

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

31 July 2019

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2019

Red Hill Iron Limited (Red Hill Iron or the Company) currently holds a 40% interest in the Red Hill Iron Ore Joint Venture (RHIOJV) located in the West Pilbara region of Western Australia. The current Mineral Resource Estimate is 816 million tonnes at an Fe grade of 56.45% (*RHI ASX announcement 24 November 2016*).

All ongoing expenditures on the RHIOJV are the responsibility of API Management Pty Ltd (APIM), the Manager of the joint venture, and this will continue to be the case until production commences. Red Hill Iron will then have an election to reduce its carried interest to a participating 19% interest in the RHIOJV mining and production operation or convert that interest to a 2% FOB Royalty on all future RHIOJV iron ore sales.

RHIOJV expenditure for the March 2019 quarter totaled \$1.02M compared to the budget of \$1.03M.

Red Hill Non-Ferrous Exploration Project

Red Hill Iron completed its 2019 exploration program drilling 3 reverse circulation holes for a total of 563 metres.

The first hole at the S-BEND prospect failed to intersect any significant sulphide mineralization and was terminated at 300 metres depth. The second hole was designed to test an aerial electromagnetic anomaly with coincident surface geochemical copper anomalism at the B4 prospect but had to be abandoned at 92 metres depth due to drill rig problems. It will be earmarked for re-drilling in the 2020 exploration program. The third hole tested the EAST URANDY prospect but did not confirm any cobalt and silver anomalism below the bottom-of-the-hole 6 metre interval recorded in earlier drilling that assayed approximately 1 ounce per tonne of silver and over 0.2% cobalt.

During the coming quarter, the Company will review the targets of the recent drilling and follow up in the field on a series of new targets for base metals that have been defined from the reappraisal of detailed aerial EM and aeromagnetic surveys and the work of our consultant who has applied these leads to a thorough photo interpretation of the structural and alteration patterns in the region.

Pannawonica Project

Red Hill Iron retains 100% of the Pannawonica Project which contains the Whitegate and Redgate channel iron deposits, activity on which is currently suspended due to market conditions. If the current high price of iron ore continues in the long term, this project may be developed subject to third party road and port developments.

The Company also owns a significant hard rock quarry resource which could provide material for any new mine and associated transport development mooted in the region.

Red Hill Iron Ore Joint Venture

APIM has reported as follows for the quarter:

Highlights for the Quarter

- *14 RC holes for 1,155m were drilled. Drilling tested stratigraphy at New Camp, Jubilee, and Wandiona. Drilling at Red Hill targeted CID.*
- *Meetings have been held and information exchanged with the Department of Mines, Industry Regulation and Safety (DMIRS) with regards to rehabilitation obligations on all tenure across the WPIOP.*

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 (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

During the quarter a total of 14 RC holes for 1,155m were drilled. Drilling tested stratigraphy at New Camp, Jubilee, and Wandiona. Drilling at Red Hill targeted CID. Two holes were co-funded with Red Hill Iron designed to test Red Hill Iron defined targets. Channel Iron was intercepted where targeted but intercepts were typically thin and low grade as the CIDs drilled were marginal deposits.

3. Tenure

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

Heritage Surveys with RRK and PKKP undertaken and in progress, preparatory to field activities.

Discussions ongoing with PKKP concerning confirmation of head Trust to facilitate finalisation and execution of Sub Fund Agreement under the Land Access Agreement.

MRF statistics compiled and reporting completed.

4. Environment

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

Work to support on-ground activities has continued.

Commonwealth approvals for the separate Mine and Rail and Anketell Port developments were varied to change the dates of time to substantial commencement of the respective projects to 27 November 2023 and 15 May 2023 respectively.

Meetings have been held and information exchanged with the Department of Mines, Industry Regulation and Safety (DMIRS) with regards to rehabilitation obligations on all tenure across the WPIOP. Scheduling and planning of rehabilitation across historical exploration areas including the finalisation of final rehabilitation reports have been a core focus.

A site inspection of clearing and rehabilitation activities in exploration and studies areas of the WPIOP Stage 1 was undertaken by staff from DMIRS 20-21 May 2019.

5. RHIOJV Expenditure

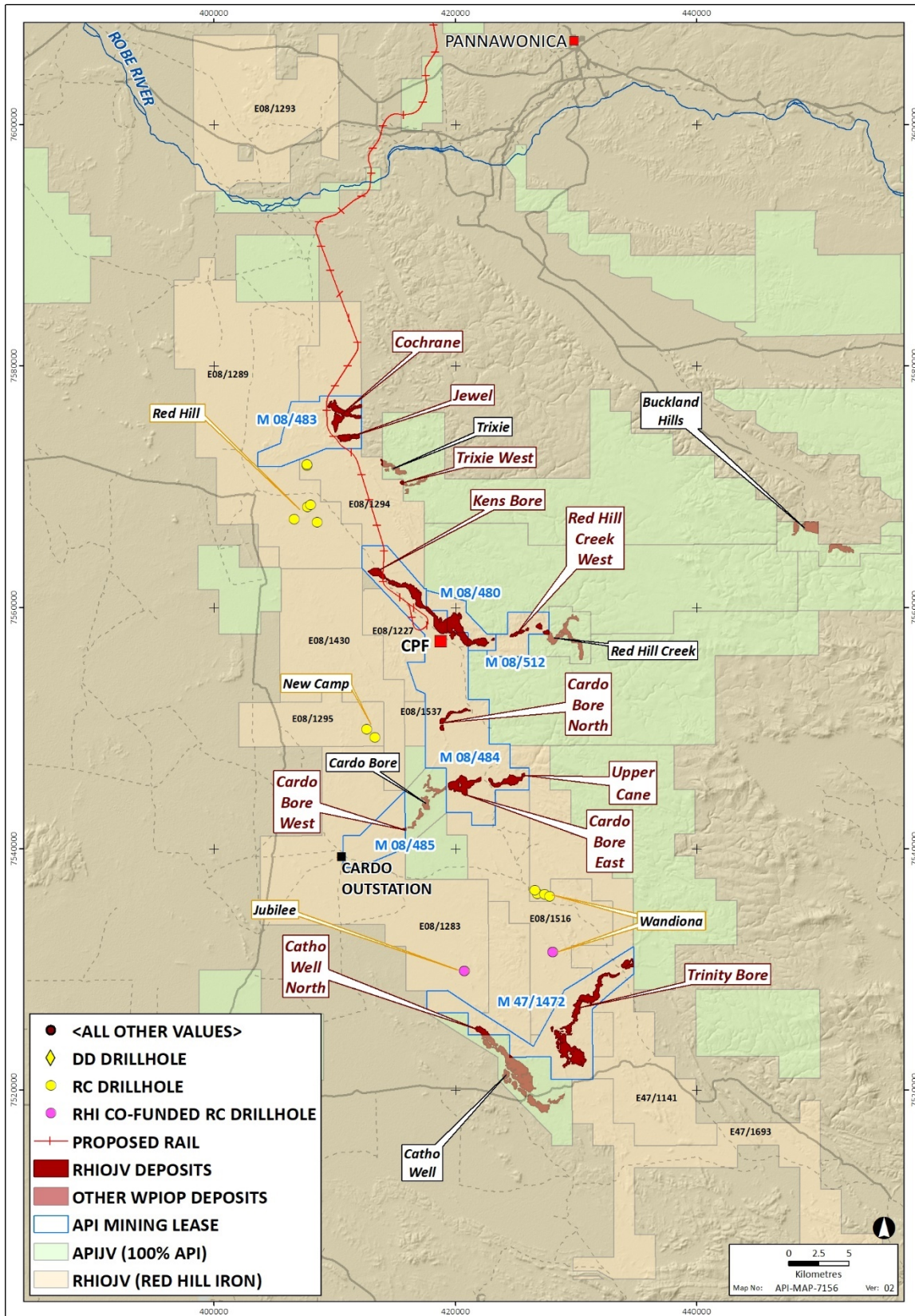
Total RHIOJV expenditure for the June 2019 quarter totaled \$1.02M compared to the budget of \$1.03M. FY19 expenditure was within the budgeted total of \$4.01M.

A breakdown of expenditure is set out in Table 1.

Table 1 – RHIOJV Expenditure

RHIOJV Expenditure Report
FY19 Monthly actual/forecast costs

RHIOJV A\$	Apr-19	May-19	Jun-19	Q4	Q4	Q4	FY19	FY19	FY19
	Actual	Actual	Actual	Actual	Budget	Variance	Act / Fcast	Budget	Variance
RED HILL IRON ORE JOINT VENTURE									
Exploration	30,181	76,255	336,900	443,336	374,196	(69,140)	720,838	718,945	(1,893)
Rates and Rental	63,504	33,551	1,202	98,257	102,627	4,370	1,435,305	1,465,210	29,905
TOTAL EXPLORATION	93,685	109,806	338,102	541,593	476,823	(64,770)	2,156,143	2,184,155	28,012
PROJECT SUPPORT									
Study Management	-	-	-	-	-	-	-	-	-
Land Management	164,842	29,092	21,976	215,909	219,326	3,417	589,670	614,987	25,317
Environment	27,138	29,678	40,493	97,309	150,434	53,124	352,265	421,422	69,158
Site Support, Mine Planning & OHS	26,172	21,151	27,149	74,471	89,361	14,890	388,832	421,753	32,921
TOTAL PROJECT SUPPORT COSTS	218,151	79,921	89,618	387,690	459,121	71,431	1,330,766	1,458,162	127,396
TOTAL	311,836	189,727	427,720	929,283	935,944	6,661	3,486,909	3,642,317	155,408
JV administration percentage	10%	10%	10%	10%	10%	10%	10%	10%	10%
TOTAL JV ADMINISTRATION CHARGE	31,184	18,973	42,772	92,928	93,594	666	348,691	364,232	15,541
TOTAL INCLUDING ADMIN	343,020	208,699	470,492	1,022,211	1,029,539	7,327	3,835,600	4,006,549	170,949



Corporate

Working capital facility

During the quarter the Company entered into agreements with two companies associated with directors Mr Tomkinson and Mr Pitt to provide Red Hill Iron with a short term loan facility totalling \$300,000 to fund its exploration and administration expenditure. The loan facility is unsecured and on normal commercial terms and conditions bearing interest on the drawn down balance at 2.5% per annum. Amounts drawn down on the facility are repayable the earlier of 12 months from initial drawdown and 1 October 2020. As at the date of this report no amount had been drawn down on the facility.

Neil Tomkinson
Chairman