

28 July 2020

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

Dear Sir,

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2020

Iron Ore overview

During the quarter Red Hill Iron Ore Joint Venture (RHIOJV) field activities continued to be suspended in line with the movement restrictions introduced in response to the current Covid-19 pandemic. However, adapting to a more positive outlook for the market in modest grade, higher impurity iron ore, the project manager intensified in-house research examining various concepts for the commencement of mining operations at Red Hill.

Subsequent to the end of the quarter the project manager presented the outcomes from four scoping studies encompassing: maximising resource utilisation whilst meeting recent market product quality targets; road and rail haulage methods utilising latest technology; capital impacts of alternative port locations; and investigation of development strategies able to comply with latest CO2 emission guidelines. The manager and joint venture participants continue to analyse potential development options to achieve a viable path forward.

Expenditure for the quarter on the RHIOJV totaled \$0.56M.

Red Hill Iron commenced activities during the quarter seeking the advancement of our 100% owned Pannawonica Project which has low grade and relatively high aluminium and silica impurity. We understand there is a reasonable market for this quality ore and the 70 million tonne resource has very low stripping ratio and is conveniently located near the Karratha-Pannawonica bitumen road.

Red Hill Iron Gold & Base Metals Exploration Project

Red Hill Iron owns all the Other Mineral rights within the tenements which comprise the Red Hill Iron Ore Joint Venture area. These include rock and sand resources that may be of significant value in the future.

For some years Red Hill Iron has carried out modest gold and base metal exploration programs. With a view to accelerating the rate of exploration on these programs, Red Hill Iron entered into discussions with API to investigate whether an agreement can be reached

whereby API participates in the gold and base metal exploration. These discussions are ongoing.

Red Hill Iron Ore Joint Venture

The Project Manager, API Management Pty Ltd, has provided the following report for the quarter:

Highlights for the Quarter

- *Second quarter field activities were severely disrupted by the COVID-19 outbreak. All field activity was suspended at the start of the second quarter. Site activity will recommence in Quarter 3.*
- *Revision of 2020 work programme was carried out including replanning and resubmission of POWs to enable drilling to proceed (assuming no heritage surveys can be completed in 2020).*
- *Subsequent to end of quarter, a detailed review of WPIOP project development studies was presented by APIM.*

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 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 northern part of Western Australia.

The WPIOP development concept previously involved 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.

More recently, 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. *Project Development*

Subsequent to end of quarter, a detailed review of WPIOP project development studies was presented by APIM. Outcomes from four scoping studies were reviewed to demonstrate results of: maximising resource utilisation whilst meeting recent market product quality targets; road and rail haulage methods utilising latest technology; capital impacts of alternative port locations; and investigation of development strategies able to comply with latest CO2 emission guidelines. The scope of further studies currently in progress were reviewed.

3. *Exploration*

Second quarter exploration field activities were severely disrupted by the COVID-19 outbreak. All field activity was suspended at the start of the second quarter. Revision of 2020 work programme was carried out including re-planning and resubmission of POWs to enable drilling to proceed (assuming no heritage surveys can be completed in 2020). Receipt of assay results from RC drilling completed in Quarter 1 at Mulga Bore, New Camp, Wandiona and Jubilee. No significant intercepts were reported.

4. Tenure

Processes to maintain tenements across the RHIOJV project area continued, including preparation and lodgement of required extensions of term and compliance with reporting obligations for Tenements.

RRK advised that heritage surveys could be recommenced with appropriate Covid-19 management protocols. This will allow planning for completion of the Ethnographic component of a survey postponed at end of previous quarter when a return to field work by API is initiated.

5. Environment

Environmental compliance activities including statutory reporting and field monitoring were suspended due to COVID-19 imposed access restrictions but will recommence in August 2020.

All statutory compliance reporting requirements were met.

Planning to support commencement of on-ground activities was carried out through Q2, 2020 including detailed planning for rehabilitation earthworks.

Detailed geospatial analysis of all historical APIM disturbance footprints and rehabilitated ground was completed for the whole WPIOP inclusive of the Stage 1 area. Calculation of all disturbance areas by tenement (including Red Hill Iron Limited) and reporting under the Mine Rehabilitation Fund Levy Act 2012 was completed and submitted to the Department of Mines, Industry Regulation and Safety (DMIRS).

Necessary Programs of Work to support CY 2020 field activities were progressively approved by DMIRS.

6. RHIOJV Expenditure

RHIOJV expenditure for the June 2020 quarter totaled \$0.56M, compared to the budget of \$0.53M.

A breakdown of expenditure is set out in Table 1.

Table 1 – RHIOJV Expenditure

RHIOJV Expenditure Report
FY20 Monthly actual/forecast costs
Jun 2020

RHIOJV	Apr-20	May-20	Jun-20	Q4	Q4	Q4	FY20	FY20	FY20
A\$	Actual	Actual	Actual	Actual	Budget	Variance	Act / Feast	Budget (Draft)	Variance
RED HILL IRON ORE JOINT VENTURE									
Exploration	8,110	10,671	38,801	57,582	0	(57,582)	1,294,504	1,236,922	(57,582)
Rates and Rental	67,312	35,459	1,230	104,001	104,009	8	1,524,795	1,524,803	8
TOTAL EXPLORATION	75,422	46,130	40,031	161,583	104,009	(57,574)	2,819,299	2,761,725	(57,574)
PROJECT SUPPORT									
Study Management	-	-	-	-	-	-	-	-	-
Land Management	161,564	14,510	10,178	186,252	220,141	33,889	453,676	487,565	33,889
Environment	57,925	11,161	38,780	107,866	111,474	3,608	460,323	463,931	3,608
Site Support, Mine Planning & OHS	13,737	15,102	29,042	57,882	44,786	(13,096)	399,319	386,223	(13,096)
TOTAL PROJECT SUPPORT COSTS	233,226	40,773	78,000	352,000	376,401	24,401	1,313,318	1,337,719	24,401
TOTAL	308,648	86,903	118,031	513,583	480,410	(33,173)	4,132,617	4,099,444	(33,173)
JV administration percentage	10%	10%	10%	10%	10%		10%	10%	10%
TOTAL JV ADMINISTRATION CHARGE	30,865	8,690	11,803	51,358	48,041	(3,317)	413,262	409,944	(3,317)
TOTAL INCLUDING ADMIN	339,513	95,593	129,834	564,941	528,451	(36,490)	4,545,878	4,509,388	(36,490)

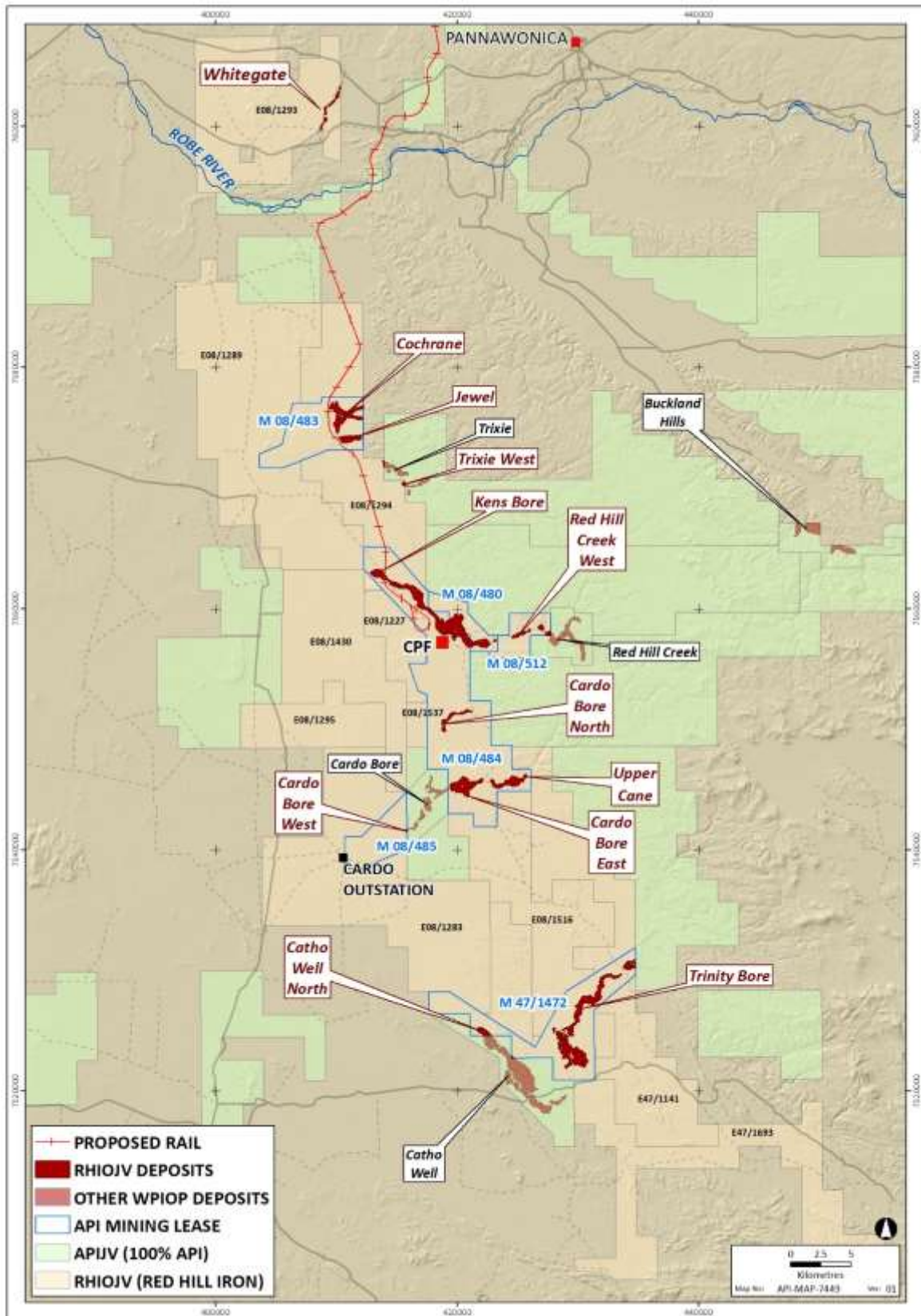


Figure 1 RHIOJV Tenements and the Whitegate Resource

Payments to Related Parties

(as reported in Section 6 of the Appendix 5B Quarterly Cash Flow Report)

The \$48,000 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 two directors are also directors of the Company	21

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 MINING LIMITED

ABN

60 060 628 524

Quarter ended ("current quarter")

30 June 2020

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 (if expensed)	(3)	(107)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	(1)
(e) administration and corporate costs	(91)	(434)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	18	18
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(73)	(522)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	-	-
(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)	-	1,059
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	(6)	(12)
3.5	Proceeds from borrowings	-	200
3.6	Repayment of borrowings	-	(200)
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	(6)	1,047

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	730	126
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(73)	(522)
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)	(6)	1,047

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
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	651	651

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	101	30
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – Term deposit	550	700
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	651	730

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

48

-

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	300	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	300	-

7.5 **Unused financing facilities available at quarter end** **300**

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.

7.1 During the current quarter, the term of the loan facility of \$300,000 was extended to 1 October 2022. This facility is provided by companies associated with two directors on an unsecured basis and on normal commercial terms and conditions at an interest rate of 2.5% per annum - further details are set out in the 2019 Annual Report. No amount is currently drawn on this facility.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(73)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(73)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	651
8.5 Unused finance facilities available at quarter end (Item 7.5)	300
8.6 Total available funding (Item 8.4 + Item 8.5)	951
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	13.0

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

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

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

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

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 2020.....

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 2020

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%	
E08/2730	West Pilbara, WA	100%	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