

30 January 2020

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

## **ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019**

### **Completion of Rights Issue**

The company's entitlement offer of up to **10,916,587** shares at a price of 20 cents per share closed during the quarter with acceptances of **5,295,213** shares and an under-subscription of **5,621,374** shares representing an acceptance rate of 49%.

The total capital raised from the issue was **\$1,059,043** before costs.

### **Iron Ore overview**

The continued strength in the iron ore price may lead to a reappraisal of the development of the Red Hill Iron Ore Joint Venture (RHIOJV) iron ore resources which have been placed on hold for some years as a result of low prices being paid for lower grade iron ore. The project is also dependent on transport and port facilities being available to allow export of production.

API Management Pty Ltd (APIM) will continue to provide all expenditure until production commences at which point Red Hill Iron may elect to repay its share of 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 being written off.

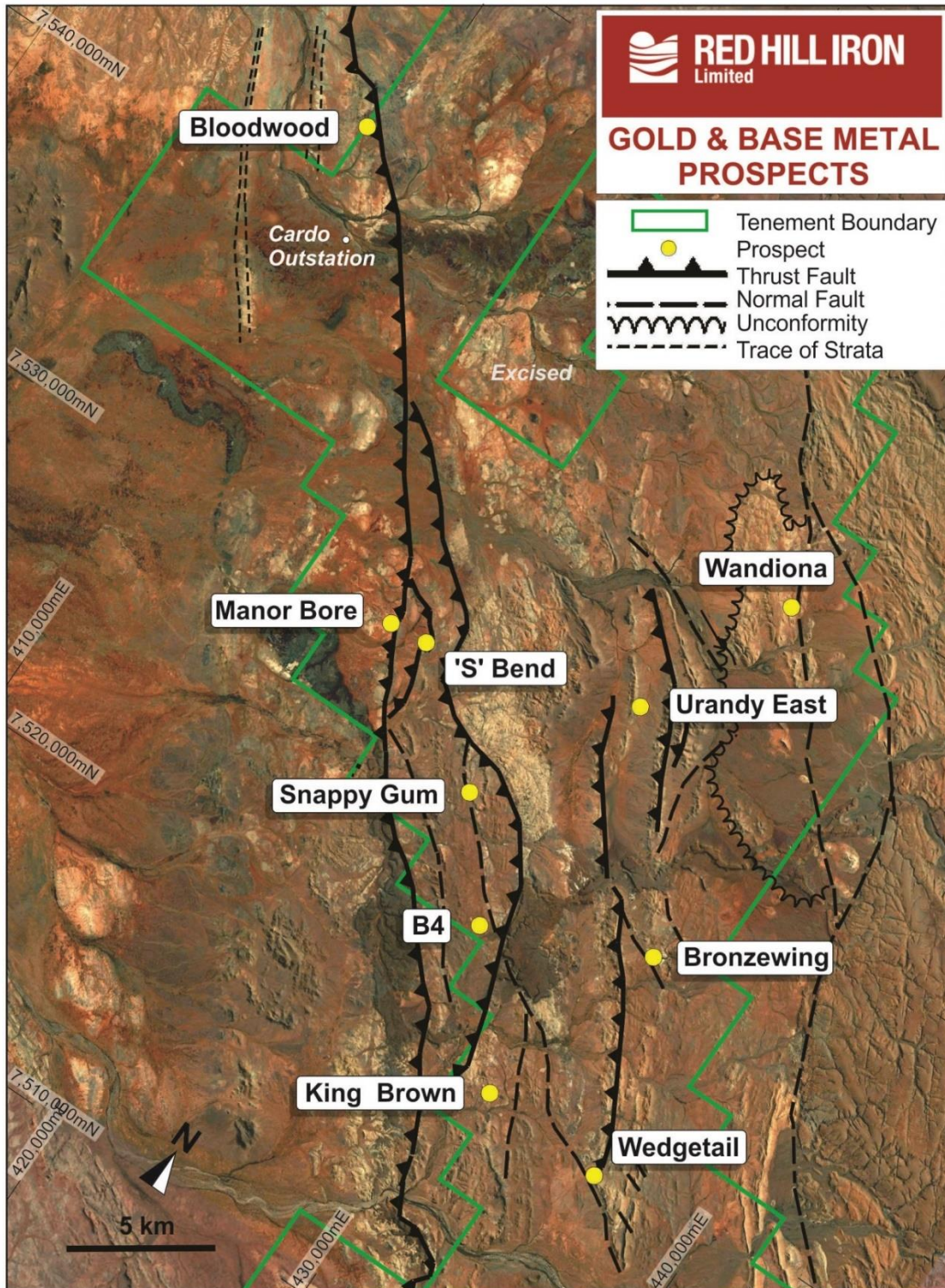
Red Hill Iron also retains 100% of the Pannawonica Project which contains the Whitegate and Redgate channel iron deposits, activity on which is currently suspended due to market conditions. This project may be developed if iron ore prices stabilise at a higher level subject to third party road and port 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 completed the planning for the coming field season base metal and gold drilling program. A further 200 metre reverse circulation (RC) hole will be carried out at the B4 copper target where testing last year was ineffective due to drill rig malfunction. A 200 to 300 metre RC hole is planned at our Bloodwood target where porphyry intrusive outcrops were mapped last year adjacent to an anomalous bedrock gold trend. Both

the Snappy Gum and Wedgetail base metal targets will be tested with 200 metre RC holes subject to heritage surveying and some existing access tracks being marginally extended.

Additional to our own non-ferrous efforts, APIM carried out some limited gold and base metal surface sampling photo interpretations and mapping focused in the Kens Bore target area. Red Hill Iron appreciates this effort on our behalf and will appraise the results in the coming months.



## Red Hill Iron Ore Joint Venture

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

### *Highlights for the Quarter*

- *The maiden Mineral Resource Estimate for Whitegate CID was prepared during the quarter totalling 4.1 Mt at 53.9% Fe. {Announced to ASX by Red Hill Iron 30 January 2020}*
- *The global resource total defined within the RHIOJV now stands at 820 Mt representing an increase of 4.1 Mt to previous position.*

### **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 (RHI). 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 Mineral Resource Estimate was prepared for the Whitegate Channel Iron Deposit (CID). The maiden Mineral Resource Estimate for Whitegate CID totals 4.1 Mt at 53.9% Fe. The maiden Whitegate Mineral Resource Statement is presented in Table 1. The maiden Whitegate Mineral Resource is based on a single continuous geological and mineralisation model. Mineralisation shells and block cut-off grade for the deposit is based on 52% Fe for this estimate which is consistent with other RHIOJV CID deposit estimates.*

*The global resource total defined within the RHIOJV now stands at 820 Mt (Table 2) representing an increase of 4.1 Mt to previous position.*

*Planning for 2020 work programmes commenced.*

**Table 1 – Mineral Resource Estimate for the Whitegate CID Deposit (52% Fe block cut-off)**

Class	Mt	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	S%	LOI1000%
Measured	-	-	-	-	-	-	-
Indicated	3.6	53.9	7.3	4.4	0.04	0.02	10.2
Inferred	0.5	53.9	7.1	4.4	0.03	0.02	10.3
<b>Total</b>	<b>4.1</b>	<b>53.9</b>	<b>7.3</b>	<b>4.4</b>	<b>0.04</b>	<b>0.02</b>	<b>10.2</b>

**Table 2 – Global Resource Total within the RHIOJV by Classification**

Joint Venture	Cut-off Fe	Classification (JORC, 2012)	Tonnage Mt	Fe %	SiO2 %	Al2O3 %	P %	S %	LOI1000 %
RHIOJV DEPOSITS (TOTAL)	52%	Measured	263.5	57.17	5.72	3.67	0.08	0.02	8.24
		Indicated	452.3	56.30	6.32	3.85	0.07	0.02	8.65
		Inferred	104.2	55.19	6.82	4.21	0.06	0.02	9.38
		<b>TOTAL</b>	<b>820</b>	<b>56.44</b>	<b>6.19</b>	<b>3.84</b>	<b>0.07</b>	<b>0.02</b>	<b>8.62</b>

### 3. Tenure

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

*Liaison Committee Meetings with RRK and PKKP Native Title Groups were held that updated on 2019 Heritage Surveys, Project and LAA status generally and planned activities for 2020.*

*Drafting and execution of Sub Fund Agreement under the Land Access Agreement awaits response from PKKP.*

### 4. Planning commenced for 2020 field activities, including required Heritage Surveys. Environment

*Environmental compliance activities including statutory reporting and field monitoring were maintained. Calibration of field telemetry and non-telemetry hydrometric systems (climatic and hydrological) was undertaken prior to the commencement of the wet season.*

*Work to support on-ground activities was completed to year end.*

*Meetings were held in October and December and information exchanged with the Department of Mines, Industry Regulation and Safety (DMIRS) with regards to rehabilitation programmes, rehabilitation works completed in 2019, and the scheduling and planning of future works on all tenure across the WPIOP. Statutory reporting on the status of rehabilitation of disturbed ground from historical exploration and feasibility studies continued.*

### 5. RHIOJV Expenditure

*RHIOJV expenditure for the December 2019 quarter totalled \$1.23M, compared to the budget of \$1.05M. The overspend of \$0.18M in the December quarter is a result of:*

- Exploration: additional on-ground site work relative to planned budget programme and related to other minerals reconnaissance.*
- Environment: timing differences relating to rehabilitation work undertaken during the quarter but budgeted for in the second half of FY20.*

*A breakdown of expenditure is set out in Table 3.*



**Table 3: RHIOJV Expenditure**

RHIOJV Expenditure Report  
 FY20 Monthly actual/forecast costs  
 Dec 2019

RHIOJV	Oct-19	Nov-19	Dec-19	Q2	Q2	Q2	FY20	FY20	FY20
A\$	Actual	Actual	Actual	Actual	Budget	Variance	Act / Fcast	Budget (Draft)	Variance
<b>RED HILL IRON ORE JOINT VENTURE</b>									
Exploration	176,992	248,203	(20,778)	404,417	113,237	(291,180)	1,350,002	1,188,328	(161,674)
Rates and Rental	127,331	23,245	19,833	170,409	577,935	407,526	1,545,231	1,567,547	22,316
<b>TOTAL EXPLORATION</b>	<b>304,323</b>	<b>271,448</b>	<b>(945)</b>	<b>574,826</b>	<b>691,172</b>	<b>116,346</b>	<b>2,895,233</b>	<b>2,755,875</b>	<b>(139,358)</b>
<b>PROJECT SUPPORT</b>									
Study Management	-	-	-	-	-	-	-	-	-
Land Management	27,334	20,318	81,292	128,944	92,795	(36,149)	550,777	518,145	(32,631)
Environment	32,199	32,144	99,035	163,377	95,744	(67,633)	766,449	986,109	219,660
Site Support & OHS	51,349	26,920	22,490	100,759	75,638	(25,121)	458,429	439,551	(18,878)
<b>TOTAL PROJECT SUPPORT COSTS</b>	<b>110,882</b>	<b>79,381</b>	<b>202,816</b>	<b>393,080</b>	<b>264,176</b>	<b>(128,904)</b>	<b>1,775,655</b>	<b>1,943,806</b>	<b>168,151</b>
<b>TOTAL</b>	<b>415,205</b>	<b>350,829</b>	<b>201,871</b>	<b>967,906</b>	<b>955,348</b>	<b>(12,558)</b>	<b>4,670,888</b>	<b>4,699,681</b>	<b>28,793</b>
JV administration percentage	10%	10%	10%	10%	10%	10%	10%	10%	10%
<b>TOTAL JV ADMINISTRATION CHARGE</b>	<b>41,521</b>	<b>35,083</b>	<b>20,187</b>	<b>96,791</b>	<b>95,535</b>	<b>(1,256)</b>	<b>467,089</b>	<b>469,968</b>	<b>2,879</b>
<b>TOTAL INCLUDING ADMIN</b>	<b>456,726</b>	<b>385,912</b>	<b>222,059</b>	<b>1,064,696</b>	<b>1,050,883</b>	<b>(13,814)</b>	<b>5,137,977</b>	<b>5,169,649</b>	<b>31,673</b>

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

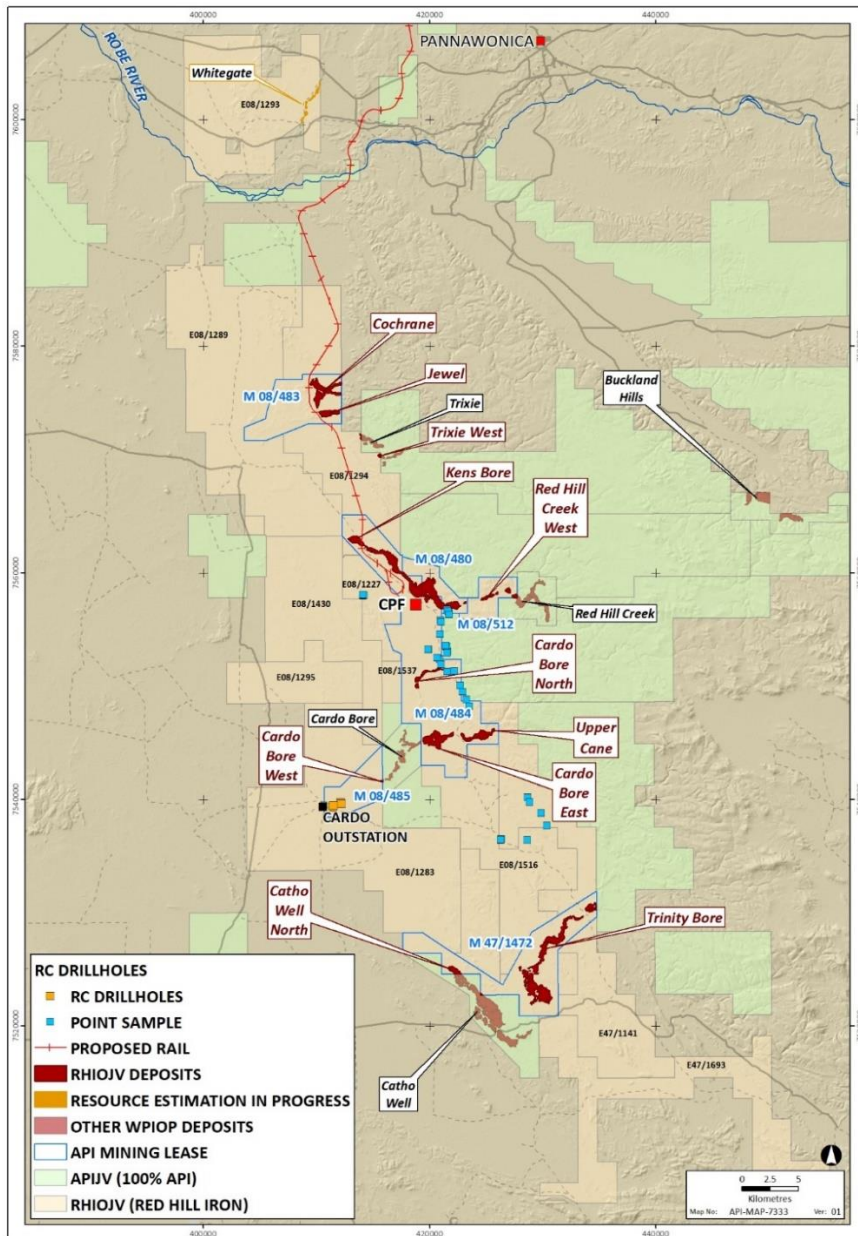
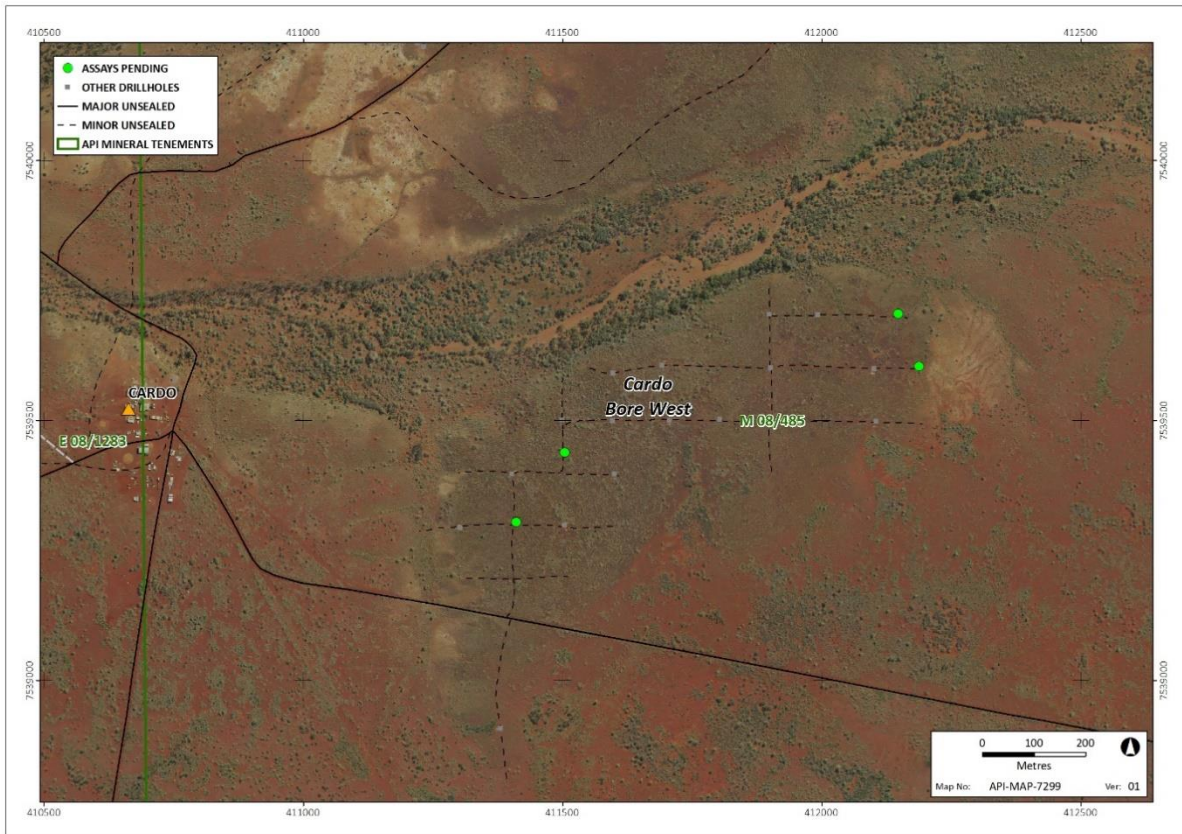


Figure 2: Cardo Bore West RC Drillhole Locations



Joshua Pitt  
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 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	(77)
(b) development	-	-
(c) production	-	-
(d) staff costs	(1)	(1)
(e) administration and corporate costs	(111)	(238)
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(112)</b>	<b>(316)</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 (6 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	1,059	1,059
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	(6)	(6)
3.5 Proceeds from borrowings	100	200
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>1,153</b>	<b>1,253</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	22	126
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(112)	(316)
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)	1,153	1,253
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>1,063</b>	<b>1,063</b>



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	1,063	22
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details): Term Deposits	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,063</b>	<b>22</b>

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	52
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	27
Rent and administration paid to listed director related entity	25

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	300	200
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 current quarter \$100,000 was drawn down on this facility (\$50,000 on each loan). Subsequent to the quarter end, on 9 January 2020, the total outstanding loan balance of \$200,000 was repaid inclusive of all accrued interest.

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	82
9.2	Development	-
9.3	Production	-
9.4	Staff costs	-
9.5	Administration and corporate costs	94
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>176</b>

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

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

Sign here: .....

Date: **30 January 2020**

(Company secretary)

Print name: Peter Rutledge

### Notes

- 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.
- 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.
- 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 December 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