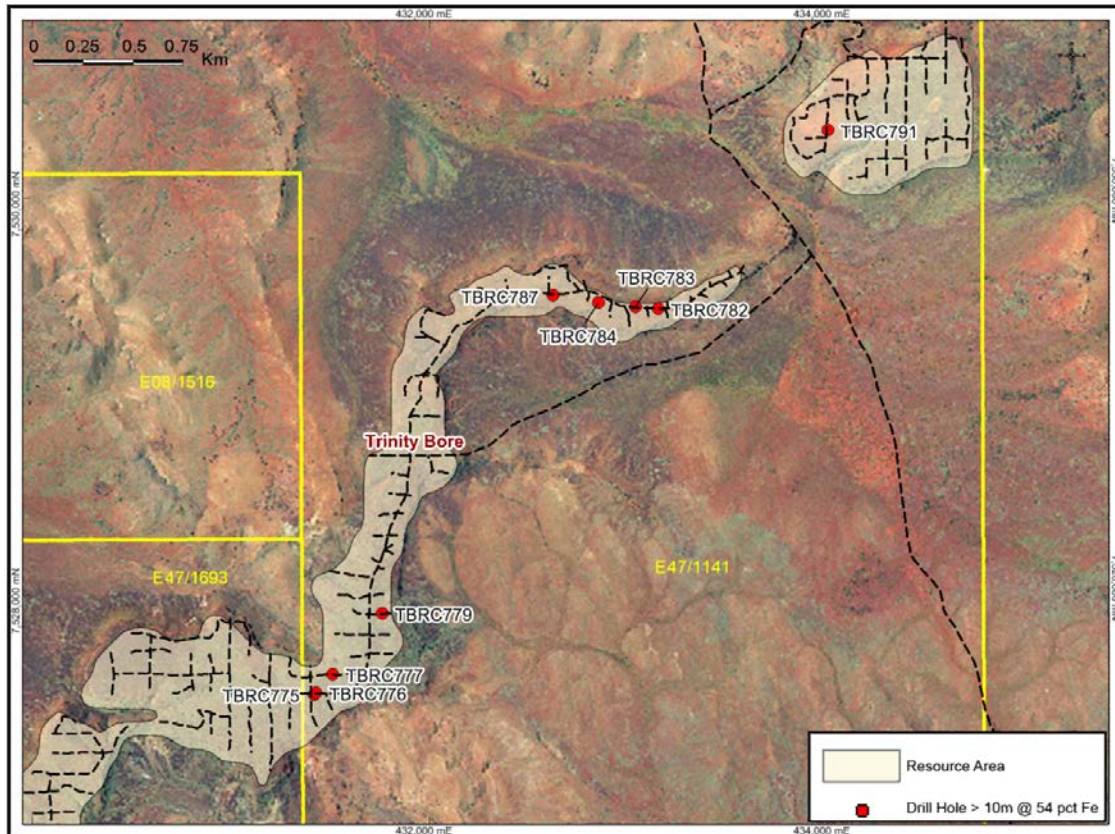


Figure 2 – Drill Hole Assay Results – Trinity Bore

Neil Tomkinson

Chairman

**Competent Person Statement**

***Exploration Results***

*The information in this report that relates to exploration results is based on information compiled by Mr Stuart Tuckey, who is a Member of The Australasian Institute of Mining and Metallurgy and is a full-time employee of API Management Pty Ltd. Mr Tuckey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Tuckey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

## APPENDIX 1 to the RHIOJV report

### Table 2 – Drilling Intercepts Received– March 2014 Quarter

Project	Prospect	Hole ID	Easting	Northing	RL	Total Depth	From	Intercept	Al2O3 %	SiO2 %	P%	S%	LOI1000 %
RHIOJV	Trinity Bore	TBRC775	431418	7527496	311	40	10	20m @ 55.55% Fe	3.96	6.66	0.064	0.018	9.34
RHIOJV	Trinity Bore	TBRC776	431427	7527505	331	40	4	2m @ 55.65% Fe	4.27	7.31	0.045	0.056	8.30
RHIOJV	Trinity Bore	TBRC776	431427	7527505	331	40	18	10m @ 56.00% Fe	3.41	6.91	0.074	0.008	9.06
RHIOJV	Trinity Bore	TBRC777	431513	7527598	326	40	12	2m @ 54.15% Fe	4.86	8.01	0.061	0.021	9.06
RHIOJV	Trinity Bore	TBRC777	431513	7527598	326	40	18	14m @ 55.76% Fe	3.81	5.64	0.062	0.011	10.18
RHIOJV	Trinity Bore	TBRC778	431754	7527704	340	40							
RHIOJV	Trinity Bore	TBRC779	431760	7527907	311	52	10	2m @ 54.65% Fe	4.64	7.80	0.070	0.019	8.92
RHIOJV	Trinity Bore	TBRC779	431760	7527907	311	52	18	14m @ 56.75% Fe	3.62	5.00	0.071	0.013	9.59
RHIOJV	Trinity Bore	TBRC782	433151	7529441	329	46	0	14m @ 56.36% Fe	3.82	5.25	0.083	0.014	9.75
RHIOJV	Trinity Bore	TBRC783	433036	7529451	327	46	2	12m @ 56.21% Fe	3.27	6.64	0.088	0.012	9.20
RHIOJV	Trinity Bore	TBRC784	432850	7529471	327	46	4	10m @ 57.14% Fe	3.31	4.92	0.089	0.019	9.63
RHIOJV	Trinity Bore	TBRC785	432839	7529521	317	46	10	2m @ 56.09% Fe	3.38	6.44	0.099	0.028	9.55
RHIOJV	Trinity Bore	TBRC786	432652	7529645	306	46	2	4m @ 56.01% Fe	3.78	6.73	0.089	0.018	8.96
RHIOJV	Trinity Bore	TBRC787	432622	7529509	335	52	14	10m @ 55.28% Fe	4.55	5.98	0.101	0.024	9.93
RHIOJV	Trinity Bore	TBRC788	432459	7529512	327	58	16	4m @ 57.14% Fe	3.72	4.95	0.089	0.028	9.14
RHIOJV	Trinity Bore	TBRC789	432325	7529483	329	58	14	2m @ 55.42% Fe	3.24	8.18	0.072	0.014	8.64
RHIOJV	Trinity Bore	TBRC789	432325	7529483	329	58	18	2m @ 54.93% Fe	3.83	6.12	0.100	0.022	10.70
RHIOJV	Trinity Bore	TBRC790	432080	7529260	310	40							
RHIOJV	Trinity Bore	TBRC791	434004	7530340	326	46	4	16m @ 54.67% Fe	4.24	7.06	0.063	0.012	10.08
RHIOJV	Trinity Bore	TBRC792	434013	7530320	344	34	0	2m @ 54.88% Fe	4.37	6.26	0.038	0.019	10.20
RHIOJV	Trinity Bore	TBRC793	433961	7530478	322	40	4	4m @ 55.02% Fe	3.04	8.89	0.047	0.027	9.07
RHIOJV	Trinity Bore	TBRC794	434061	7530513	323	40	2	8m @ 55.32% Fe	4.03	7.61	0.043	0.029	8.84
RHIOJV	Trinity Bore	TBRC795	434301	7530444	320	46	0	2m @ 55.27% Fe	3.83	7.07	0.056	0.022	9.55
RHIOJV	Trinity Bore	TBRC795	434301	7530444	320	46	10	2m @ 54.82% Fe	3.40	7.36	0.103	0.016	10.30
RHIOJV	Trinity Bore	TBRC795	434301	7530444	320	46	34	2m @ 54.01% Fe	2.88	8.64	0.134	0.027	10.70
RHIOJV	Trinity Bore	TBRC796	434252	7530700	329	40	6	2m @ 55.74% Fe	3.31	8.21	0.056	0.013	8.47
RHIOJV	Trinity Bore	TBRC796	434252	7530700	329	40	12	4m @ 54.70% Fe	4.44	6.37	0.056	0.014	10.65
RHIOJV	Trinity Bore	TBRC797	434150	7530707	320	46							

All drill holes were drilled vertically and co-ordinates are in MGA94 Zone 50.

Intercepts calculated for ≥ 2m thick @ 54% F

**APPENDIX 2 to the RHIOJV report**  
**JORC Code, 2012 Edition – Table 1**

**Section 1 Sampling Techniques and Data**

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>• <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></li> <li>• <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li>• <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li>• <i>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Samples for analysis were collected every 2m down hole directly from the cyclone after passing through a three tier riffle splitter mounted on the RC drilling rig. Each sample represented 12% (by volume) of the drilling interval with an average weight of 4kg for a 2m interval. Standards and duplicates were inserted into the sample sequence at the rate of 1 in 50 samples, i.e. every 25th sample was a standard or a duplicate. These samples were used to test the precision and accuracy of the sampling method and laboratory analysis.</li> <li>• Sample analysis was completed by SGS Laboratories in Welshpool, WA. Samples were sent direct to the laboratory, sorted, dried and pulverised using a ring mill.</li> <li>• Samples were analysed for a suite of elements by X-Ray Fluorescence Spectrometry and gravimetrically for Loss on Ignition (LOI 1000° and LOI 371 °C). Assays were reported to API by email.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>• <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i></li> </ul>	<ul style="list-style-type: none"> <li>• RC drilling utilised a 5 ¼” face sampling hammer.</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>• <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain</i></li> </ul>	<ul style="list-style-type: none"> <li>• Sample recoveries and quality were recorded for each sampling interval by the geologist as part of the digital logging system. Samples were classified as dry, damp or wet. Sample recoveries were based on estimates of the size of drill spoil piles and were recorded as a percentage of the expected total sample volume. The majority of drilling was completed above the water table and sample recovery estimates of 100% were the norm. The cyclone was cleaned in between drill holes to minimise sample contamination. Previous</li> </ul>



Criteria	JORC Code explanation	Commentary
	<i>of fine/coarse material.</i>	twinned hole studies (diamond vs RC) at API project areas indicate minimal sample bias using RC drilling techniques.
Logging	<ul style="list-style-type: none"> <li>• <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<ul style="list-style-type: none"> <li>• All RC drill holes were sampled, assayed and geologically logged. All data and information was validated prior to being uploaded and stored in the API SQL-based geological database in Perth.</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>• <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></li> <li>• <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Sample recoveries and quality were recorded for each sampling interval by the geologist as part of the digital logging system. Samples were classified as dry, damp or wet. Sample recoveries were based on estimates of the size of drill spoil piles and were recorded as a percentage of the expected total sample volume. The majority of drilling was completed above the existing water table and recoveries of 100% were therefore the norm.</li> <li>• Samples for analysis were collected every 2m down hole directly from the cyclone after passing through a three tier riffle splitter mounted on the RC drilling rig. Each sample represented 12% (by volume) of the drilling interval with an average weight of 4kg for a 2m interval.</li> <li>• Duplicate samples were collected every 50<sup>th</sup> sample. Results were compared on receipt of results from laboratory.</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li>• <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></li> <li>• <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Sample analysis was completed by SGS Laboratories in Welshpool, WA. Standards and duplicates were inserted into the sample sequence at the rate of 1 in 50 samples, i.e. every 25th sample was a standard or a duplicate. These samples were used to test the precision and accuracy of the sampling method and / or laboratory analysis. All results show an acceptable level of accuracy and precision.</li> </ul>
Verification	<ul style="list-style-type: none"> <li>• <i>The verification of significant intersections by either independent or</i></li> </ul>	<ul style="list-style-type: none"> <li>• Laboratory performance was monitored by the submission of</li> </ul>



Criteria	JORC Code explanation	Commentary
<i>of sampling and assaying</i>	<p><i>alternative company personnel.</i></p> <ul style="list-style-type: none"> <li><i>The use of twinned holes.</i></li> <li><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li><i>Discuss any adjustment to assay data.</i></li> </ul>	<p>analytical standards and the collection of duplicate samples. Standards and duplicates were inserted into the sample sequence at the rate of 1 in 50 samples, i.e. every 25th sample was a standard or a duplicate. Results from the standard and duplicate samples were monitored for any discrepancies throughout the drill programmes. QA/QC reports were routinely generated by API geological staff and any issues were addressed immediately. QA/QC reporting was completed by a Senior Geologist (API). No twinned holes were completed during the programme. No adjustments were made to any of the results. All data management procedures (field and office) are documented.</p>
<i>Location of data points</i>	<ul style="list-style-type: none"> <li><i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></li> <li><i>Specification of the grid system used.</i></li> <li><i>Quality and adequacy of topographic control.</i></li> </ul>	<ul style="list-style-type: none"> <li>All drill holes are initially surveyed by handheld GPS and later surveyed by differential GPS utilising an independent contractor (MGA, Zone 50). Drill hole collar co-ordinates were verified in MapInfo GIS software utilising aerial photography as part of API's routine QA/QC procedures.</li> <li>Topographic coverage of all API projects has been established by aerial survey (LIDAR) with a vertical accuracy of <math>\pm 0.15\text{m}</math>.</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li><i>Data spacing for reporting of Exploration Results.</i></li> <li><i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></li> <li><i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>Drill hole spacing is sufficient for first pass and infill exploratory drilling to establish geological and grade continuity. No sample compositing has been undertaken.</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li><i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li><i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li> </ul>	<ul style="list-style-type: none"> <li>Ore bodies and the geology described at the RC drilling locations described in this release are all flat lying. All drill holes were vertical. No sample biasing was observed.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li><i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>API and SGS communicate on a regular basis and standard chain of custody paperwork is used. Samples are despatched and transported to the laboratory on a regular basis.</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li><i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>QA/QC procedures and rigorous database validation rules ensures sampling and logging data is validated prior to being used by API Geologists.</li> <li>Independent audits of API's sampling techniques and QA/QC data have been undertaken. Sampling procedures are consistent with industry standards. Any inconsistency within the QA/QC dataset were investigated and action taken as required. API monitors in house all QA/QC data as and when it is received from the laboratory.</li> </ul>

## **Section 2 Reporting of Exploration Results**

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li><i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></li> <li><i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i></li> </ul>	<ul style="list-style-type: none"> <li>The Australian Premium Iron Joint Venture (APIJV - between Aquila Steel Pty Ltd and AMCI (IO) Pty Ltd), the Red Hill Iron Ore Joint Venture (RHIOJV - between API and Red Hill Iron Limited) and the Mt Stuart Iron Ore Joint Venture (MSIOJV – between API and Cullen Exploration Pty Ltd) and the Yalleen Project (Helix Resources – royalty) collectively comprise the broader West Pilbara Iron Ore Project (WPIOP), with each joint venture managed by API Management Pty Ltd (API).</li> </ul>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li><i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<ul style="list-style-type: none"> <li>No other mineral exploration for iron ore has taken place by any other parties on any of the project areas during the Quarter mentioned in this report. Exploration work completed by API prior to this report has been summarised in previous ASX releases.</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li><i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<ul style="list-style-type: none"> <li>Work during the Quarter focussed on exploration for outcropping and buried Channel Iron Deposits (CID). <ul style="list-style-type: none"> <li>CID has been formed by the alluvial and chemical deposition of iron rich sediments in palaeo-river channels after erosion and weathering of lateratised Hamersley Group sediments.</li> </ul> </li> </ul>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></li> </ul>	<ul style="list-style-type: none"> <li>Drill hole information is attached in Table 2. All drill holes (where assays are reported) were drilled vertically.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li>○ easting and northing of the drill hole collar</li> <li>○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>○ dip and azimuth of the hole</li> <li>○ down hole length and interception depth</li> <li>○ hole length.</li> <li>● If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li>● In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>● Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>● The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>● Intercepts shown are for intercepts ≥ 10m thick using a 54% Fe cut-off. A full table of results is presented in Table 2.</li> </ul>
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li>● These relationships are particularly important in the reporting of Exploration Results.</li> <li>● If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>● If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</li> </ul>	<ul style="list-style-type: none"> <li>● All drill holes in this report where assays are reported are vertical. Due to the shallow depth of drill holes and the horizontal stratigraphy of the CID it was not considered a requirement to complete down hole orientation surveys. Mineralisation in each of the areas reported in flat lying and only true mineralisation widths are reported.</li> </ul>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>● Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>● Maps showing drill hole locations (where assay results are reported) were included in the body of the report.</li> </ul>
<i>Balanced</i>	<ul style="list-style-type: none"> <li>● Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or</li> </ul>	<ul style="list-style-type: none"> <li>● Due to the amount of drilling data it is not practicable to report all drilling results. Cut-off grades used for intercept reporting is</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>reporting</i>	<i>widths should be practiced to avoid misleading reporting of Exploration Results.</i>	generally based on a natural well-defined boundary that is consistent with how API has previously reported and modelled and reported CID mineralisation.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li><i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></li> </ul>	<ul style="list-style-type: none"> <li>Meaningful and material API exploration data has previously been reported and is publically available.</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li> </ul>	<ul style="list-style-type: none"> <li>Work will continue next Quarter.</li> </ul>

**RED HILL IRON LIMITED****MINERAL TENEMENT INFORMATION**

As at 31 March 2014

<b>PROJECT</b>	<b>TENEMENT</b>	<b>TITLE INTEREST</b>	<b>JOINT VENTURER</b>
<b>Red Hill</b>	E08/1227-I	RHI 40% API 60%	API earning 80%
	E08/1283-I	RHI 40% API 60%	API earning 80%
	E08/1289-I	RHI 40% API 60%	API earning 80%
	E08/1293-I	RHI 40% API 60%	API earning 80%
	E08/1294-I	RHI 40% API 60%	API earning 80%
	E08/1295-I	RHI 40% API 60%	API earning 80%
	E08/1430-I	RHI 40% API 60%	API earning 80%
	E08/1473-I	RHI 40% API 60%	API earning 80%
	E08/1516-I	RHI 40% API 60%	API earning 80%
	E08/1537-I	RHI 40% API 60%	API earning 80%
	E47/1141-I	RHI 40% API 60%	API earning 80%
	E47/1693-I	RHI 40% API 60%	API earning 80%
	MLA47/1472	RHI 40% API 60%	API earning 80%
	MLA08/483	RHI 40% API 60%	API earning 80%
	MLA08/484	RHI 40% API 60%	API earning 80%
	MLA08/485	RHI 40% API 60%	API earning 80%

## NOTES

RHI – Red Hill Iron Limited

API – API Management Pty Ltd

<b>Pannawonica</b>	MLA08/499*	Zanthus Resources Pty Ltd **
	M08/500	Zanthus Resources Pty Ltd **
	MLA08/501*	RHI 100%
	MLA08/505*	RHI 100%
	P08/623	RHI 100%

## NOTES

\* Subsequent to the quarter end, these Mining Leases have been granted.

\*\* Subsequent to the quarter end, these Mining Leases have been transferred into the name of RHI.

**All above tenements are located in Western Australia**

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13

Name of entity

**RED HILL IRON LIMITED**

ABN

**44 114 553 392**

Quarter ended ("current quarter")

**31 March 2014**

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(145)	(1,470)
(b) development	-	-
(c) production	-	-
(d) administration	(112)	(397)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	51
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	24	33
<b>Net Operating Cash Flows</b>	<b>(232)</b>	<b>(1,783)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(232)</b>	<b>(1,783)</b>

+ See chapter 19 for defined terms.



## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(232)	(1,783)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	<b>(232)</b>	<b>(1,783)</b>
1.20	Cash at beginning of quarter/year to date	1,413	2,964
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>1,181</b>	<b>1,181</b>

### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	44
1.24	Aggregate amount of loans to the parties included in item 1.10	-

### 1.25 Explanation necessary for an understanding of the transactions

1.7 Refund of security deposits

### Non-cash financing and investing activities

#### 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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#### 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	260
4.2 Development	-
4.3 Production	-
4.4 Administration	105
<b>Total</b>	<b>365</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	26	62
5.2 Deposits at call	155	251
5.3 Bank overdraft	-	-
5.4 Other (Term Deposit)	1,000	1,100
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,181</b>	<b>1,413</b>

### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	<b>None</b>		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Granted (and title transferred subsequent to quarter end)	100% in MLA	100%

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference + securities</b> (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	<b>49,405,037</b>	<b>49,405,037</b>	<b>Fully Paid</b>
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	<b>+Convertible debt securities</b> (description)			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	<b>Options</b> (description and conversion factor)	<b>500,000</b>	<i>Exercise price</i> <b>98.75 cents</b>	<i>Expiry date</i> <b>8 April 2016</b>
7.8	Issued during quarter			
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	<b>Debentures</b> (totals only)			
7.12	<b>Unsecured notes</b> (totals only)			

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: **Peter Rutledge**  
Company secretary

Date: **30 April 2014**

Print name: **Peter Rutledge**

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.