

28 July 2021

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

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2021

CORPORATE

The continued strength of the iron ore price has improved the prospects for both of Red Hill Iron Limited's iron ore projects.

PANNAWONICA PROJECT

Red Hill Iron Limited (Red Hill) has continued with its work advancing a development pathway for its 100% owned Pannawonica Iron Ore Project and has identified higher-grade ore within the total project reserve comprising 4.7 million tonnes (Mt) at 56% Iron (Refer ASX announcement 23 July 2021). As part of the Prefeasibility Study completed in 2014, total project Ore Reserves were estimated at 29.3 Mt at 54% Iron derived from a Mineral Resource estimate of 62.5 Mt at 53.4% Iron. (Refer ASX announcement 14 April 2014 - Pannawonica Iron Ore Project: Pre-Feasibility Study completed). Mining Leases have been granted and a Heritage Agreement has been executed.

Environmental field survey work has commenced to update the body of work previously undertaken on the Pannawonica Mining Leases, M08/499-I and M08/500-I as part of an updated Prefeasibility Study now being progressed. Red Hill has completed a number of key milestones required to de-risk project development. A Memorandum of Understanding has been entered into with Onslow Marine Support Base Pty Ltd, the owners of Onslow Port. Work is underway to obtain remaining approvals including additional environmental surveys. Engagement with contractors for the purpose of evaluating a mine development has commenced.

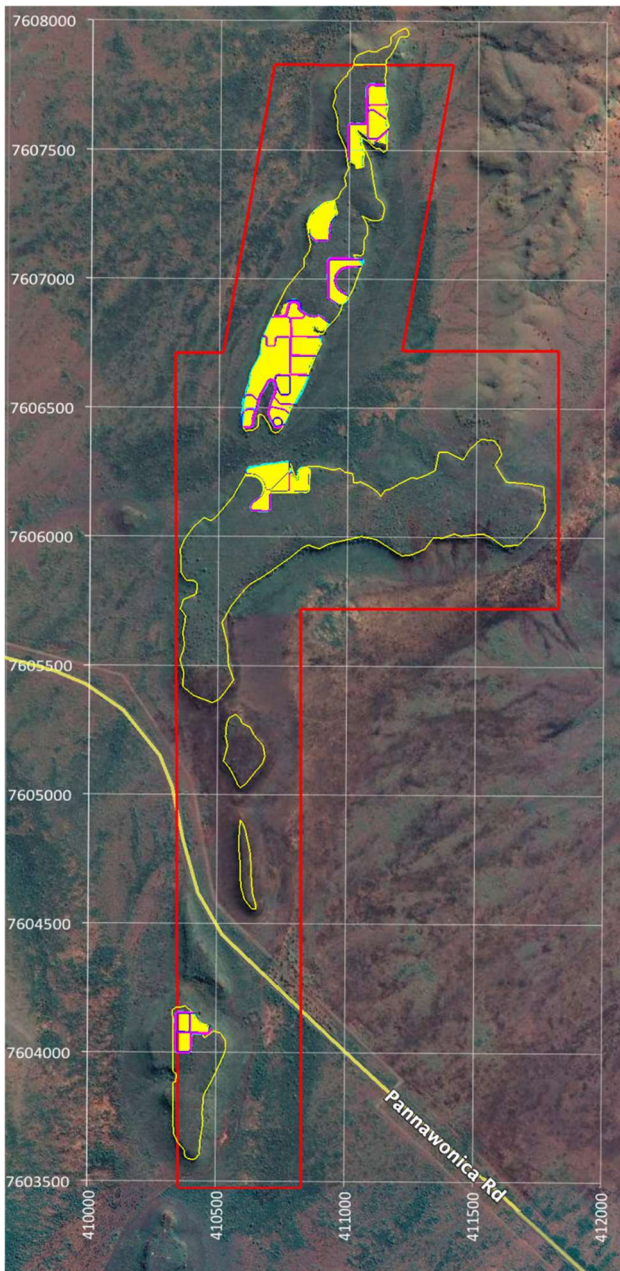


Figure 1: Whitegate High Grade Pit Locations

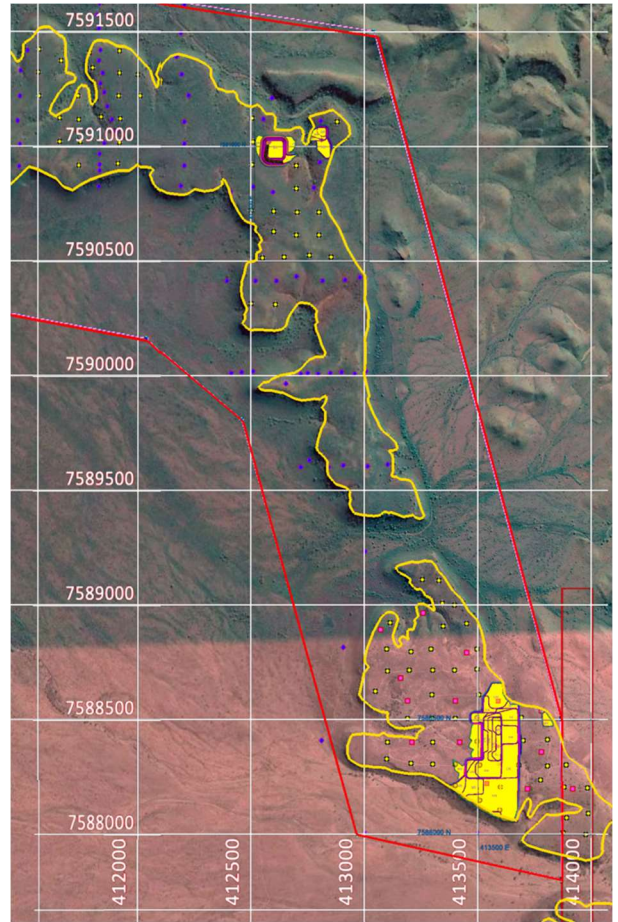


Figure 2: Redgate High Grade Pit Locations

RED HILL IRON ORE PROJECT

Red Hill holds a 40% debt-funded interest in the iron ore rights that are subject to the Red Hill Iron Ore Joint Venture (RHIOJV) and 100% of all other mineral rights in the project tenements. API Management Pty Ltd (APIM) is the manager of the RHIOJV. Red Hill's 40% interest in the iron ore rights would be reduced to 19% should an iron ore mine be commissioned on the project. It has the right to elect to convert that interest to a 2% FOB royalty on all ore production with accumulated debt being cancelled.

The RHIOJV tenements contain iron ore Mineral Resources of 820Mt at 56.4% Iron (refer RHI ASX announcement 30 January 2020) and an Ore Reserve of 537Mt at 57.2% Iron (refer RHI ASX announcement 16 September 2015).

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

REPORT FROM APIM ON RHIOJV ACTIVITIES DURING THE QUARTER

Highlights for the Quarter

- *Exploration completed RC drilling at Cardo Bore West (276m) and diamond drilling (893m).*
- *Access and drill pad earthworks continued in preparation for further diamond and RC drilling.*
- *Rehabilitation works have been undertaken through the WPIOP Stage 1 areas with a total of 14 ha completed to the end of the June quarter.*
- *Work continued repairing and upgrading pre-existing station tracks in conjunction with Red Hill Station to prevent erosion.*

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. Exploration

Five (5) RC drill holes were completed at Cardo Bore West (M08/485) for a total of 276m. Thin CID was intercepted at surface, averaging less than 10m in thickness. A total of eight (8) diamond drill holes were completed for 893m (combination of NQ and HQ core).

Samples from the 2021 RC drill programme were dispatched. Assay results are anticipated in the September quarter.

Geological logging, plus density measurements as required and core photography is ongoing. Anticipated completion of drill programme in the September quarter. Diamond core will be stored on site.

Access and drill pad earthworks continued in preparation for further diamond and RC drilling. Rehabilitation of drill pads and tracks was also undertaken.

Work continued repairing and upgrading pre-existing station tracks in conjunction with Red Hill Station to maintain safe vehicle access and prevent erosion.

3. Tenure

Administrative 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.

Processes were initiated to obtain approval for proposed exploration activities.

4. Environment

Rehabilitation works have been undertaken through the WPIOP Stage 1 areas and include the rehabilitation of 211 drill pads, and 10.8 ha of drill lines and tracks for a total rehabilitation of 14.0 ha as at end of Q2, 2021. Areas where works were undertaken included Cardo Bore West and Cardo Bore North, Red Hill, Jewel and Cochrane.

All statutory environmental monitoring and compliance reporting requirements were met.

Application for extension of time applying to State approvals have continued to be progressed with statutory authorities.

Work to progress pre-development management plans in the Stage 1 area has commenced.

All internal approvals to support the 2021 exploration field are progressing ahead of implementation programmes.

5. RHIOJV Expenditure

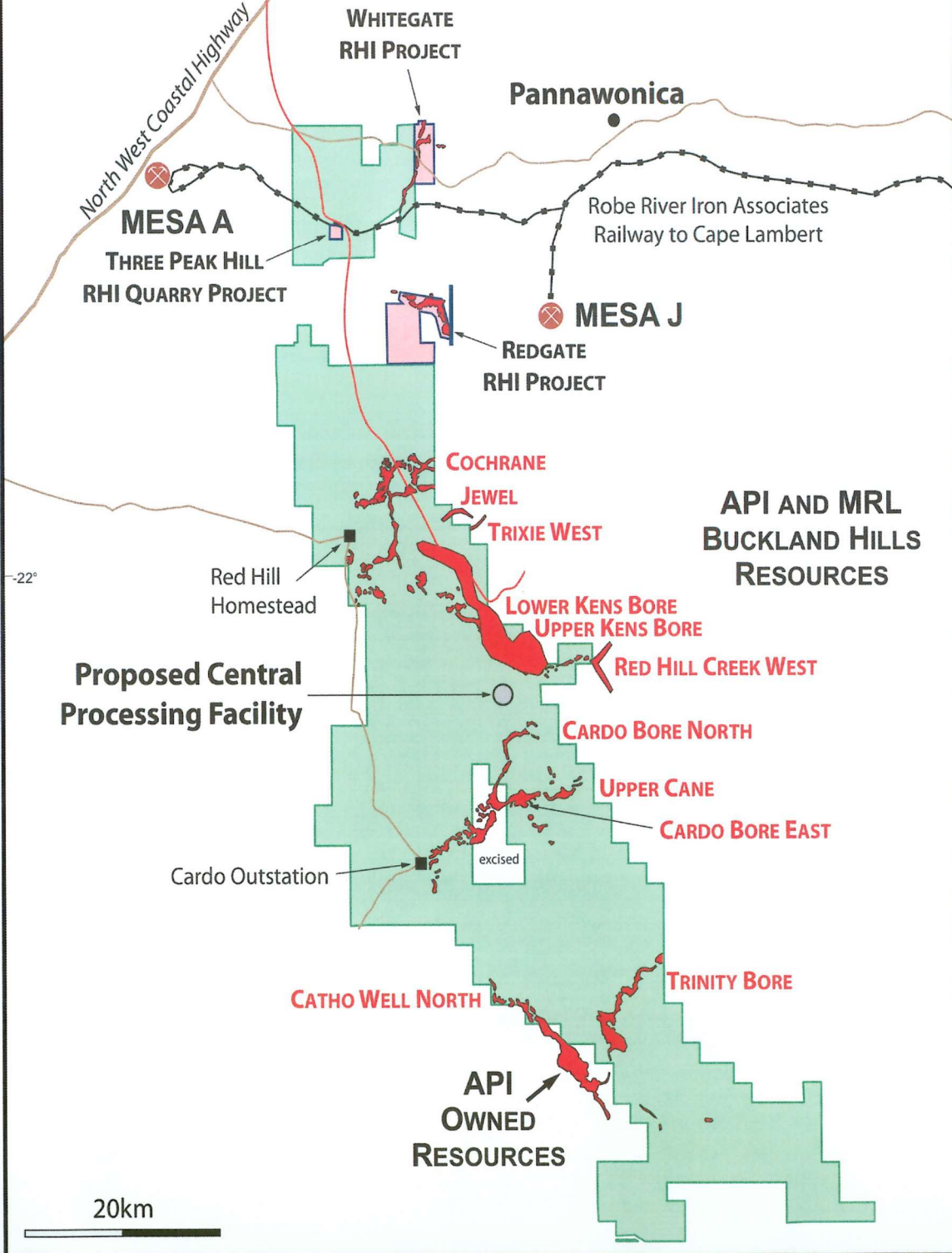
RHIOJV expenditure totalled \$1.3M for the June 2021 quarter and \$5.8m for the 2021 Financial Year. Exploration expenditure was below budget due to weather interruptions resulting in drilling activities planned for the June quarter being delayed until the September 2021 quarter. Costs for project support were below budget as a result of delayed drilling and revision of the cost allocation methodology. A breakdown of expenditure is set out in Table 1 below.

RHIOJV Expenditure Report
FY21 Actual vs Budget Costs
June 2021

RHIOJV A\$	Half 1	Half 2	Q4 FY21	Q4 FY21	Q4 FY21	FY21	FY21	FY21
	Actual	Actual	Actual	Budget	Variance	Actual	Budget	Variance
RED HILL IRON ORE JOINT VENTURE								
Exploration	972,196	1,215,698	898,805	1,174,704	(275,899)	2,187,894	2,986,147	(798,253)
Rates and Rental	1,464,538	111,315	105,165	113,541	(8,376)	1,575,853	1,578,079	(2,226)
TOTAL EXPLORATION	2,436,734	1,327,013	1,003,970	1,288,245	(284,275)	3,763,747	4,564,226	(800,479)
PROJECT SUPPORT								
Land Management	165,609	79,283	40,731	110,000	(69,269)	244,892	377,378	(132,486)
Environment	255,734	145,255	70,657	60,000	10,657	400,989	577,323	(176,335)
Environment Rehabilitation	481,589	41,556	41,556	180,000	(138,444)	523,145	460,000	63,145
Site Support & OHS	217,563	76,472	46,829	127,096	(80,267)	294,034	429,951	(135,916)
TOTAL PROJECT SUPPORT COSTS	1,120,495	342,566	199,773	477,096	(277,323)	1,463,061	1,844,652	(381,591)
TOTAL	3,557,229	1,669,579	1,203,743	1,765,341	(561,598)	5,226,808	6,408,878	(1,182,070)
JV administration percentage								
TOTAL JV ADMINISTRATION CHARGE	355,723	166,958	120,374	176,534	(56,160)	522,681	640,888	(118,207)
TOTAL INCLUDING ADMIN	3,912,952	1,836,536	1,324,118	1,941,875	(617,758)	5,749,488	7,049,766	(1,300,277)

WEST PILBARA RESOURCES

- Tenements
- RHIOJV owned (RHI 40%)
 - RHI wholly owned
 - Rio Robe River Operations



RED HILL IRON OTHER MINERALS PROJECT

The APIJV interest in the RHIOJV tenements is limited to the iron ore rights. Over the years, Red Hill 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 currently been suspended.

PAYMENTS TO RELATED PARTIES

The \$47,000 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	27
Shared office and administration fees paid to a listed company of which a director is also a director of Red Hill	20

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")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(66)	(146)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	(14)
(e) administration and corporate costs	(96)	(431)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	30
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(162)	(559)

2. Cash flows from investing activities		
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 (12 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)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

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 (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	254	651
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(162)	(559)
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	92	92

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	92	254
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	92	254

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	47
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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	500	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	500	-
7.5 Unused financing facilities available at quarter end		500
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(162)
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)	(162)
8.4 Cash and cash equivalents at quarter end (item 4.6)	92
8.5 Unused finance facilities available at quarter end (item 7.5)	500
8.6 Total available funding (item 8.4 + item 8.5)	592
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.7
<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: 28 July 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 30 June 2021

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%	
L08/0248	West Pilbara, WA	100%	100%	
L08/0249	West Pilbara, WA	100%	100%	
L08/0252	West Pilbara, WA	100%	100%	

Mining tenements and beneficial interests acquired during the quarter, and their location:

Tenement	Location	Registered Holding		Beneficial Interest	
		From	To	From	To
L08/0252	West Pilbara, WA	0%	100%	0%	100%

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

L: Miscellaneous Licence application