

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

30 April 2019

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2019

Red Hill Iron Ore Joint Venture

Red Hill Iron Limited (Red Hill Iron or the Company) continues to retain a 40% interest in the Red Hill Iron Ore Joint Venture (RHIOJV) located in the West Pilbara region of Western Australia, where the current Mineral Resource Estimate (JORC 2012) is 816 million tonnes at an Fe grade of 56.45% (*RHI ASX announcement 24 November 2016*). All the costs of the RHIOJV are currently provided by fellow joint venture partner and project manager, APIM Management Pty Ltd (APIM). At the Company's option this arrangement will continue until production commences, at which point Red Hill Iron may elect to either reduce its carried interest to a participating 19% interest in the mining and production operation or convert its interest to a 2% FOB Royalty on a total 100% of RHIOJV iron ore sales.

RHIOJV expenditure for the March 2019 quarter totaled \$0.29m compared to the budget of \$0.59m. (APIM's report for the quarter is set out later in this report).

Red Hill Non-Ferrous Exploration Project

Red Hill Iron has completed preparations for its 2019 exploration program and will drill 3 Reverse Circulation holes initially. The holes will be completed during the coming quarter in conjunction with drilling on behalf of the RHIOJV by APIM.

The first hole is designed to test the down plunge extensions of a 20 metre thick base metal anomalous zone intersected last year at the S-BEND prospect. The second hole will then follow to test an aerial electromagnetic anomaly with coincident surface geochemical copper anomalism at the B4 prospect. The third hole will then be drilled to test the EAST URANDY prospect where previous drilling intersected a bottom-of-the-hole intersection of 6 metres assaying approximately 1 ounce per tonne of silver and over 0.2% cobalt.

Pannawonica Project

Red Hill Iron retains 100% of the Pannawonica Project which contains the Whitegate and Redgate channel iron deposits, activity on which is currently suspended due to market conditions.

The Company also owns a significant hard rock quarry resource which could provide material for any new mine and associated transport development mooted in the region.

Red Hill Iron Ore Joint Venture – APIM Report

APIM has reported as follows for the period

Highlights for the Quarter

- *Completion of drill program planning for the 2019 field season.*
- *A DMIRS directed audit statement was completed in relation to Form 5 reporting for E08/1430.*

1. Background

API Management Pty Ltd (APIM) is the manager of two joint ventures: the APIJV between Aquila Steel Pty Ltd (Baosteel & Aurizon) and AMCI (IO) Pty Ltd (AMCI & Posco) and the RHIOJV between APIJV and Red Hill Iron. These joint ventures hold the iron ore rights over a number of deposits that form part of the West Pilbara Iron Ore Project (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 product via a new 250 km railway and export to Asian markets via a new deep-water port facility located at Anketell Point.

2. Exploration

Exploration work continued during the Quarter with the completion of drill program planning for the 2019 field season. Drill pads preparation and track refurbishment commenced in preparation for RC drilling scheduled to commence next Quarter.

Diamond drill holes completed on E08/1227 and E08/1537.

3. Tenure

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

Planning continued for Heritage Surveys, preparatory to field activities.

A DMIRS directed audit statement was completed in relation to the Form 5 reporting for E08/1430.

4. Environment

Environmental compliance activities including statutory reporting and field compliance monitoring were maintained.

Work to support on-ground activities was undertaken.

Meetings were held with the Department of Mines, Industry Regulation and Safety with regards to rehabilitation obligations on tenure in the Stage 1 area and the Department of Water and Environmental Regulation about future mineral exploration in Priority 1 Water protection areas.

5. RHIOJV Expenditure

Total RHIOJV expenditure for the March 2019 quarter totalled \$0.29M compared to the budget of \$0.59M. The underspend of \$0.30M primarily reflects timing of expenditure related to site-based activities for Exploration and Environment. Forecast FY19 remains within the draft budget estimate.

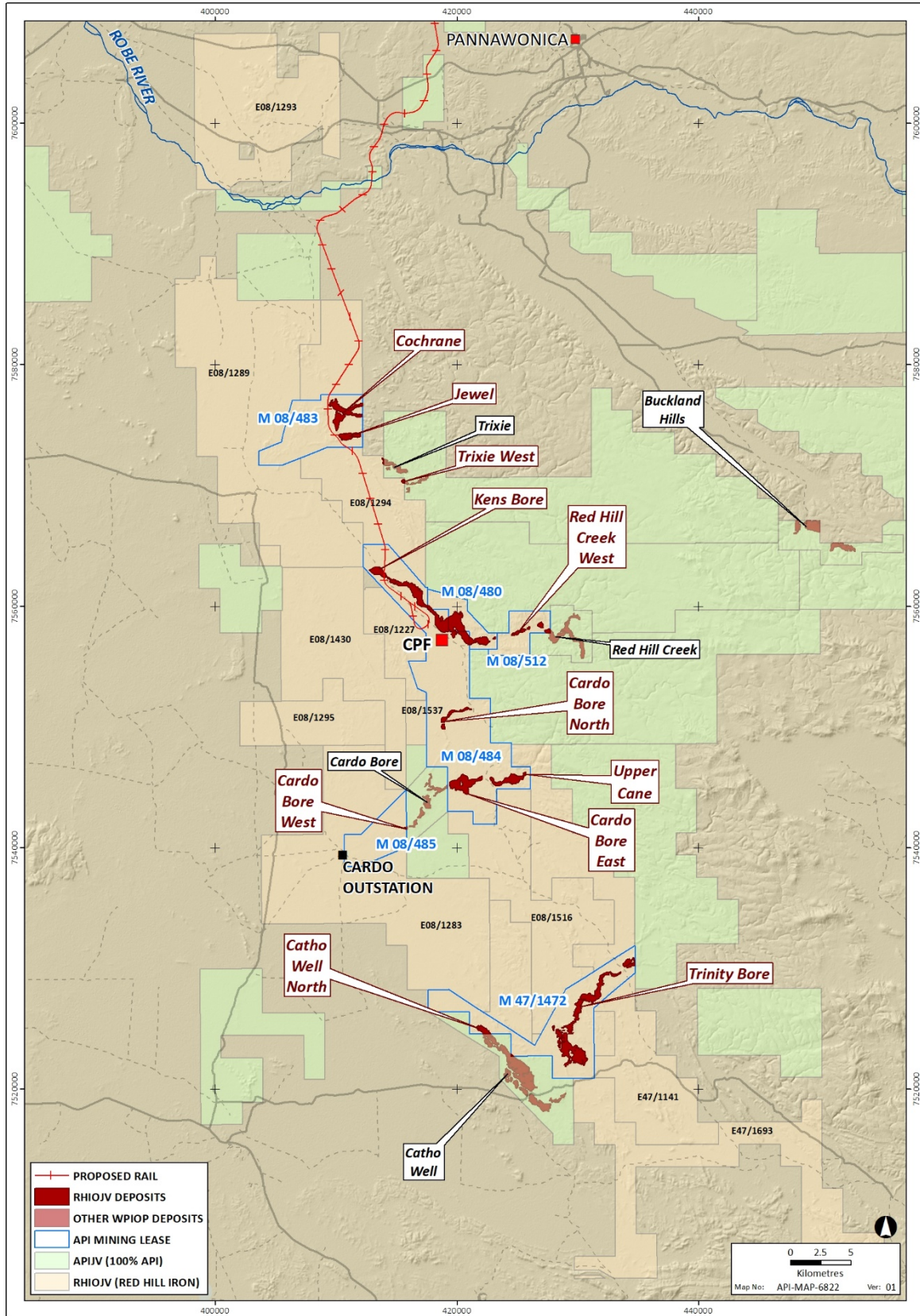
A breakdown of expenditure is set out in Table 1.

Table 1 – RHIOJV Expenditure

RHIOJV Expenditure Report
FY19 Monthly actual/forecast costs

RHIOJV A\$	Jan-19	Feb-19	Mar-19	Q3			FY19	FY19	FY19
	Actual	Actual	Actual	Actual	Budget	Variance	Act / Fcast	Budget (draft)	Variance
RED HILL IRON ORE JOINT VENTURE									
Exploration	17,510	19,851	41,632	78,993	226,494	147,501	497,420	635,966	138,546
Rates and Rental	-	-	5,670	5,670	2,487	(3,183)	1,432,048	1,467,274	35,226
TOTAL EXPLORATION	17,510	19,851	47,302	84,663	228,981	144,318	1,929,468	2,103,240	173,772
PROJECT SUPPORT									
Study Management	-	-	-	-	-	-	-	-	-
Land Management	17,658	1,186	25,759	44,603	81,000	36,397	603,761	627,347	23,586
Environment	13,680	27,762	36,275	77,717	133,000	55,283	404,955	400,163	(4,792)
Site Support, Mine Planning & OHS	14,465	20,418	25,076	59,959	96,000	36,041	464,360	436,070	(28,290)
TOTAL PROJECT SUPPORT COSTS	45,803	49,366	87,110	182,279	310,000	127,721	1,473,076	1,463,580	(9,497)
TOTAL	63,313	69,217	134,412	266,942	538,981	272,039	3,402,544	3,566,820	164,276
JV administration percentage	10%	10%	10%	10%	10%	10%	10%	10%	10%
TOTAL JV ADMINISTRATION CHARGE	6,331	6,922	13,441	26,694	53,898	27,204	340,254	356,682	16,428
TOTAL INCLUDING ADMIN	69,644	76,139	147,853	293,636	592,879	299,243	3,742,798	3,923,502	180,703

Figure 1 – RHIOJV Tenements and Drillhole Locations



Yours faithfully,

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, 01/09/16

Name of entity

RED HILL IRON LIMITED

ABN

44 114 553 392

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(10)	(81)
(b) development	-	-
(c) production	-	-
(d) staff costs	(2)	(3)
(e) administration and corporate costs	(92)	(333)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(103)	(409)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other: Funds received from deposits > 3 months	-	-
Funds placed on deposits > 3 months	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	374	680
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(103)	(409)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	271	271

Mining exploration entity and oil and gas exploration entity quarterly report

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	91	74
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details): Term Deposits	180	300
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	271	374

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	45
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
6.1 Director remuneration	28
Rent and administration paid to listed director related entity	17

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Mining exploration entity and oil and gas exploration entity quarterly report

9. Estimated cash outflows for next quarter		\$A'000
9.1	Exploration and evaluation	30
9.2	Development	-
9.3	Production	-
9.4	Staff costs	-
9.5	Administration and corporate costs	87
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	117

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		None		
10.2	Interests in mining tenements and petroleum tenements acquired or increased		None		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Company secretary)

Date: **30 April 2019**

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

RED HILL IRON LIMITED

MINERAL TENEMENT INFORMATION (ASX Listing Rule 5.3.3) For the quarter ended 31 March 2019

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

Tenement	Location	Registered Holding	Beneficial Interest	Note
E08/1227-I	West Pilbara, WA	40%	40%	1
E08/1283-I	West Pilbara, WA	40%	40%	1
E08/1289-I	West Pilbara, WA	40%	40%	1
E08/1293-I	West Pilbara, WA	40%	40%	1
E08/1294-I	West Pilbara, WA	40%	40%	1
E08/1295-I	West Pilbara, WA	40%	40%	1
E08/1430-I	West Pilbara, WA	40%	40%	1
E08/1516-I	West Pilbara, WA	40%	40%	1
E08/1537-I	West Pilbara, WA	40%	40%	1
E47/1141-I	West Pilbara, WA	40%	40%	1
E47/1693-I	West Pilbara, WA	40%	40%	1
M47/1472	West Pilbara, WA	40%	40%	1
M08/483-I	West Pilbara, WA	40%	40%	1
M08/484-I	West Pilbara, WA	40%	40%	1
M08/485-I	West Pilbara, WA	40%	40%	1
M08/480-I	West Pilbara, WA	0%	40%	
M08/512-I	West Pilbara, WA	0%	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%	
ELA08/2729	West Pilbara, WA	0%	100%	
ELA08/2730	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

Note 1: These tenements are held by the parties to the Red Hill Iron Ore Joint Venture.

Red Hill Iron's 40% beneficial interest relates to iron ore rights.

Red Hill Iron also has a 100% beneficial interest in all other minerals which occur within the Exploration Licences and Mining Leases.

Key:

E: Exploration Licence

ELA: Exploration Licence application

M: Mining Lease