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Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
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ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2015

CORPORATE COMMENTARY

- Red Hill Iron Limited (RHI) is a 40% participant in the Red Hill Iron Ore Joint Venture (RHIOJV), which is part of the planned development of the West Pilbara Iron Ore Project (WPIOP). The participants in the WPIOP are Aquila Resources, POSCO and AMCI (APIJV Participants).

API Management Pty Ltd (API), the Manager of the APIJV, has advised RHI that the APIJV Participants have decided, due largely to current iron ore market conditions, to discontinue targeting completion of a definitive feasibility study on the WPIOP for mid-2016. However key project approvals and areas of potential value enhancement will continue to be pursued over the first quarter of 2016, with the project work programme and schedule reassessed at the end of the quarter.

- RHI has no direct exposure to current RHIOJV expenditure or to the vagaries of the iron ore price since RHI is carried at the 40% level for all RHIOJV costs until production commences, whereupon RHI can elect to either:
 - reduce its participating interest in the RHIOJV to 19% and repay its share of the RHIOJV project carry costs incurred to that date out of 80% of its share of free cash flow, or:
 - exchange its 40% RHIOJV interest for a 2% FOB Royalty on 100% of RHIOJV production. In this event all RHIOJV project carry costs provided to that date will be written off.
- The current WPIOP development concept involves iron ore production of 40 million tonnes per annum (dry) and transportation of the ore to Asian markets via a new 250 km railway and a new deep-water port facility located at Anketell Point.

Aurizon Holdings Limited (Aurizon) has a period of exclusivity until 30 April 2016 to develop an infrastructure solution for the Project (the West Pilbara Infrastructure Project). On 23 December 2015 Aurizon advised the market that, following the APIJV Participants' decision that no further material work would be undertaken on the definitive feasibility study for the Project, Aurizon was actively considering the implications of this decision in relation to Aurizon's carrying value of the project and would update the market further when releasing its half-year results in February.

RHIOJV (RHI 40%)

API has provided the following report on the activities of the RHIOJV for the quarter ended December 31 2015:-

Highlights for the quarter

- Feasibility work was progressed on the development of the RHIOJV as part of the proposed 40Mtpa development of Stage 1 of the broader West Pilbara Iron Ore Project (WPIOP).
- Feasibility activities on the broader WPIOP during the quarter included exploration, engagement with contractors to provide updated capital and operating cost estimates, the planning and advancement of key project approvals and the signing of Letters of Intent with potential customers in relation to product offtake.
- Due largely to current iron ore market conditions, in late December the APIJV Participants decided to discontinue the previously targeted completion of a definitive feasibility study on the West Pilbara Mine Project (WPMP) which was planned for mid-2016. Key project approvals and areas of potential value enhancement will continue to be pursued over the first quarter of 2016, with the project work programme and schedule reassessed at the end of the quarter.
- Exploration work during the quarter included a total of 111 RC drill holes for 5,626m from first pass drilling targeting the Trixie West CID and infill drilling completed at the Red Hill Creek West, Kens Bore and Swaengrenge deposits.
- Total RHIOJV expenditure for the quarter totalled \$3.0M in line with budget of \$3.0M. December 2015 half year expenditure of \$5.7M is below the budget of \$7.1M due primarily to the rescheduling of exploration drilling activity. A revised budget is being prepared for the June 2016 half to reflect the suspension of feasibility work.

1. Background

API Management Pty Ltd (APIM) is the manager of three joint ventures: the Australian Premium Iron JV (APIJV) between Aquila Steel Pty Ltd (Baosteel & Aurizon) and AMCI (IO) Pty Ltd (AMCI & Posco); the RHIOJV between APIJV and Red Hill Iron Limited and the Mount Stuart Iron Ore JV (MSIOJV) between APIJV and Cullen Exploration Pty Ltd. These joint ventures hold the iron ore rights over a number of deposits that form part of the WPIOP, located in the northern part of Western Australia.

The current WPIOP development concept involves iron ore production of 40 million tonnes per annum (dry), transportation of the ore via a new 250 km railway and export to Asian markets via a new deep-water port facility located at Anketell Point. APIM has been conducting mine and market feasibility studies for the potential development of the WPIOP. Project partner - Aurizon - a well-established logistics operator across Australia, has been conducting a feasibility study relating to rail and port components of the WPIOP.

2. Exploration

A total of 111 RC drill holes for 5,626m were completed in the December Quarter with first pass drilling targeting the Trixie West Channel Iron Deposit (CID) located within the RHIOJV

project area (Figures 1 to 5) and infill drilling completed at the Red Hill Creek West, Kens Bore and Swearengen deposits.

The first pass drilling at Trixie targeted areas of outcropping CID mineralisation that was formed by the alluvial and chemical deposition of iron rich sediments in palaeo-river channels. Drilling was completed to 100 x100m centres in order to constrain mineralised zones.

Infill drilling results at Kens Bore, Red Hill Creek West and Swearengen (assays pending) are generally consistent with previous drill assays and geological interpretations. The best RC drill assay intercepts received included:

Red Hill Creek West Deposit

- 46m @ 56.0% Fe from surface in KBRC1657
Trixie West Prospect
- 18m @ 56.5% Fe from surface in TXRC0096
Kens Bore Deposit
- 16m @ 56.0% Fe from surface in MBRC0032

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

A full set of better intercepts (≥ 10 m thick) are reported in Table 1. Table 3 (Appendix) contains all drill results with Figures 1 to 5 (Appendix) showing deposit and drill hole locations.

Work will continue in the March 2016 quarter focussing on completing geological modelling of the Trixie West Deposit.

Table 1 – Better Drilling Intercepts Received – December 2015 Quarter

Prospect	Site ID	Easting	Northing	RL	Depth From	Intercept	Al2O3%	SiO2%	P%	S%	LOI1000%	Hole Depth
Trixie West	TXRC0030	413953.1	7571800.1	229.0	0	12.0m @ 54.34% Fe	4.26	8.13	0.045	0.044	9.36	60
Trixie West	TXRC0038	413892.6	7572169.4	232.8	0	20.0m @ 53.37% Fe	5.51	8.05	0.055	0.019	9.49	34
Trixie West	TXRC0039	413839.6	7572246.9	231.9	0	18.0m @ 54.52% Fe	4.78	7.77	0.051	0.025	8.98	40
Trixie West	TXRC0041	413927.5	7571905.7	228.8	0	14.0m @ 56.47% Fe	3.96	5.62	0.057	0.025	9.28	40
Trixie West	TXRC0096	415587.2	7570295.7	246.8	0	18.0m @ 56.49% Fe	3.29	6.45	0.056	0.028	9.14	70
Trixie West	TXRC0097	415510.3	7570299.8	243.3	0	14.0m @ 56.98% Fe	3.48	5.67	0.060	0.032	8.97	58
Trixie West	TXRC0180	415525.4	7570441.8	238.8	4	12.0m @ 53.53% Fe	4.01	9.61	0.067	0.020	9.32	40
Trixie West	TXRC0181	415491.7	7570402.2	239.6	0	20.0m @ 53.52% Fe	3.53	10.10	0.063	0.014	9.13	70
Trixie West	TXRC0181	415491.7	7570402.2	239.6	26	10.0m @ 53.44% Fe	3.72	10.49	0.184	0.007	8.30	70
Trixie West	TXRC0182	415605.3	7570220.9	248.6	0	10.0m @ 54.07% Fe	3.85	9.05	0.064	0.024	8.97	34
Trixie West	TXRC0183	415608.0	7570389.6	244.7	0	10.0m @ 55.27% Fe	3.32	9.10	0.094	0.024	7.98	40
Trixie West	TXRC0184	415595.9	7570446.2	242.6	0	16.0m @ 54.64% Fe	4.65	5.89	0.099	0.043	10.74	40
Red Hill Creek West	KBRC1657	425038.1	7557890.1	285.6	0	46.0m @ 56.05% Fe	3.59	6.75	0.109	0.016	8.72	70
Red Hill Creek West	KBRC1789	427525.8	7557949.4	287.5	2	30.0m @ 56.22% Fe	2.70	6.90	0.133	0.017	9.39	58
Red Hill Creek West	KBRC1790	427446.3	7557955.7	286.7	6	22.0m @ 56.37% Fe	2.13	7.37	0.131	0.018	9.29	40
Red Hill Creek West	KBRC1792	427495.0	7557834.3	287.0	4	18.0m @ 56.68% Fe	2.84	7.25	0.117	0.006	7.98	34
Red Hill Creek West	KBRC1794	424960.7	7557711.2	263.9	8	24.0m @ 54.47% Fe	3.66	8.34	0.152	0.006	9.24	52
Kens Bore	MBRC0032	414007.8	7562401.3	190.7	0	16.0m @ 55.96% Fe	4.21	6.50	0.030	0.017	8.74	40
Kens Bore	MBRC0035	413798.6	7562978.9	189.5	24	12.0m @ 54.88% Fe	4.34	7.44	0.040	0.009	9.20	64
Kens Bore	MBRC0036	413806.6	7562600.4	188.5	32	12.0m @ 56.12% Fe	4.26	5.60	0.046	0.010	9.50	76
Kens Bore	MBRC0047	413594.6	7562605.6	187.9	22	10.0m @ 55.98% Fe	3.96	6.02	0.045	0.009	9.30	70

All drill holes targeting CID were drilled vertically.

All co-ordinates are in MGA94 Zone 50.

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

3. *RHIOJV Feasibility Study*

RHIOJV Feasibility Study activities have been scheduled to maintain integration with the broader WPIOP, which is comprised of Feasibilities Studies on the West Pilbara Mine Project (WPMP) (being undertaken by the APIJV) and the West Pilbara Infrastructure Project (WPIP) (being undertaken by Aurizon).

A draft RHIOJV Feasibility Study was previously scheduled for delivery by mid-2016. However, in late December, the Manager was advised by the APIJV Participants (“API JVPs”) that due largely to the current iron ore market conditions, they have decided to discontinue the previously targeted completion of a definitive feasibility study on the WPMP by mid-2016. Key project approvals and areas of potential value enhancement will continue to be pursued over the first quarter of 2016, with the project work programme and schedule reassessed at the end of the quarter.

In light of the APIJVP’s decision, the APIJV approved a revised work programme and budget for the APIJV from 1 January 2016 and, to ensure alignment with the broader WPMP, the Manager is currently preparing revised work programmes and budgets for consideration and approval by the RHIOJV and MSIOJV Management Committees.

The RHIOJV Feasibility Study was being completed on the basis that RHIOJV ore will be crushed, screened and blended with ore from other WPIOP Stage 1 deposits and sales agreements will be entered into with respect to the participants’ share of such blended ore. Details on key Feasibility Study activities during the quarter for both the RHIOJV and broader WPIOP are set out in following sections.

4. *Mining Studies*

WPMP mining studies continued with the receipt of market based mining and haulage cost estimates from AMC Consultants. Responses received to contract mining and road haulage Expression of Interest (EOI) packages were also evaluated ahead of shortlisting of parties. This is a precursor to a Request for Quotation (RFQ) phase which would be used to derive updated mining and haulage capital and operating cost estimates for the RHIOJV and broader WPMP Feasibility Study.

5. *Engineering (for broader WPMP)*

Feasibility activities for the broader WPMP undertaken by the APIJV during the quarter included ongoing engagement with potential contractors for key elements of the WPMP development and operation. This work was focused on deriving cost estimates for the project. The work included completion of an Early Contractor Involvement (ECI) phase for the Central Processing Plant (CPF) by two shortlisted contractors, with both undertaking market pricing for equipment and cost estimating activities.

Cost estimates from potential contractors for other works packages (non-process infrastructure and pioneering works) for the WPMP were also received as a precursor to subsequent contract packaging, shortlisting and selection processes.

6. *Tenure*

In October 2015, Mining Leases were granted for the WPIOP Stage 1 deposits (except Red Creek West, Red Hill Creek and Buckland Hills – see below).

Grant of the Mining Lease applications covering deposits at Red Hill Creek West (RHIOJV), Red Hill Creek (APIJV) and Buckland Hills (APIJV) is expected in the June 2016 quarter.

Native Title Agreement implementation continues to be progressed with inaugural Liaison Committee Meetings held with the KM and PKKP groups in November.

Heritage surveys continued during the quarter with a focus on achieving coverage of future disturbance areas. Heritage survey work on the Trinity Bore area was completed during the quarter with the preliminary advice detailing the results received and being reviewed.

Processes to maintain tenements across the broader project area were completed, including lodgement of required extensions of term and reporting obligations for work completed.

7. Environment

Environmental compliance activities including surveys and baseline monitoring were maintained.

Draft environmental review documents in relation to the Cardo expanded mine footprint areas were distributed to key stakeholders for review ahead of formal lodgement expected during the March 2016 quarter.

Further work was also undertaken in relation to the preparation of environmental approval applications for the Red Hill Creek West (RHIOJV), Red Hill Creek (APIJV) and Buckland Hills (APIJV) deposits.

8. Commercial

Work continued on progressing the tenement transfer and other detailed agreements that follow on from the May 2015 Red Hill Deed of Settlement and Release, including an amended RHIOJV Joint Venture Agreement.

9. RHIOJV Expenditure

Total RHIOJV expenditure for the December 2015 quarter totalled \$2.98M compared to budget of \$2.99M. Expenditure for the December 2015 half year was \$5.7M compared to budget of \$7.1M. The lower year-to-date expenditure is largely due to the re-scheduling of planned exploration drilling activity.

Competent Person Statement

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.

PANNAWONICA PROJECT (RHI 100%)

No further exploration work was carried out on this project during the quarter.

Neil Tomkinson
Chairman

APPENDIX – RHIOJV Exploration Drilling Locations and Results

Figure 1 – Location Plan

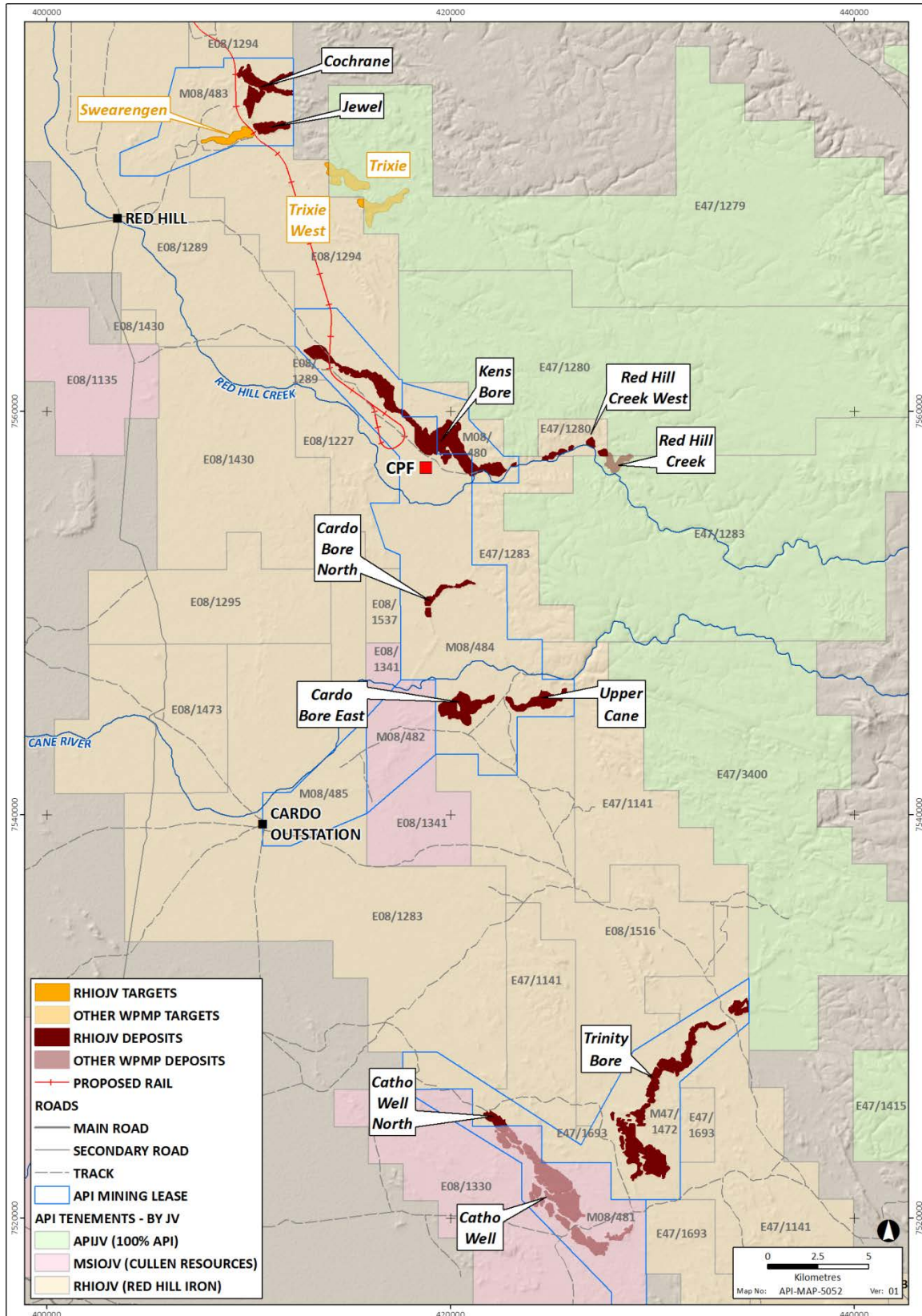


Figure 2– Drillhole Locations at the Red Hill Creek Deposit

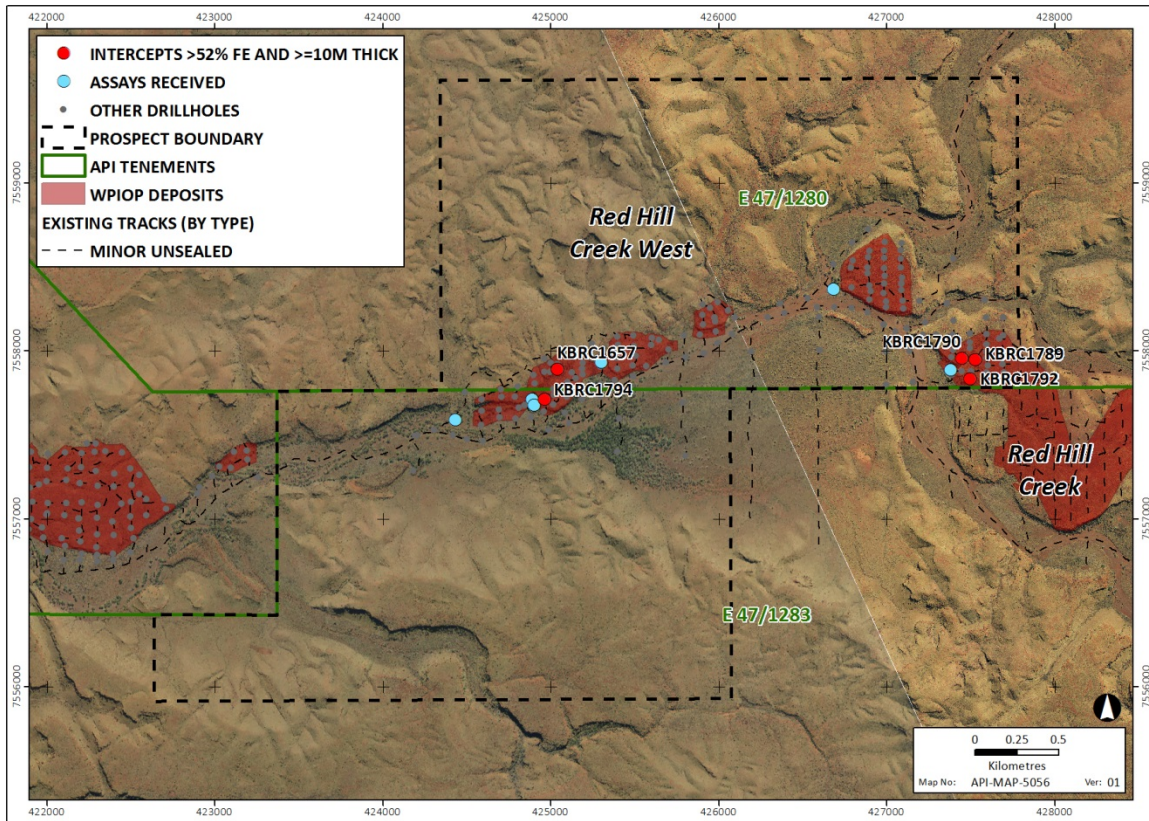


Figure 3 – Drillhole Locations at the Trixie West Prospect

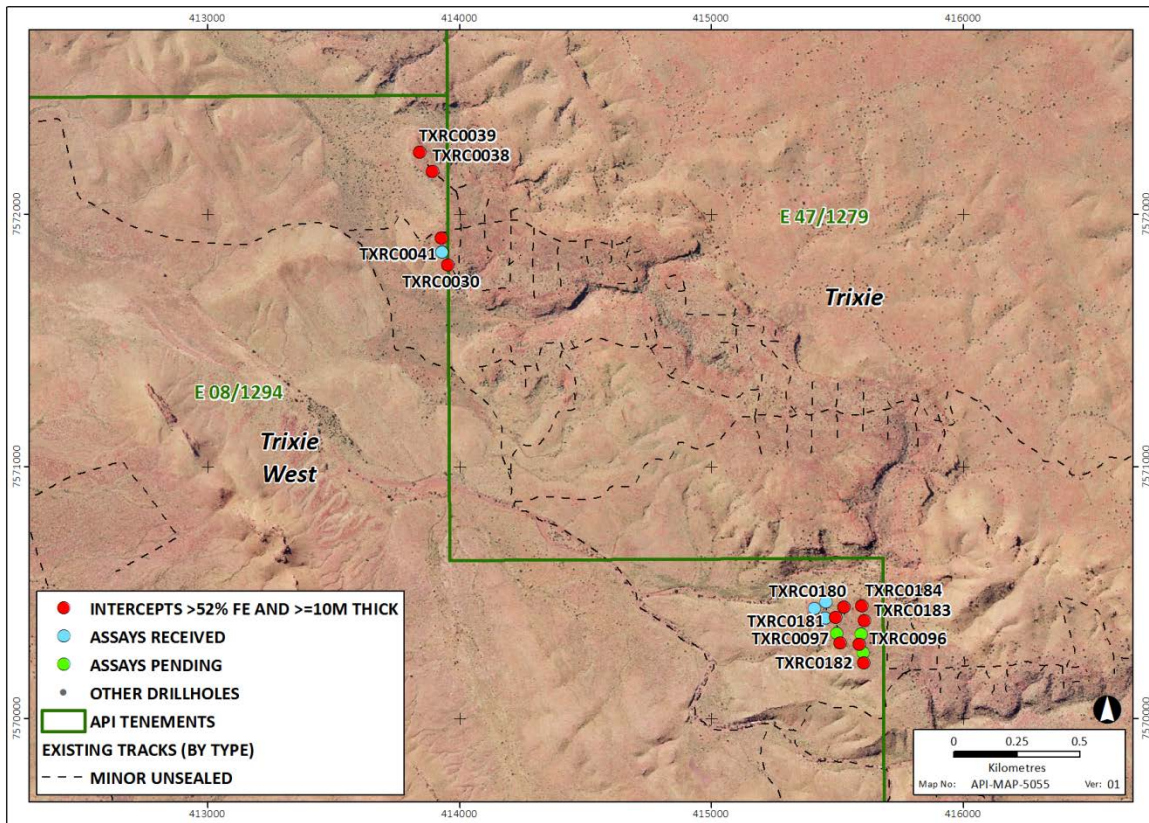


Figure 4 – Drillhole Locations at the Swearengen Prospect

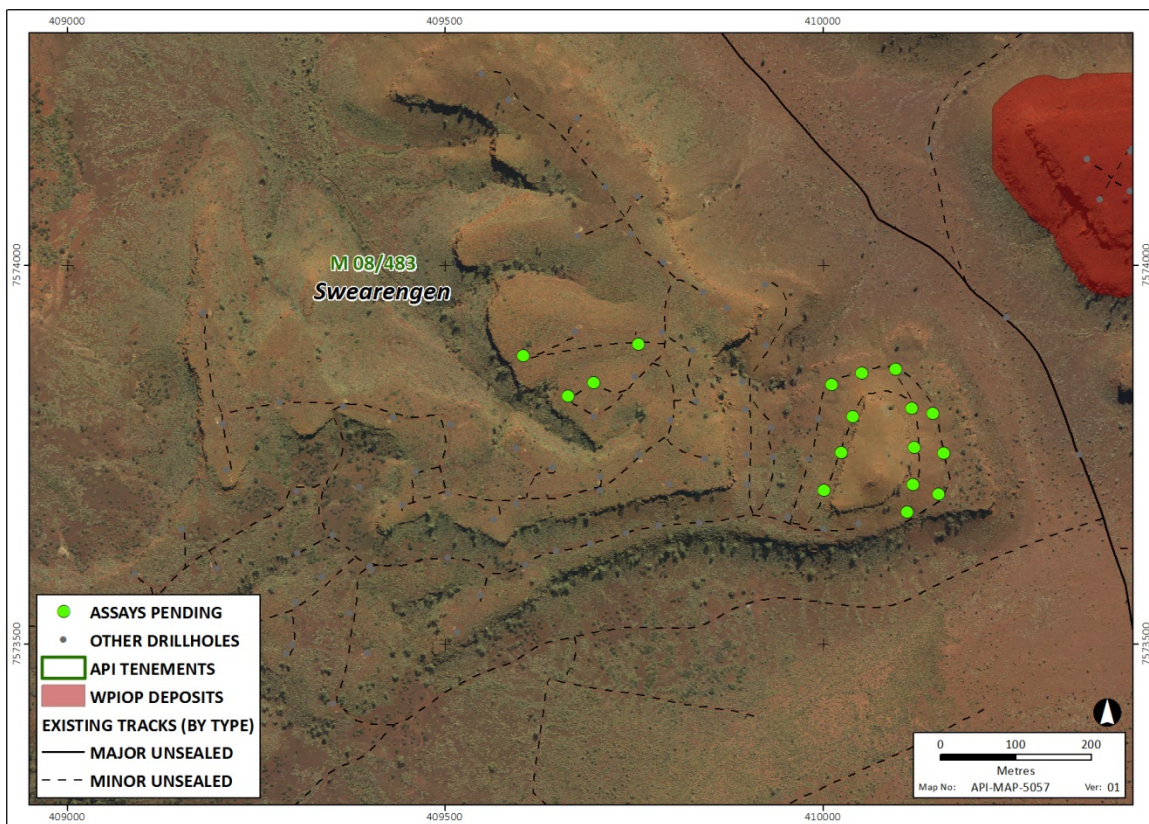


Figure 5 – Drillhole Locations at the Kens Bore Deposit

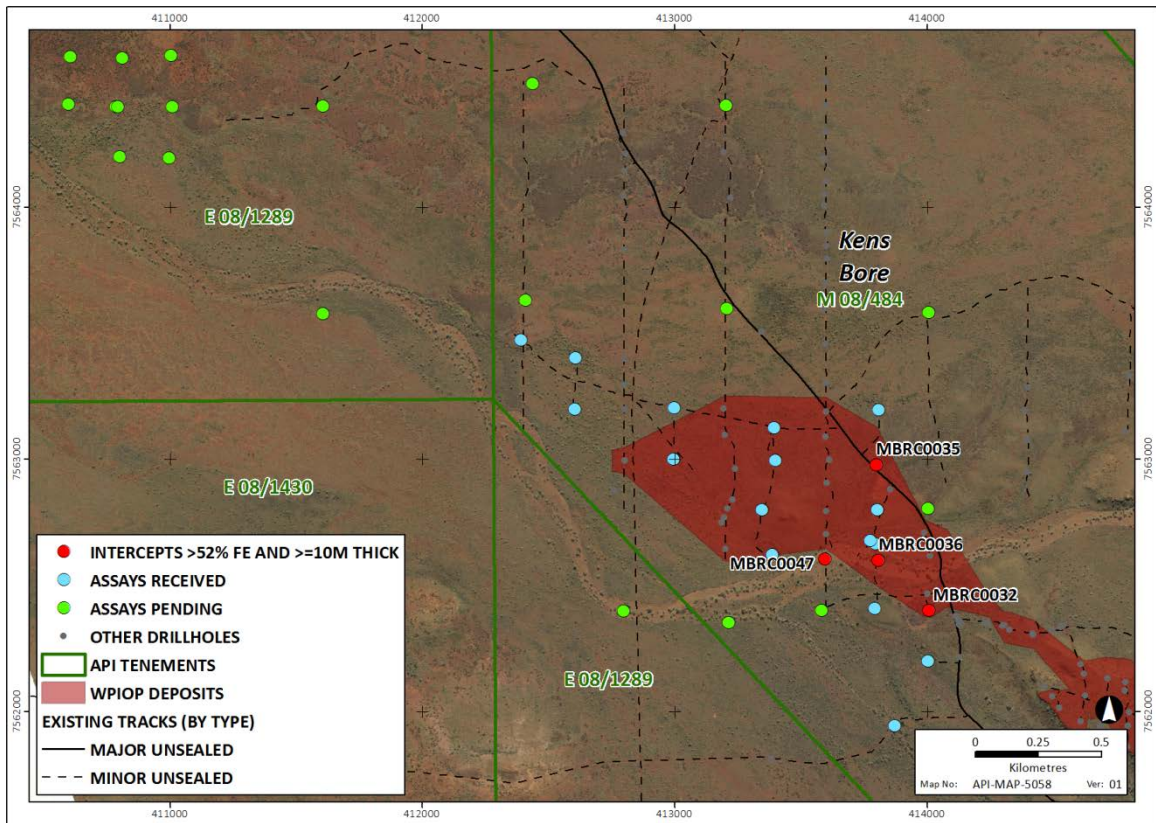


Table 2 – Drilling Intercepts Received – December 2015 Quarter

Prospect	Site ID	Easting	Northing	RL	Depth From	Intercept	Al2O3%	SiO2%	P%	S%	LOI1000%	Hole Depth
Kens Bore	MBRC0030	414003.7	7562200.7	189.7		Results below intercept cut-off						52
Kens Bore	MBRC0031	413793.1	7562408.5	191.1	10	4.0m @ 54.42% Fe	4.66	7.25	0.033	0.012	9.34	40
Kens Bore	MBRC0032	414007.8	7562401.3	190.7	0	16.0m @ 55.96% Fe	4.21	6.50	0.030	0.017	8.74	40
Kens Bore	MBRC0033	413804.6	7562800.6	189.3	48	2.0m @ 52.52% Fe	5.27	7.49	0.057	0.011	11.40	76
Kens Bore	MBRC0033	413804.6	7562800.6	189.3	52	4.0m @ 53.21% Fe	4.95	8.13	0.055	0.014	10.09	76
Kens Bore	MBRC0034	413808.7	7563196.7	188.7	34	8.0m @ 56.95% Fe	3.90	4.80	0.040	0.012	9.11	58
Kens Bore	MBRC0035	413798.6	7562978.9	189.5	24	12.0m @ 54.88% Fe	4.34	7.44	0.040	0.009	9.20	64
Kens Bore	MBRC0036	413806.6	7562600.4	188.5	12	4.0m @ 52.75% Fe	4.72	8.28	0.047	0.009	11.05	76
Kens Bore	MBRC0036	413806.6	7562600.4	188.5	32	12.0m @ 56.12% Fe	4.26	5.60	0.046	0.010	9.50	76
Kens Bore	MBRC0036	413806.6	7562600.4	188.5	48	2.0m @ 52.60% Fe	5.11	8.76	0.054	0.008	10.40	76
Kens Bore	MBRC0037	413387.0	7562621.3	188.2	26	4.0m @ 54.88% Fe	4.54	7.03	0.042	0.008	9.20	74
Kens Bore	MBRC0038	413345.7	7562800.3	196.6	30	6.0m @ 54.34% Fe	4.36	7.15	0.034	0.010	10.12	76
Kens Bore	MBRC0038	413345.7	7562800.3	196.6	54	2.0m @ 52.09% Fe	5.59	8.56	0.048	0.018	9.41	76
Kens Bore	MBRC0039	413399.3	7562995.1	189.7		Results below intercept cut-off						64
Kens Bore	MBRC0040	412390.8	7563473.2	182.2		Results below intercept cut-off						46
Kens Bore	MBRC0041	412603.1	7563198.2	183.1		Results below intercept cut-off						46
Kens Bore	MBRC0042	412606.1	7563403.8	182.1		Results below intercept cut-off						70
Kens Bore	MBRC0043	412995.2	7563000.9	185.7	20	6.0m @ 53.25% Fe	5.04	8.18	0.028	0.011	9.92	70
Kens Bore	MBRC0043	412995.2	7563000.9	185.7	52	4.0m @ 55.05% Fe	5.42	7.62	0.037	0.030	6.57	70
Kens Bore	MBRC0044	412998.5	7563204.4	184.3	42	2.0m @ 53.94% Fe	4.81	7.18	0.042	0.010	9.97	70
Kens Bore	MBRC0046	413393.8	7563125.2	186.5	44	2.0m @ 52.66% Fe	5.40	8.69	0.056	0.008	9.78	70
Kens Bore	MBRC0047	413594.6	7562605.6	187.9	22	10.0m @ 55.98% Fe	3.96	6.02	0.045	0.009	9.30	70
Red Hill Creek West	KBRC1657	425038.1	7557890.1	285.6	0	46.0m @ 56.05% Fe	3.59	6.75	0.109	0.016	8.72	70
Red Hill Creek West	KBRC1789	427525.8	7557949.4	287.5	2	30.0m @ 56.22% Fe	2.70	6.90	0.133	0.017	9.39	58
Red Hill Creek West	KBRC1789	427525.8	7557949.4	287.5	42	6.0m @ 53.09% Fe	2.76	11.24	0.160	0.008	9.24	58
Red Hill Creek West	KBRC1790	427446.3	7557955.7	286.7	0	2.0m @ 57.59% Fe	3.90	4.69	0.082	0.024	8.61	40
Red Hill Creek West	KBRC1790	427446.3	7557955.7	286.7	6	22.0m @ 56.37% Fe	2.13	7.37	0.131	0.018	9.29	40
Red Hill Creek West	KBRC1791	427381.9	7557887.2	275.0	8	2.0m @ 52.85% Fe	4.10	12.57	0.103	0.005	6.82	46
Red Hill Creek West	KBRC1792	427495.0	7557834.3	287.0	4	18.0m @ 56.68% Fe	2.84	7.25	0.117	0.006	7.98	34
Red Hill Creek West	KBRC1793	426685.5	7558366.1	270.3		Results below intercept cut-off						46
Red Hill Creek West	KBRC1794	424960.7	7557711.2	263.9	8	24.0m @ 54.47% Fe	3.66	8.34	0.152	0.006	9.24	52
Red Hill Creek West	KBRC1795	424887.5	7557712.5	263.0	4	4.0m @ 55.81% Fe	3.44	8.22	0.115	0.009	7.80	46
Red Hill Creek West	KBRC1795	424887.5	7557712.5	263.0	20	2.0m @ 52.24% Fe	4.76	8.80	0.141	0.005	10.60	46
Red Hill Creek West	KBRC1795	424887.5	7557712.5	263.0	32	6.0m @ 53.62% Fe	4.20	10.76	0.168	0.008	7.26	46
Red Hill Creek West	KBRC1796	424900.3	7557676.6	262.2	22	2.0m @ 54.67% Fe	3.13	9.38	0.112	0.007	8.57	46
Red Hill Creek West	KBRC1796	424900.3	7557676.6	262.2	34	2.0m @ 53.20% Fe	3.99	8.81	0.174	0.005	10.20	46
Red Hill Creek West	KBRC1797	425301.5	7557933.9	266.5		Results below intercept cut-off						34
Trixie West	TXRC0030	413953.1	7571800.1	229.0	0	12.0m @ 54.34% Fe	4.26	8.13	0.045	0.044	9.36	60
Trixie West	TXRC0038	413892.6	7572169.4	232.8	0	20.0m @ 53.37% Fe	5.51	8.05	0.055	0.019	9.49	34
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Trixie West	TXRC0040	413928.5	7571849.7	230.0	2	4.0m @ 56.24% Fe	4.25	6.47	0.046	0.056	8.66	58
Trixie West	TXRC0040	413928.5	7571849.7	230.0	10	8.0m @ 53.37% Fe	4.24	9.36	0.047	0.046	9.73	58
Trixie West	TXRC0040	413928.5	7571849.7	230.0	30	2.0m @ 52.30% Fe	5.85	12.07	0.095	0.014	6.66	58
Trixie West	TXRC0041	413927.5	7571905.7	228.8	0	14.0m @ 56.47% Fe	3.96	5.62	0.057	0.025	9.28	40
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Trixie West	TXRC0096	415587.2	7570295.7	246.8	22	2.0m @ 52.99% Fe	4.52	9.34	0.073	0.019	9.68	70
Trixie West	TXRC0097	415510.3	7570299.8	243.3	0	14.0m @ 56.98% Fe	3.48	5.67	0.060	0.032	8.97	58
Trixie West	TXRC0098	415408.0	7570436.7	237.4		Results below intercept cut-off						76
Trixie West	TXRC0099	415453.5	7570462.4	232.1		Results below intercept cut-off						22
Trixie West	TXRC0100	415453.2	7570398.6	238.6	0	4.0m @ 55.74% Fe	3.56	5.44	0.045	0.030	10.75	64
Trixie West	TXRC0100	415453.2	7570398.6	238.6	8	2.0m @ 52.74% Fe	4.47	9.43	0.046	0.025	10.10	64
Trixie West	TXRC0180	415525.4	7570441.8	238.8	4	12.0m @ 53.53% Fe	4.01	9.61	0.067	0.020	9.32	40
Trixie West	TXRC0180	415525.4	7570441.8	238.8	22	2.0m @ 52.41% Fe	4.45	9.58	0.090	0.018	10.40	40
Trixie West	TXRC0180	415525.4	7570441.8	238.8	30	2.0m @ 52.41% Fe	4.42	10.93	0.204	0.006	8.65	40
Trixie West	TXRC0181	415491.7	7570402.2	239.6	0	20.0m @ 53.52% Fe	3.53	10.10	0.063	0.014	9.13	70
Trixie West	TXRC0181	415491.7	7570402.2	239.6	26	10.0m @ 53.44% Fe	3.72	10.49	0.184	0.007	8.30	70
Trixie West	TXRC0182	415605.3	7570220.9	248.6	0	10.0m @ 54.07% Fe	3.85	9.05	0.064	0.024	8.97	34
Trixie West	TXRC0182	415605.3	7570220.9	248.6	14	2.0m @ 55.16% Fe	3.17	11.91	0.071	0.013	4.38	34
Trixie West	TXRC0183	415608.0	7570389.6	244.7	0	10.0m @ 55.27% Fe	3.32	9.10	0.094	0.024	7.98	40
Trixie West	TXRC0184	415595.9	7570446.2	242.6	0	16.0m @ 54.64% Fe	4.65	5.89	0.099	0.043	10.74	40

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.

The JORC Code Assessment Criteria

The JORC Code, 2012 Edition describes a number of criteria, which must be addressed in the Public Reporting of exploration results. These criteria are discussed in Table 3 as follows.

Table 3 – JORC Code Table 1

JORC Code Assessment Criteria	Comment
Section 1 Sampling Techniques and Data	
Sampling Techniques	<p>RC drill samples for analysis were collected every 2 m down hole directly from the cyclone after passing through a three-tier riffle splitter or cone splitter mounted on the RC drilling rig. Each sample represents approximately 12% (by volume) of the drilling interval with an average weight of 4 kg for a 2 m interval.</p> <p>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.</p> <p>All drilling was sampled in accordance with API sampling procedures.</p>
<p><i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i></p> <p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p> <p><i>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 (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.</i></p>	
Drilling Techniques	
<p><i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.), and details (e.g. 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></p>	<p>The majority of the downhole samples were collected from RC drilling utilising a 5 ¼" face sampling hammer.</p>
Drill Sample Recovery	<p>RC sample recoveries and quality were recorded for each sampling interval by the geologist. 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.</p> <p>The cyclone in the RC rig 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>
<p><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></p> <p><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></p> <p><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></p>	

<p>Logging</p> <p><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></p> <p><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.), photography.</i></p> <p><i>The total length and percentage of the relevant intersections logged.</i></p>	<p>All geological logging was conducted using API procedures and standardised coding. Data is entered directly into ruggedised laptops at the drill site using software that validates data as the geologist logs. Logging data is then emailed to Perth where it undergoes further validation as it is uploaded and stored into the API SQL-based geological database.</p>
<p>Sub-Sampling Techniques and Sample Preparation</p> <p><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></p> <p><i>If non-core, whether riffled, tube sampled, rotary split, etc., and whether sampled wet or dry.</i></p> <p><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></p> <p><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></p> <p><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></p> <p><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></p>	<p>RC samples were collected in pre-labelled calico bags via a cone splitter mounted directly below the cyclone on the rig. Wet and dry samples were collected via the same technique. Samples were stored on-site prior to being transported to the laboratory. Wet samples were allowed to dry before being processed. Samples were sorted, dried and weighed at the laboratory where they were then crushed and riffle split to obtain a sub-fraction for pulverisation. The pulverised sample was reduced further and combined with various reagents prior to oven fusion to create a fused disc for analysis.</p>
<p>Quality of Assay Data and Laboratory Tests</p> <p><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></p> <p><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></p> <p><i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i></p>	<p>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 laboratory analysis. API conducts monthly checks of all QAQC data. API has previously conducted external reviews (undertaken by Optiro and Geostats) of the geological and assay database. Audit results show an acceptable level of accuracy and precision.</p>

<p>Verification of Sampling and Assaying</p> <p><i>The verification of significant intersections by either independent or alternative company personnel.</i></p> <p><i>The use of twinned holes.</i></p> <p><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></p> <p><i>Discuss any adjustment to assay data.</i></p>	<p>Comparison of RC and twinned diamond hole assay data distributions show that the drilling methods have similar grade distributions, verifying the suitability of RC samples in the Mineral Resource estimate.</p> <p>API periodically conducts round robin studies on assay results to verify sample analysis. No concerns were highlighted and no adjustments to data have been made.</p> <p>API retain laboratory sample pulps for all samples since 2005.</p>
<p>Location of Data Points</p> <p><i>Accuracy and quality of surveys used to locate drill holes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></p> <p><i>Specification of the grid system used.</i></p> <p><i>Quality and adequacy of topographic control.</i></p>	<p>All drill holes are initially surveyed by handheld GPS and later surveyed by differential GPS utilising an independent contractor.</p> <p>Drill hole collar coordinates were verified in ArcGIS and/or MapInfo software utilising aerial photography as part of API's monthly QA/QC procedures.</p> <p>Topographic coverage of all API deposits has been established by aerial survey (LIDAR) with a vertical accuracy of ± 0.15 m.</p> <p>API projects fall within the MGA Zone 50 or 51 (GDA 1994 based) for horizontal data and AHD for vertical data.</p>
<p>Data Spacing and Distribution</p> <p><i>Data spacing for reporting of Exploration Results.</i></p> <p><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></p> <p><i>Whether sample compositing has been applied.</i></p>	<p>Drill hole spacing is sufficient for first pass and infill exploratory drilling to establish geological and grade continuity.</p> <p>No sample compositing has been undertaken for RC samples.</p>
<p>Orientation of Data in Relation to Geological Structure</p> <p><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></p> <p><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></p>	<p>Ore bodies and the geology described at the RC drilling locations described in this release are all flat lying. All drill holes were vertical.</p> <p>The orientation of sampling achieves unbiased sampling of stratigraphic domains.</p>
<p>Sample Security</p> <p><i>The measures taken to ensure sample security.</i></p>	<p>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.</p>
<p>Audits and Reviews</p> <p><i>The results of any audits or reviews of sampling techniques and data.</i></p>	<p>QA/QC procedures and rigorous database validation rules ensures sampling and logging data is validated prior to being used by API Geologists.</p> <p>API conducts monthly QA/QC data checks on reference standards and field duplicates.</p> <p>Independent audits of API's sampling techniques and QA/QC assay data have been undertaken. Sampling procedures and the drill hole database is consistent with industry standards.</p>

Section 2 Reporting of Exploration Results	
Mineral Tenement and Land Tenure Status	<p>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).</p> <p>There are no known environmental or cultural heritage matters that would impact on the development of the resource areas (subject to relevant approvals).</p>
<p><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></p> <p><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></p>	
Exploration Done by Other Parties	<p>Exploration work completed by API or other parties prior to this report has been summarised in previous ASX releases or are publically available via the Department of Mines and Petroleum online systems.</p>
<p><i>Acknowledgment and appraisal of exploration by other parties.</i></p>	
Geology	<p>The Mineral Resources are from Channel Iron Deposits (CID) with mineralisation present as Tertiary Robe Pisolite. 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.</p> <p>Basement varies from Members of the Wyloo Group to Hamersley Group and includes dolomites, chert, volcanoclastics, and basalt (Wyloo Group), and shales to dolomites of the Wittenoorn Formation, Mount McRae Shale, and Mt Sylvia Formation (Hamersley Group).</p>
<p><i>Deposit type, geological setting and style of mineralisation.</i></p>	
Drill hole information	<p>RC Drill hole information is attached in Table 2. All RC drill holes targeting CID were drilled vertically.</p>
Data aggregation methods	<p>No maximum or minimum grade truncations were performed.</p>
Relationship between mineralisation widths and intercept lengths	<p>Mineralisation in each of the areas reported are flat lying and only true mineralisation widths are reported.</p>
Diagrams	<p>A plan view map showing the deposit locations are included in the body of the report.</p>
Balance reporting	<p>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.</p>
Other substantive exploration data	<p>Not applicable. Exploration results have previously been reported.</p>
Further work	<p>Work will continue next Quarter focussing on completing Mineral Resource Estimates for the Trixie West and Swaengren Deposits.</p>

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 2015

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	(39)	(93)
(b) development	-	-
(c) production	-	-
(d) administration	(149)	(267)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(186)	(355)
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)	(186)	(355)

+ 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)	(186)	(355)
	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	(186)	(355)
1.20	Cash at beginning of quarter/year to date	363	532
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	177	177

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	92
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

3.1 The loan facility is an unsecured working capital facility provided by companies associated with two directors on normal commercial terms and conditions – further details are set out in the 2015 Annual Report. No amount had been drawn down on this facility by quarter end

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 affect 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	500,000	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	35
4.2 Development	-
4.3 Production	-
4.4 Administration	109
Total	144

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	25	13
5.2 Deposits at call	102	50
5.3 Bank overdraft	-	-
5.4 Other (Term Deposit)	50	300
Total: cash at end of quarter (item 1.22)	177	363

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			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

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: **28 January 2016**

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 2015

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%
M47/1472	West Pilbara, WA	40%	40%
M08/483-I	West Pilbara, WA	40%	40%
M08/484-I	West Pilbara, WA	40%	40%
M08/485-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%
EA08/2729	West Pilbara, WA	0%	100%
EA08/2730	West Pilbara, WA	0%	100%

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

EA: Exploration licence application
P: Prospecting licence