

25 February 2019

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 2018

Attached is the Red Hill Iron Limited Interim Financial Report for the half-year ended 31 December 2018.

Yours faithfully

P C Rutledge

Company Secretary

RED HILL IRON LIMITED

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2018

ABN 44 114 553 392

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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 2018.

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

REVIEW AND RESULTS OF OPERATIONS

Red Hill Iron is a ferrous metals gold and base metals explorer whose activities are concentrated on the West Pilbara area of Western Australia.

The Company's operating loss for the half year ended 31 December 2018 was \$275,365 (2017: \$246,592).

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. Iron ore exploration at the RHIOJV is currently on hold pending a lasting upgrade in the price of 58% iron ore which comprises most of the RHIOJV resources.

Current costs of the RHIOJV are provided by fellow joint venture partner and project manager, API Management Pty Ltd, 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.

In its own right Red Hill Iron 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 where it retains a 100% interest in all minerals except iron ore.

In its 2019 exploration program Red Hill Iron is planning initially to drill 3 Reverse Circulation holes with the first hole 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 hole will test an aerial electromagnetic anomaly with coincident surface geochemical copper anomalism at the B4 prospect, whilst the 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.

The Company also commissioned a review of an aerial electromagnetic survey carried out by the Company a decade ago covering a large area of the southern portion of the RHIOJV tenements which resulted in the identification of a set of very promising targets which the Company is correlating with aeromagnetic data, a photo interpretation study and earlier field mapping prior to field follow-up later in the year.

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.



Neil Tomkinson
Executive Chairman
Perth, 25 February 2019

RED HILL IRON LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Note	31 December 2018 \$	31 December 2017 \$
Revenue from continuing operations	2	5,558	11,017
Exploration expenditure		(71,542)	(51,845)
Administration expenses	3	<u>(209,381)</u>	<u>(205,764)</u>
Loss before income tax		(275,365)	(246,592)
Income tax expense		<u>-</u>	<u>-</u>
Loss for the half year after tax		(275,365)	(246,592)
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>(275,365)</u>	<u>(246,592)</u>

Loss per share attributable to the ordinary equity holders of the Company

Basic and diluted loss per share	(0.50) cents	(0.45) cents
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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 2018

	Note	31 December 2018 \$	30 June 2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents		373,515	680,306
Trade and other receivables		<u>11,947</u>	<u>16,563</u>
Total Current Assets		<u>385,462</u>	<u>696,869</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>10,393,487</u>	<u>10,704,894</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		<u>33,730</u>	<u>69,772</u>
Total Current Liabilities		<u>33,730</u>	<u>69,772</u>
Total Liabilities		<u>33,730</u>	<u>69,772</u>
Net Assets		<u>10,359,757</u>	<u>10,635,122</u>
EQUITY			
Issued Capital	4	27,035,248	27,035,248
Reserves		529,302	529,302
Accumulated losses		<u>(17,204,793)</u>	<u>(16,929,428)</u>
Total Equity		<u>10,359,757</u>	<u>10,635,122</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 2018

	Issued Capital \$	Share Based Payments Reserve \$	Exercised Options Reserve \$	Accumulated Losses \$	Total Equity \$
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
2017					
Balance at 1 July 2017	27,035,248	243,532	285,770	(16,373,157)	11,191,393
Comprehensive Income:					
Net loss for the half year	-	-	-	(246,592)	(246,592)
Total comprehensive loss for the half year	-	-	-	(246,592)	(246,592)
Transactions with equity holders in their capacity as equity holders	-	-	-	-	-
Balance at 31 December 2017	27,035,248	243,532	285,770	(16,619,749)	10,944,801

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 2018

	31 December 2018	31 December 2017
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(241,931)	(236,768)
Payments for exploration expenditure	(71,380)	(51,846)
Interest received	<u>6,520</u>	<u>18,679</u>
Net cash outflow from operating activities	<u>(306,791)</u>	<u>(269,935)</u>
Cash flows from investing activities		
Funds received from bank deposits with terms exceeding 3 months	-	1,000,000
Funds placed on bank deposits with terms exceeding 3 months	<u>-</u>	<u>(150,000)</u>
Net cash inflows from investing activities	<u>-</u>	<u>850,000</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(306,791)	580,065
Cash and cash equivalents at the beginning of the half year	<u>680,306</u>	<u>227,746</u>
Cash and cash equivalents at the end of the half year	<u><u>373,515</u></u>	<u><u>807,811</u></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 2018

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 2018	30 June 2018
	\$	\$
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>385,462</u>	<u>696,869</u>
Total assets	<u>10,393,487</u>	<u>10,704,894</u>
Reportable segment liabilities	<u>161</u>	<u>-</u>
Reconciliation of reportable segment liabilities:		
Reportable segment liabilities	161	-
Unallocated corporate liabilities	<u>33,569</u>	<u>69,772</u>
Total liabilities	<u>33,730</u>	<u>69,772</u>
	31 December 2018	31 December 2017
	\$	\$
Reportable segment loss	<u>(71,542)</u>	<u>(51,845)</u>
Reconciliation of reportable segment loss:		
Reportable segment loss	(71,542)	(51,845)
Other revenue	5,558	11,017
Unallocated corporate expenses	<u>(209,381)</u>	<u>(205,764)</u>
Loss before tax	<u>(275,365)</u>	<u>(246,592)</u>

NOTE 2 – REVENUE

Revenue from continuing operations

Interest income	<u>5,558</u>	<u>11,017</u>
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RED HILL IRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 3 – ADMINISTRATION EXPENSES

	31 December 2018	31 December 2017
	\$	\$
Loss before income tax includes the following specific administration expenses:		
Personnel expenses		
Salaries, directors' fees and associated expenses	69,013	66,340
Superannuation	4,850	4,793
Less: Disclosed as exploration expenditure	<u>-</u>	<u>(495)</u>
	73,863	70,638
Other administration expenses		
Accounting fees	25,667	25,667
Administration services	29,557	29,557
Audit Fees	7,658	7,015
Company secretarial	20,672	20,672
Operating lease expense	39,496	37,031
Other	<u>12,468</u>	<u>15,184</u>
	<u>209,381</u>	<u>205,764</u>

NOTE 4 – ISSUED CAPITAL

	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	Number	Number	\$	\$
Ordinary Shares Fully Paid				
Ordinary shares issued and fully paid	<u>54,582,936</u>	<u>54,582,936</u>	<u>27,035,248</u>	<u>27,035,248</u>
Share Options				
Share options on issue	<u>950,000</u>	<u>950,000</u>	<u>243,532</u>	<u>243,532</u>

There was no movement in the issued share options during the half year, and no options expired or were exercised.

NOTE 5 – 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. Refer to the 30 June 2018 financial report for more details.

	31 December 2018	30 June 2018
	\$	\$
Minimum estimated expenditure requirements	<u>70,000</u>	<u>117,000</u>

RED HILL IRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 6 – RELATED PARTY TRANSACTIONS

All arrangements with related parties, details of which are set out in the financial report for the year ended 30 June 2018, continue to be in place.

NOTE 7 – CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities at 31 December 2018 other than that relating to mineral exploration agreements as noted in the 30 June 2018 annual report.

NOTE 8 – 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 2018 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 2018 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.

Going Concern

The Company incurred a loss for the half year of \$275,365 and a net cash outflow from operating activities of \$306,791. At 31 December 2018, the Company's current assets exceeded its current liabilities by \$351,732.

The financial statements have been prepared on the going concern basis of accounting which assumes that the Company will be able to meet its commitments as and when they fall due. In arriving at this assumption, the directors recognise that the Company is dependent upon funding alternatives to meet these ongoing commitments, including capital raisings and/or the realisation of assets.

In the event that the Company does not achieve the matters as set out above, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial statements.

Accounting policies and methods of computation

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 2018 and the corresponding half year reporting period.

RED HILL IRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 8 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Adoption of new and revised standards

New and revised Standards and Interpretations applicable to 31 December 2018

In the half year ended 31 December 2018, 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 2018.

As a result of this review, the directors have determined that there is no material impact for the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to accounting policies.

Standards and Interpretations issued but not yet effective for the period ending to 31 December 2018

The Company has 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 2019.

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 2018

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 2018 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.



Neil Tomkinson
Executive Chairman
Perth, 25 February 2019

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 2018, 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
25 February 2019


B G McVeigh
Partner

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Red Hill Iron Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Red Hill Iron Limited ("the company"), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 2018 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*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 8 in the interim/half-year financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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 2018 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

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would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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
25 February 2019



B G McVeigh
Partner