

30 January 2015

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

Dear Sir/Madam

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2014

Current Corporate Commentary

Red Hill Iron Limited (RHI) is a participant in the Red Hill Iron Joint Venture (RHIOJV) which is planning the development of a Channel Iron Deposit (CID) mining operation in the West Pilbara using a new rail and port connection planned to be built by Aurizon Limited.

The other ultimate participants with RHI in the joint venture are Baosteel Resources Australia Pty Ltd, a wholly owned enterprise of the Chinese Government and one of the most modern steel producers in China, and AMCI Inc., a privately owned company with strategic investments in coal, minerals, metals and shipping. A revised Feasibility Study is currently being carried out that contemplates a new iron ore mining operation based on the production of up to 40 million tonnes a year for 16 years. It is estimated that production could commence late in 2017.

The current outlook for iron ore marketing is sobering. Prices have fallen in the last 12 months to levels not seen for several years, in large part as a result of rapid expansion of iron ore supply from major Australian producers and reduced Chinese customer appetite. The Steel Index reports that the 62% Fe index price is currently US\$63.3 per tonne. The fall in value of the Australian dollar has however softened the blow somewhat.

Notwithstanding this somber assessment, it is important to note that the current price of iron ore is not directly relevant to RHI. The Company has no debt and is carried at the 40% level for all project costs until production commences. Once production commences, RHI can elect to reduce its interest in the RHIOJV to 20% and repay 20% of RHIOJV project costs to that date out of 80% of its share of free cash flow, or elect to exchange its total project interest for a 2% FOB Royalty on all RHIOJV production, in which event all funds advanced will be written off.

RHIOJV (40% Red Hill Iron)

API Management Pty Ltd, the Manager of the RHIOJV, has reported on the quarter's operations as follows:-

Exploration work continued during the Quarter targeting the infill and extension of the Catho Well and Kens Bore CIDs located within the RHIOJV project area (Figure 1).

A total of 9 RC drill holes for 382m were completed in the December Quarter with drilling targeting CID mineralisation formed by the alluvial and chemical deposition of iron rich sediments in palaeo-river channels (Figures 2 and 3). The programme has targeted areas where the CID mineralisation remained open and the infill of previous drilling to 100 x 100 metre centres in order to constrain mineralised zones and improve resource confidence (JORC 2012).

Infill drilling results are generally consistent with previous drill assays and geological interpretations. Whilst iron and deleterious element grades are consistent, the thickness of a number of the mineralised zones within the CID has been increased (Figure 4). Better RC drill assays received from drilling targeting outcropping CID include ($\geq 10\text{m}$ thick):

Catho Well North Deposit

- *18m @ 53.88% Fe from 6m in CWRC0564*
- *14m @ 54.49% Fe from 8m in CWRC0565*
- *12m @ 53.29% Fe from 2m in CWRC0566*
- *10m @ 52.28% Fe from 6m in CWRC0569*
- *22m @ 54.64% Fe from 16m in CWRC0660*
- *14m @ 56.10% Fe from 8m in CWRC949.*

Kens Bore Deposit

- *46m @ 58.55% Fe from 2m in KBRC1139*
- *48m @ 58.17% Fe from 6m in KBRC1140*
- *26m @ 57.06% Fe from 8m in KBRC1141*
- *12m @ 54.49% Fe from 2m in KBRC1152.*

Intercepts are true widths and calculated for greater than 52% Fe.

A full set of better intercepts ($\geq 10\text{m}$ thick) is reported in Table 1. Figures 2 and 3 show the location of drill holes. Table 2 (Appendix 1) contains all drill results. (The JORC 2012 – Table 1 information relating to the sampling techniques and data and the reporting of these exploration results is set out in Appendix 2).

Areas where mineralisation remained open on the main resource area have been closed-out. Results have shown in the majority of instances the mineralisation is continuous to the edge of the CID and will result in additional tonnage being added to the current Mineral Resource.

Work has commenced on updating the Catho Well North Mineral Resource estimate to incorporate infill drilling. In addition Mineral Resource estimates for Cochrane, Jewel, Kens Bore, Upper Cane, Cardo Bore East, Cardo Bore North and Trinity Bore are being revised to include RC drilling carried out since the last Mineral Resource estimate was published in 2010. Revised Mineral Resource estimates will be completed next Quarter.

A total of 11 diamond drill holes for 446m were completed at the Cardo Bore North, Kens Bore, Cochrane and Jewel Deposits for geotechnical and beneficiation test work purposes (Figure 1). This work will continue next Quarter.

AMC Consultants have been engaged to undertake a Mining Reserve and accompanying Feasibility Study update (to JORC 2012 reporting standards) for the API West Pilbara Iron Ore Project (WPIOP) of which the RHIOJV Ore Reserve forms a major part. Work progressed to date includes: a site visit as required for competent person sign off, review of historical geotechnical data and input into the upcoming diamond drilling programme, sensitivity modelling of Whittle pit optimisations and progressive development of MineMax schedules.

Feasibility and Compliance

Environmental

Groundwater Drawdown Monitoring Plan was approved by the Office of Environmental Protection Authority in fulfilment of a condition of the Ministerial Statement of Environmental Approval.

Groundwater level monitoring was completed in accord with Licence requirements.

Drilling for further investigations of the groundwater that occurs at depth in the Kens Bore deposit was completed during the Quarter.

Land Management

Implementation of the KM Native Title Agreement continued. The finalisation of the PKKP Native Title Agreement is progressing. Each of these Agreements will lead to authority for grant of the Project Mining Leases.

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.

Table 1 – Better Drilling Intercepts Received – December 2014 Quarter

Prospect	Site ID	Easting	Northing	RL	Depth From	Intercept	Al2O3%	SiO2%	P%	S%	LOI1000%	Hole Depth
Catho Well North	CWRC0564	422487	7524591	222	6	18.0m @ 53.88% Fe	3.46	8.36	0.039	0.022	10.43	46
Catho Well North	CWRC0565	422512	7524634	214	8	14.0m @ 54.49% Fe	3.02	7.00	0.040	0.018	11.06	52
Catho Well North	CWRC0566	422631	7524734	218	2	12.0m @ 53.29% Fe	3.87	9.02	0.034	0.021	10.07	52
Catho Well North	CWRC0569	422298	7524589	221	6	10.0m @ 52.28% Fe	2.70	12.36	0.031	0.017	9.45	40
Catho Well North	CWRC0660	424554	7522797	242	16	22.0m @ 54.64% Fe	2.87	7.46	0.045	0.013	10.77	46
Catho Well North	CWRC949	422708	7524560	220	8	14.0m @ 56.10% Fe	3.18	5.45	0.044	0.028	10.36	44
Kens Bore	KBRC1139	420999	7557102	254	2	46.0m @ 58.55% Fe	3.32	4.36	0.071	0.013	8.10	70
Kens Bore	KBRC1140	421006	7557292	253	6	48.0m @ 58.17% Fe	3.20	5.35	0.061	0.010	7.78	58
Kens Bore	KBRC1141	420930	7557295	254	8	26.0m @ 57.06% Fe	3.58	6.27	0.071	0.015	7.65	58
Kens Bore	KBRC1152	414308	7562342	195	2	12.0m @ 54.49% Fe	4.72	7.32	0.037	0.020	8.97	64

All drill holes targeting CID were drilled vertically.

All co-ordinates are in MGA94 Zone 50.

Intercepts are true widths \geq 10m thick and calculated using a 52% Fe cut-off.

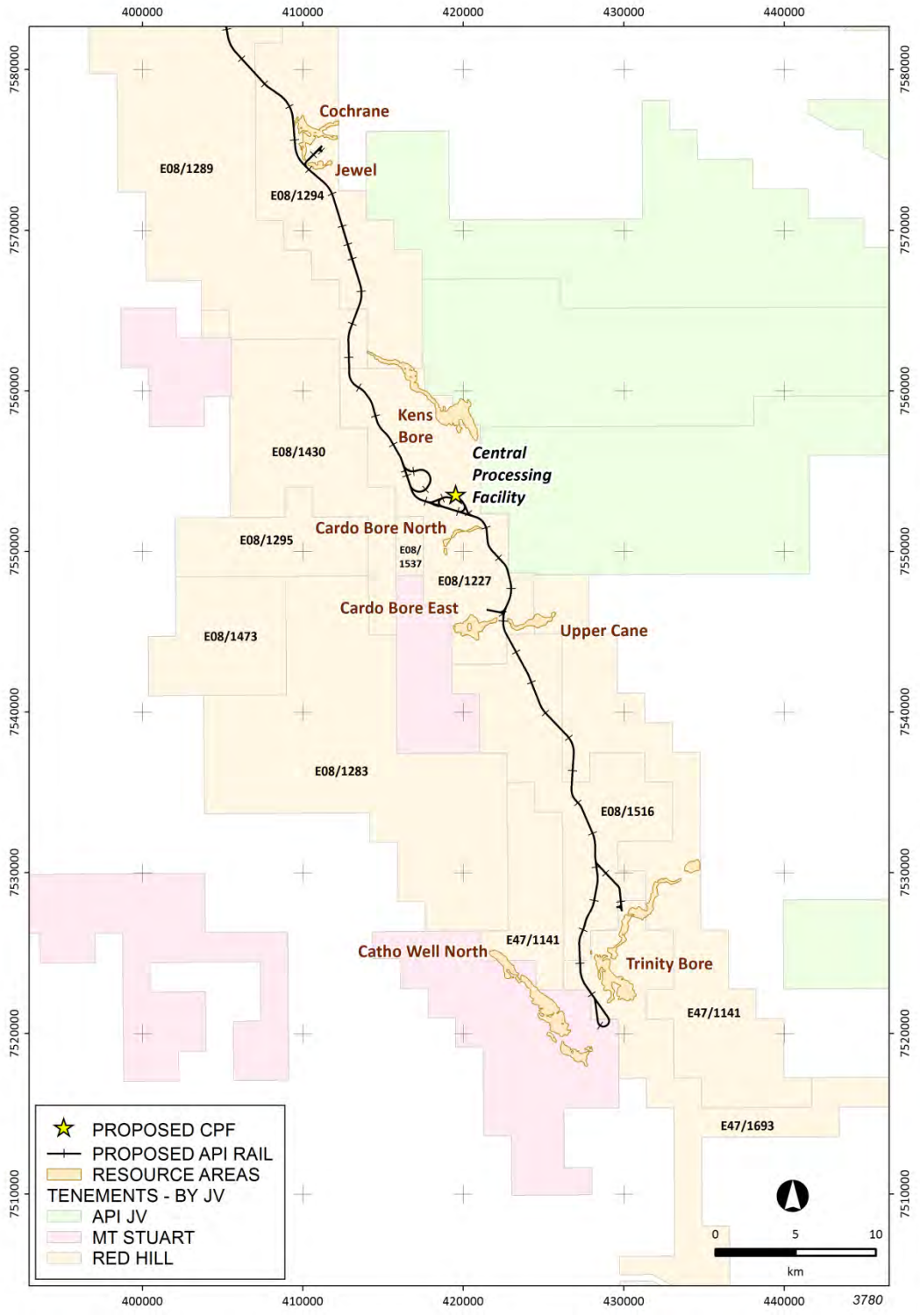


Figure 1 – Location Plan

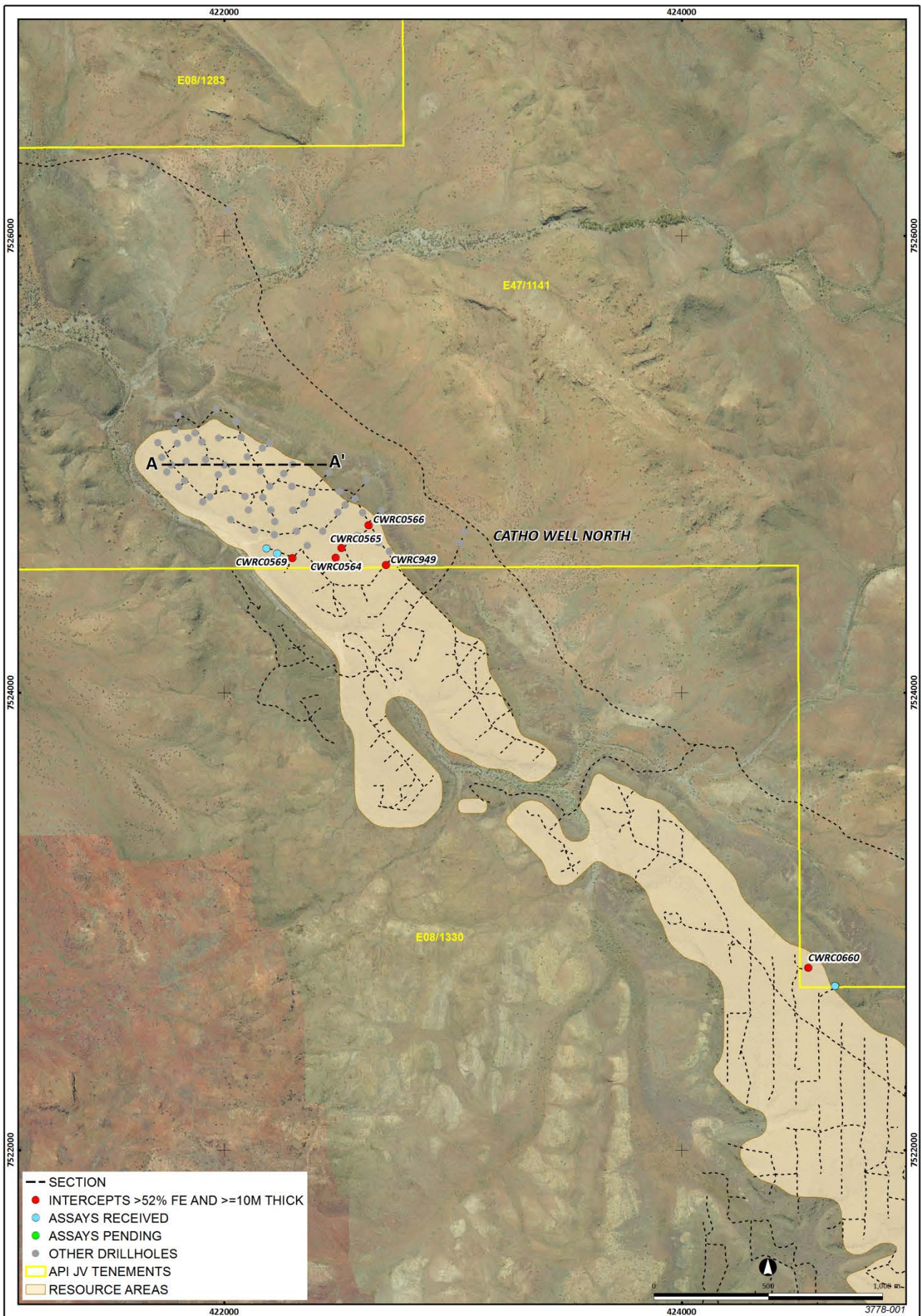


Figure 2 – Catho Well North Drill Hole Locations

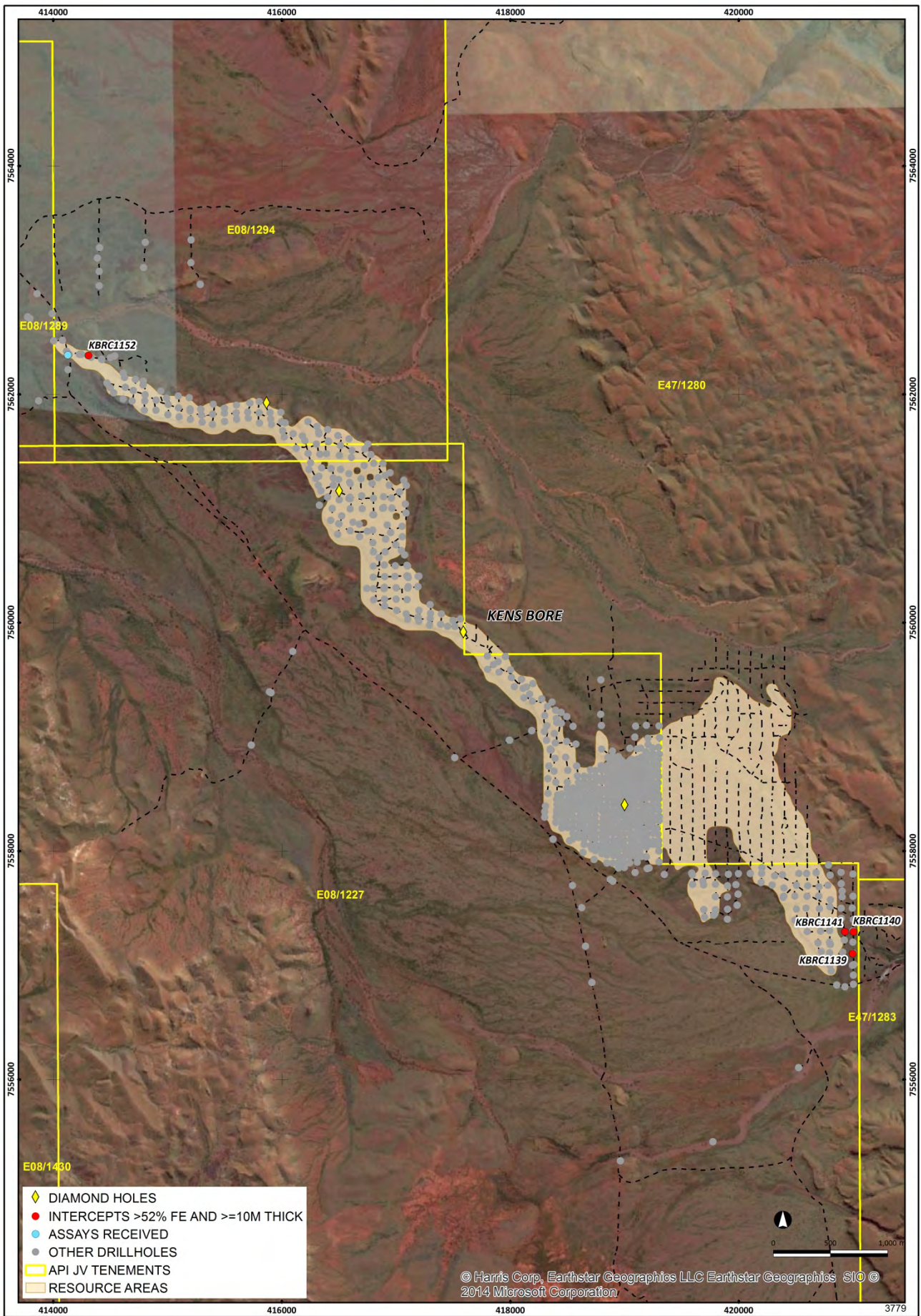
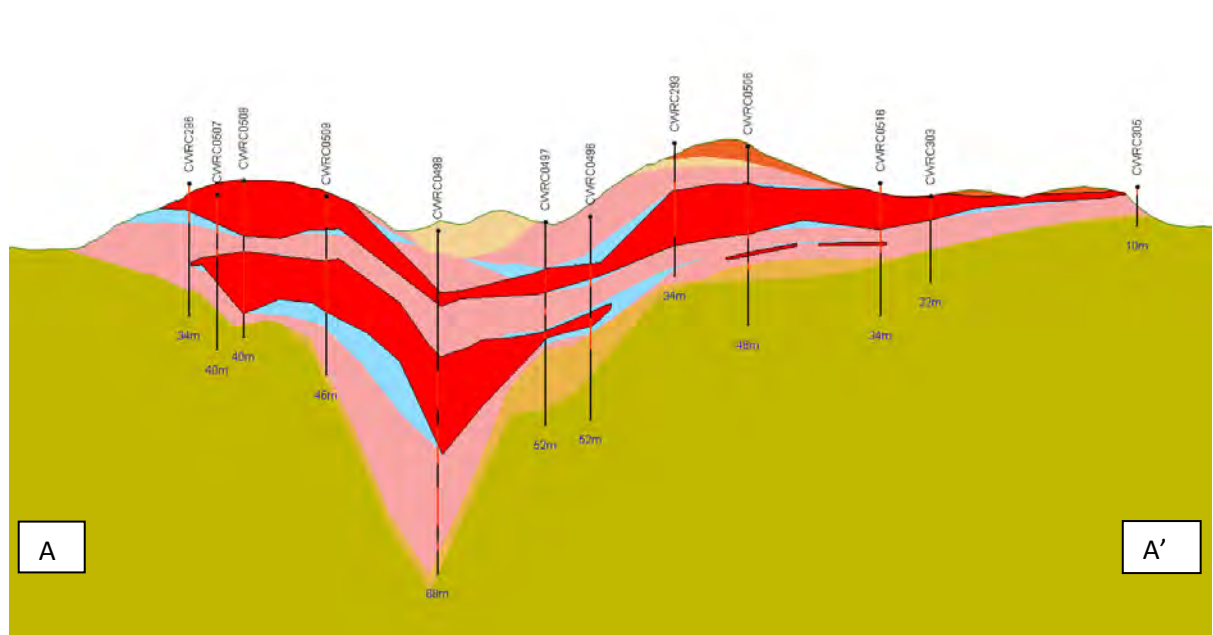
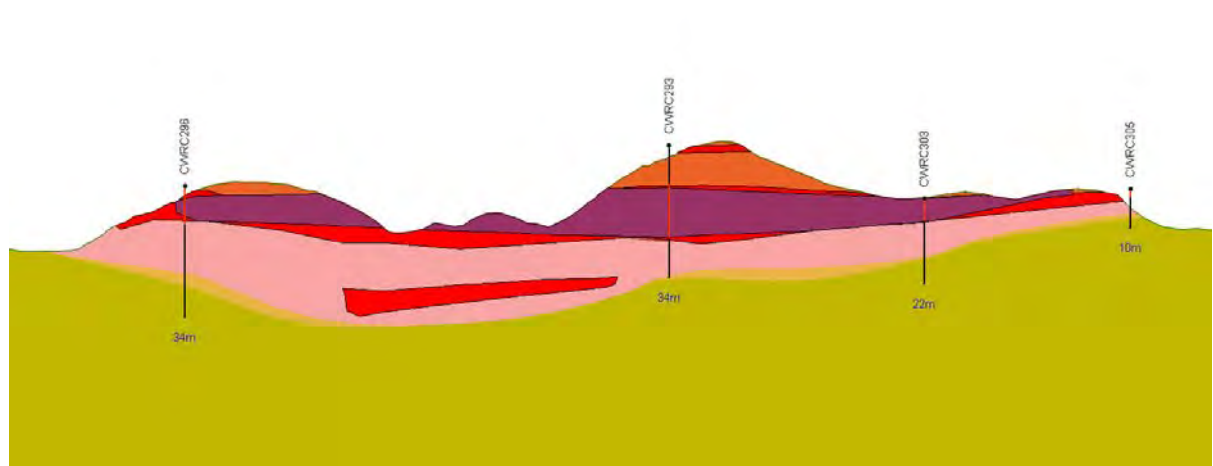


Figure 3 – Kens Bore Drill Hole Locations

2015 Geological and Mineralisation Interpretation with Infill Drilling



2010 Geological and Mineralisation Interpretation



Cross Section 7525000mN, view North. Vertical Exaggeration = 3

- | | | |
|-----------------------------|-----------------------------|----------------------------|
| Hardcap Unit | Hematite Dominant Hard Zone | 52%Fe Mineralised Envelope |
| Clay Zone | Basal Clay Zone | 54%Fe Mineralised Envelope |
| Mixed Zone | Basal Conglomerate Unit | |
| Goethite Dominant Hard Zone | Basement | |

Figure 4 – Geological Section A-A'

Pannawonica Project (100% Red Hill Iron)

The Pannawonica Project is dependent on the development by third parties of transport infrastructure solutions. Either the proposed WPIOP/Aurizon rail and port infrastructure development or the BC Iron Ltd proposed road and transshipment infrastructure involving a new port at Cape Preston East could enable this project, which has an Ore Reserve Estimate (JORC Code 2112) of 29.3 million tonnes at 54 % iron, to be developed.

Yours faithfully,

Neil Tomkinson
Red Hill Iron Limited

APPENDIX 1

RHIOJV Operations

Table 2 – Drilling Intercepts Received – December 2014 Quarter

Prospect	Site ID	Easting	Northing	RL	Depth From	Intercept	Al ₂ O ₃ %	SiO ₂ %	P%	S%	LOI1000%	Hole Depth
Catho Well North	CWRC0564	422487	7524591	222	6	18.0m @ 53.88% Fe	3.46	8.36	0.039	0.022	10.43	46
Catho Well North	CWRC0565	422512	7524634	214	8	14.0m @ 54.49% Fe	3.02	7.00	0.040	0.018	11.06	52
Catho Well North	CWRC0566	422631	7524734	218	2	12.0m @ 53.29% Fe	3.87	9.02	0.034	0.021	10.07	52
Catho Well North	CWRC0566	422631	7524734	218	16	4.0m @ 52.66% Fe	4.18	8.53	0.031	0.017	11.10	52
Catho Well North	CWRC0567	422185	7524632	208	0	4.0m @ 55.08% Fe	2.10	9.37	0.031	0.016	9.21	34
Catho Well North	CWRC0567	422185	7524632	208	8	2.0m @ 52.08% Fe	3.78	11.63	0.027	0.017	9.05	34
Catho Well North	CWRC0568	422233	7524611	215	0	4.0m @ 54.24% Fe	3.49	8.31	0.038	0.015	9.70	40
Catho Well North	CWRC0568	422233	7524611	215	8	6.0m @ 57.12% Fe	1.94	4.65	0.034	0.019	11.03	40
Catho Well North	CWRC0569	422298	7524589	221	6	10.0m @ 52.28% Fe	2.70	12.36	0.031	0.017	9.45	40
Catho Well North	CWRC0569	422298	7524589	221	20	6.0m @ 53.77% Fe	2.80	8.05	0.029	0.013	11.47	40
Catho Well North	CWRC0660	424554	7522797	242	0	2.0m @ 52.91% Fe	4.91	6.65	0.015	0.014	12.20	46
Catho Well North	CWRC0660	424554	7522797	242	16	22.0m @ 54.64% Fe	2.87	7.46	0.045	0.013	10.77	46
Catho Well North	CWRC0668	424671	7522718	241	0	4.0m @ 52.89% Fe	4.98	6.71	0.018	0.015	12.10	40
Catho Well North	CWRC0668	424671	7522718	241	10	2.0m @ 52.13% Fe	4.74	8.67	0.033	0.013	11.20	40
Catho Well North	CWRC0668	424671	7522718	241	20	4.0m @ 53.96% Fe	3.15	7.96	0.047	0.015	10.95	40
Catho Well North	CWRC0668	424671	7522718	241	28	2.0m @ 53.25% Fe	4.11	6.96	0.048	0.014	12.00	40
Catho Well North	CWRC0668	424671	7522718	241	36	4.0m @ 53.31% Fe	4.00	7.21	0.067	0.009	11.60	40
Catho Well North	CWRC949	422708	7524560	220	8	14.0m @ 56.10% Fe	3.18	5.45	0.044	0.028	10.36	44
Catho Well North	CWRC949	422708	7524560	220	28	2.0m @ 56.79% Fe	1.99	4.25	0.042	0.005	11.50	44
Kens Bore	KBRC1139	420999	7557102	254	2	46.0m @ 58.55% Fe	3.32	4.36	0.071	0.013	8.10	70
Kens Bore	KBRC1140	421006	7557292	253	6	48.0m @ 58.17% Fe	3.20	5.35	0.061	0.010	7.78	58
Kens Bore	KBRC1141	420930	7557295	254	8	26.0m @ 57.06% Fe	3.58	6.27	0.071	0.015	7.65	58
Kens Bore	KBRC1152	414308	7562342	195	2	12.0m @ 54.49% Fe	4.72	7.32	0.037	0.020	8.97	64
Kens Bore	KBRC1153	414128	7562346	191		Results below intercept cut-off						52

All drill holes targeting CID were drilled vertically.

All co-ordinates are in MGA94 Zone 50.

Intercepts are true widths $\geq 2m$ thick and calculated using a 52% Fe cut-off.

APPENDIX 2

RHIOJV Operations

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"> 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. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. 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. 	<ul style="list-style-type: none"> 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. 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. 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.
Drilling techniques	<ul style="list-style-type: none"> 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). 	<ul style="list-style-type: none"> RC drilling utilised a 5 ¼" face sampling hammer.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain 	<ul style="list-style-type: none"> 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

Criteria	JORC Code explanation	Commentary
	<i>of fine/coarse material.</i>	<i>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.</i>
Logging	<ul style="list-style-type: none"> • <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> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • <i>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.</i>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <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> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • <i>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.</i> • <i>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.</i> • <i>Duplicate samples were collected every 50th sample. Results were compared on receipt of results from laboratory.</i>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <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> • <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> 	<ul style="list-style-type: none"> • <i>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.</i>
Verification of sampling and	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> 	<ul style="list-style-type: none"> • <i>Laboratory performance was monitored by the submission of analytical standards and the collection of duplicate samples.</i>

Criteria	JORC Code explanation	Commentary
assaying	<ul style="list-style-type: none"> The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	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.
Location of data points	<ul style="list-style-type: none"> 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. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> 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. Topographic coverage of all API projects has been established by aerial survey (LIDAR) with a vertical accuracy of $\pm 0.15\text{m}$.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. 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. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Drill hole spacing is sufficient for first pass and infill exploratory drilling to establish geological and grade continuity.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. 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. 	<ul style="list-style-type: none"> 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.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> 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.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> QA/QC procedures and rigorous database validation rules ensures sampling and logging data is validated prior to being used by API

Criteria	JORC Code explanation	Commentary
		<p>Geologists.</p> <ul style="list-style-type: none"> 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.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> 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. 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. 	<ul style="list-style-type: none"> 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).
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> 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.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Work during the Quarter focussed on exploration for outcropping and buried Channel Iron Deposits (CID). <ul style="list-style-type: none"> 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.
Drill hole information	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar 	<ul style="list-style-type: none"> Drill hole information is attached in Table 2. All drill holes targeting CID were drilled vertically.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> o dip and azimuth of the hole o down hole length and interception depth o hole length. • 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. 	
Data aggregation methods	<ul style="list-style-type: none"> • 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. • 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. • The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> • Intercepts in “Table 1 – Better Drilling Intercepts Received – September 2014 Quarter” are shown are for intercepts $\geq 10\text{m}$ thick using a 52% Fe cut-off.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • 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’). 	<ul style="list-style-type: none"> • 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.
Diagrams	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Maps showing drill hole locations (where assay results are reported) were included in the body of the report.
Balanced reporting	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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.
Other substantive exploration data	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Meaningful and material API exploration data has previously been reported and is publically available.

Criteria	JORC Code explanation	Commentary
	<p><i>method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></p>	
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <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> 	<ul style="list-style-type: none"> • <i>Work will continue across the WPIOP area next Quarter.</i>

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 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(201)	(120)
(b) development	-	-
(c) production	-	-
(d) administration	(181)	(368)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	16
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	61	85
Net Operating Cash Flows	(314)	(387)
Cash flows related to investing activities		
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)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(314)	(387)

+ 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)	(314)	(387)
	Cash flows related to financing activities		
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)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(314)	(387)
1.20	Cash at beginning of quarter/year to date	858	931
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	544	544

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	102
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

- 1.2 Year to date includes the receipt of a Research & Development incentive during the prior quarter of \$231,000.**
1.7 Other comprises refunds 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

N/A

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

N/A

+ 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	121
4.2 Development	-
4.3 Production	-
4.4 Administration	132
Total	253

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	39	47
5.2 Deposits at call	105	111
5.3 Bank overdraft	-	-
5.4 Other (Term Deposit)	400	700
Total: cash at end of quarter (item 1.22)	544	858

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	None		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	None		

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.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

+ 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 January 2015**

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.

+ See chapter 19 for defined terms.

RED HILL IRON LIMITED
MINERAL TENEMENT INFORMATION (ASX Listing Rule 5.3.3)
For the quarter ended 31 December 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

P: Prospecting licence

M: Mining lease

MLA: Mining lease application