

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

31 January 2019

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2018

Whilst Red Hill Iron Limited (Red Hill Iron or the Company) continues to retain a 40% interest in the Red Hill Iron Ore Joint Venture (RHIOJV) located in the West Pilbara region of Western Australia, the Company is continuing to expand its non-ferrous metals search on the large tenement block in the West Pilbara covered by the RHIOJV iron ore interests. Red Hill Iron retains a 100% interest in all minerals except iron ore on these tenements.

All the costs of the RHIOJV are provided by fellow joint venture partner and project manager, API Management Pty Ltd (APIM), until production commences, at which point the Company may elect to either reduce its carried interest to a participating 19% interest or convert its interest to a 2% FOB Royalty on total RHIOJV iron ore sales.

Total RHIOJV expenditure for the December 2018 quarter totaled \$0.65M compared to the budget of \$1.07M.

Red Hill Non-Ferrous Exploration Project

Red Hill Iron began preparations for its 2019 field exploration activities during the quarter. It is planned to drill 3 Reverse Circulation holes initially.

The first hole is designed to test the down plunge extensions of the 20 metre thick base metal anomalous zone intersected last year at the S-BEND prospect. The second is to test an aerial electromagnetic anomaly with coincident surface geochemical copper anomalism at the B4 prospect. A third hole is planned to extend the testing of the EAST URANDY prospect where previous drilling intersected a bottom-of-the-hole intersection of 6 metres assaying approximately 1 ounce per tonne of silver and over 0.2% cobalt.

Red Hill Iron also commissioned a review of the aerial electromagnetic survey carried out by the Company a decade ago covering a large area of the southern portion of the RHIOJV tenements. This review has revealed a set of very promising targets and the Company will correlate these anomalies with aeromagnetic data, a photo interpretation study and earlier field mapping prior to field follow-up.

Red Hill Iron Ore Joint Venture

APIM has reported as follows for the quarter:

Highlights for the Quarter

- *G08/88 (Central Processing Facility (CPF)) transferred from RHIOJV partners (RHIOJVPs) to the APIJV partners (APIJVPs) in accordance with the Deed of Settlement and Release between the parties.*
- *Liaison Committee Meeting held with Puutu Kunti Kurrama Pinikura (PKKP) Native Title Group.*
- *Total RHIOJV expenditure for the December 2018 quarter totalled \$0.65M compared to the budget of \$1.07M.*

1. Background

*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 (Red Hill Iron). 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 work completed on RHIOJV tenements by APIM during the quarter ended 31 December 2018.

No assays reported during the quarter.

Planning for 2019 commenced.

3. Tenure

Processes to maintain tenements across the RHIOJV and the broader project area continued, including preparation and lodgement of required extensions of term and compliance with reporting obligations for work completed (e.g. Forms 5).

G08/88 (CPF) was transferred to the APIJVPs from RHIOJVPs in accordance with the Deed of Settlement and Release.

A Liaison Committee Meeting was held with the PKKP Native Title Group, which included an update of overall activities since the last meeting in November 2015. No issues affecting the RHIOJV arose.

Planning commenced for 2019 field activities, including required Heritage Surveys.

4. Environment

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

Work to support on-ground activities for minimum expenditure on tenements including pre-disturbance floristic surveys was completed.

5. RHIOJV Expenditure

Total RHIOJV expenditure for the December 2018 quarter totaled \$0.65M compared to the budget of \$1.07M. The underspend of \$0.42M reflects timing of Rates and Rents expenditure. Forecast FY19 remains within the draft budget estimate.

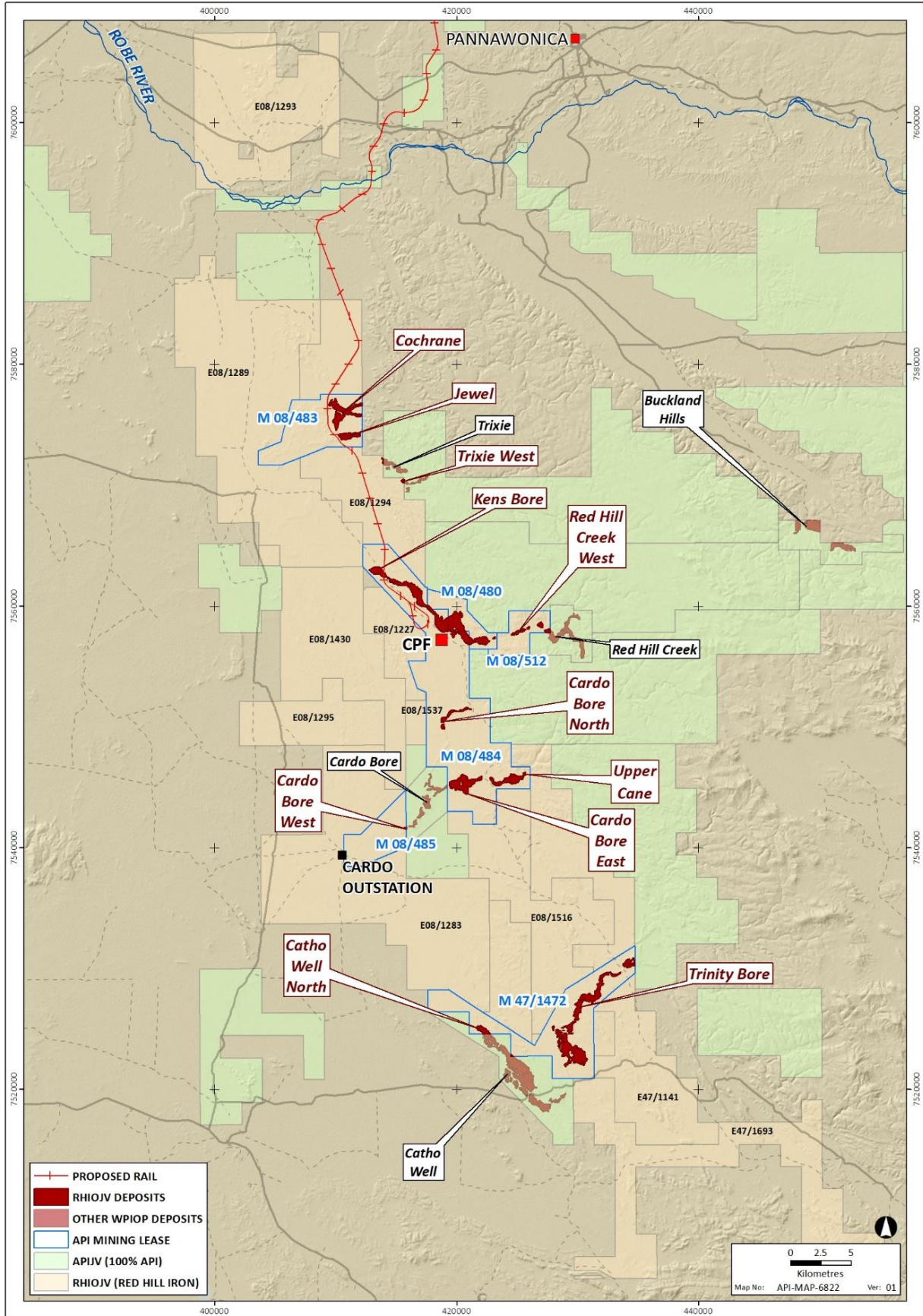
A breakdown of expenditure is set out in Table 1.

Table 1 – RHIOJV Expenditure

RHIOJV Expenditure Report
FY19 Monthly actual/forecast costs

RHIOJV	Oct-18	Nov-18	Dec-18	Q2	Q2	Q2	FY19	FY19	FY19
A\$	Actual	Actual	Actual	Actual	Budget	Variance	Act / Feast	Budget (draft)	Variance
RED HILL IRON ORE JOINT VENTURE									
Exploration	0	4,050	(2,700)	1,350	63,387	62,037	498,427	635,966	137,539
Rates and Rental	23,814	0	40,665	64,479	530,564	466,085	1,453,378	1,467,274	13,896
TOTAL EXPLORATION	23,814	4,050	37,965	65,829	593,951	528,122	1,951,805	2,103,240	151,435
PROJECT SUPPORT									
Study Management	-	-	-	-	-	-	-	-	-
Land Management	163,105	19,457	88,342	270,904	229,622	(41,282)	629,158	627,347	(1,811)
Environment	15,073	29,831	57,566	102,470	80,263	(22,207)	417,238	400,163	(17,076)
Site Support, Mine Planning & OHS	10,844	54,448	85,587	150,878	68,418	(82,460)	519,401	436,070	(83,331)
TOTAL PROJECT SUPPORT COSTS	189,022	103,735	231,495	524,252	378,304	(145,948)	1,565,797	1,463,580	(102,218)
TOTAL	212,836	107,785	269,460	590,081	972,254	382,173	3,517,602	3,566,820	49,217
JV administration percentage	10%	10%	10%	10%	10%	10%	10%	10%	10%
TOTAL JV ADMINISTRATION CHARGE	21,284	10,779	26,946	59,008	97,225	38,217	351,760	356,682	4,922
TOTAL INCLUDING ADMIN	234,120	118,564	296,406	649,089	1,069,480	420,390	3,869,363	3,923,502	54,139

Figure 1 – RHIOJV Tenements and Deposit Locations



Competent Person Statement

Exploration Results (RHIOJV)

The information in this report that relates to RHIOJV exploration results is based on information compiled by Mr Michael Wall, who is a Member of The Australasian Institute of Mining and Metallurgy and is a full-time employee of API Management Pty Ltd. Mr Wall has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Wall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Other Exploration Assets

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 the prevailing price differential for lower grade iron ore.

The Company also owns a significant hard rock quarry resource which could provide material for any new mine and associated transport development mooted in the region.

Neil Tomkinson

Chairman

31 January 2019

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 2018

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	(1)	(71)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	(1)
(e) administration and corporate costs	(126)	(241)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	7
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	(124)	(306)

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	-	-
	Funds placed on deposits > 3 months	-	-
2.6	Net cash from / (used in) investing activities	-	-

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	498	680
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(124)	(306)
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	374	374

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	74	48
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details): Term Deposits	300	450
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	374	498

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	53
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	26

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.		

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	31
9.2	Development	-
9.3	Production	-
9.4	Staff costs	-
9.5	Administration and corporate costs	90
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	121

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

- 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: **31 January 2019**

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 2018

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