

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

29 October 2019

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2019

Iron Ore overview

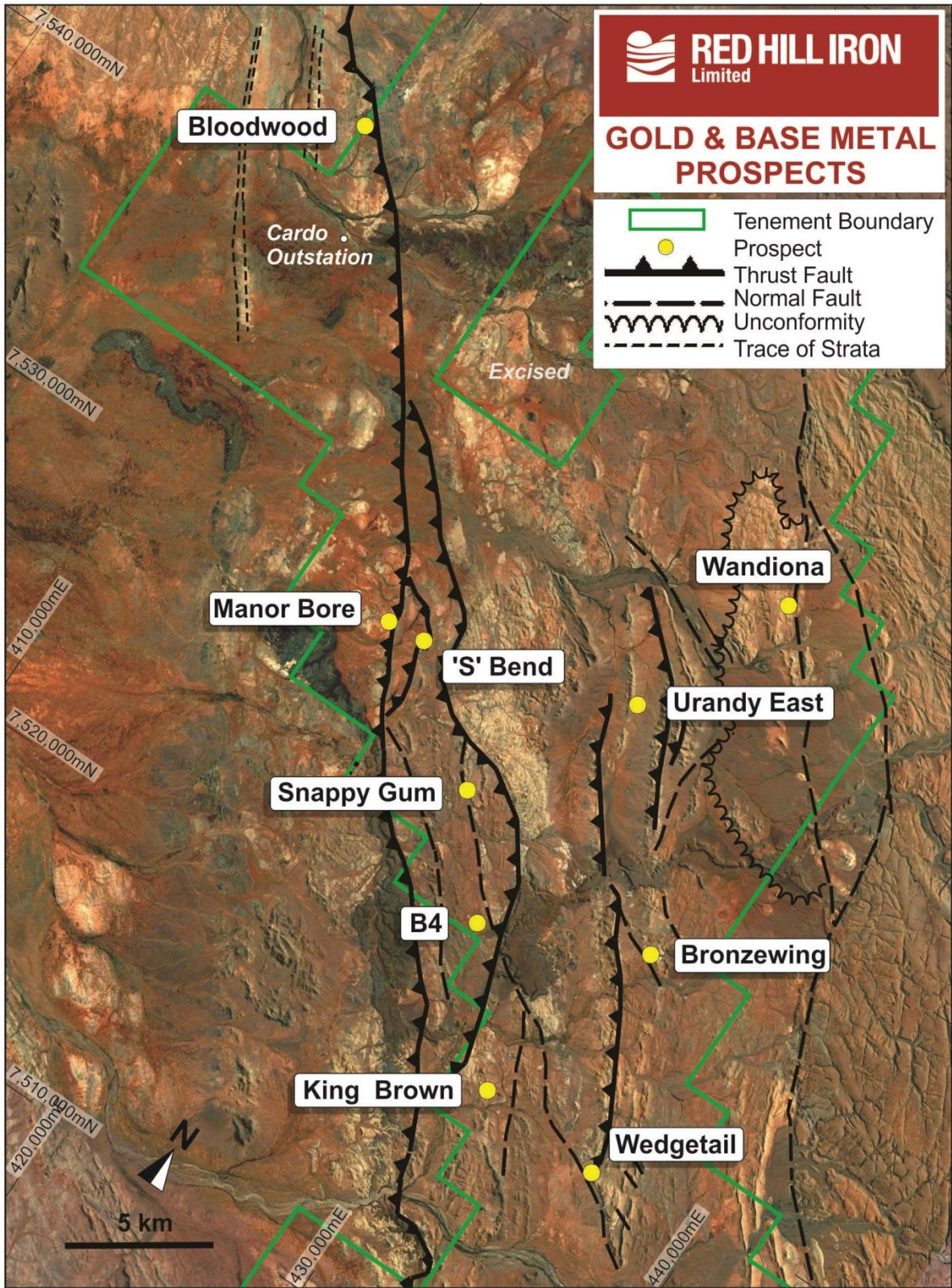
Development of the large scale Red Hill Iron Ore Joint Venture (RHIOJV) iron ore resources remains on hold pending an improvement in the price of lower grade iron ores. The project also requires a transport corridor and port facilities to enable production to be exported. API Management Pty Ltd (APIM) currently is responsible for all costs to production and after commercial development has taken place Red Hill Iron may elect to repay those costs and participate in the RHIOJV at the 19% level or reduce its interest to a 2% Royalty on all ore produced from the RHIOJV area with all prior costs incurred on Red Hill Iron's behalf written off.

Red Hill Iron also 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. This project may be developed if iron ore prices stabilise at a higher level subject to third party road and port developments. At Pannawonica the Company also owns a significant hard rock quarry resource which could provide material for any new mine and associated transport development proposed in the region.

Red Hill Iron Non-Ferrous Exploration Project

During the quarter, the Company carried out follow-up fieldwork of targets defined by a photo geological review supported by a detailed reinterpretation of aeromagnetic and aerial electromagnetic data by consultant geologist, Mr. Martin I'Ons. This work confirmed a set of new targets for base metal and gold mineralization (Ref: attached Map). The targets were defined by dilational structural settings with associated strong alteration profiles and anomalous surface geochemistry.

Red Hill Iron will now prepare a selection of these targets for initial drill appraisal in the next field season. This programme will also involve the redrilling of the B4 target where drilling failed last quarter due to rig problems as well as a more intensive examination of the cobalt and silver anomalous sequences at the East Urandy prospect.



Red Hill Iron Ore Joint Venture

The Project Manager, API Management Pty Ltd has provided the following report:

“Highlights for the Quarter

- *4 RC holes for 346m were drilled at the Cardo Bore West Channel Iron Deposit. Geological and mineralisation modelling commenced for the Whitegate CID in preparation to pass to Golder for Mineral Resource Estimation.*
- *Meetings have been held and information exchanged with the Department of Mines, Industry Regulation and Safety (DMIRS) with regards to rehabilitation obligations on joint venture tenure.*

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 4 RC holes for 346m were drilled at the Cardo Bore West Channel Iron Deposit. CID was intercepted where targeted, but intercepts were thin and poorly mineralised. Geological and mineralisation modelling commenced for the Whitegate CID in preparation to pass to Golder for Mineral Resource Estimation, expected to be finalised late October. A total of 34 rock chip samples were collected across the project area as part of a regional geological review. Assay results are pending.

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 completed with reporting being finalised.

Discussions progressed with PKKP concerning identification of head Trust to facilitate finalisation of drafting and execution of Sub Fund Agreement under the Land Access Agreement.

4. Environment

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

Work to support on-ground activities has continued.

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 has remained a core focus. Further documentation in relation to rehabilitation planning was submitted to DMIRS 12 September 2019. Programmes of Work have continued to be processed and approved by the Department.

5. RHIOJV Expenditure

Total RHIOJV expenditure for the September 2019 quarter totalled \$2.05M compared to the budget of \$1.49M. The overspend of \$0.57M in the September quarter is a result of timing differences in Exploration, Rates & Rental. This overspend was initially budgeted to occur in the December quarter.

A breakdown of expenditure is set out in Table 1.”

Table 1 – RHIOJV Expenditure

RHIOJV Expenditure Report

FY20 Monthly actual/forecast costs

RHIOJV A\$	Jul-19	Aug-19	Sep-19	Q1	Q1	Q1	FY20	FY20	FY20
	Actual	Actual	Actual	Actual	Budget	Variance	Act / Fcast	Budget (Draft)	Variance
RED HILL IRON ORE JOINT VENTURE									
Exploration	67,210	34,957	188,896	291,063	150,569	(140,494)	623,806	623,806	0
Rates and Rental	4,410	832,958	407,007	1,244,375	859,165	(385,210)	1,567,547	1,567,547	0
TOTAL EXPLORATION	71,620	867,915	595,903	1,535,438	1,009,734	(525,704)	2,191,353	2,191,353	0
PROJECT SUPPORT									
Study Management	-	-	-	-	-	-	-	-	-
Land Management	21,650	40,735	17,783	80,168	83,685	3,518	496,480	496,480	(0)
Environment	31,874	39,832	34,133	105,839	107,053	1,214	502,796	502,796	0
Site Support, Mine Planning & OHS	54,814	51,410	39,022	145,246	151,489	6,243	407,127	407,127	0
TOTAL PROJECT SUPPORT COSTS	108,338	131,977	90,938	331,253	342,227	10,975	1,406,403	1,406,403	(0)
TOTAL	179,958	999,892	686,841	1,866,691	1,351,961	(514,729)	3,597,757	3,597,756	(0)
JV administration percentage	10%	10%	10%	10%	10%	10%	10%	10%	10%
TOTAL JV ADMINISTRATION CHARGE	17,996	99,989	68,684	186,669	135,196	(51,473)	359,776	359,776	(0)
TOTAL INCLUDING ADMIN	197,954	1,099,881	755,525	2,053,360	1,487,158	(566,202)	3,957,532	3,957,532	(0)

Figure 1 RHIOJV Tenements, RC Drillhole and Rock Chip Sample Locations

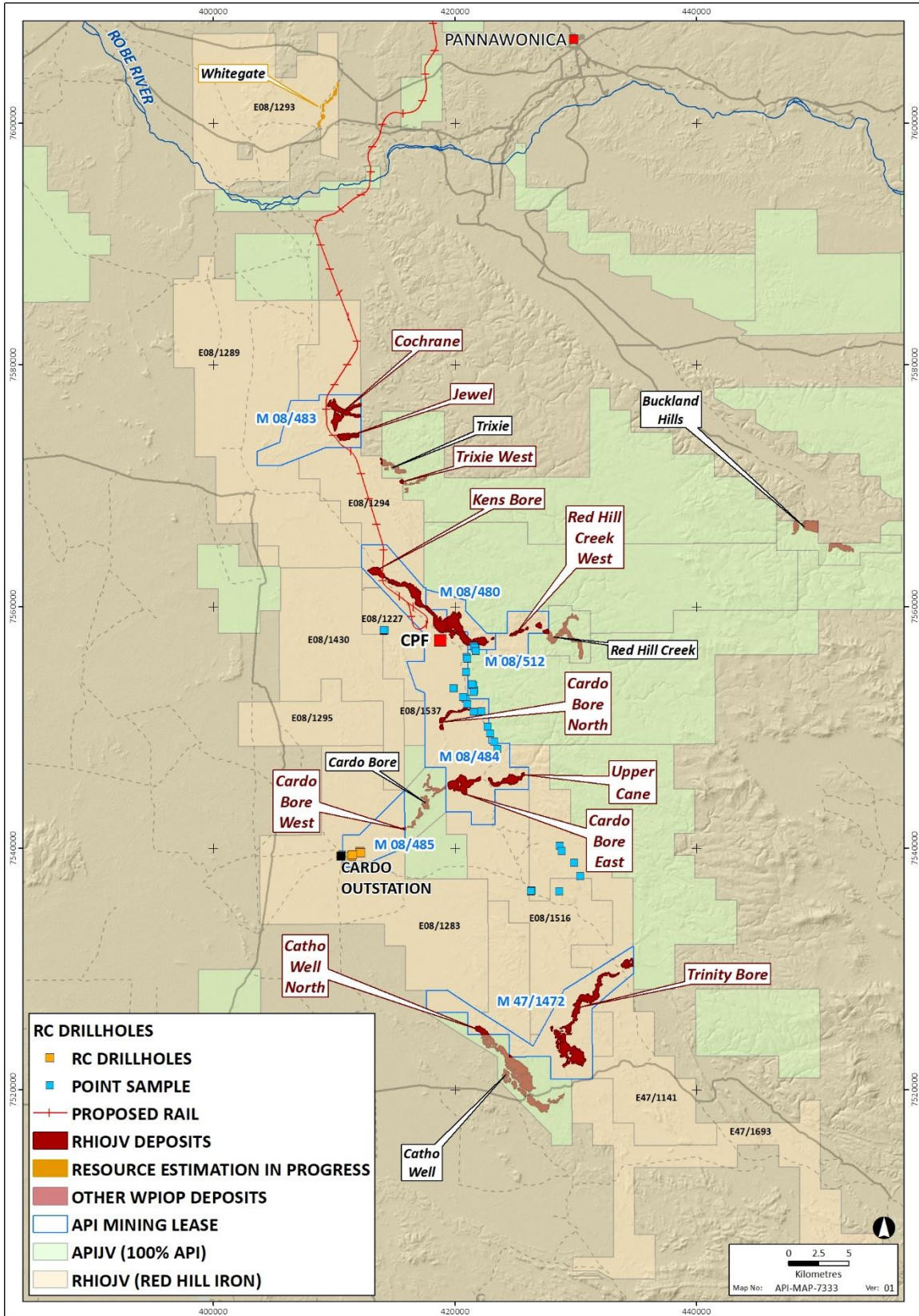
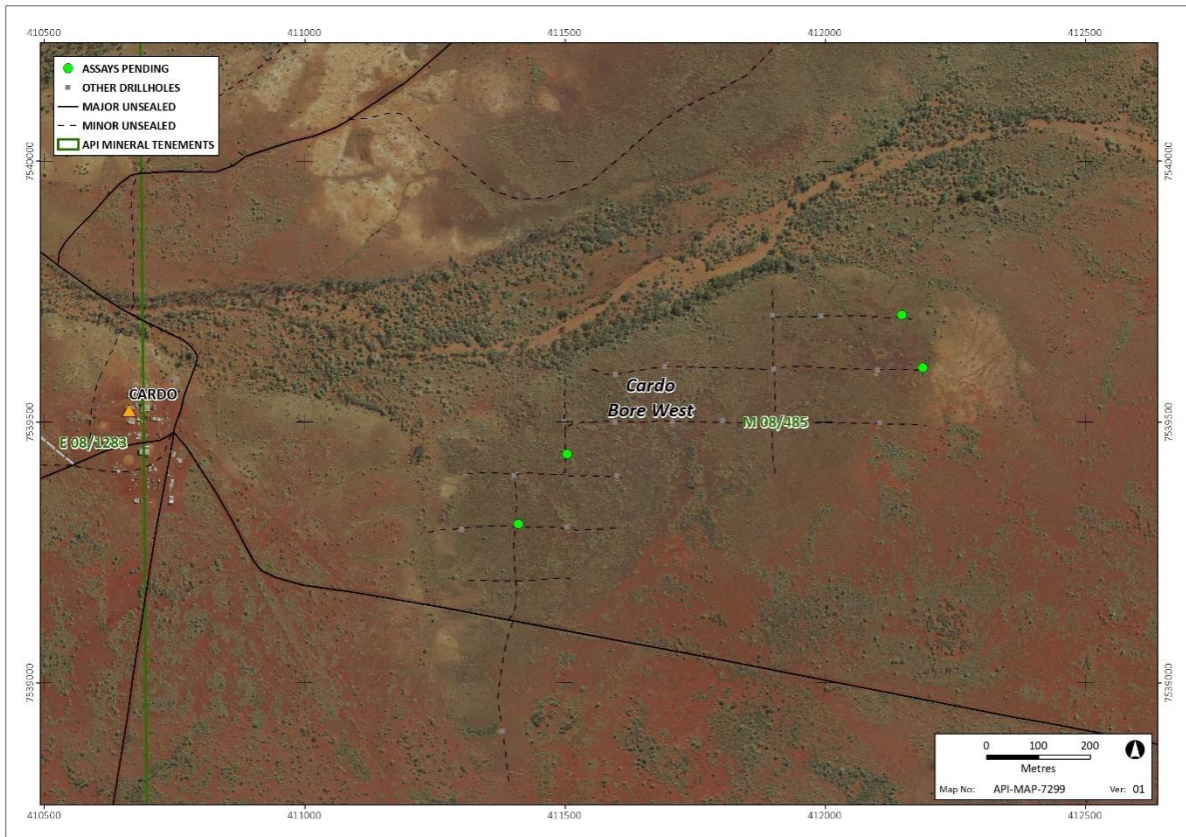


Figure 2 Cardo Bore West RC Drillhole Locations



Neil Tomkinson
Chairman
October 2019

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 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(77)	(77)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(127)	(127)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
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	(204)	(204)

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 (3 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	100	100
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	100	100

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	126	126
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(204)	(204)
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)	100	100
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	22	22

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	22	126
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details): Term Deposits	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	22	126

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	51
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	33
Rent and administration paid to listed director related entity	18

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	

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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	300	100
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 provided by companies associated with two directors on normal commercial terms and conditions at an interest rate of 2.5% per annum – further details are set out in the 2019 Annual Report. During the quarter \$100,000 was drawn down on this facility (\$50,000 on each loan).

The Company expects to be able to fund the estimated cashflows for the next quarter (refer section 9. below) by drawing down on this facility.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	15
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	83
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	98

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: **29 October 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 September 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