

31 January 2022

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

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2021

CORPORATE

On 10 November 2021 the Company paid a fully franked Special Dividend of \$1.20 per share. The board has established a policy of delivering funds to shareholders that it deems are in excess of the need to maintain a reasonable level of financial strength. The Company currently holds funds of around \$111 million after payment of the dividend and first instalment of income tax of \$11 million.

RED HILL IRON ORE PROJECT

The sale of the Company's 40% interest in the Red Hill Iron Ore Joint Venture (RHIOJV) to Mineral Resources Limited (MinRes) resulted in an initial payment of \$200 million on 2 September 2021. A further \$200 million is to be paid when the first commercial shipment of iron ore extracted from the RHIOJV tenements departs port. Red Hill Iron will also receive a 0.75% FOB royalty revenue stream from all future production from the RHIOJV tenements and, for the first 10 years, also from the APIJV owned Upper Red Hill Creek tenement. Red Hill Iron will receive additional royalties of 0.75% FOB from all production from the MRL owned Bungaroo South resources that are developed in association with RHIOJV production.

MinRes has advised the ASX in their latest Quarterly Report (Refer ASX: MIN 25 January 2022) that they have continued to progress their Ashburton Project with significant engineering and detailed design continuing. MinRes has contracted to have two transhippers built at a major COSCO shipyard in China, with an option for two additional transhippers to be delivered in-line with the projected production ramp up.

MinRes also advised that the project economics are compelling through all economic cycles and that they remain ready to commence construction as soon as final Government and regulatory approvals are obtained.

RED HILL IRON OTHER MINERALS PROJECT

The RHIOJV is limited to the iron ore rights in the RHIOJV tenements and our Company retains the rights to all other minerals in this 1,900 sq km tenement package.

The Company has employed Michael Wall as Exploration Manager for the Other Minerals project with the brief to establish an appropriate exploration team and to lead our gold and base metal exploration. Mike has extensive industry experience and already has a detailed involvement in and knowledge of the project's geology and exploration opportunities.

The Company is currently carrying out a \$300,000 core cutting and assaying campaign to test past diamond drilling samples for their gold and base metal content. Assay of RC drilling pulps will also enhance knowledge of regional geochemistry. Results from this initial work is expected late in the next quarter.

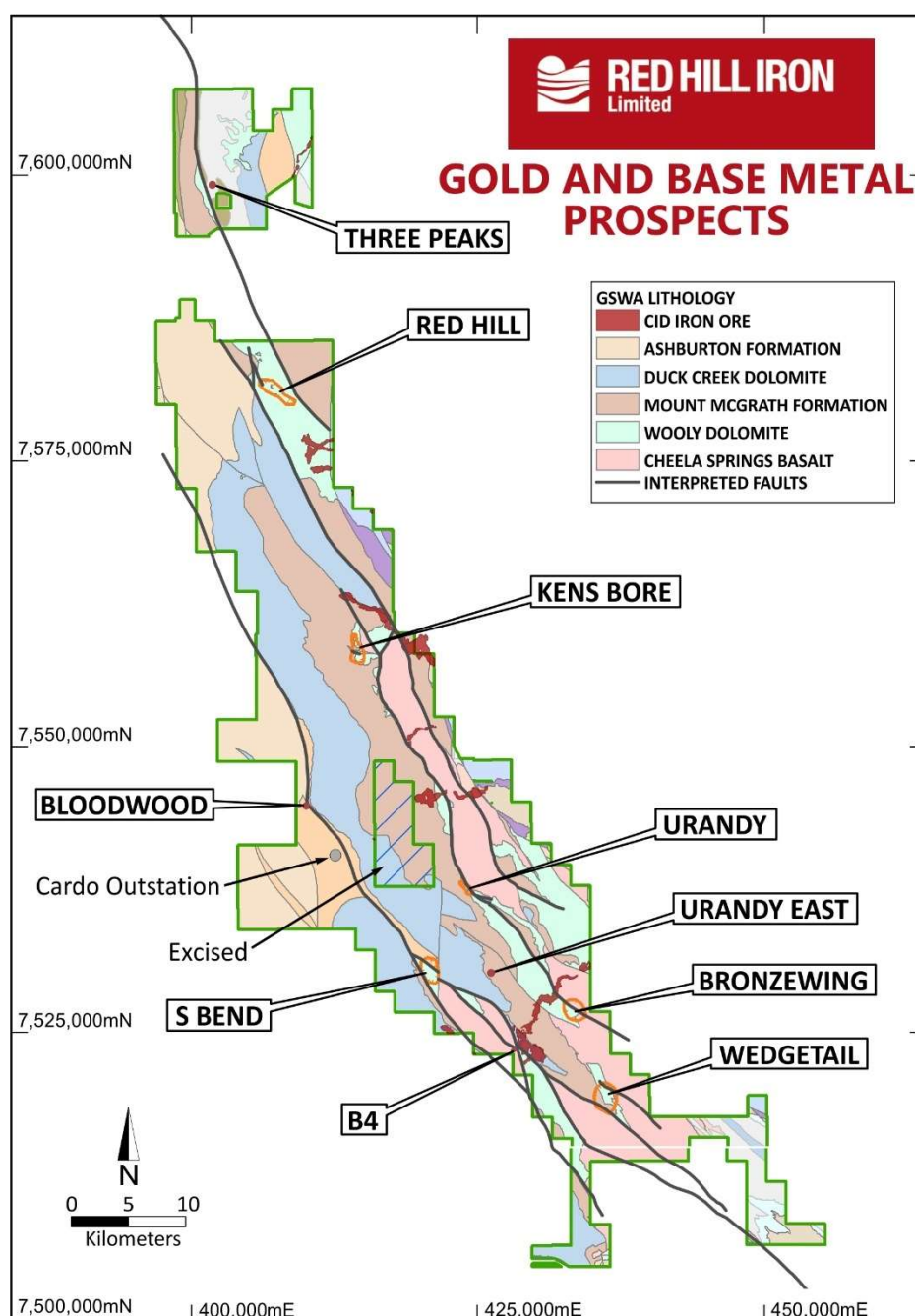


Figure 1: Priority Gold and Base Metal Targets

PANNAWONICA PROJECT

The Company continued work on evaluating the development of its 100% owned Pannawonica Iron Ore Project during the quarter. The base case being studied is the development of a mining operation based on an Ore Reserve of 4.68 million tonnes (Mt) at 56% Iron at a 54.5% iron cut-off grade (Refer Table 1) out of the total project Mineral Resource of 62.5 Mt at 53.4% Iron (Refer Table 1). Red Hill Iron is examining various technologies to assess whether they can be utilised to upgrade portions of this large resource base, that are currently not included in our mining plan, to deliver an increased tonnage at the product target grade of 56% iron at a lower cut-off grade to increase iron ore inventory.

Field environmental work was completed during the past quarter and results are anticipated to be available in the third quarter.

Mining Leases have been granted and a Heritage Agreement has been executed.

Refer ASX announcements 14 April 2014 and 23 July 2021.

Category	Tonnes (M)	Fe (%)
Mineral Resources		
Measured	5.5	53.8
Indicated	47.6	53.4
Inferred	9.3	53.4
Total	62.5	53.4
Ore Reserves		
Proved	0.63	55.7
Probable	4.05	56.0
Total	4.68	56.0

The Ore Reserves are contained within the Mineral Resources

Table 1: Pannawonica Mineral Resources and Ore Reserves

Compliance Statement

The detailed information relating to the Mineral Resources and Ore Reserves reported in this announcement was announced in the Company's ASX announcements dated 14 April 2014 and 23 July 2021. The Company confirms that it is not aware of any new information or data that materially affects the information included in the ASX announcements dated 14 April 2014 and 23 July 2021 and all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not materially changed from previous market announcements.

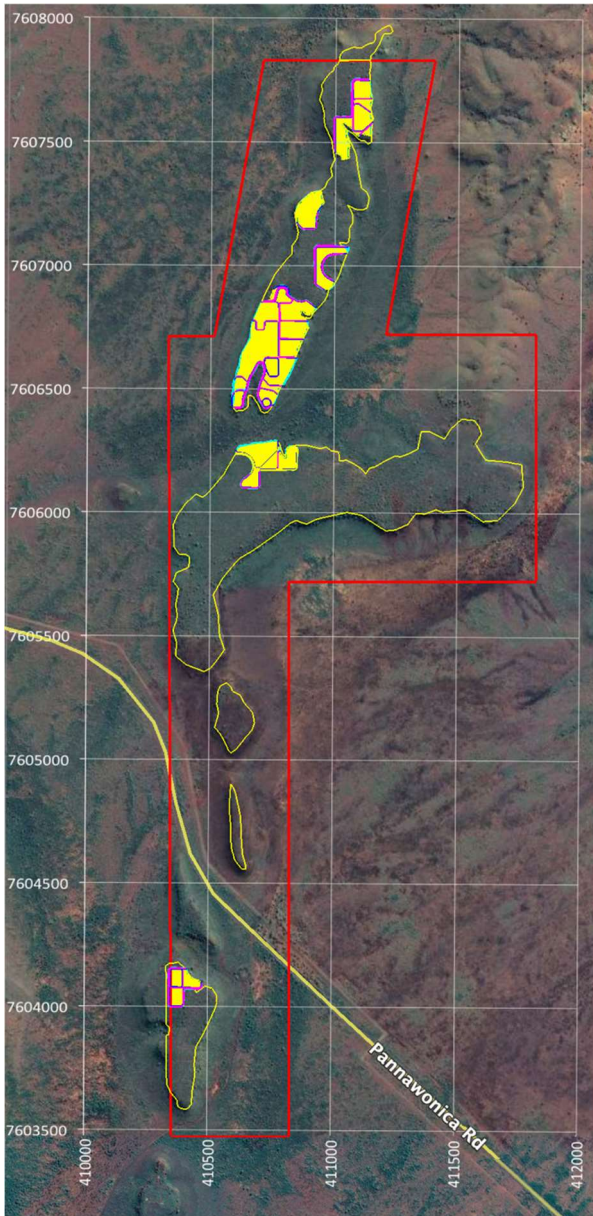


Figure 2: Pannawonica Whitegate High Grade Pit Locations

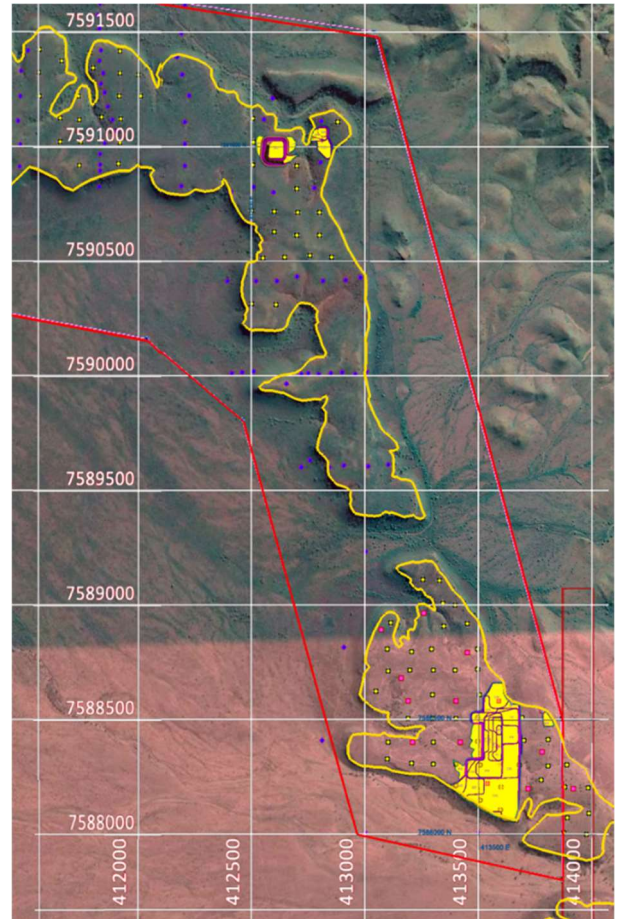


Figure 3: Pannawonica Redgate High Grade Pit Locations

PAYMENTS TO RELATED PARTIES

The \$170,000 cash outflow reported under Section 6.1 of the Appendix 5B Quarterly Cash Flow Report relates to director fees, director consulting fees and shared office and administration fees paid to a company of which a director is also a director of Red Hill Iron.

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

44 114 553 392

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(342)	(445)
(b) development	-	-
(c) production	-	-
(d) staff costs	(7)	(11)
(e) administration and corporate costs	(2,098)	(2,592)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	33	40
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(11,000)	(11,000)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(13,414)	(14,008)

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 (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	-	200,000
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other:	-	-
2.6	Net cash from / (used in) investing activities	-	200,000

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	2,088	2,113
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(1)
3.5	Proceeds from borrowings	-	220
3.6	Repayment of borrowings	-	(220)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	(76,594)	(76,594)
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(74,506)	(74,482)

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
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	199,522	92
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(13,414)	(14,008)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	200,000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(74,506)	(74,506)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	111,602	111,602

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	20,579	7,515
5.2	Call deposits	50,023	74,007
5.3	Bank overdrafts	-	-
5.4	Other: Term deposits	41,000	118,000
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	111,602	199,522

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	170
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

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.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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.	N/A	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(13,414)
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)	(13,414)
8.4 Cash and cash equivalents at quarter end (item 4.6)	111,602
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	111,602
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	8.3
<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: 31 January 2022.....

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 2021

Mining tenements and beneficial interests held at quarter end, and their location:

Tenement	Location	Registered Holding		Beneficial Interest		Note
		From	To	From	To	
E08/1227-I	West Pilbara, WA	0%		100%		1
E08/1283-I	West Pilbara, WA	0%		100%		1
E08/1289-I	West Pilbara, WA	0%		100%		1
E08/1293-I	West Pilbara, WA	0%		100%		1
E08/1294-I	West Pilbara, WA	0%		100%		1
E08/1295-I	West Pilbara, WA	0%		100%		1
E08/1430-I	West Pilbara, WA	0%		100%		1
E08/1516-I	West Pilbara, WA	0%		100%		1
E08/1537-I	West Pilbara, WA	0%		100%		1
E47/1141-I	West Pilbara, WA	0%		100%		1
E47/1693-I	West Pilbara, WA	0%		100%		1
M47/1472	West Pilbara, WA	0%		100%		1
M08/483-I	West Pilbara, WA	0%		100%		1
M08/484-I	West Pilbara, WA	0%		100%		1
M08/485-I	West Pilbara, WA	0%		100%		1
M08/480-I	West Pilbara, WA	0%		100%		1
M08/512-I	West Pilbara, WA	0%		100%		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%		
E08/2729	West Pilbara, WA	100%		100%		
ELA08/3382	West Pilbara, WA	100%		100%		
L08/0248	West Pilbara, WA	100%		100%		
L08/0252	West Pilbara, WA	100%		100%		

Note 1: Red Hill Iron has a beneficial interest of 100% in all minerals other than iron ore. The Company sold its 40% interest in the iron ore rights during the prior quarter.

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:

Tenement	Location	Registered Holding		Beneficial Interest	
		From	To	From	To
L08/0249	West Pilbara, WA	100%	0%	100%	0%

Key:

- E: Exploration Licence
- ELA: Exploration Licence application
- M: Mining Lease
- L: Miscellaneous Licence application