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30 January 2018

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

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2017

Red Hill Iron Limited (RHI or the Company), whose major asset is its interest in the large Red Hill Iron Ore Joint Venture (RHIOJV) Channel Iron resources in the Pilbara, reports on activity during the quarter as follows:-

Red Hill Iron Ore Joint Venture (RHI interest 40%)

API has supplied the following report on the project activity which took place during the quarter:-

Highlights for the Quarter

- *Heritage surveys completed over Tenements and heritage survey planning for 2018 field activities commenced.*
- *Total RHIOJV expenditure for the December 2017 quarter totalled \$0.74M compared to the budget of \$1.21M*

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 APIM and Red Hill Iron Limited. 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

No exploration activity occurred on RHIOJV tenements during the December Quarter.

Cardo Camp remained open and support was provided for heritage surveys and diamond geotech drilling completed by API Studies Department and for Red Hill/Chalice Gold exploration activities.

3. Tenure

Heritage surveys completed over Tenements and heritage survey planning for 2018 field activities commenced.

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

Annual Tranche of Community Benefits payment under Land Access Agreement made to KM Group.

Consultation with Red Hill during the quarter covered various matters facilitating Red Hill / Chalice activities.

By notice of 10 July 2017 from APIM to Red Hill, E08/1473 was excluded from the RHIOJV. A submission was prepared and lodged at OSR for assessment of duty relevant to the hand back / transfer of the APIM interest in the tenement to Red Hill.

4. Environment

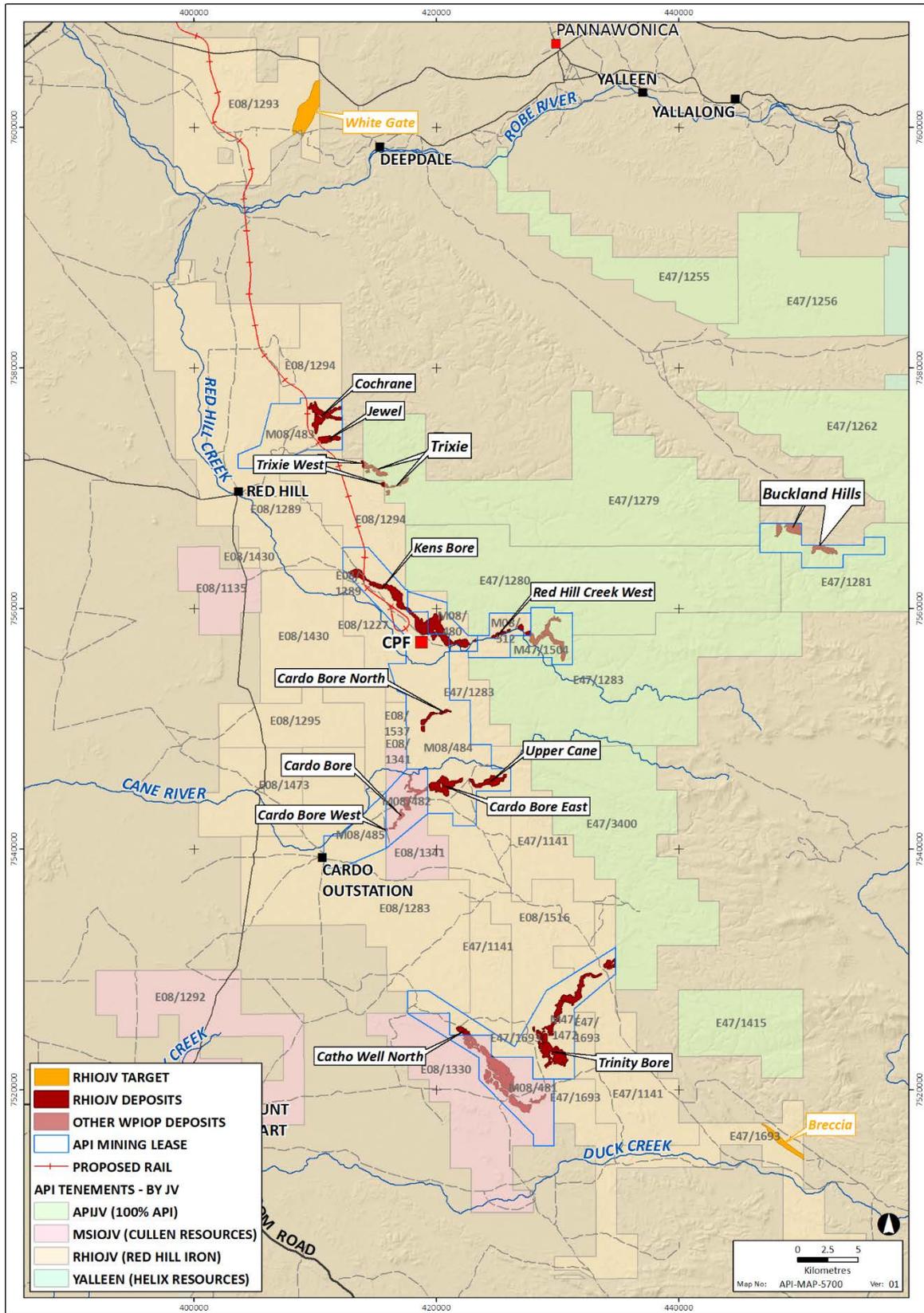
Environmental compliance activities including statutory reporting and field compliance monitoring were maintained.

Preparation of environmental review documents in relation to the Cardo expanded mine footprint areas and Red Hill Creek West (RHIOJV), Red Hill Creek (APIJV) was progressed.

5. RHIOJV Expenditure

Total RHIOJV expenditure for the December 2017 quarter totalled \$0.74M compared to the budget of \$1.21M with timing of exploration work and rates and rental payments leading to budget underspend. This was offset by overspend in Land Management, Environment and Site Support in the quarter.

Figure 1 – Location Plan



West Pilbara Gold Project - Chalice Gold Mines Limited

Chalice Gold Mines Limited (Chalice) provided post quarter-end notification to RHI of its withdrawal from its gold and base metals joint venture with RHI to explore RHI's large tenement package in the Pilbara.

Although Chalice encountered anomalous gold, zinc and cobalt results from several of the prospects during reconnaissance aircore and RC drilling programs at Wyloo West, Wyloo East, Ken's Bore, Derek's Bore, G1, B2 and Red Hill, Chalice has advised the Company that the results were not sufficiently encouraging to warrant follow-up exploration.

In total, Chalice drilled 276 holes for 9,259m including 276 AC holes for 5,685m and 59 RC holes for 3,574m.

The 2,271km² West Pilbara Project is located approximately 160km south-southwest of Karratha and has contiguous coverage of 90km of strike of prospective geology along the contact between the Ashburton and Hamersley Basins, referred to as the Paraburdoo Hinge Zone and defined by regional fault/shear zones.

The region is under-explored for both gold and base metals and the south-west boundary of the property is approximately 8km from Northern Star Resources' (ASX: NST) multi-million-ounce Paulsens gold mine. RHI will now concentrate on attracting a new joint venture participant to follow up anomalies identified by Chalice on this large prospective tenement holding.

Pannawonica Project (RHI 100%)

The recent announcement by BCI Minerals Limited (BCI) on 10 January 2018 that it had entered into a non-binding agreement with Sinosteel Australia Pty Ltd, a participant in the Channar iron ore mine and a subsidiary of the large Chinese steel company of that name, involving the study of development of BCI's Buckland Hills iron ore resource evidences ongoing interest in the development of West Pilbara iron ore deposits.

The proposed haul road from Buckland Hills to Cape Preston East, the location of BCI's proposed export facility and port, passes RHI's Pannawonica Project. Any development of a haulage road from Buckland Hills could allow the Company to contemplate the feasibility of mining and exporting ore from Pannawonica and also lead to activity on the Company's hard rock resource at Three Peak Hill which is postulated to be used by developers of road and rail infrastructure in the area.

Neil Tomkinson
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 2017

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	(46)	(52)
(b) development	-	-
(c) production	-	-
(d) staff costs	(2)	(2)
(e) administration and corporate costs	(119)	(236)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	19
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	(161)	(271)

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 (6 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	-	1,000
Funds placed on deposits > 3 months	(150)	(150)
2.6 Net cash from / (used in) investing activities	(150)	850

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	-	-
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	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,118	228
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(161)	(271)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(150)	850
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	807	807

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	107	118
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details): Term Deposits	700	1,000
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	807	1,118

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	43
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	28
Rent and administration paid to listed director related entity	15

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	-	-
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.		

An unsecured working capital loan facility of \$900,000, provided by companies associated with two directors on normal commercial terms and conditions, expired during the quarter.

No amount was drawn down on the facility at the time it expired.

Mining exploration entity and oil and gas exploration entity quarterly report

9. Estimated cash outflows for next quarter		\$A'000
9.1	Exploration and evaluation	19
9.2	Development	-
9.3	Production	-
9.4	Staff costs	-
9.5	Administration and corporate costs	94
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	113

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	E08/1473-I	Change in beneficial interest	40%	100%

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: **30 January 2018**

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 31 December 2017

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

Tenement	Location	Registered Holding		Beneficial Interest	Note
		From	To		
E08/1227-I	West Pilbara, WA	40%	40%	40%	1
E08/1283-I	West Pilbara, WA	40%	40%	40%	1
E08/1289-I	West Pilbara, WA	40%	40%	40%	1
E08/1293-I	West Pilbara, WA	40%	40%	40%	1
E08/1294-I	West Pilbara, WA	40%	40%	40%	1
E08/1295-I	West Pilbara, WA	40%	40%	40%	1
E08/1430-I	West Pilbara, WA	40%	40%	40%	1
E08/1516-I	West Pilbara, WA	40%	40%	40%	1
E08/1537-I	West Pilbara, WA	40%	40%	40%	1
E47/1141-I	West Pilbara, WA	40%	40%	40%	1
E47/1693-I	West Pilbara, WA	40%	40%	40%	1
M47/1472	West Pilbara, WA	40%	40%	40%	1
M08/483-I	West Pilbara, WA	40%	40%	40%	1
M08/484-I	West Pilbara, WA	40%	40%	40%	1
M08/485-I	West Pilbara, WA	40%	40%	40%	1
M08/480-I	West Pilbara, WA	0%	40%	40%	
M08/512-I	West Pilbara, WA	0%	40%	40%	
E08/1473-I	West Pilbara, WA	40%	100%	100%	2
M08/499-I	West Pilbara, WA	100%	100%	100%	
M08/500-I	West Pilbara, WA	100%	100%	100%	
M08/501	West Pilbara, WA	100%	100%	100%	
M08/505-I	West Pilbara, WA	100%	100%	100%	
ELA08/2729	West Pilbara, WA	0%	100%	100%	
ELA08/2730	West Pilbara, WA	0%	100%	100%	

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

Tenement	Location	Registered Holding		Beneficial Interest	
		From	To	From	To
E08/1473-I	West Pilbara, WA	40%	40%	40%	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.

Note 2: Registered holding is in the process of being amended to 100%

Key:

E: Exploration Licence

ELA: Exploration Licence application

M: Mining Lease