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31 July 2018

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

## **ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2018**

Red Hill Iron Limited (**Red Hill** or **the Company**), is a participant in the Red Hill Iron Ore Joint Venture (**RHIOJV**) whose participants hold the iron ore rights over a number of substantial deposits in the West Pilbara. The iron (**Fe**) grade of these deposits is such that current iron ore pricing subjects production of similar ore to a substantial discount to the benchmark 62% Fe price. Accordingly, the RHIOJV participants have deferred any development decision until the pricing of RHIOJV ore improves.

Red Hill reports on activity during the quarter as follows:

### **Red Hill Non-Ferrous 2018 Exploration Project**

Four targets were tested by the drilling of one RC hole at each location for a total of 620m. Unfortunately, the program then had to be suspended due to wet weather. Assays are pending but field logging suggests that the Sanding base metal target and the Bloodwood gold target have both been downgraded. Once all results of drilling to date are to hand the Company will set about planning for the completion of the 2018 program and review follow up programs which may be warranted on newly defined targets.

Red Hill carried out extensive field appraisals seeking further non-ferrous metal exploration targets within the RHIOJV tenement area during the quarter and that effort will be on-going.

Red Hill is the owner of all non-ferrous mineral rights within the RHIOJV tenement area.

## **RHIOJV (Red Hill interest 40%)**

API Management Pty Ltd (**APIM**) has supplied the following report on RHIOJV project activity:

*Highlights for the Quarter:*

- *The FY 2018 RC and diamond drilling programmes were completed with 22 RC drill holes completed for 1,472m and 6 diamond core drill holes completed for 383m.*
- *A limited coverage heritage survey was completed in preparation for future works.*
- *Total RHIOJV expenditure for FY 2018 totalled \$4.12M compared to the revised budget of \$4.30M.*

### **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 APIJV and Red Hill. 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**

*Exploration work continued during the Quarter with the completion of 22 RC drill holes for 1,472m drilled at the Whitegate Channel Iron Deposit (CID) and Breccia Bedded Iron Deposit (BID) targets and some regional targets (Figure 1).*

*Two RC drill holes were completed for 164m at the Breccia BID prospect. The drilling targeted a section of a north-west anticline structure where outcrop presents as breccia comprising of angular fragments of colluvium and Banded Iron Formation. Iron ore mineralisation is associated with goethitic overprinting.*

*Eight RC infill drill holes were completed for 392m at the Whitegate CID prospect. The drilling targeted outcropping CID that was formed by the alluvial and chemical deposition of iron rich sediments in a palaeo-river channel. The remaining 12 RC drill holes in the 2018 programme were completed at regional targets.*

*Assays remain pending for all RC holes drilled and results will be reported next Quarter.*

*A total of 6 diamond core drill holes were completed for 383m at the Kens Bore, Red Hill Creek West and Upper Cane deposits. Cores have been stored at Cardo for future testwork.*

### 3. Tenure

A limited coverage heritage survey was completed in preparation for future works.

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

A letter agreement to cover Red Hill and RHIOJV responsibilities for the co-funded drilling programme was executed.

The transfer of E08/1473 to Red Hill was completed and E08/1473 is no longer part of the RHIOJV tenements.

Determination of Part A of the Kuruma Marthudunera (KM) Native Title Claim was formalised by a Judgment delivered by the Federal Court on country on 26 April 2018.

Annual Tranche 3 of 5 remitted to PKKP Aboriginal Corporation holding account under the Land Access Agreement.

### 4. Environment

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

Renewals and new applications of bed and banks permits, water exploratory licences, native vegetation clearing permits were made.

Work to support on-ground activities for minimum expenditure on Mining Act tenure was undertaken including pre-disturbance floristic surveys to inform internal ground disturbance permitting.

### 5. RHIOJV Expenditure

Total RHIOJV expenditure for the June 2018 quarter totalled \$1.14M compared to the budget of \$0.095M reflecting timing of Exploration work and Land Management matters. Expenditure for FY18 totalled \$4.12m versus the revised budget of \$4.30m with lower than anticipated costs in Exploration, Rates & Rentals and Site support.

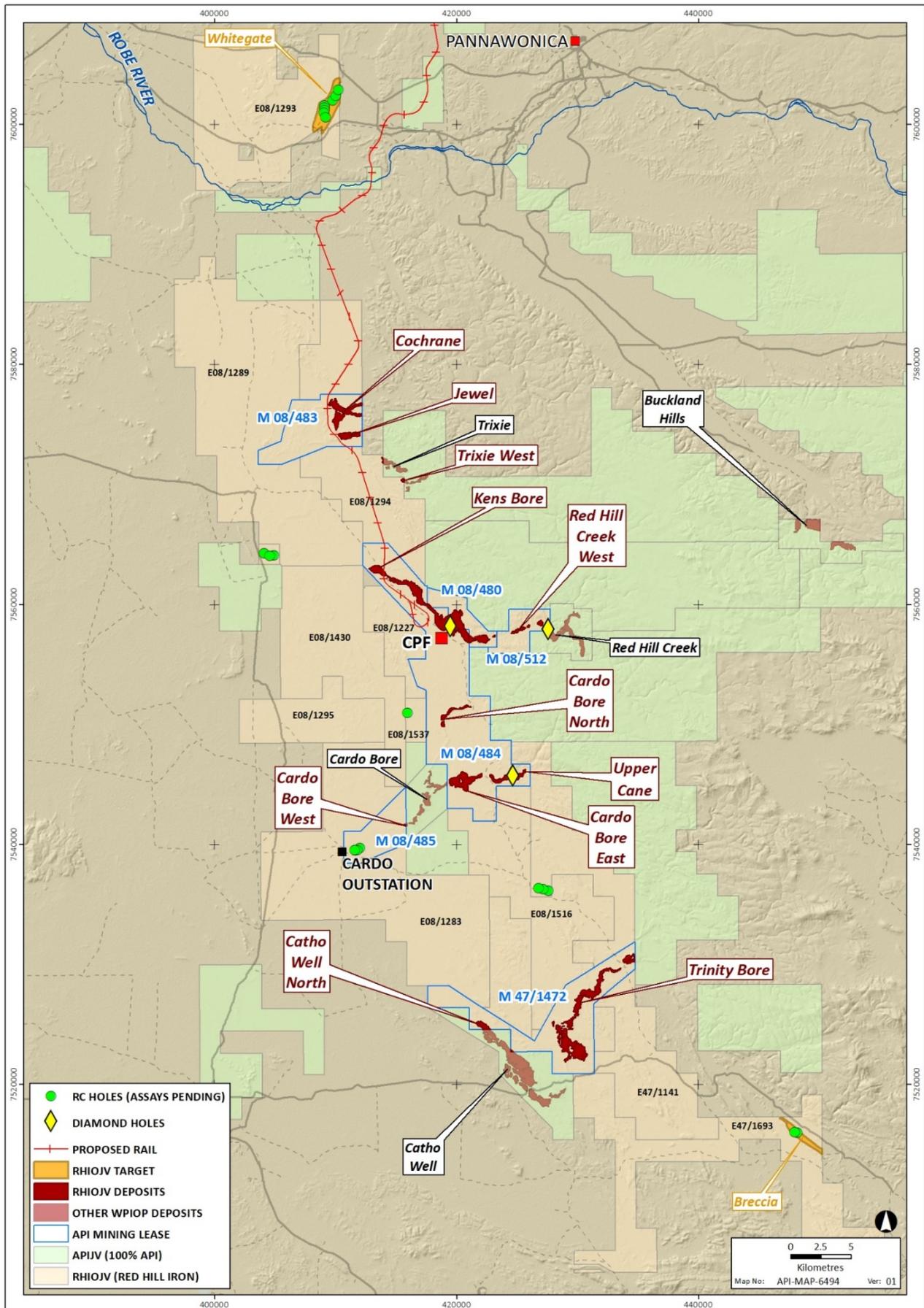
A breakdown of expenditure is set out in Table 1 below:

Table 1 – RHIOJV Expenditure

RHIOJV Expenditure Report  
FY18 3 Months actual costs

RHIOJV	Apr-18	May-18	Jun-18	Q1	Q2	Q3	Q4	FY18	FY18	FY18
A\$	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Revised Budget	Variance
<b>RED HILL IRON ORE JOINT VENTURE</b>										
Exploration	124,555	251,024	231,855	49,028	26,182	152,722	607,434	835,366	937,263	101,897
Rates and Rental	59,920	24,081	1,236	1,196,674	62,207	6,916	85,237	1,351,034	1,408,401	57,367
<b>TOTAL EXPLORATION</b>	<b>184,475</b>	<b>275,105</b>	<b>233,091</b>	<b>1,245,702</b>	<b>88,389</b>	<b>159,638</b>	<b>692,671</b>	<b>2,186,400</b>	<b>2,345,664</b>	<b>159,264</b>
<b>PROJECT SUPPORT</b>										
Study Management	-	-	-	-	-	-	-	-	-	-
Land Management	153,619	25,757	16,493	41,306	234,103	60,179	195,869	531,456	558,380	26,924
Environment	36,632	40,001	26,211	165,112	175,009	101,354	102,845	544,319	487,939	(56,380)
Site Support, mine planning & testwork	8,587	11,720	28,976	200,260	175,182	56,137	49,284	480,863	515,956	35,092
<b>TOTAL PROJECT SUPPORT COSTS</b>	<b>198,838</b>	<b>77,479</b>	<b>71,680</b>	<b>406,677</b>	<b>584,294</b>	<b>217,670</b>	<b>347,997</b>	<b>1,556,639</b>	<b>1,562,275</b>	<b>5,636</b>
<b>TOTAL</b>	<b>383,313</b>	<b>352,584</b>	<b>304,771</b>	<b>1,652,379</b>	<b>672,683</b>	<b>377,308</b>	<b>1,040,668</b>	<b>3,743,039</b>	<b>3,907,939</b>	<b>164,900</b>
JV administration percentage	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
<b>TOTAL JV ADMINISTRATION CHARGE</b>	<b>38,331</b>	<b>35,258</b>	<b>30,477</b>	<b>165,238</b>	<b>67,268</b>	<b>37,731</b>	<b>104,067</b>	<b>374,304</b>	<b>390,794</b>	<b>16,490</b>
<b>TOTAL INCLUDING ADMIN</b>	<b>421,645</b>	<b>387,842</b>	<b>335,248</b>	<b>1,817,617</b>	<b>739,951</b>	<b>415,039</b>	<b>1,144,735</b>	<b>4,117,343</b>	<b>4,298,733</b>	<b>181,390</b>

**Figure 1 – RHIOJV Tenements and Drillhole Locations**



## **Pannawonica Project (RHI 100%)**

The development of this Project remains contingent on the development of haulage and export facilities for the West Pilbara which could, (dependent on pricing of low grade iron ore at the time) allow the Company to contemplate the feasibility of mining and exporting ore with accompanying activity on the Company's hard rock resource at Three Peak Hill which is postulated to be used by developers of haulage infrastructure in the area.

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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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(75)	(151)
(b) development	-	-
(c) production	-	-
(d) staff costs	(1)	(4)
(e) administration and corporate costs	(89)	(420)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	28
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(159)</b>	<b>(547)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
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	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>1,000</b>

<b>3. Cash flows from financing activities</b>		
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	840	228
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(159)	(547)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	1,000
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>681</b>	<b>681</b>

## Mining exploration entity and oil and gas exploration entity quarterly report

5. <b>Reconciliation of cash and cash equivalents</b> 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	81	90
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details): Term Deposits	600	750
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>681</b>	<b>840</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	68
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	50
Rent and administration paid to listed director related entity	18

7. <b>Payments to related entities of the entity and their associates</b>	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. <b>Financing facilities available</b> <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.		

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	58
9.2	Development	-
9.3	Production	-
9.4	Staff costs	-
9.5	Administration and corporate costs	132
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>190</b>

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 registered interest (Change in beneficial interest recorded in Qtr 2)	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: **31 July 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 30 June 2018

#### 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	100%	100%	100%	
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%	100%	100%	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