

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

31 July 2019

## **ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2019**

Red Hill Iron Limited (Red Hill Iron or the Company) currently holds a 40% interest in the Red Hill Iron Ore Joint Venture (RHIOJV) located in the West Pilbara region of Western Australia. The current Mineral Resource Estimate is 816 million tonnes at an Fe grade of 56.45% (*RHI ASX announcement 24 November 2016*).

All ongoing expenditures on the RHIOJV are the responsibility of API Management Pty Ltd (APIM), the Manager of the joint venture, and this will continue to be the case until production commences. Red Hill Iron will then have an election to reduce its carried interest to a participating 19% interest in the RHIOJV mining and production operation or convert that interest to a 2% FOB Royalty on all future RHIOJV iron ore sales.

RHIOJV expenditure for the March 2019 quarter totaled \$1.02M compared to the budget of \$1.03M.

### **Red Hill Non-Ferrous Exploration Project**

Red Hill Iron completed its 2019 exploration program drilling 3 reverse circulation holes for a total of 563 metres.

The first hole at the S-BEND prospect failed to intersect any significant sulphide mineralization and was terminated at 300 metres depth. The second hole was designed to test an aerial electromagnetic anomaly with coincident surface geochemical copper anomalism at the B4 prospect but had to be abandoned at 92 metres depth due to drill rig problems. It will be earmarked for re-drilling in the 2020 exploration program. The third hole tested the EAST URANDY prospect but did not confirm any cobalt and silver anomalism below the bottom-of-the-hole 6 metre interval recorded in earlier drilling that assayed approximately 1 ounce per tonne of silver and over 0.2% cobalt.

During the coming quarter, the Company will review the targets of the recent drilling and follow up in the field on a series of new targets for base metals that have been defined from the reappraisal of detailed aerial EM and aeromagnetic surveys and the work of our consultant who has applied these leads to a thorough photo interpretation of the structural and alteration patterns in the region.

## **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. If the current high price of iron ore continues in the long term, this project may be developed subject to third party road and port developments.

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 has reported as follows for the quarter:

### *Highlights for the Quarter*

- *14 RC holes for 1,155m were drilled. Drilling tested stratigraphy at New Camp, Jubilee, and Wandiona. Drilling at Red Hill targeted CID.*
- *Meetings have been held and information exchanged with the Department of Mines, Industry Regulation and Safety (DMIRS) with regards to rehabilitation obligations on all tenure across the WPIOP.*

### *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 Limited (Red Hill). 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*

*During the quarter a total of 14 RC holes for 1,155m were drilled. Drilling tested stratigraphy at New Camp, Jubilee, and Wandiona. Drilling at Red Hill targeted CID. Two holes were co-funded with Red Hill Iron designed to test Red Hill Iron defined targets. Channel Iron was intercepted where targeted but intercepts were typically thin and low grade as the CIDs drilled were marginal deposits.*

### *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.*

*Heritage Surveys with RRK and PKKP undertaken and in progress, preparatory to field activities.*

*Discussions ongoing with PKKP concerning confirmation of head Trust to facilitate finalisation and execution of Sub Fund Agreement under the Land Access Agreement.*

MRF statistics compiled and reporting completed.

#### 4. Environment

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

Work to support on-ground activities has continued.

Commonwealth approvals for the separate Mine and Rail and Anketell Port developments were varied to change the dates of time to substantial commencement of the respective projects to 27 November 2023 and 15 May 2023 respectively.

Meetings have been held and information exchanged with the Department of Mines, Industry Regulation and Safety (DMIRS) with regards to rehabilitation obligations on all tenure across the WPIOP. Scheduling and planning of rehabilitation across historical exploration areas including the finalisation of final rehabilitation reports have been a core focus.

A site inspection of clearing and rehabilitation activities in exploration and studies areas of the WPIOP Stage 1 was undertaken by staff from DMIRS 20-21 May 2019.

#### 5. RHIOJV Expenditure

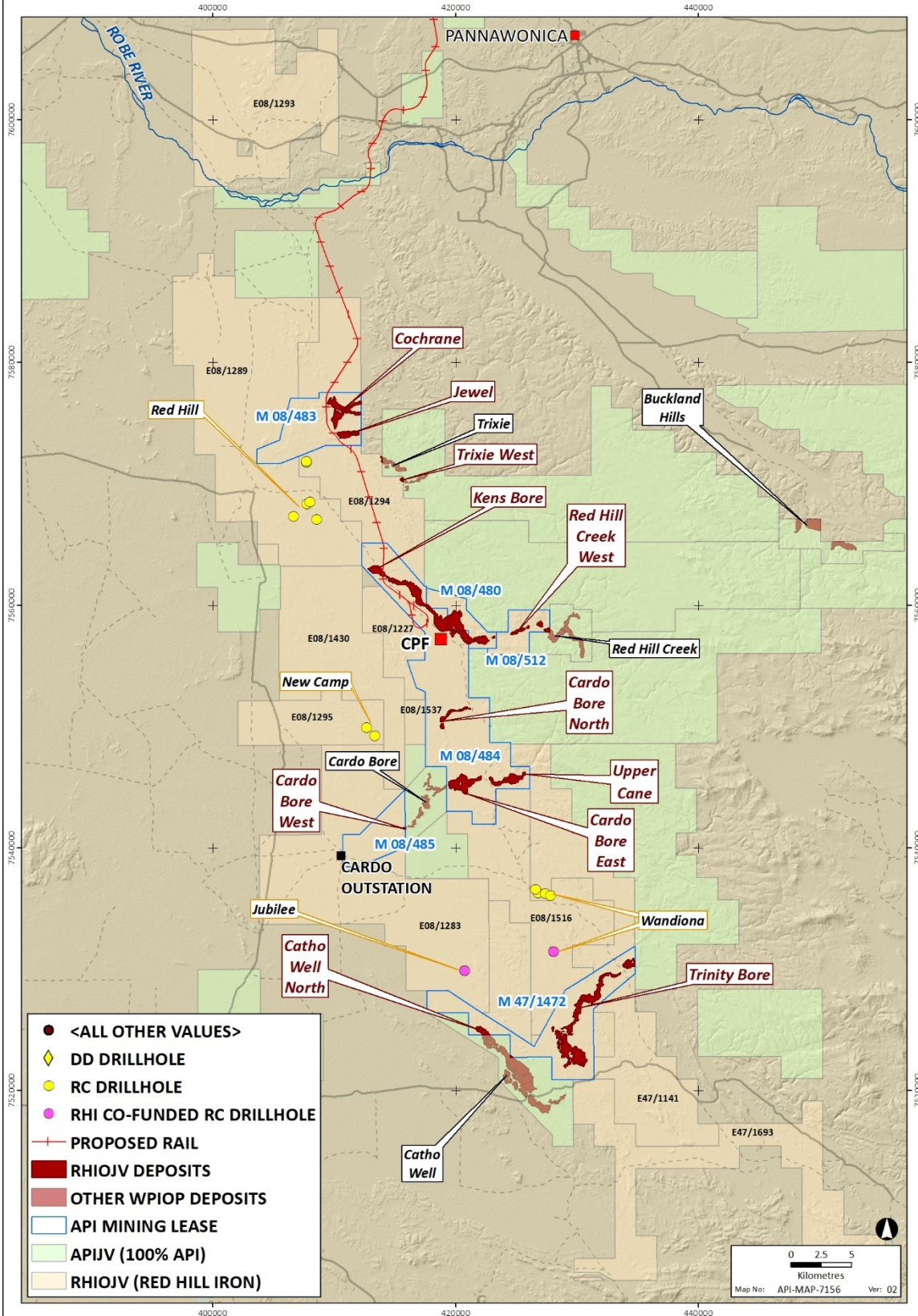
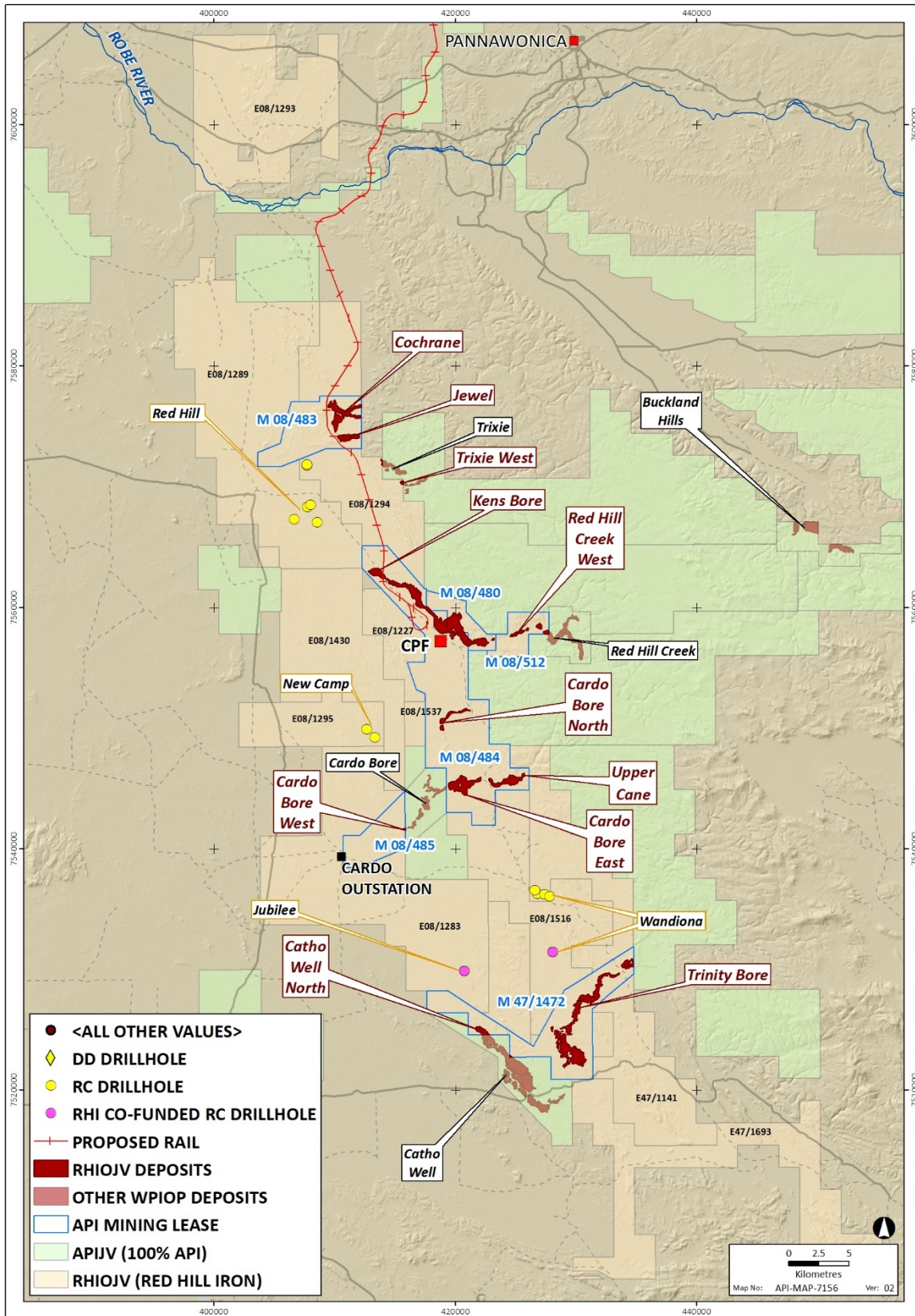
Total RHIOJV expenditure for the June 2019 quarter totaled \$1.02M compared to the budget of \$1.03M. FY19 expenditure was within the budgeted total of \$4.01M.

A breakdown of expenditure is set out in Table 1.

**Table 1 – RHIOJV Expenditure**

RHIOJV Expenditure Report  
FY19 Monthly actual/forecast costs

RHIOJV A\$	Apr-19	May-19	Jun-19	Q4	Q4	Q4	FY19	FY19	FY19
	Actual	Actual	Actual	Actual	Budget	Variance	Act / Fcast	Budget	Variance
<b>RED HILL IRON ORE JOINT VENTURE</b>									
Exploration	30,181	76,255	336,900	443,336	374,196	(69,140)	720,838	718,945	(1,893)
Rates and Rental	63,504	33,551	1,202	98,257	102,627	4,370	1,435,305	1,465,210	29,905
<b>TOTAL EXPLORATION</b>	<b>93,685</b>	<b>109,806</b>	<b>338,102</b>	<b>541,593</b>	<b>476,823</b>	<b>(64,770)</b>	<b>2,156,143</b>	<b>2,184,155</b>	<b>28,012</b>
<b>PROJECT SUPPORT</b>									
Study Management	-	-	-	-	-	-	-	-	-
Land Management	164,842	29,092	21,976	215,909	219,326	3,417	589,670	614,987	25,317
Environment	27,138	29,678	40,493	97,309	150,434	53,124	352,265	421,422	69,158
Site Support, Mine Planning & OHS	26,172	21,151	27,149	74,471	89,361	14,890	388,832	421,753	32,921
<b>TOTAL PROJECT SUPPORT COSTS</b>	<b>218,151</b>	<b>79,921</b>	<b>89,618</b>	<b>387,690</b>	<b>459,121</b>	<b>71,431</b>	<b>1,330,766</b>	<b>1,458,162</b>	<b>127,396</b>
<b>TOTAL</b>	<b>311,836</b>	<b>189,727</b>	<b>427,720</b>	<b>929,283</b>	<b>935,944</b>	<b>6,661</b>	<b>3,486,909</b>	<b>3,642,317</b>	<b>155,408</b>
JV administration percentage	10%	10%	10%	10%	10%	10%	10%	10%	10%
<b>TOTAL JV ADMINISTRATION CHARGE</b>	<b>31,184</b>	<b>18,973</b>	<b>42,772</b>	<b>92,928</b>	<b>93,594</b>	<b>666</b>	<b>348,691</b>	<b>364,232</b>	<b>15,541</b>
<b>TOTAL INCLUDING ADMIN</b>	<b>343,020</b>	<b>208,699</b>	<b>470,492</b>	<b>1,022,211</b>	<b>1,029,539</b>	<b>7,327</b>	<b>3,835,600</b>	<b>4,006,549</b>	<b>170,949</b>



## **Corporate**

### **Working capital facility**

During the quarter the Company entered into agreements with two companies associated with directors Mr Tomkinson and Mr Pitt to provide Red Hill Iron with a short term loan facility totalling \$300,000 to fund its exploration and administration expenditure. The loan facility is unsecured and on normal commercial terms and conditions bearing interest on the drawn down balance at 2.5% per annum. Amounts drawn down on the facility are repayable the earlier of 12 months from initial drawdown and 1 October 2020. As at the date of this report no amount had been drawn down on the facility.

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")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(55)	(136)
(b) development	-	-
(c) production	-	-
(d) staff costs	1	(2)
(e) administration and corporate costs	(92)	(425)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	10
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(144)</b>	<b>(553)</b>

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

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
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	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	271	680
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(144)	(553)
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	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>127</b>	<b>127</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	127	91
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details): Term Deposits	-	180
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>127</b>	<b>271</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	56
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	37
Rent and administration paid to listed director related entity	19

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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	



## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	300	Nil
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.		

The loan facility of \$300,000 is an unsecured working capital facility entered into during the quarter with companies associated with two directors on normal commercial terms and conditions at an interest rate of 2.5% per annum. The purpose of the facility is to provide the Company with a short term loan to fund its exploration and administration expenditure. The term of the loan is 12 months from initial drawdown or from 1 October 2020, whichever is the earlier. No amount had been drawn down on the facility as at the end of the quarter.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	55
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	130
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>185</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
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: **31 July 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 30 June 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