

29 January 2021

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

## **ACTIVITIES REPORT FOR THE PERIOD ENDING 31 DECEMBER 2020**

### **CORPORATE**

As announced on 25 January 2021, Red Hill Iron limited (RHI) is pleased to report the appointment of Ms Nanette Allen as a new director of our Company. Ms Allen has excellent credentials having been a director of several ASX listed companies where her roles focussed on resource definition, project feasibility studies and the asset divestment. She will be a valued contributor to our board as we move into the next stage of our company development.

### **RED HILL IRON ORE JOINT VENTURE**

RHI holds a 40% interest in the iron ore rights subject to the Red Hill Iron Ore Joint Venture (RHIOJV) with the API Joint Venture (Aquila Steel Pty Ltd 50% and AMCI (IO) Pty Ltd 50%) (APIJV) holding the remaining 60% of the iron ore rights in the joint venture tenements. RHI retains 100% of the other mineral rights in these tenements. API Management Pty Ltd (APIM) is the manager of the RHIOJV.

RHI's 40% interest is subject to reduction should APIM complete a bankable feasibility study, develop a mining operation based on that study, and deliver first resultant production to customers. If and when such delivery is achieved, then RHI's 40% interest in the iron ore rights would be reduced to 19%, or RHI at its election could convert that interest to a 2% FOB royalty. Until commencement of commercial production, all of RHI's share of RHIOJV expenditure is met on its behalf by the APIJV as a loan which is only repayable out of 80% of RHI's share of free cash flow from that mining operation. If RHI converts to a 2% FOB royalty the loan is not repayable.

During the quarter APIM and the joint venture participants have continued to analyse potential development options to achieve a viable path forward. APIM has continued project development investigations, assessing various combinations of port and rail infrastructure, annual mining capacity, product grade and project delivery options.

APIM delivered to RHI a report titled “Project Frontier Scoping Study” as one such option. This report outlines a way forward for mine and infrastructure development. The report demonstrates the results of maximising resource utilisation whilst meeting recent market product quality targets, adopting road and rail haulage methods utilising latest technology, capital impacts of alternative port locations and investigation of development strategies which comply with latest CO2 emission guidelines. The Project Frontier Scoping Study is based on the concept of developing mining operations drawing ore from seven of the RHIOJV deposits and blending those ores with ore derived from the APIJV-owned Hardey project which is situated some 100 kms to the south east.

The APIJV interest in the RHIOJV tenements is limited to the iron ore rights. Over the years, RHI has demonstrated that the tenements have significant potential for base metals and gold in particular. As previously reported, detailed discussions were initiated with the APIJV for them to fund ongoing exploration on the RHIOJV tenements for Other Minerals under a joint venture arrangement in return for earning an interest in those minerals. Those negotiations have been terminated as your board has determined that RHI should continue with Other Mineral exploration wholly in its own right.

RHI has appointed advisors to help it understand and evaluate all of the above options and opportunities.

API’s report for the quarter included the following:

### ***Highlights for the Quarter***

- *The Project Frontier Scoping Study Report was presented during the quarter, which outlines a way forward to mine and infrastructure development.*
- *Main focus in the quarter was the programme of environmental earth works rehabilitation of historic RHIOJV drilling ground disturbance at lower grade deposits and prospects*
- *Diamond drill core from holes completed in Q3 were sent to the Minalyze laboratory in Perth for density analysis, high resolution photography and XRF multi-element scanning.*
- *A detailed review of WPIOP project development studies was presented by APIM.*

### **1. Background**

*API Management Pty Ltd (APIM) is the manager of two joint ventures: the APIJV between Aquila Steel Pty Ltd and AMCI (IO) Pty Ltd 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 north west of Western Australia.*

*Project development investigations have assessed various combinations of port and rail infrastructure, annual mining capacity, product grade and project delivery options. The Manager and joint venture participants continue to analyse potential development options to achieve a viable path forward.*

## **2. Project Development**

*During the quarter, a copy of the Project Frontier Scoping Study Report was presented by APIM, which outlines a way forward to mine and infrastructure development. The report demonstrates the results of: maximising resource utilisation whilst meeting recent market product quality targets; road and rail haulage methods utilising latest technology; capital impacts of alternative port locations; and investigation of development strategies able to comply with latest CO<sub>2</sub> emission guidelines.*

## **3. Exploration**

*Site activities continued during the Quarter to support the programme of environmental earth works rehabilitation of historic RHIOJV drilling at lower grade deposits and prospects (Figure 1).*

*Diamond drill holes completed in Q3 were sent to the Minalyze laboratory in Perth for density analysis, high resolution photography and XRF multi-element scanning for regional geological modelling purposes. Results are pending.*

*Regional geological mapping continued across the broader RHIOJV area.*

*Drill programme planning for 2021 commenced.*

## **4. Tenure**

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

*Liaison Committee meeting was held with Robe River Kuruma Native Title Group, reflecting on Heritage Surveys undertaken in 2020.*

*Reporting was completed for Heritage Survey programmes undertaken in 2020.*

## **5. Environment**

*Rehabilitation works concluded for CY2020 included a total of 41.97 ha of disturbed ground, comprising 579 drill pads (9.13 ha) and 32.83 ha of drill lines and tracks. Historical cleared areas audited for rehabilitation status identified an additional 9.97 Ha meeting rehabilitation assessment criteria (total rehabilitation assessed as complete in CY2020 was 51.86 ha).*

*All statutory monitoring and compliance reporting requirements were met.*

*Extension of time for State approvals have continued to be progressed with statutory authorities. Extensions for two Works Approvals associate with the Mine Accommodation Facility were extended to 31 December 2025.*

*All internal approvals to support the 2020 exploration field activities were completed and works executed.*

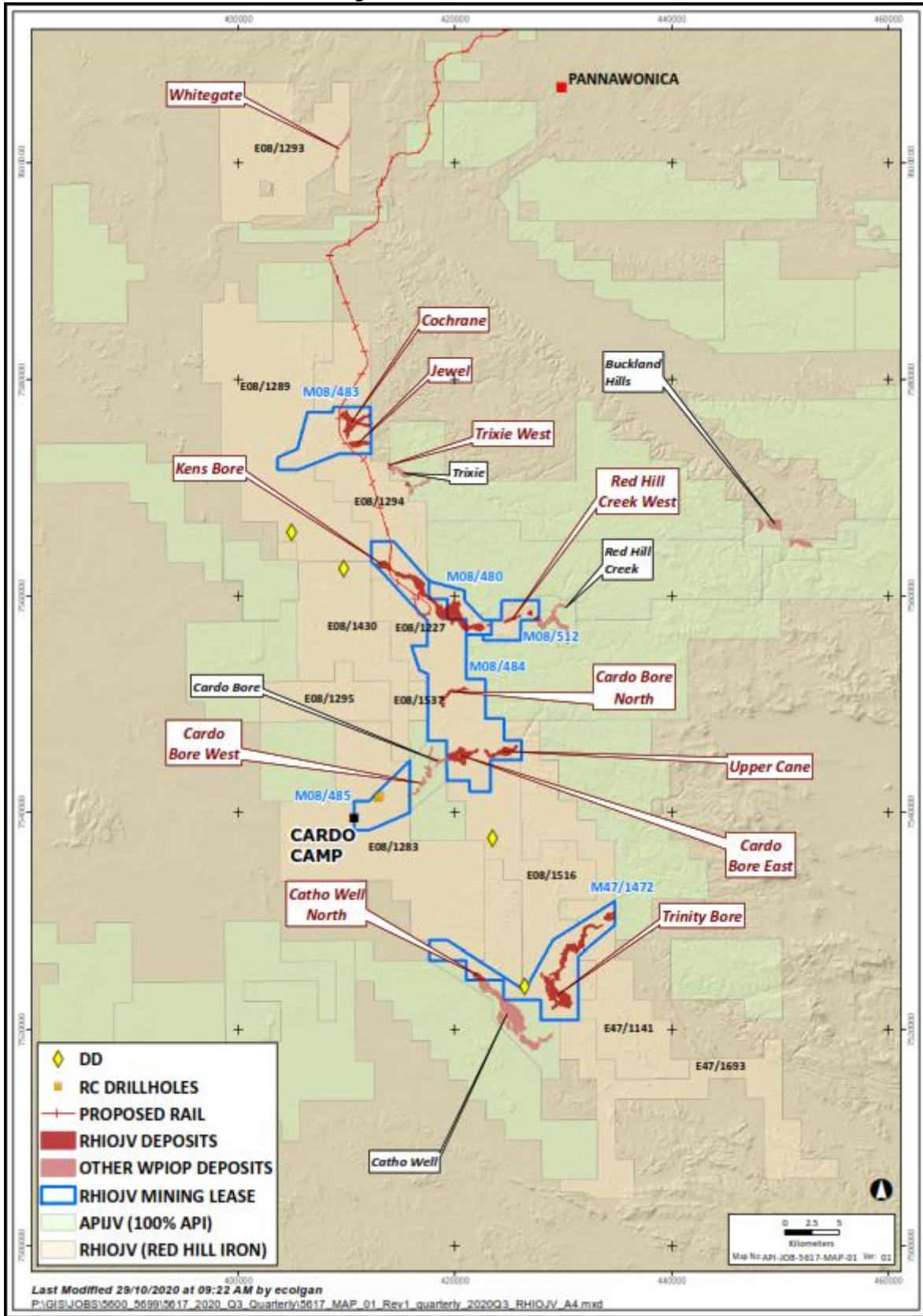
## 6. RHIOJV Expenditure

RHIOJV expenditure totalled \$1.4M for the December 2020 quarter and \$3.9m for the Jul – December 2020 half year period. The proposed FY21 budget totalling \$5.5m is subject to approval of the JV.

A breakdown of expenditure is set out in the table below.

RHIOJV	Q2	Q2	Half 1	FY21	FY21
A\$	Actual	Budget (Draft)	Actual	Act / Fcast	Budget (DRAFT)
<b>RED HILL IRON ORE JOINT VENTURE</b>					
Exploration	388,256	349,761	972,196	1,573,701	1,573,701
Rates and Rental	172,725	172,725	1,464,538	1,578,079	1,578,079
<b>TOTAL EXPLORATION</b>	<b>560,981</b>	<b>522,486</b>	<b>2,436,734</b>	<b>3,151,780</b>	<b>3,151,780</b>
<b>PROJECT SUPPORT</b>			0		
Study Management	-	-	-	-	-
Land Management	105,189	105,189	165,609	377,378	377,378
Environment	473,797	473,797	737,323	1,037,323	1,037,323
Site Support, Mine Planning & OHS	132,623	132,623	217,563	429,951	429,951
<b>TOTAL PROJECT SUPPORT COSTS</b>	<b>711,610</b>	<b>711,610</b>	<b>1,120,495</b>	<b>1,844,652</b>	<b>1,844,652</b>
<b>TOTAL</b>	<b>1,272,591</b>	<b>1,234,096</b>	<b>3,557,229</b>	<b>4,996,432</b>	<b>4,996,432</b>
JV administration percentage					
<b>TOTAL JV ADMINISTRATION CHARGE</b>	<b>127,259</b>	<b>31,627</b>	<b>355,723</b>	<b>499,643</b>	<b>499,643</b>
<b>TOTAL INCLUDING ADMIN</b>	<b>1,399,850</b>	<b>1,357,505</b>	<b>3,912,952</b>	<b>5,496,075</b>	<b>5,496,075</b>

Figure 1 - RHIOJV Tenements



## **PANNAWONICA PROJECT**

RHI is also interested in advancing its wholly owned Pannawonica iron ore project and its large hard rock ballast and road metal resources in the region. The Company has recently received initial expressions of interest in relation to these and will advance those discussions during the next quarter.

## **PAYMENTS TO RELATED PARTIES**

The \$42,000 cash outflow reported under Section 6.1 of the Appendix 5B Quarterly Cash Flow Report relates to:

	\$000
Director fees paid to non-executive directors	23
Shared office and administration fees paid to a listed company of which a director is also a director of RHI	19

Authorised by the Board

Joshua Pitt

Chairman

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Red Hill Iron Limited

ABN

60 060 628 524

Quarter ended ("current quarter")

31 December 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1)	(52)
(b) development	-	-
(c) production	-	-
(d) staff costs	(8)	(8)
(e) administration and corporate costs	(118)	(216)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	6	30
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(120)</b>	<b>(244)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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</b>	<b>Net cash from / (used in) financing activities</b>	-	-



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	527	651
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(120)	(244)
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</b>	<b>Cash and cash equivalents at end of period</b>	<b>407</b>	<b>407</b>

<b>5.</b>	<b>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	7	127
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	400	400
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>407</b>	<b>527</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	42
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	300	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>300</b>	<b>-</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>300</b>
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
This facility is provided by a company associated with a director on an unsecured basis and otherwise on normal commercial terms and conditions at an interest rate of 2.5% per annum, repayable by 1 October 2022. No amount is currently drawn down on this facility.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(120)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(120)
8.4 Cash and cash equivalents at quarter end (item 4.6)	407
8.5 Unused finance facilities available at quarter end (item 7.5)	300
8.6 Total available funding (item 8.4 + item 8.5)	707
<b>8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>5.9</b>
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

**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.

Date: 29 January 2021.....

Authorised by: The Board of Directors.....  
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## RED HILL IRON LIMITED

### MINERAL TENEMENT INFORMATION (ASX Listing Rule 5.3.3) For the quarter ended 31 December 2020

**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%	1
M08/512-I	West Pilbara, WA	0%	40%	1
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%	
E08/2730	West Pilbara, WA	100%	100%	
ELA08/2729	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