

27 April 2021

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

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2021

CORPORATE

Red Hill Iron Limited (Red Hill) is advancing a development pathway for the Pannawonica Iron Ore Project and has executed a Memorandum of Understanding with Onslow Marine Support Base Pty Ltd, the owners of the Onslow Marine Support Base, to explore possible shipping solutions to support the project.

RED HILL IRON ORE PROJECT

Red Hill holds a 40% debt-funded interest in the iron ore rights that are subject to the Red Hill Iron Ore Joint Venture (RHIOJV) and 100% of all other mineral rights in the project tenements. API Management Pty Ltd (APIM) is the manager of the RHIOJV. Red Hill's 40% interest in the iron ore rights would be reduced to 19% should an iron ore mine be commissioned on the project. It has the right to elect to convert that interest to a 2% FOB royalty on all ore production with accumulated debt being cancelled.

During the quarter, new studies were commenced to examine the possibility of developing an iron ore project based on RHIOJV resources alone and without blending ores from external sources. This is providing positive leads and your board is confident that a viable way forward, based on a stand-alone project, can be determined in the near term.

The concept of proceeding on a stand-alone basis may be modified by the inclusion of other iron ore resources that are situated adjacent to the RHIOJV tenements. The possibility of combining the RHIOJV project resources with other more regional resources that may allow improved economies of scale is also being discussed. Red Hill would need to be satisfied that any such expansion is in the best interests of its shareholders.



RED HILL IRON
Limited

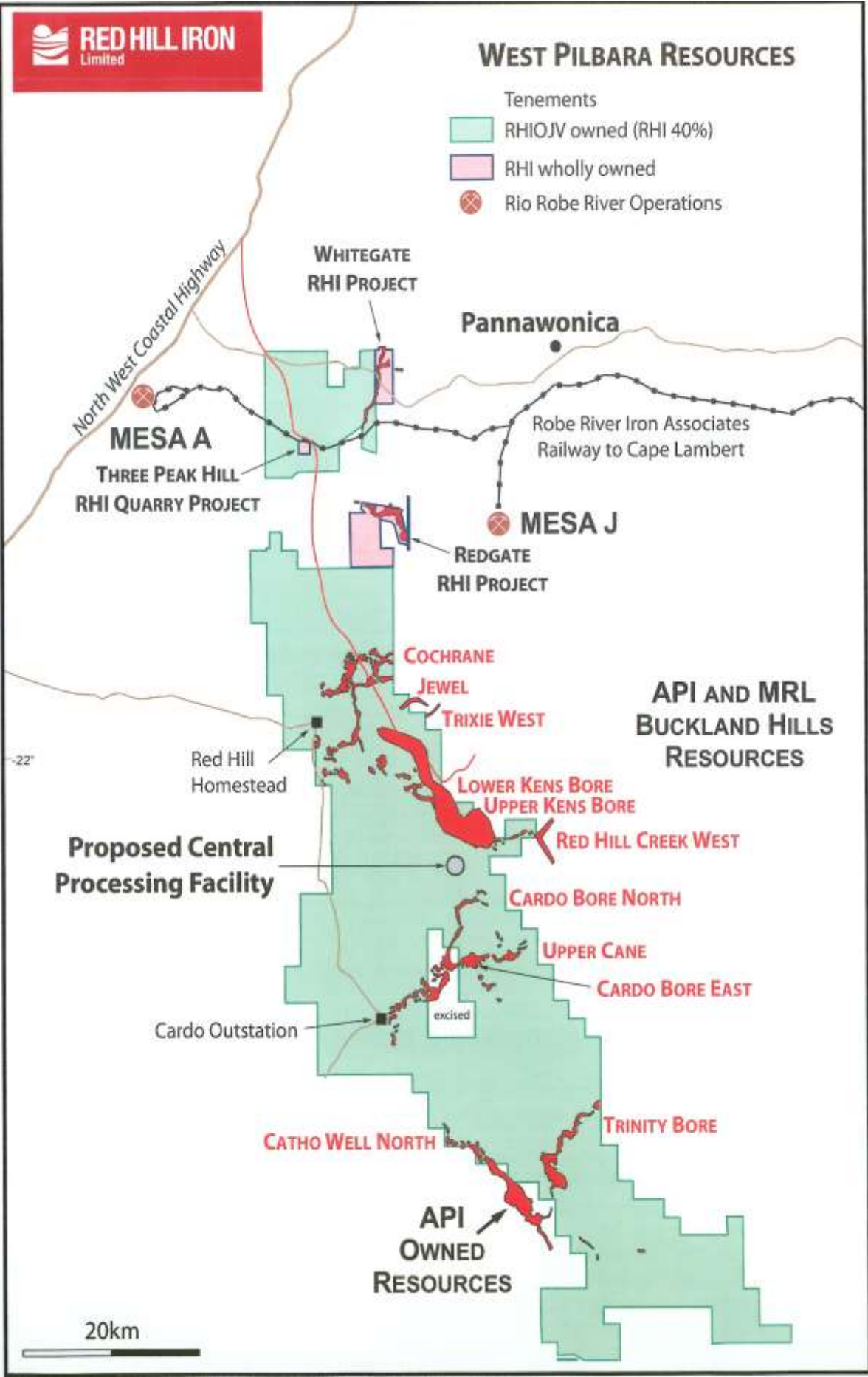
WEST PILBARA RESOURCES

Tenements

RHIOJV owned (RHI 40%)

RHI wholly owned

Rio Robe River Operations



Proposed Central Processing Facility

API AND MRL BUCKLAND HILLS RESOURCES

API OWNED RESOURCES

20km



APIM's report for the quarter included the following:

Highlights for the Quarter

- *Exploration commenced for 2021 with the re-opening of Cardo Camp in preparation for earthworks, diamond and RC drilling, and rehabilitation work.*
- *Access tracks and drill pad earthworks were advanced in preparation for diamond drilling that commenced late March.*
- *Detailed rehabilitation works programming has been completed ready for implementation works to commence in Q2, 2021.*

1. Background

API Management Pty Ltd (APIM) is the manager of two joint ventures: the APIJV between Aquila Steel Pty Ltd and AMCI (IO) Pty Ltd 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 north west of Western Australia.

Project development 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. Exploration

Exploration commenced for 2021 with the re-opening of Cardo Camp in preparation for earthworks, diamond and RC drilling.

Access and drill pad earthworks were advanced in preparation for diamond drilling that commenced late March. 75m of diamond core was drilled at Urandy (E08/1516) for regional stratigraphic purposes. An RC rig is scheduled to commence early May and diamond drilling will continue.

Diamond drill holes completed in 2020 Q3 were processed at the Minalyze laboratory in Perth for density analysis, high resolution photography and XRF multi-element scanning for regional geological modelling purposes.

Drill planning and POW submissions for 2021 continued and the statutory Annual Technical Reporting was completed.

The current field programme has incurred some interruptions due to late seasonal rains. An engineering assessment of Red Hill Station pre-existing roads/tracks was commenced. Considerable deterioration of road conditions due to wet season erosion has occurred. Scope and maintenance work programme for repair and prevention will be finalised with Red Hill Station, with a view to commencement of works in 2021.

3. Tenure

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

Processes were initiated to obtain approval for proposed exploration activities

4. Environment

Detailed rehabilitation works programming has been completed ready for works to commence in Q2, 2021.

All statutory environmental monitoring and compliance reporting requirements were met.

Application for extension of time applying to State approvals have continued to be progressed with statutory authorities.

All internal approvals to support the 2021 exploration field are progressing ahead of implementation programmes.

5. RHIOJV Expenditure

RHIOJV expenditure totalled \$0.7M for the March 2021 quarter and \$4.6m for the FYTD forecast. The FY21 expenditure is in line with the approved budget totalling \$5.5m.

A breakdown of expenditure is set out in Table 1.

Table 1 – RHIOJV Expenditure

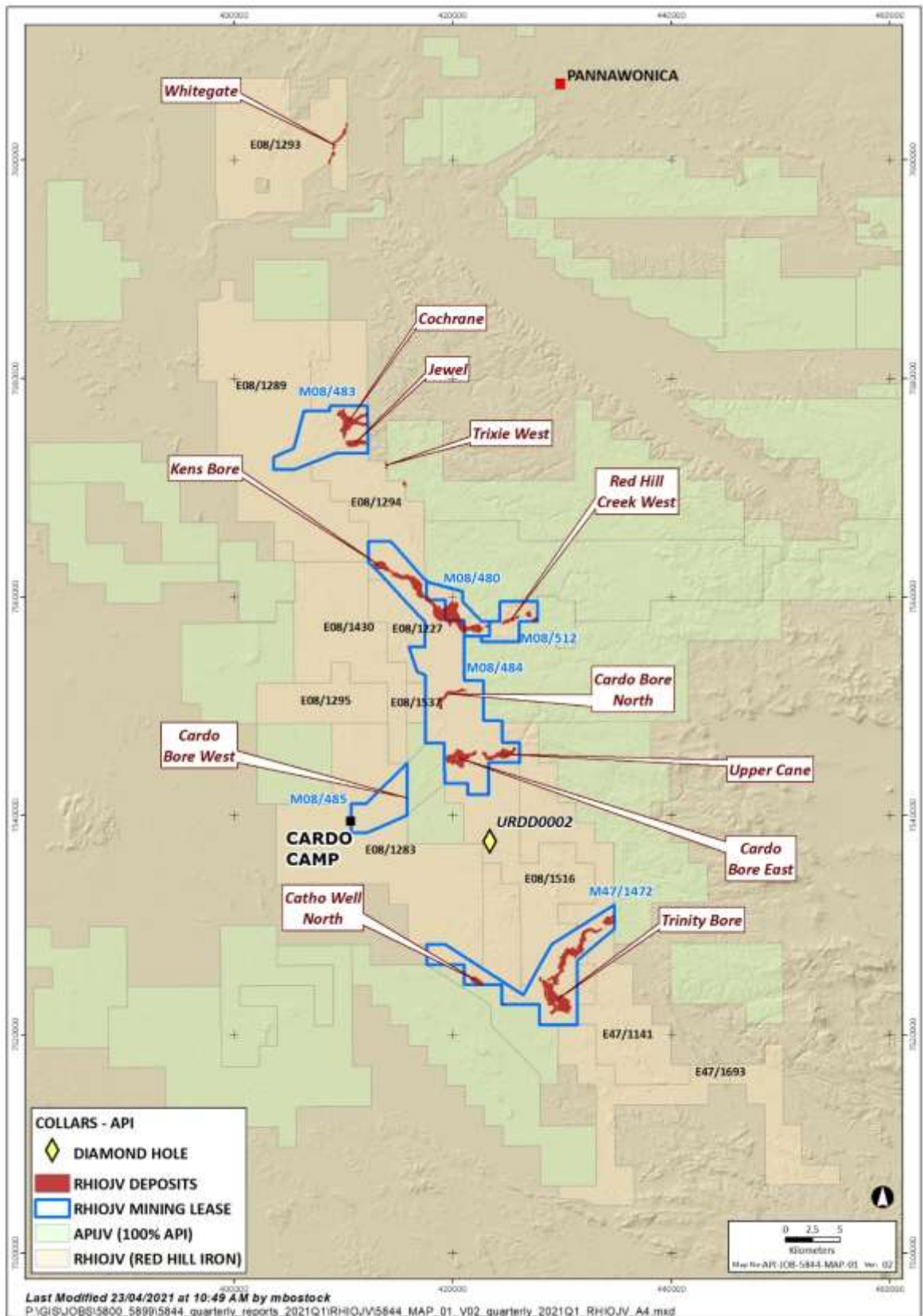
RHIOJV Expenditure Report

FY21 Monthly Actual/Forecast vs Budget Costs

March 2021

RHIOJV A\$	Half 1	Q3 FY21	Q3 FY21	Q3 FY21	FY21	FY21
	Actual	Actual	Budget	Variance	Act / Fcast	Budget
RED HILL IRON ORE JOINT VENTURE						
Exploration	972,196	316,893	190,000	126,893	1,573,701	1,573,701
Rates and Rental	1,464,538	6,150	0	6,150	1,578,080	1,578,079
TOTAL EXPLORATION	2,436,734	323,043	190,000	133,043	3,151,781	3,151,780
PROJECT SUPPORT	0					
Study Management	-	0	0	0	-	-
Land Management	165,609	61,762	101,769	(40,007)	377,378	377,378
Environment	737,323	147,733	60,000	87,733	1,037,323	1,037,323
Site Support, Mine Planning & OHS	217,563	101,675	62,388	39,287	429,951	429,951
TOTAL PROJECT SUPPORT COSTS	1,120,495	311,171	224,157	87,014	1,844,652	1,844,652
TOTAL	3,557,229	634,214	414,157	220,057	4,996,433	4,996,432
JV administration percentage		10%	10%	10%		
TOTAL JV ADMINISTRATION CHARGE	355,723	63,421	41,416	22,006	499,643	499,643
TOTAL INCLUDING ADMIN	3,912,952	697,635	455,573	242,062	5,496,076	5,496,075

Figure 1 RHIOJV Tenements and the Whitegate Resource



APIM's report for the quarter ends here.

PANNAWONICA IRON ORE PROJECT

During the quarter Red Hill commenced a review of its wholly owned Pannawonica Iron Ore Project to determine whether it could be brought into production. This new review has been prompted by the recent much improved market conditions for iron ore fines and the recognition that both the Redgate and Whitegate deposits contain higher grade components of similar grade characteristics to other Pilbara deposits currently being mined.

Published Ore Reserves for the Pannawonica Project's Redgate and Whitegate deposits total 29.3 million tonnes at 54.0% Fe, which form part of a stated Mineral Resource of 62.5 million tonnes at 53.4% Fe (refer Red Hill 2020 Annual Report released 22 October 2020). Independent consultants prepared the Ore Reserves and Mineral Resources reports based on extensive drilling and testing of the ores.

A Pit Optimisation study has identified that higher grade pits may be able to be selectively mined from the Redgate and Whitegate deposits from within the envelope of the above global resource.

The following diagrams show where these higher-grade blocks are concentrated:

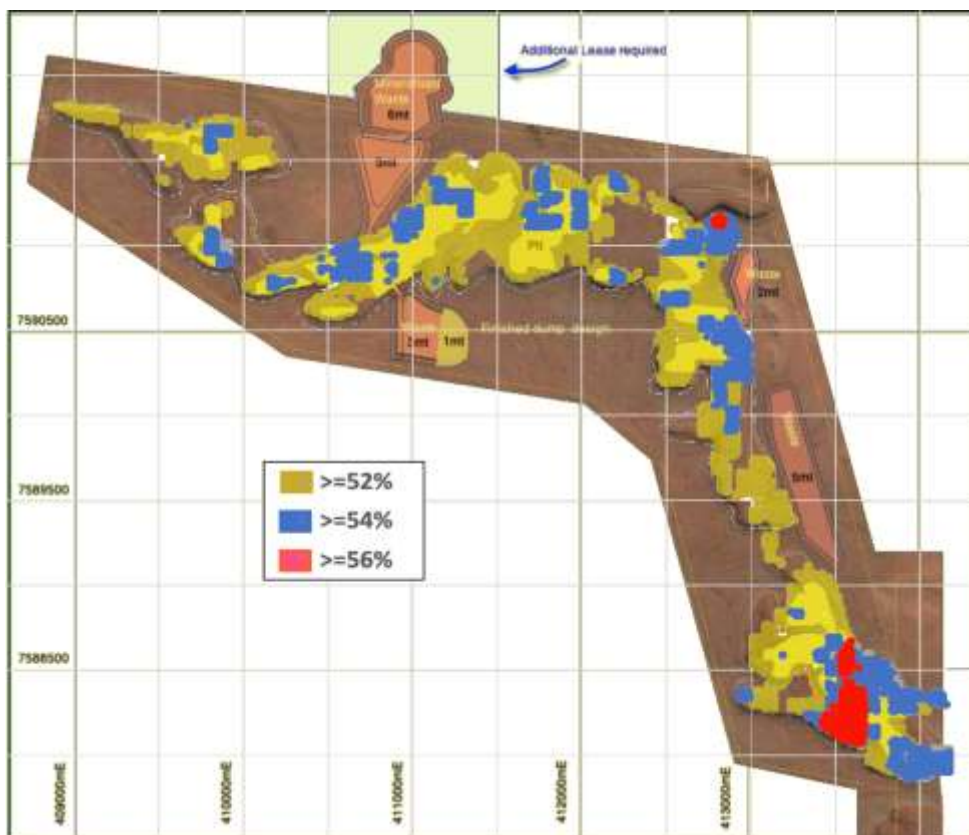


Figure 2: High grade at Redgate

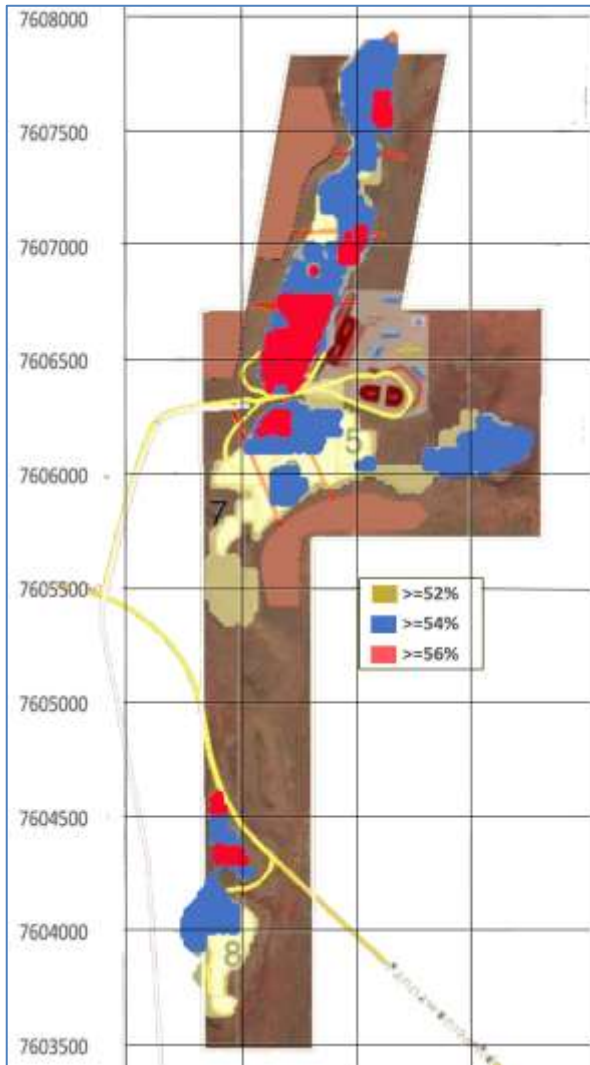


Figure 3: High grade at Whitegate

RED HILL IRON OTHER MINERALS PROJECT

The APIJV interest in the RHIOJV tenements is limited to the iron ore rights. Over the years, Red Hill has demonstrated that the tenements have significant potential for base metals and gold in particular. As previously reported, detailed discussions were initiated with the APIJV for them to fund ongoing exploration on the RHIOJV tenements for other minerals under a joint venture arrangement in return for earning an interest in those minerals. Those negotiations have currently been suspended.

PANNAWONICA HARD ROCK PROJECT

RHI is also interested in advancing its wholly owned Pannawonica hard rock project. Test work has demonstrated that these resources are acceptable for use as ballast, bridge armouring and road metal. Suitable fresh rock outcrops of acceptable specifications for these purposes are rare in the region. The Company has recently received initial expressions of interest in relation to these and will advance those discussions during the next quarter.

PAYMENTS TO RELATED PARTIES

The \$45,000 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	25
Shared office and administration fees paid to a listed company of which a director is also a director of Red Hill	20

BUILDING OUR TEAM

On 27 April shareholders of Red Hill will be asked to approve the issue of performance options to the non-executive directors of our Company as detailed in the Notice of General Meeting despatched to shareholders on 25 March 2021. The Company's board, with the assistance of consultant advice where applicable, is involved in detailed discussions and project appraisals relating to both the RHIOJV and our Pannawonica Iron Ore Project which is demanding considerable time and focus of our non-executive directors. I commend the issue of these options which will have the potential to reward our non-executive directors for their efforts and will serve to ensure close alignment of their interests with that of shareholders.

Authorised by the Board

Joshua Pitt

Chairman

Competent Person Statement

The information in this report that relates to the Whitegate and Redgate deposits is based on information compiled by Douglas Stewart, who is an employee of Red Hill Iron. Mr Stewart is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Stewart has had sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the JORC Code 2012. Mr Stewart consents to the inclusion of this information in this public statement in the form and context in which it appears.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Red Hill Iron Limited

ABN

60 060 628 524

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(28)	(80)
(b) development	-	-
(c) production	-	-
(d) staff costs	(7)	(14)
(e) administration and corporate costs	(118)	(335)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	30
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(153)	(397)

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 (9 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)	-	-
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	-	-
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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	407	651
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(153)	(397)
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	254	254

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	254	7
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	400
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	254	407

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	45
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

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.		
This facility is provided by a company associated with a director on an unsecured basis and otherwise on normal commercial terms and conditions at an interest rate of 2.5% per annum, repayable by 1 October 2022. No amount is currently drawn down 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)	(153)
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)	(153)
8.4 Cash and cash equivalents at quarter end (item 4.6)	254
8.5 Unused finance facilities available at quarter end (item 7.5)	300
8.6 Total available funding (item 8.4 + item 8.5)	554
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.6
<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: 27 April 2021.....

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 March 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	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%		1
M08/512-I	West Pilbara, WA	0%		40%		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%		
ELA08/2729	West Pilbara, WA	0%		100%		
L08/0248	West Pilbara, WA	100%		100%		
L08/0249	West Pilbara, WA	100%		100%		

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

Tenement	Location	Registered Holding		Beneficial Interest	
		From	To	From	To
L08/0248	West Pilbara, WA	0%	100%	0%	100%
L08/0249	West Pilbara, WA	0%	100%	0%	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.

Key:

E: Exploration Licence

ELA: Exploration Licence application

M: Mining Lease

L: Miscellaneous Licence application