

31 October 2014

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

Dear Sir/Madam

## **ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

### **RED HILL IRON ORE JOINT VENTURE - RED HILL IRON 40%**

After a hiatus of almost two years, the participants in the Red Hill Iron Ore Joint Venture (RHIOJV) have recently adopted a \$9.8m Programme & Budget for the Financial Year 2014-2015. The Program, which involves exploration and other work necessary to update the RHIOJV Feasibility Study, commenced with a reverse circulation drilling program and is ongoing.

Red Hill Iron welcomes the recent movement towards reassessing the Project's economic viability, which commenced following the recent successful takeover of Aquila Resources Limited by Baosteel Resources Australia Pty Ltd (Baosteel) & Aurizon Operations Limited (Aurizon).

API Management Pty Ltd (API), the Manager of the RHIOJV, has provided the following report on the RHIOJV's quarterly activities:-

#### **“HIGHLIGHTS**

- There were no significant safety incidents reported during the quarter;
- Exploration - A total of 105 RC drill holes for 4,342metres were completed;
- Compliance activities were carried out in respect of mine environmental approval and licence conditions;
- Native Title agreement processes continued.

#### **EXPLORATION**

Exploration work continued targeting Channel Iron Deposits (CID) and included infill RC drilling across the Red Hill Iron Ore Joint Venture (RHIOJV) project area (Figure 1).

A total of 105 RC drill holes for 4,342metres were completed with drilling targeting CID mineralisation formed by the alluvial and chemical deposition of iron rich sediments in palaeo-river channels. Better RC drill assays received from drilling, targeting outcropping and buried CID, include ( $\geq 10\text{m}$  thick):

### **Catho Well North Deposit**

- 10m @ 55.60% Fe from 50m in CWRC0498
- 20m @ 54.71% Fe from 12m in CWRC0500
- 18m @ 55.73% Fe from 14m in CWRC0503
- 12m @ 55.85% Fe from 12m in CWRC0506
- 10m @ 54.70% Fe from 4m and 14m @ 55.35% Fe from 18m in CWRC0508
- 12m @ 56.27% Fe from surface in CWRC0510
- 12m @ 56.13% Fe from 6m in CWRC0511
- 14m @ 56.63% Fe from 16m in CWRC0513
- 14m @ 54.04% Fe from 4m in CWRC0514
- 10m @ 56.58% Fe from 16m in CWRC0515
- 14m @ 54.89% Fe from 10m in CWRC0564

### **Kens Bore Deposit**

- 16m @ 57.53% Fe from 2m in KBRC1137
- 44m @ 58.84% Fe from 4m in KBRC1139
- 48m @ 58.17% Fe from 6m in KBRC1140
- 26m @ 57.06% Fe from 8m in KBRC1141

### **Mulga Bore Prospect**

- 10m @ 56.27% Fe from 48m in RHRC465
- 12m @ 57.82% Fe from 26m in RHRC466
- 10m @ 56.10% Fe from 36m in RHRC467.

Intercepts are true widths and calculated using a 54% Fe cut-off. All drill holes targeting CID were drilled vertically.

Figures 2, 3, 4, 5 and 6 show the location of drill holes. All co-ordinates are in MGA94 Zone 50.

RC drilling completed within existing Mineral Resource outlines at the Cardo Bore North, Catho Well North and Kens Bore Deposits confirmed current geological interpretations and reported grade of respective deposits.

Results from drilling completed at the Mulga Bore prospect indicated the presence of a buried mineralised CID up to 12m thick. This mineralisation is interpreted to form a buried northern extension to the Kens Bore Deposit. Further work is required to fully delineate the extent of this target.

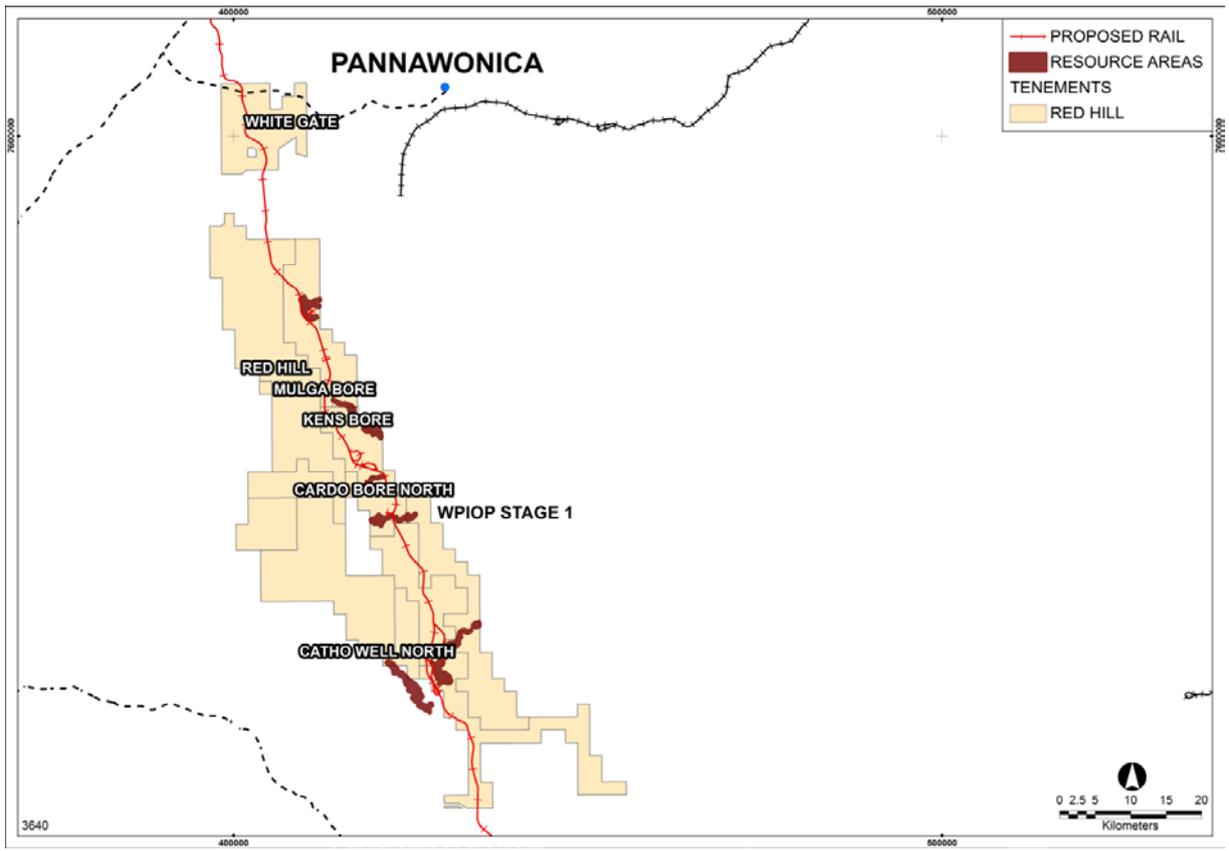
Results from the Red Hill and White Gate prospects confirms the presence of a thin, >6m, zone of mineralised CID. Further work is required to advance these prospects.”

A JORC Code (2012) Table 1 relating to the above exploration work is set out in Appendix 1.

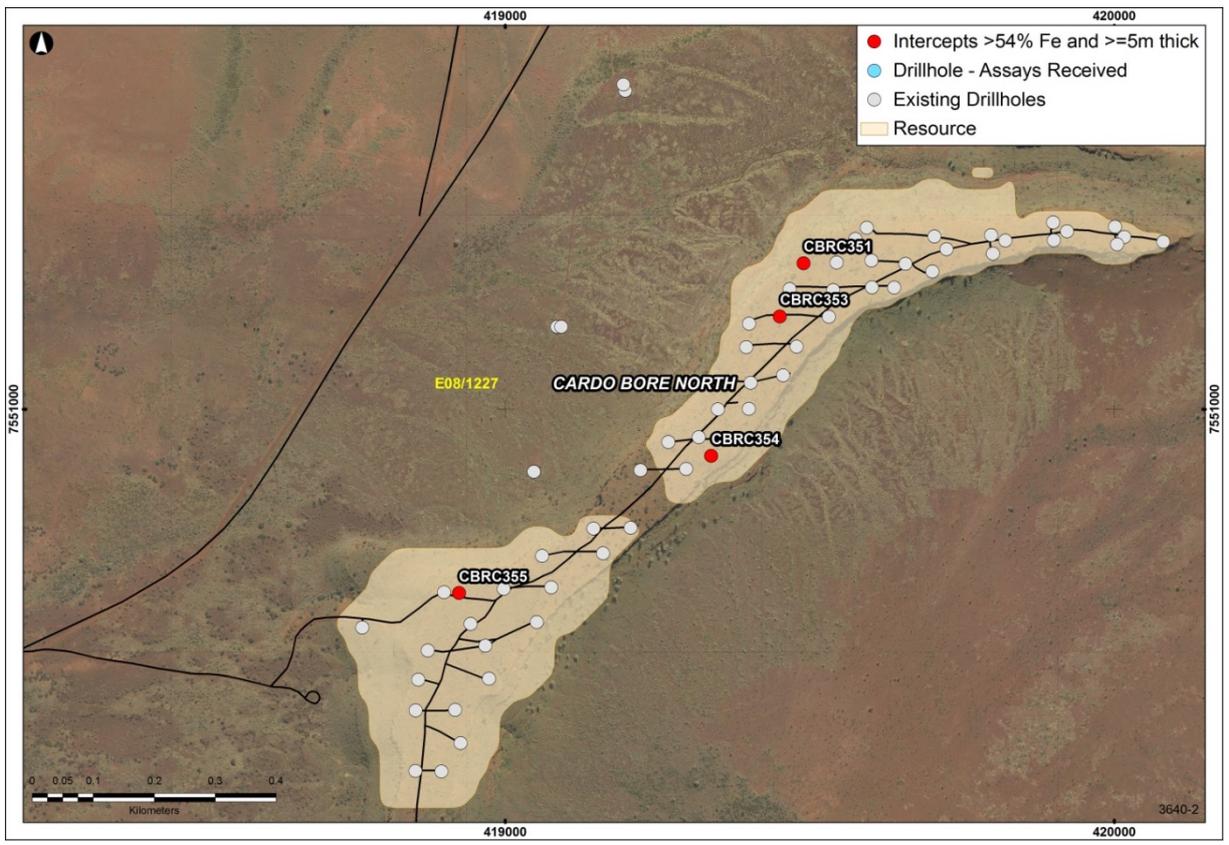
### **Competent Person Statement**

#### ***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.*



**Figure 1 – Location Plan**



**Figure 2 – Cardo Bore North Drill Hole Locations**

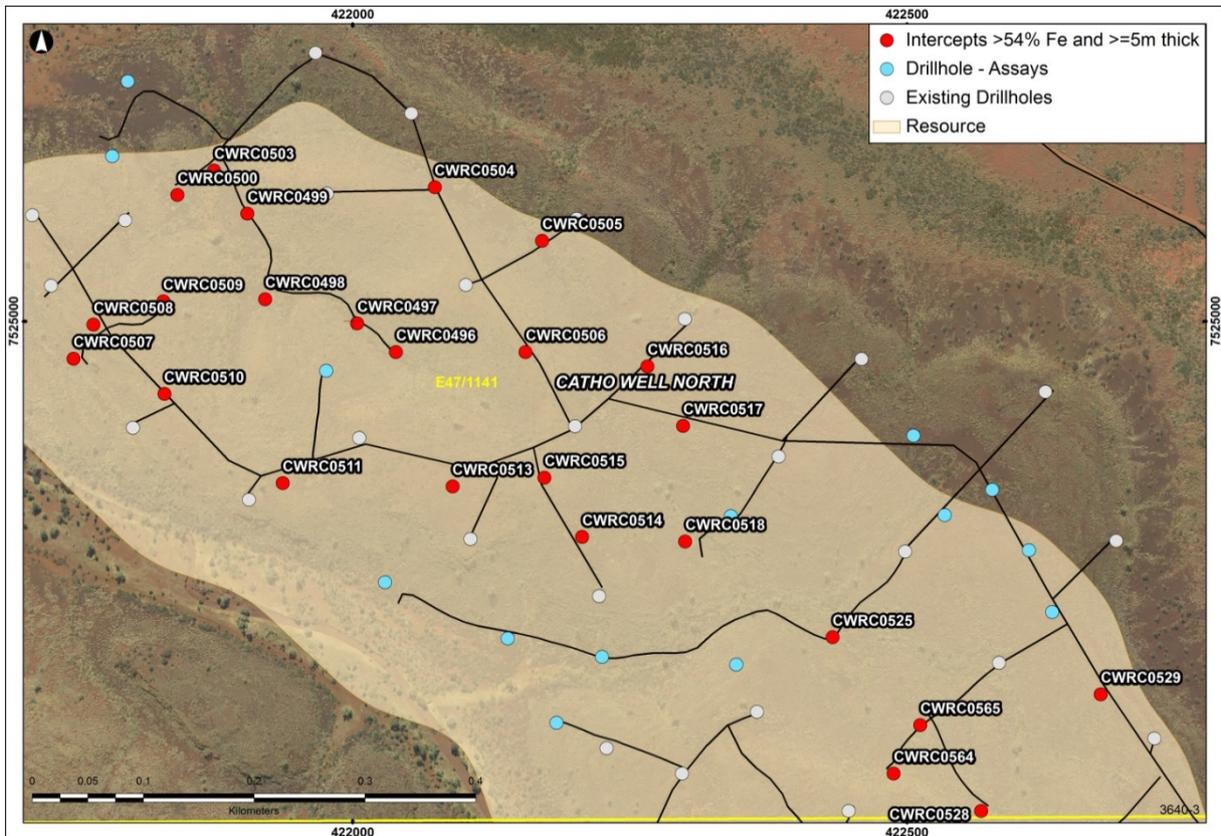


Figure 3 – Catho Well North Drill Hole Locations

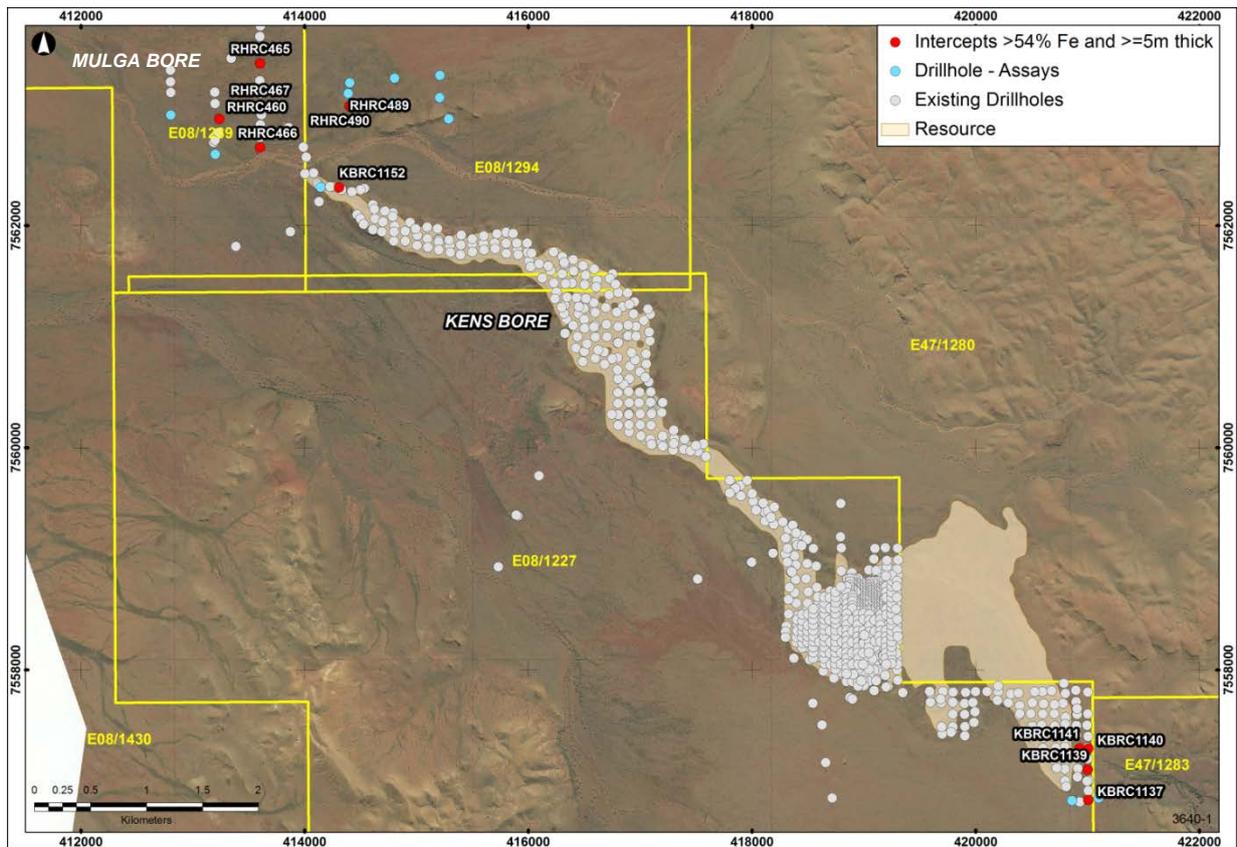


Figure 4 – Kens Bore and Mulga Bore Drill Hole Locations

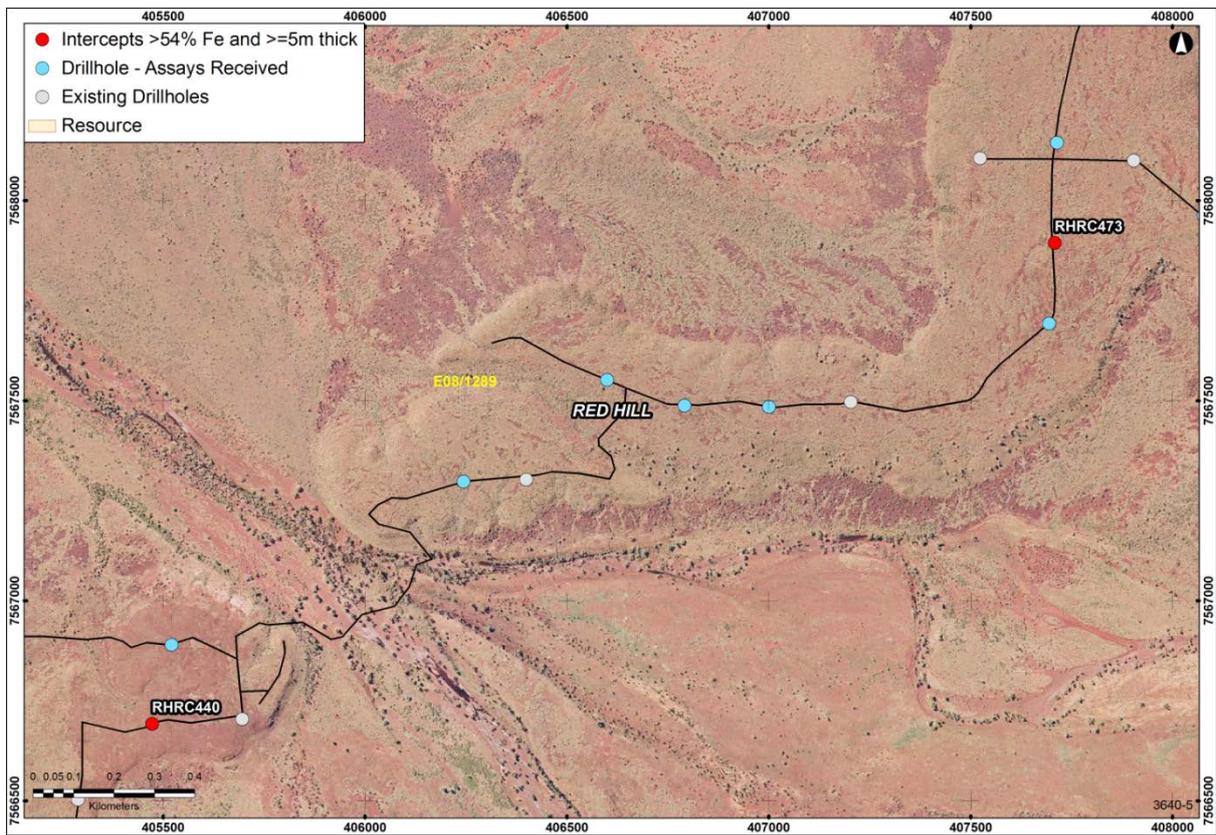


Figure 5 – Red Hill Drill Hole Locations

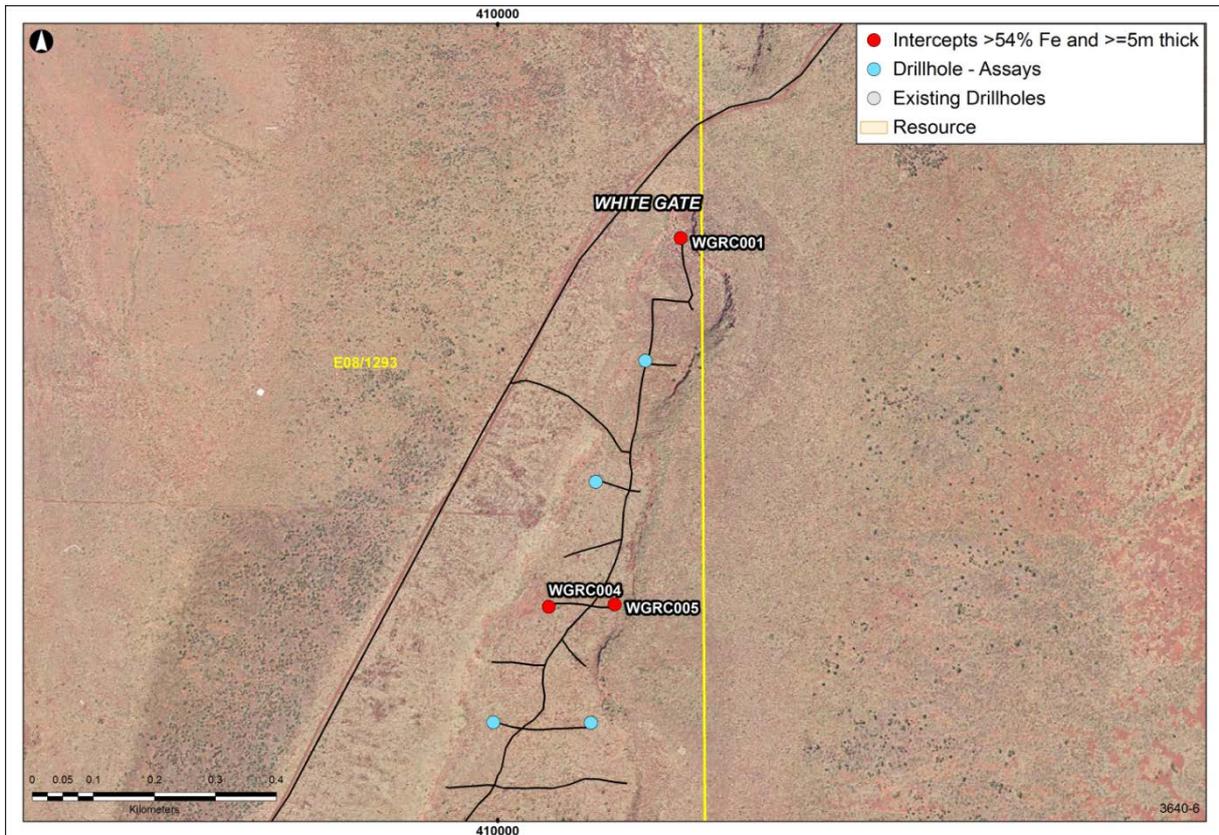


Figure 6 – White Gate Drill Hole Locations

## **FEASIBILITY & COMPLIANCE**

### **Environmental**

A Groundwater Drawdown Monitoring Plan was submitted to the Office of Environmental Protection Authority as required by a condition of the Ministerial Statement of Environmental Approval.

The planning, and permitting, for further investigations of the groundwater that occurs at depth in the Kens Bore deposit was progressed during the quarter.

Environmental compliance activities continued which included groundwater monitoring in accord with licence requirements.

### **Land Management**

Implementation of the KM Native Title Agreement continued. The finalization of the PKKP Native Title Agreement is progressing. Each of them leads to authority for grant of the Project Mining Leases.

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

At the Pannawonica Project, which is wholly owned by Red Hill Iron, the Company has completed a positive Pre-Feasibility Study, executed a Native Title Agreement with the Kuruma Marthudunera Native Title Claim Group and secured the granting of Mining Leases covering the Redgate and Whitegate channel iron deposits as well as the Three Peak Hill hard rock quarry site.

The Company continues to investigate the potential for a mining operation at Pannawonica which will, to a large extent, be dependent on transport infrastructure solutions being provided by third parties. This could be solved by either the proposed Aurizon rail and Anketell port infrastructure development or the proposed road and transshipment infrastructure development which involves a new port at Cape Preston East proposed by Iron Ore Holdings Limited, which was recently acquired by BC Iron Limited in a friendly takeover.

Yours faithfully,

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Neil Tomkinson  
Chairman

## APPENDIX 1

### JORC Code, 2012 Edition – Table 1 relating to RHIOJV Exploration

#### 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	<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</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</li> </ul>

Criteria	JORC Code explanation	Commentary
recovery	<p><i>representative nature of the samples.</i></p> <ul style="list-style-type: none"> <li>• <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>	<p>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 twinned hole studies (diamond vs RC) at API project areas indicate minimal sample bias using RC drilling techniques.</p>
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	<ul style="list-style-type: none"> <li>• <i>The nature, quality and appropriateness of the assaying and</i></li> </ul>	<ul style="list-style-type: none"> <li>• Sample analysis was completed by SGS Laboratories in</li> </ul>

Criteria	JORC Code explanation	Commentary
assay data and laboratory tests	<p><i>laboratory procedures used and whether the technique is considered partial or total.</i></p> <ul style="list-style-type: none"> <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>	<p>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.</p>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>• <i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <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>	<ul style="list-style-type: none"> <li>• Laboratory performance was monitored by the submission of 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.</li> </ul>
Location of data points	<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>
Data	<ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Drill hole spacing is sufficient for first pass and infill</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>spacing and distribution</i>	<ul style="list-style-type: none"> <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>	<p>exploratory drilling to establish geological and grade continuity. No sample compositing has been undertaken.</p>
<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>
<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> <ul style="list-style-type: none"> <li>○ <i>easting and northing of the drill hole collar</i></li> <li>○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li>○ <i>dip and azimuth of the hole</i></li> <li>○ <i>down hole length and interception depth</i></li> <li>○ <i>hole length.</i></li> </ul> </li> <li>• <i>If the exclusion of this information is justified on the basis that</i></li> </ul>	<ul style="list-style-type: none"> <li>• Drill hole information is attached in Table 2. All drill holes targeting CID were drilled vertically.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<i>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.</i>	
Data aggregation methods	<ul style="list-style-type: none"> <li>• <i>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.</i></li> <li>• <i>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.</i></li> <li>• <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Intercepts in “Table 1 – Better Drilling Intercepts Received – September 2014 Quarter” are shown are for intercepts <math>\geq</math> 5m thick using a 54% Fe cut-off.</li> </ul>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>• <i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li>• <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li>• <i>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’).</i></li> </ul>	<ul style="list-style-type: none"> <li>• 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>
Diagrams	<ul style="list-style-type: none"> <li>• <i>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.</i></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>
Balanced reporting	<ul style="list-style-type: none"> <li>• <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></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 generally based on a natural well-defined boundary that is consistent with how API has previously reported and modelled and reported CID mineralisation.</li> </ul>
Other substantive exploration	<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;</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>

Criteria	JORC Code explanation	Commentary
<i>data</i>	<i>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>	
<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>• <i>Work will continue across the WPIOP area next Quarter.</i></li> </ul>

## 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")

**30 September 2014**

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	<b>81</b>	<b>81</b>
(b) development	-	-
(c) production	-	-
(d) administration	<b>(187)</b>	<b>(187)</b>
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	<b>9</b>	<b>9</b>
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	<b>24</b>	<b>24</b>
<b>Net Operating Cash Flows</b>	<b>(73)</b>	<b>(73)</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>	-	-
1.13 Total operating and investing cash flows (carried forward)	<b>(73)</b>	<b>(73)</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)	(73)	(73)
	<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>(73)</b>	<b>(73)</b>
1.20	Cash at beginning of quarter/year to date	931	931
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>858</b>	<b>858</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	28
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

- |  |
|--|
| <p><b>1.2 Net cash inflow in respect of exploration arises from the receipt of a Research &amp; Development incentive during the quarter of \$231,000</b></p> <p><b>1.7 Other comprises refunds of security deposits</b></p> |
|--|

### 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	175
4.2 Development	-
4.3 Production	-
4.4 Administration	133
<b>Total</b>	<b>307</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	47	47
5.2 Deposits at call	111	84
5.3 Bank overdraft	-	-
5.4 Other (Term Deposit)	700	800
<b>Total: cash at end of quarter (item 1.22)</b>	<b>858</b>	<b>931</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	<b>None</b>		

+ 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				
7.2				
7.3	<b>49,405,037</b>	<b>49,405,037</b>		<b>Fully Paid</b>
7.4				
7.5				
7.6				
7.7	<b>500,000</b>		<i>Exercise price</i> <b>98.75 cents</b>	<i>Expiry date</i> <b>8 April 2016</b>
7.8				
7.9				
7.10				
7.11				
7.12				

+ 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: **31 October 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.

**RED HILL IRON LIMITED**  
**MINERAL TENEMENT INFORMATION (ASX Listing Rule 5.3.3)**  
For the quarter ended 30 September 2014

**Mining tenements and beneficial interests held at quarter end, and their location:**

Tenement	Location	Registered Holding	Beneficial Interest
E08/1227-I	West Pilbara, WA	40%	40%
E08/1283-I	West Pilbara, WA	40%	40%
E08/1289-I	West Pilbara, WA	40%	40%
E08/1293-I	West Pilbara, WA	40%	40%
E08/1294-I	West Pilbara, WA	40%	40%
E08/1295-I	West Pilbara, WA	40%	40%
E08/1430-I	West Pilbara, WA	40%	40%
E08/1473-I	West Pilbara, WA	40%	40%
E08/1516-I	West Pilbara, WA	40%	40%
E08/1537-I	West Pilbara, WA	40%	40%
E47/1141-I	West Pilbara, WA	40%	40%
E47/1693-I	West Pilbara, WA	40%	40%
E47/1280	West Pilbara, WA	0%	40%*
E47/1283	West Pilbara, WA	0%	40%*
MLA47/1472	West Pilbara, WA	40%	40%
MLA08/483-I	West Pilbara, WA	40%	40%
MLA08/484-I	West Pilbara, WA	40%	40%
MLA08/485-I	West Pilbara, WA	40%	40%
M08/499-I	West Pilbara, WA	100%	100%
M08/500-I	West Pilbara, WA	100%	100%
M08/501	West Pilbara, WA	100%	100%
M08/505-I	West Pilbara, WA	100%	100%
P08/623-I	West Pilbara, WA	100%	100%

\*Subject of dispute

**Mining tenements and beneficial interests acquired during the quarter, and their location:**

None

**Mining tenements and beneficial interests disposed of during the quarter, and their location:**

None

Key:

E: Exploration licence  
M: Mining lease

P: Prospecting licence  
MLA: Mining lease application