

29 April 2020

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

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2020

Iron Ore overview

The iron ore price remains firm, but API Management Pty Ltd (APIM) are working at a reduced level on the Red Hill Iron Ore Joint Venture (RHIOJV) in line with movement restrictions introduced internationally, inter-State and intra-State.

APIM, which will continue to provide all RHIOJV expenditure until production commences, has confirmed a reduction in budgeted spend on the RHIOJV brought about by the impact of the Covid-19 restrictions.

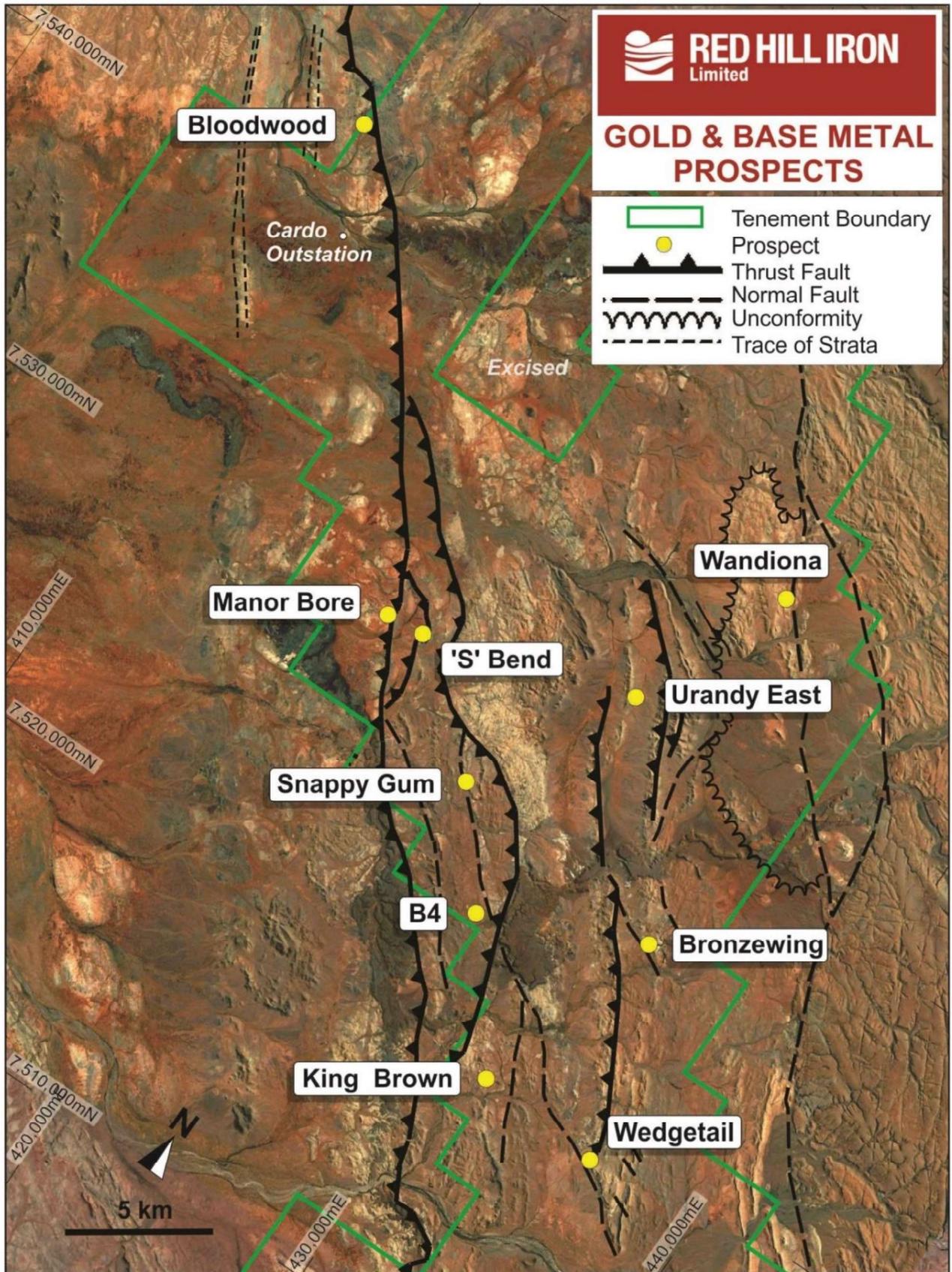
Red Hill Iron also retains 100% of the Pannawonica Project which contains the Whitegate and Redgate channel iron deposits, activity on which is currently suspended due to market conditions. This project may be developed if iron ore prices stabilise at a higher level, subject to third party road and port developments.

The announcement by Mineral Resources Limited on 31 March 2020 of the purchase of the Buckland Hills Project at Bungaroo South from BCI Minerals Limited has introduced a new participant to the West Pilbara iron ore sector. Development of this resource could lead to increased interest in Whitegate and Redgate.

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

Red Hill Iron Gold & Base Metals Exploration Project

Travel and operating restrictions related to the COVID 19 virus pandemic have unfortunately obliged the Company to postpone its planned drill programme on this project. The timetable for resumption is uncertain.



GOLD & BASE METAL PROSPECTS

-  Tenement Boundary
-  Prospect
-  Thrust Fault
-  Normal Fault
-  Unconformity
-  Trace of Strata

Bloodwood

Cardo
Outstation

Excised

Manor Bore

'S' Bend

Wandiona

Urandy East

Snappy Gum

B4

Bronzewing

King Brown

Wedgetail

5 km

7540.000mN

7530.000mN

410.000mE

7520.000mN

7510.000mN

430.000mE

440.000mE

Red Hill Iron Ore Joint Venture

The Project Manager, APIM, has provided the following report for the quarter:

Highlights for the Quarter

- *A total of 19 RC holes were completed with 1,082m drilled at the Mulga Bore, New Camp, Jubilee and Wandiona prospects.*
- *Archaeological heritage surveys were completed on exploration licences 08/1141, 08/1227, 08/1289 and 08/1295 for proposed future drill programmes.*

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 (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 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 19 RC holes were completed with 1,082m drilled at the Mulga Bore, New Camp, Jubilee and Wandiona prospects. The regional drilling will assist in regional geological interpretations related to the latest GSWA mapping re-interpretation that has been conducted in the area. Assay results are pending.

Archaeological heritage surveys were completed on exploration licences 08/1141, 08/1227, 08/1289 and 08/1295 for proposed future drill programmes.

Statutory tenement reporting to DMIRS was completed.

Suspension of all field activities and closure of Cardo Camp until further notice (COVID-19).

3. Tenure

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

Heritage Surveys for future work programmes were commenced and limited to Archaeological component before Covid-19 restrictions and work environment closures prevented the

Ethnographic component being implemented. This will be re-commissioned upon restrictions being eased.

PKKP and RRK have advised that Heritage Surveys have been suspended until further notice. It is acknowledged the Aboriginal community is a vulnerable sector and measures to protect the communities are supported.

The State Government has announced and confirmed that exemption from expenditure requirements will be considered as a result of Covid-19 restrictions imposed by Government.

4. Environment

Environmental compliance activities including statutory reporting and field monitoring were maintained until suspension of field activities during the COVID-19 Virus travel restriction period for non-essential field activities.

Work to support on-ground activities was completed for Q1 2020.

Work with respect to progressing a Tender for Rehabilitation Earthworks; field assessments for rehabilitation work programmes; and further geo-spatial analysis of APIM disturbance footprints and rehabilitation activities were progressed during the quarter to inform further dialog and statutory reporting with the Department of Mines, Industry Regulation and Safety (DMIRS).

Necessary Programmes of Work to support CY 2020 field activities were progressively approved by DMIRS.

5. RHIOJV Expenditure

RHIOJV expenditure for the March 2020 quarter totalled \$0.86M, compared to the draft budget of \$1.44M. The underspend was primarily a result of site exploration activities that were restricted or cancelled due to COVID-19 measures and site shutdown.

A breakdown of expenditure is set out in **Error! Reference source not found..**

Table 1 - RHIOJV Expenditure

RHIOJV Expenditure Report
FY20 Monthly actual/forecast costs
Mar 2019

RHIOJV A\$	Jan-20	Feb-20	Mar-20	Q3			FY20	FY20	FY20
	Actual	Actual	Actual	Actual	Budget	Variance	Act / Fcast	Budget (Draft)	Variance
RED HILL IRON ORE JOINT VENTURE									
Exploration	59,276	125,024	357,142	541,442	973,116	(431,674)	1,236,922	1,236,922	-
Rates and Rental	-	-	6,010	6,010	(16,306)	22,316	1,524,803	1,524,803	-
TOTAL EXPLORATION	59,276	125,024	363,152	547,452	956,810	(409,358)	2,761,725	2,761,725	-
PROJECT SUPPORT									
Study Management	-	-	-	-	-	-	-	-	-
Land Management	20,594	22,037	15,682	58,313	90,944	(32,631)	487,565	487,565	-
Environment	26,969	33,347	22,925	83,241	149,661	(66,420)	463,931	463,931	-
Site Support, Mine Planning & OHS	24,024	18,431	52,976	95,432	114,310	(18,878)	386,223	386,223	-
TOTAL PROJECT SUPPORT COSTS	71,587	73,816	91,583	236,985	354,915	(117,929)	1,337,719	1,337,719	-
TOTAL	130,863	198,840	454,735	784,437	1,311,725	(527,287)	4,099,444	4,099,444	-
JV administration percentage	10%	10%	10%				10%	10%	10%
TOTAL JV ADMINISTRATION CHARGE	13,086	19,884	45,473	78,444	131,172	(52,729)	409,944	409,944	-
TOTAL INCLUDING ADMIN	143,949	218,724	500,208	862,881	1,442,897	(580,016)	4,509,388	4,509,388	-

The original FY20 Budget (unapproved) was \$5.17m. As a result of changes to the work programme to accommodate COVID-19 impacts, the proposed H2 FY20 budget has been revised down by \$0.66m to \$4.51m.

A comparison of the revised draft budget to the Original Budget (unapproved) is included in Table 2. The following points should be noted:

- Actual YTD expenditure to the 31 March totalled \$3.98m. This was \$0.44M over budget as a result of additional site work undertaken in H1 FY20.
- Forecast expenditure for Q4 FY20 totalling \$0.53m reflects the revised work plan under COVID-19 restrictions and shutdowns.
- The Q4 forecast reflects a variance of \$1.10m lower than the Original Budget (unapproved) of \$1.63m due to lower site work expenditure for Exploration and Environment during Covid -19 restrictions.
- The Q4 underspend is partially offset a by higher site activity in the year to 31 March compared to the Original Budget (unapproved).

Table 1 - Comparison of revised budget proposal to initial full year programme budget

RHIOJV A\$	YTD	YTD	YTD	Q4	Q4	Q4	FY20	FY20	FY20
	Forecast	Original Budget	Variance	Forecast	Original Budget	Variance	Forecast	Original Budget	Variance
RED HILL IRON ORE JOINT VENTURE									
Exploration	1,236,922	716,132	520,790	-	472,196	(472,196)	1,236,922	1,188,328	48,594
Rates and Rental	1,420,794	1,463,538	(42,744)	104,009	104,009	0	1,524,803	1,567,547	(42,744)
TOTAL EXPLORATION	2,657,716	2,179,670	478,046	104,009	576,205	(472,196)	2,761,725	2,755,875	5,850
PROJECT SUPPORT									
Study Management	-	-	-	-	-	-	-	-	-
Land Management	267,424	269,390	(1,966)	220,141	248,755	(28,615)	487,565	518,145	(30,581)
Environment	352,458	437,338	(84,880)	111,474	548,772	(437,298)	463,931	986,109	(522,178)
Site Support, Mine Planning & OHS	341,437	328,885	12,552	44,786	110,666	(65,880)	386,223	439,551	(53,328)
TOTAL PROJECT SUPPORT COSTS	961,318	1,035,612	(74,294)	376,401	908,193	(531,793)	1,337,719	1,943,806	(606,087)
TOTAL	3,619,034	3,215,283	403,751	480,410	1,484,399	(1,003,989)	4,099,444	4,699,681	(600,238)
JV administration percentage									
TOTAL JV ADMINISTRATION CHARGE	361,903	321,528	40,375	48,041	148,440	(100,399)	409,944	469,968	(60,024)
TOTAL INCLUDING ADMIN	3,980,937	3,536,811	444,126	528,451	1,632,838	(1,104,388)	4,509,388	5,169,649	(660,261)

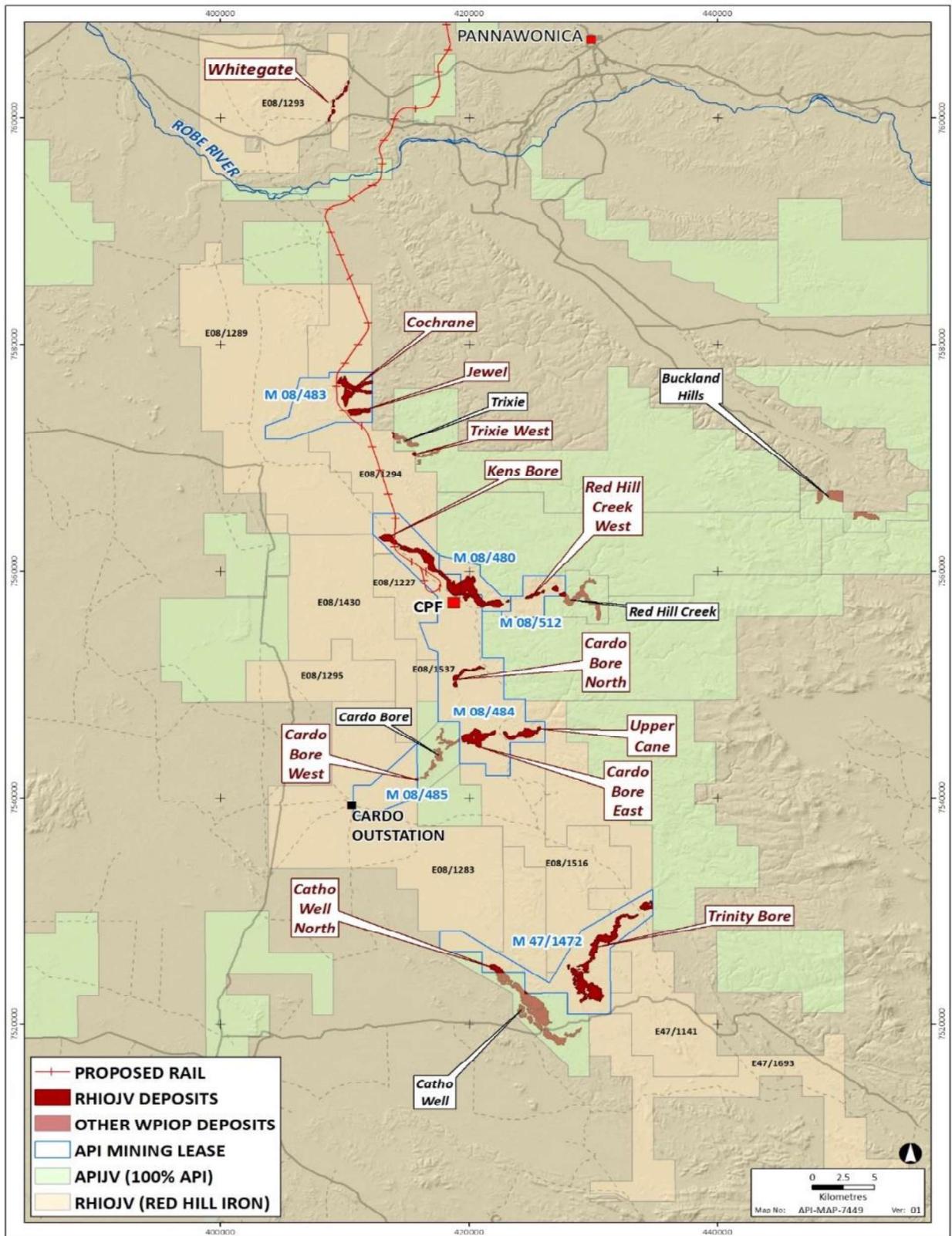


Figure 1 – RHIOJV Tenements

Payments to Related Parties

(as reported in Section 6 of the Appendix 5B Quarterly Cash Flow Report)

The \$52,000 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	23
Shared office and administration fees paid to a listed company of which two directors are also directors of the Company	27
Interest paid on loans to companies associated with 2 directors of the Company	2

Authorised by the Board

Joshua Pitt
Chairman

Appendix 5B

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

Name of entity

RED HILL MINING LIMITED

ABN

60 060 628 524

Quarter ended ("current quarter")

31 March 2020

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 (if expensed)	(27)	(104)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	(1)
(e) administration and corporate costs	(105)	(343)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(133)	(449)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	-	-
(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)	-	1,059
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	-	(6)
3.5	Proceeds from borrowings	-	200
3.6	Repayment of borrowings	(200)	(200)
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	(200)	1,053

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,063	126
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(133)	(449)
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)	(200)	1,053

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	730	730

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	30	1,063
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – Term deposit	700	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	730	1,063

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
52
-

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.</i>		
<i>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.

7.1 The loan facility of \$300,000, of which \$200,000 plus accrued interest had been drawn down by the Company at the start of the current quarter, was repaid in full during the quarter. The facility, which remains in place, is provided by companies associated with two directors on an unsecured basis and otherwise normal commercial terms and conditions at an interest rate of 2.5% per annum - further details are set out in the 2019 Annual Report.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(133)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(133)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	730
8.5 Unused finance facilities available at quarter end (Item 7.5)	300
8.6 Total available funding (Item 8.4 + Item 8.5)	1,030
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	7.7

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

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

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

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

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: 29 April 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.

RED HILL IRON LIMITED

MINERAL TENEMENT INFORMATION (ASX Listing Rule 5.3.3) For the quarter ended 31 March 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%	
M08/512-I	West Pilbara, WA	0%	40%	
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%	
ELA08/2729	West Pilbara, WA	0%	100%	
ELA08/2730	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