

12 February 2020

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

Dear Sir/Madam

Interim Financial Report for the half-year ended 31 December 2019

Attached is the Red Hill Iron Limited Interim Financial Report for the half-year ended 31 December 2019.

Yours faithfully

P C Rutledge

Company Secretary

RED HILL IRON LIMITED

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2019

ABN 44 114 553 392

RED HILL IRON LIMITED

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RED HILL IRON LIMITED

DIRECTORS' REPORT

The directors of Red Hill Iron Limited (Red Hill Iron or the Company) submit their report for the half-year ended 31 December 2019.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as set out below. Directors were in office for this entire period unless otherwise stated.

Mr Joshua Pitt	Executive Chairman
Mr Neil Tomkinson	Non Executive Director
Mr Garry Strong	Non Executive Director
Mr Mark Okeby	Non Executive Director

During the half-year, Mr Neil Tomkinson resigned as Executive Chairman and Mr Joshua Pitt was appointed to the position.

REVIEW AND RESULTS OF OPERATIONS

Red Hill Iron Limited is an iron ore and gold and base metals explorer whose activities are concentrated in the West Pilbara region of Western Australia.

The Company's operating loss for the half-year ended 31 December 2019 was \$271,732 (2018: \$275,365).

Red Hill Iron continues to retain a 40% interest in the Red Hill Iron Ore Joint Venture (RHIOJV) located in the West Pilbara region of Western Australia. Further iron ore exploration was carried out during the half-year. This resulted in a modest lift in the Mineral Resources announced just after period end (refer RHI ASX release of 30 January 2020). The RHIOJV Mineral Resource Estimate increased by 4.1 million tonnes and now totals 820 million tonnes grading 56.44% iron.

Red Hill Iron's share of the RHIOJV costs are loaned to it by fellow joint venture partner and project manager, API Management Pty Ltd (API), until production commences. Upon commencement, Red Hill Iron may elect to either reduce its carried interest to a participating 19% interest and repay its loan account out of future production or convert its interest to a 2% FOB Royalty on total RHIOJV iron ore sales and have the loan account cancelled.

Red Hill Iron retains all the non-ferrous rights over the RHIOJV tenements and continued with its appraisal for gold and base metals during the half-year. Mr Martin l'Ons, a consulting geologist, was commissioned to carry out a new photo interpretation with a re-evaluation of old aerial electromagnetic data and drill programs. Field inspections resulted in confirming several new targets, several of which will be the subject of drill testing in the coming field season. Additionally, the API field team carried out mapping and rock chip sampling over the Ken's Bore gold prospect during the half-year on behalf of, and at no cost to, Red Hill Iron. This work indicated some potential for gold mineralization to be appraised during the next half-year.

The Company also retains 100% ownership of the Pannawonica iron ore project which contains the Redgate and Whitegate modest grade iron ore resources, the development of which is dependent on improved iron ore prices and the establishment of the necessary infrastructure. It holds tenure over a hard rock quarry resource which would have value should third parties look to construct mining operations and/or transport infrastructure in the region.

EVENTS OCCURRING AFTER BALANCE DATE

Subsequent to balance date, following the successful entitlement issue, the Company repaid in full the outstanding loans with director related entities.

Other than the matter noted above, there are no other matters or circumstances which have arisen since the end of the half-year which have significantly affected the operations of the Company, nor are there any such matters or circumstances or any likely developments which, in the opinion of the directors, may affect the future results of those operations or the state of affairs of the Company.

RED HILL IRON LIMITED

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under section 307C of the Corporations Act 2001 is included in this Interim Financial Report.

Signed in accordance with a resolution of the directors.



Joshua Pitt
Executive Chairman
Perth, 12 February 2020

RED HILL IRON LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 \$	31 December 2018 \$
Revenue from continuing operations	2	50	5,558
Exploration expenditure		(58,012)	(71,542)
Administration expenses	3	<u>(213,770)</u>	<u>(209,381)</u>
Loss before income tax		(271,732)	(275,365)
Income tax expense		<u>-</u>	<u>-</u>
Loss for the half-year after tax		(271,732)	(275,365)
Other comprehensive income for the half-year		<u>-</u>	<u>-</u>
Total comprehensive loss for the half-year attributable to the ordinary equity holders of the Company		<u><u>(271,732)</u></u>	<u><u>(275,365)</u></u>
Loss per share attributable to the ordinary equity holders of the Company			
Basic and diluted loss per share		(0.50) cents	(0.50) cents

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

RED HILL IRON LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	31 December 2019 \$	30 June 2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,063,065	126,237
Trade and other receivables		<u>11,321</u>	<u>12,739</u>
Total Current Assets		<u>1,074,386</u>	<u>138,976</u>
Non Current Assets			
Exploration assets		<u>10,008,025</u>	<u>10,008,025</u>
Total Non Current Assets		<u>10,008,025</u>	<u>10,008,025</u>
Total Assets		<u>11,082,411</u>	<u>10,147,001</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		47,282	86,815
Borrowings	4	<u>200,000</u>	<u>-</u>
Total Current Liabilities		<u>247,282</u>	<u>86,815</u>
Total Liabilities		<u>247,282</u>	<u>86,815</u>
Net Assets		<u>10,835,129</u>	<u>10,060,186</u>
EQUITY			
Issued capital	5	28,081,923	27,035,248
Reserves		529,302	529,302
Accumulated losses		<u>(17,776,096)</u>	<u>(17,504,364)</u>
Total Equity		<u>10,835,129</u>	<u>10,060,186</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

RED HILL IRON LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Issued Capital \$	Share Based Payments Reserve \$	Exercised Options Reserve \$	Accumulated Losses \$	Total Equity \$
2019					
Balance at 1 July 2019	27,035,248	243,532	285,770	(17,504,364)	10,060,186
Comprehensive Income:					
Net loss for the half-year	-	-	-	(271,732)	(271,732)
Total comprehensive loss for the half-year	-	-	-	(271,732)	(271,732)
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares, net of issue cost	1,046,675	-	-	-	1,046,675
Share based payments	-	-	-	-	-
Balance at 31 December 2019	28,081,923	243,532	285,770	(17,776,096)	10,835,129
2018					
Balance at 1 July 2018	27,035,248	243,532	285,770	(16,929,428)	10,635,122
Comprehensive Income:					
Net loss for the half-year	-	-	-	(275,365)	(275,365)
Total comprehensive loss for the half-year	-	-	-	(275,365)	(275,365)
Transactions with equity holders in their capacity as equity holders	-	-	-	-	-
Balance at 31 December 2018	27,035,248	243,532	285,770	(17,204,793)	10,359,757

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

RED HILL IRON LIMITED

STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	31 December 2019	31 December 2018
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(238,617)	(241,931)
Payments for exploration expenditure	(77,163)	(71,380)
Interest received	<u>50</u>	<u>6,520</u>
Net cash outflow from operating activities	<u>(315,730)</u>	<u>(306,791)</u>
Cash flows from investing activities		
Net cash flows from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from share issue	1,059,043	-
Payments for share issue costs	(6,485)	-
Proceeds from borrowings	<u>200,000</u>	<u>-</u>
Net cash inflows from financing activities	<u>1,252,558</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	936,828	(306,791)
Cash and cash equivalents at the beginning of the half-year	<u>126,237</u>	<u>680,306</u>
Cash and cash equivalents at the end of the half-year	<u>1,063,065</u>	<u>373,515</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

RED HILL IRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1 – SEGMENT INFORMATION

The Directors of Red Hill Iron (who, collectively as the board, are the chief operating decision makers) have determined that the Company has one reportable segment, being mineral exploration within Australia. The board of directors monitors the Company based on actual versus budgeted exploration expenditure. This internal reporting framework is the most relevant to assist the board with making decisions regarding its ongoing exploration activities.

	31 December 2019	30 June 2019
	\$	\$
Reportable segment assets	<u>10,008,025</u>	<u>10,008,025</u>
Reconciliation of reportable segment assets:		
Reportable segment assets	10,008,025	10,008,025
Unallocated corporate assets	<u>1,074,386</u>	<u>138,976</u>
Total assets	<u>11,082,411</u>	<u>10,147,001</u>
Reportable segment liabilities	<u>-</u>	<u>19,151</u>
Reconciliation of reportable segment liabilities:		
Reportable segment liabilities	-	19,151
Unallocated corporate liabilities	<u>247,282</u>	<u>67,664</u>
Total liabilities	<u>247,282</u>	<u>86,815</u>
	31 December 2019	31 December 2018
	\$	\$
Reportable segment loss	<u>(58,012)</u>	<u>(71,542)</u>
Reconciliation of reportable segment loss:		
Reportable segment loss	(58,012)	(71,542)
Other revenue	50	5,558
Unallocated corporate expenses	<u>(213,770)</u>	<u>(209,381)</u>
Loss before tax	<u>(271,732)</u>	<u>(275,365)</u>

RED HILL IRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 2 – REVENUE

Revenue from continuing operations

Interest income	<u>50</u>	<u>5,558</u>
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NOTE 3 – ADMINISTRATION EXPENSES

	31 December 2019	31 December 2018
	\$	\$
Loss before income tax includes the following specific administration expenses:		
Personnel expenses		
Salaries, directors' fees and associated expenses	69,225	69,013
Superannuation	<u>4,793</u>	<u>4,850</u>
	74,018	73,863
Other administration expenses		
Accounting fees	25,667	25,667
Administration services	29,557	29,557
Audit Fees	4,613	7,658
Company secretarial	20,672	20,672
Operating lease expense	39,912	39,496
Other	<u>19,331</u>	<u>12,468</u>
	<u>213,770</u>	<u>209,381</u>

NOTE 4 – BORROWINGS

Borrowings relate to agreements entered into with companies associated with directors Mr Tomkinson and Mr Pitt, whereby these companies made available a loan facility totalling \$300,000 to the Company. The facility consists of two unsecured short term loans of up to \$150,000 each at an interest rate of 2.5% per annum, repayable by 1 October 2020, and is otherwise on normal commercial terms and conditions. The facility is to enable the Company to meet its ongoing working capital requirements.

During the half-year, the Company drew down \$200,000 on this facility.

Subsequent to the end of the half-year the Company repaid these loans in full.

RED HILL IRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 5 – ISSUED CAPITAL

	31 December 2019	30 June 2019	31 December 2019	30 June 2019
	Number	Number	\$	\$
Ordinary Shares Fully Paid				
At beginning of period	54,582,936	54,582,936	27,035,248	27,035,248
Issue of shares	5,295,213	-	1,059,043	-
Less cost of shares issued	<u>-</u>	<u>-</u>	<u>(12,368)</u>	<u>-</u>
At end of period	<u>59,878,149</u>	<u>54,582,936</u>	<u>28,081,923</u>	<u>27,035,248</u>
Share Options				
At beginning of period	950,000	950,000		
Expired options	<u>(950,000)</u>	<u>-</u>		
At end of period	<u>-</u>	<u>950,000</u>		

During the half-year, 950,000 options exercisable at 0.54 cents, expired. No options were issued or exercised.

NOTE 6 – COMMITMENTS FOR EXPENDITURE

In order to maintain the mineral tenements in which the Company and other parties are involved, the Company is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. Since the last reporting date, there has been no material change in these commitments.

NOTE 7 – RELATED PARTY TRANSACTIONS

All arrangements with related parties, including borrowings (Note 4), details of which are set out in the financial report for the year ended 30 June 2019, continue to be in place.

NOTE 8 – CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities as at 31 December 2019.

NOTE 9 – EVENTS OCCURRING AFTER BALANCE DATE

Subsequent to balance date, following the successful entitlement issue, the Company repaid in full the outstanding loans with director related entities.

Other than the matter noted above, there are no other matters or circumstances which have arisen since the end of the half-year which have significantly affected the operations of the Company, nor are there any such matters or circumstances or any likely developments which, in the opinion of the directors, may affect the future results of those operations or the state of affairs of the Company.

RED HILL IRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 10 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Red Hill Iron is a public company, incorporated and domiciled in Australia and listed on the Australian Securities Exchange.

Statement of compliance and basis of preparation

The half-year financial statements are general-purpose financial statements, prepared in accordance with the requirements of the Corporations Act 2001 and applicable Accounting Standards, including AASB 134 “Interim Financial Reporting”.

The half-year financial statements do not include all notes of the type normally included within the annual financial statements. It cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial statements and should be read in conjunction with the 30 June 2019 annual financial report of Red Hill Iron.

It is also recommended that the half-year financial statements be considered together with any public announcements made by Red Hill Iron during the half-year ended 31 December 2019 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial statements have been prepared on the accruals basis and are based on historical cost.

For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Accounting policies and methods of computation

The Company has adopted the new leasing standard, AASB 16 Leases, for the first time during the current half-year reporting period.

Apart from the adoption of AASB 16, the accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the Company’s financial statements for the year ended 30 June 2019 and the corresponding half-year reporting period.

Adoption of new and revised standards

New and revised Standards and Interpretations applicable to 31 December 2019

In the half-year ended 31 December 2019, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2019.

As a result of this review, the Company has adopted AASB 16 Leases for the first time during this half-year reporting period. Red Hill Iron has only one lease (for office space) to which this standard is applicable, and has determined that it is a short-term lease as defined by the standard. Consequently, the Company has elected to avail of the recognition exemption set out in the standard.

As a result, Red Hill Iron will continue to recognise the rental expense payments applicable to the lease as an expenses on a monthly basis in the Statement of Profit or Loss during the current reporting period.

The directors have determined that, apart from the issue of AASB 16 Lease, there is no material impact on the Company for this or any other new and revised Standards and Interpretations and therefore no material change is necessary to accounting policies.

RED HILL IRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 10 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and Interpretations issued but not yet effective for the period ending to 31 December 2019

The directors have also reviewed all the new and revised Standards and Interpretations in issue, not yet adopted, that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2020.

As a result of this review, the directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue, not yet adopted, on the Company and therefore no material change is necessary to accounting policies.

RED HILL IRON LIMITED

DIRECTORS' DECLARATION FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

1. In the opinion of the directors of the Company:
 - a) the accompanying financial statements and notes, as set out in this Interim Financial Report, are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory reporting requirements; and
 - (ii) give a true and fair view of the Company's financial position as at 31 December 2019 and of the performance for the half-year then ended.
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c) the interim financial statement and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration is signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.



Joshua Pitt
Executive Chairman
Perth, 12 February 2020

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Red Hill Iron Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
12 February 2020



B G McVeigh
Partner

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Red Hill Iron Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Red Hill Iron Limited ("the company"), which comprises the condensed statement of financial position as at 31 December 2019, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Red Hill Iron Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
12 February 2020



B G McVeigh
Partner