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Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
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ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2016

CORPORATE COMMENTARY

Red Hill Iron Limited (RHI) has commenced a review of the gold and base metal potential of the extensive tenement package in the West Pilbara that is also the focus of the Red Hill Iron Ore Joint Venture (RHIOJV). RHI retains total ownership rights for all non-ferrous minerals contained within this tenement package. During the quarter, the Company received a report on the non-ferrous mineral potential commissioned from CSA Global Pty Ltd which it is following up with an intensive field study. RHI intends to seek joint venture funding to advance this appraisal.

RHIOJV (RHI 40%)

- RHI currently retains a 40% interest in the RHIOJV, which is part of the planned development of the West Pilbara Iron Ore Project (WPIOP) owned by the Australian Premium Iron Joint Venture (APIJV).
- RHI has no direct exposure to current RHIOJV expenditure since RHI is currently carried at the 40% level for all RHIOJV costs until production commences at which point the Company may elect either to reduce its interest to a participating 19% or to convert it to a 2% FOB Royalty on total RHIOJV production.

The manager of the RHIOJV, API Management Pty Ltd (API), has provided the following report on the RHIOJV activities for the quarter:

Highlights for the quarter

- During the June quarter geological and mineralisation modelling of the Trixie West and Cardo Bore West Deposits commenced in preparation for Mineral Resource Estimation. The Mineral Resource Estimate work is expected to be completed in the September quarter with the result assisting with WPIOP mine planning and optimisation work.

- The period of Aurizon Limited's exclusivity to be the rail and port infrastructure proponent for the broader WPIOP expired at the end of April 2016. APIJV owners have commenced a desktop study to consider an integrated rail and port infrastructure solution.
- Areas of potential project value optimisation and enhancement will continue to be investigated over the remainder of 2016. Key WPIOP approvals will also continue to be progressed.
- RHIOJV expenditure for the quarter totalled \$0.64M compared to the revised budget of \$0.99M. Full FY16 expenditure of \$6.96M is below the revised budget of \$9.04M due primarily to lower exploration and land management costs than budget.

1. Exploration

During the June quarter geological and mineralisation modelling of the Trixie West and Cardo Bore West Deposits commenced in preparation for Mineral Resource Estimation. The Trixie West and Cardo Bore West Channel Iron Deposits (CID) are located within the RHIOJV project area.

The Trixie West and Cardo Bore West deposits are outcropping CID's that were formed by the alluvial and chemical deposition of iron rich sediments in palaeo-river channels.

Modelling has incorporated all previous drilling to date including the results received last quarter. The Mineral Resource Estimate work is expected to be completed next quarter with the result assisting with mine planning and optimisation work.

Other activities carried out during the quarter included:

- Re-opening of the Cardo Camp (primarily for maintenance purposes and site access reconnaissance).
- A review of the Swearngen prospect with respect to its economic potential completed internally by the Australian Premium Iron Management Mining Department.

Future Work Programme

Areas of potential project value optimisation and enhancement for the broader WPIOP are currently being investigated. APIJV owners commenced a desktop study to consider an integrated rail and port infrastructure solution during the quarter. This work is expected to continue over the balance of 2016 and will primarily be undertaken using internal resources of the APIJVP's and a scaled down APIM study team. Key WPIOP approvals continue to be progressed.

A work programme and budget for the APIJV for the period May to Dec 2016 reflecting this proposed activity and meeting minimum tenement expenditure obligations was approved during the quarter.

Post quarter end the RHIOJV Management Committee has also approved the RHIOJV work programme and budget for the financial year commencing 1 July 2016 and ending 30 June 2017.

2. Tenure

Native Title Agreement implementation continued to be progressed across the broader WPIOP with heritage survey planning and ongoing engagement with native title groups representatives to support land access and environmental approval processes.

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

State Deeds required to support the grant of the Mining Lease applications covering deposits across the broader project area at Red Hill Creek West (of the RHIOJV), Red Hill Creek (of the APIJV) and Buckland Hills (of the APIJV) are yet to be executed. These are now expected in the September 2016 quarter.

3. Environment

Environmental compliance activities including all statutory reporting and a level of field compliance monitoring were maintained.

Draft environmental review documents in relation to the Cardo expanded mine footprint areas and Red Hill Creek West (of the RHIOJV), Red Hill Creek (of the APIJV) are subject to the completion of a floristic assessment related to a priority ecological community scheduled in July 2016. Government decision making authorities and traditional owner stakeholder reviews have been completed and advertising of the “draft assessment documentation” under the WA and Commonwealth assessment bilateral agreement was completed with no public submissions. Submission of final referral and environmental review documentation to the State and Commonwealth environmental agencies is expected post integration of findings from the floristic study in late September 2016.

A request to extend the substantial commencement date for the Commonwealth approval (West Pilbara Iron Ore Mine and Rail Project, WA [EPBC 2009/4706]) was sought from and approved by the Commonwealth (to 27 November 2018).

4. RHIOJV Expenditure

Total RHIOJV expenditure for the June 2016 quarter totalled \$0.64M compared to the revised budget of \$0.99M with lower levels of activity and expenditure than budgeted in all areas, especially exploration and land management.

Full FY16 expenditure of \$6.96M is below the revised budget of \$9.04M, also due primarily to lower exploration and land management costs than budgeted. A breakdown of expenditure is set out in Table 1.

Table 1 – RHIOJV Expenditure

RHIOJV Expenditure Report
FY16 12 Monthly Actual costs

RHIOJV	Apr-16	May-16	Jun-16	Q1	Q2	Q3	Q4	FY16	FY16	FY16
A\$	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Revised Budget	Variance
RED HILL IRON ORE JOINT VENTURE										
Exploration	18,323	63,715	128,375	374,118	635,748	48,823	210,413	1,269,102	2,325,000	1,055,898
Rates and Rental	87,735	0	36,147	42,922	540,456	12,903	123,882	720,163	888,000	167,837
TOTAL EXPLORATION	106,058	63,715	164,522	417,040	1,176,204	61,726	334,295	1,989,265	3,213,000	1,223,735
PROJECT SUPPORT										
Study Management	0	0	0	0	0	0	0	0	171,000	171,000
Land Management	144,404	7,801	12,298	235,365	384,805	32,820	164,504	817,494	1,209,000	391,506
Environment	13,087	10,441	5,034	307,510	232,503	83,830	28,561	652,405	648,000	(4,405)
Mine planning & testwork	22,287	17,301	16,462	1,557,607	916,111	340,124	56,050	2,869,892	2,981,000	111,108
TOTAL PROJECT SUPPORT COSTS	179,778	35,543	33,794	2,100,483	1,533,419	456,774	249,115	4,339,791	5,009,000	669,209
TOTAL	285,836	99,258	198,316	2,517,523	2,709,623	518,500	583,410	6,329,056	8,222,000	1,892,944
JV administration percentage	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
TOTAL JV ADMINISTRATION CHARGE	28,584	9,926	19,832	251,752	270,962	51,850	58,341	632,906	822,200	189,294
TOTAL INCLUDING ADMIN	314,420	109,184	218,148	2,769,275	2,980,585	570,350	641,751	6,961,961	9,044,200	2,082,239

PANNAWONICA PROJECT (RHI 100%)

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

Neil Tomkinson
Chairman

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 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(42)	(186)
(b) development	-	-
(c) production	-	-
(d) administration	(65)	(443)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	6
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	(107)	(623)
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	1
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	1
1.13 Total operating and investing cash flows (carried forward)	(106)	(622)

+ 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)	(106)	(622)
	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	-	200
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	200
	Net increase (decrease) in cash held	(106)	(422)
1.20	Cash at beginning of quarter/year to date	216	532
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	110	110

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	41
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.16 & 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. It was increased by \$200,000 during the prior quarter, and is drawn to \$200,000.
1.22 & 4	The Company expects to draw down on the available loan facility in the next quarter to cover projected exploration and administration cash outlays.

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	700,000	200,000
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	60
4.2 Development	-
4.3 Production	-
4.4 Administration	100
Total	160

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	27	14
5.2 Deposits at call	83	202
5.3 Bank overdraft	-	-
5.4 Other (Term Deposit)	-	-
Total: cash at end of quarter (item 1.22)	110	216

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			

+ 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	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>	-			
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	500,000		<i>Exercise price</i> 98.75 cents	<i>Expiry date</i> 8 April 2016
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: **29 July 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 30 June 2016

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