RED HILL IRON Limited

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30 October 2020

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

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2020

Iron Ore overview

The project manager, API Management Pty Ltd (API), intensified in-house research examining various concepts for the commencement of mining operations at Red Hill. They will report the results of this study during the next quarter.

Expenditure for the quarter on the RHIOJV totaled $2.5 million.

Red Hill Iron continued preliminary discussions 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 Mineral 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.

Discussions continued with API investigating whether an agreement can be reached whereby API participates in the gold and base metal exploration. These discussions are ongoing.

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Red Hill Iron Ore Joint Venture

API's report for the quarter included the following:

Highlights for the Quarter

- *Exploration resumed late July after site activity was suspended at the start March due to COVID-19 risk mitigation.*
- *Access earthworks and drill pad preparation were completed prior to diamond and RC drilling.*
- *A total of four diamond holes were completed for 258.8m and two RC holes were drilled for 468m.*

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.

Exploration

Exploration resumed late July after site activity was suspended at the start March due to COVID-19 risk mitigation.

Access earthworks and drill pad preparation were completed prior to diamond and RC drilling. A total of four diamond holes were completed for 258.8m and two RC holes were drilled for 468m. The RC and diamond holes were drilled to assist with regional stratigraphic and structural interpretation of the broader RHIOJV area. The diamond core may be sampled and assayed in Q4. RC drill hole assay results are pending.

Resource Potential (geophysics consultant) commenced a review of previous geophysical data and APIM geological datasets across RHIOJV tenure to assist with the identification of new targets. Geological mapping programmes continued across the broader area and results are being provided to the geophysics consultant as part of their target review exercise.

Statutory rehabilitation of historic drill pads and access tracks across the RHIOJV area continued.

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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.

The Ethnographic component of a survey postponed at end of Q1 2020 due to Covid-19 was completed in the field with final reporting in progress.

Environment

Environmental field compliance activities recommenced in August 2020 including rehabilitation of historical exploration disturbances in the WPIOP Stage 1 area (29.9 ha of drill pads, drill lines and tracks YTD).

All statutory compliance reporting requirements were met.

Planning to support the recommencement of on-ground activities was carried out through Q1 including detailed planning and implementation of rehabilitation earthworks.

Extension of time for State approvals have continued to be progressed with statutory authorities.

Programmes of Work to support 2020 field activities have been progressively approved by DMIRS.

RHIOJV Expenditure

RHIOJV expenditure for the September 2020 quarter totalled $2.5M. A revised budget has been prepared totalling $3.4m for the Jul – December 2020 period. This budget is subject to approval of the JV and reflect the earlier return to site activities following easing of COVID-19 restrictions mid-year.

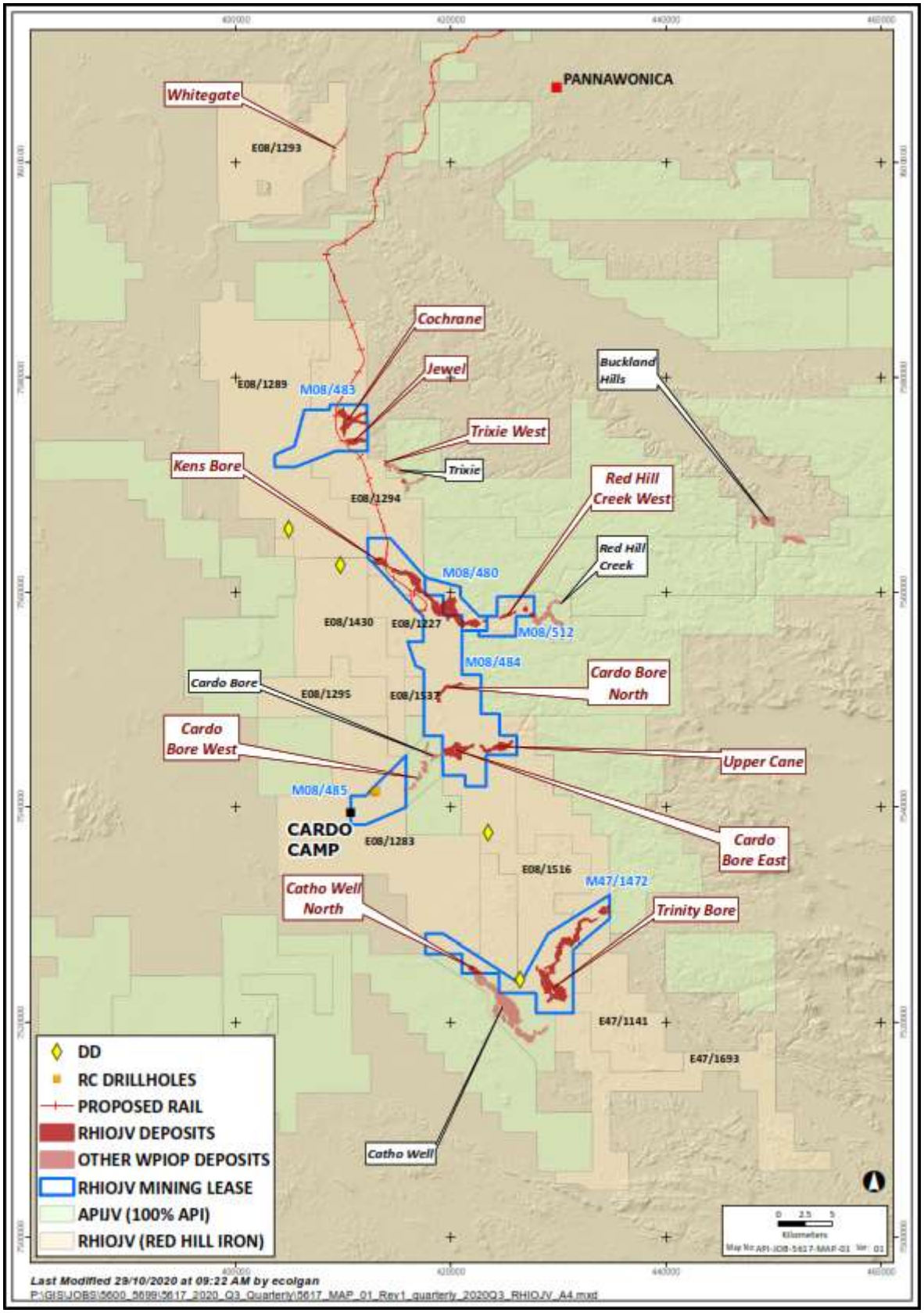
A breakdown of expenditure is set out in Table 1.

Table 1 – RHIOJV Expenditure

RHIOJV	Jul-20	Aug-20	Sep-20	Q1	Q2	1H FY21
A$	Actual	Actual	Actual	Actual	Budget (Draft)	Budget (Draft)
RED HILL IRON ORE JOINT VENTURE						
Exploration	82,000	302,913	199,027	583,940	250,000	833,940
Rates and Rental	0	883,000	408,813	1,291,813	155,093	1,446,906
TOTAL EXPLORATION	82,000	1,185,913	607,840	1,875,753	405,093	2,280,846
PROJECT SUPPORT						
Study Management	-	-	-	-	-	-
Land Management	22,117	20,076	18,226	60,419	54,000	114,419
Environment	45,759	89,989	127,778	263,526	220,000	483,526
Site Support, Mine Planning & OHS	14,261	20,809	49,870	84,940	137,212	222,152
TOTAL PROJECT SUPPORT COSTS	82,136	130,874	195,874	408,885	411,212	820,097
TOTAL	164,136	1,316,787	803,714	2,284,638	816,305	3,100,943
JV administration percentage	10%	10%	10%	10%	10%	10%
TOTAL JV ADMINISTRATION CHARGE	16,414	131,679	80,371	228,464	81,630	310,094
TOTAL INCLUDING ADMIN	180,550	1,448,466	884,086	2,513,102	897,935	3,411,037

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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 $47,000 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	20

Authorised by the Board

Joshua Pitt

Chairman

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Appendix 5B

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

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Name of entity	
Red Hill Iron Limited	
ABN	**Quarter ended ("current quarter")**
60 060 628 524	30 September 2020

	Consolidated statement of cash flows	**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(51)	(51)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(98)	(98)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	24	24
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(124)**	**(124)**

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	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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**	**-**	**-**

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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	651	651
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(124)	(124)
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**	**527**	**527**

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	127	101
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	400	550
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**527**	**651**

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	47
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.

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7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
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 companies associated with two directors on an unsecured basis and otherwise on normal commercial terms and conditions at an interest rate of 2.5% per annum - further details are set out in the 2020 Annual Report. 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)	(124)
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)	(124)
8.4	Cash and cash equivalents at quarter end (item 4.6)	527
8.5	Unused finance facilities available at quarter end (item 7.5)	300
8.6	Total available funding (item 8.4 + item 8.5)	827
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	6.7

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.

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

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.

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: 30 October 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.

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RED HILL IRON LIMITED

MINERAL TENEMENT INFORMATION (ASX Listing Rule 5.3.3)
For the quarter ended 30 September 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%	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%	

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

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