

24 April 2009

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

Dear Sir/Madam

RED HILL IRON ORE JOINT VENTURE

RESOURCE UPGRADE TO OVER 420 MILLION TONNES

The Red Hill Iron Ore Joint Venture (RHIOJV) is managed by API Management Pty Ltd (API), a company equally owned by the Aquila Resources Ltd and AMCI Inc. API has other iron ore interests in the West Pilbara and is advancing these interests together with the RHIOJV as the West Pilbara Iron Ore Project (WPIOP). A Definitive Feasibility Study is presently being carried out by API for the WPIOP. The RHIOJV provides the dominant proportion of resources for Stage One of the development plans under study by the WPIOP.

Red Hill Iron Limited (RHI) holds a 40% interest in the RHIOJV which will reduce to 20% upon the project delivering first ore to customers. API is lending RHI all its proportion of project costs repayable only out of future revenue surpluses. RHI has the additional benefit of being able to convert its project interest to a 2% FOB royalty.

NEW RESOURCE ESTIMATES FOR THE TRINITY BORE CID

Red Hill Iron Limited is pleased to report an update of the resource estimates for the RHIOJV based on drilling completed up to the end of December 2008. Drilling during the last quarter of 2008 concentrated on the Trinity Bore channel iron deposit and has significantly extended the previously defined mineralisation of that deposit.

Drilling has continued elsewhere on the project. At the Kens Bore channel iron deposit additional drilling has been completed aimed at increasing the current resource and improving the overall resource classification. An update of the resources of this deposit can be expected midyear.

The revised Mineral Resource estimate of 106.56 million tonnes at 54.62% iron for the Trinity Bore deposit represents an increase of 71.71 million tonnes from the previously released resource. With the inclusion of the increased Trinity Bore resource total Mineral Resources within the RHIOJV now stand at 421.89 million tonnes at 56.63% iron.

| Red Hill Iron Ore Joint Venture Resource Estimate – TRINITY BORE DEPOSIT | | | | | | | | | |
|---|-----------|-------|--------|---------|-------|-------|-------|------|-------|
| Resource Classification | Tonnes Mt | Fe % | SiO2 % | Al2O3 % | P % | S % | LOI % | Mn % | MgO % |
| Measured | 18.83 | 55.73 | 6.00 | 3.85 | 0.098 | 0.018 | 9.73 | 0.03 | 0.12 |
| Indicated | 54.85 | 54.53 | 7.88 | 3.79 | 0.047 | 0.022 | 9.70 | 0.03 | 0.12 |
| Inferred | 32.88 | 54.12 | 8.08 | 4.03 | 0.057 | 0.023 | 9.74 | 0.04 | 0.08 |
| TOTAL | 106.56 | 54.62 | 7.61 | 3.87 | 0.059 | 0.022 | 9.72 | 0.03 | 0.11 |

Resource estimates have been compiled in accordance with the guidelines of the Australasian Code for reporting of Identified Mineral Resources and Ore Reserves (JORC, 2004). Resource estimation information is contained in Attachment A.

The resource estimate is based on 3-dimensional geological and mineralisation interpretation derived from reverse circulation drilling. The interpreted geological boundaries are based on drillhole data, surface mapping and constraining topography. The resource calculations applied a specific gravity of 2.8 tonnes per cubic metre and used an iron lower cut-off of 52% and an aluminium upper cut-off of 4.7%. Mineralised zones were defined using the lower iron cut-off and these zones were used to define spatial regions for statistical and geostatistical analysis.

Assay data was composited to two metre downhole lengths. Directional grade variography was completed to provide parameters for the ordinary kriging method used for resource estimation. A minimum of three passes of increasing search distances were used to interpolate all the blocks within the mineralised zones.

The total current RHIOJV position stands as follows

| Red Hill Iron Ore Joint Venture Total Resource Inventory – CHANNEL IRON DEPOSITS | | | | | | | | | |
|---|-----------|-------|--------|---------|-------|-------|-------|------|-------|
| Resource Classification | Tonnes Mt | Fe % | SiO2 % | Al2O3 % | P % | S % | LOI % | Mn % | MgO % |
| Measured | 74.88 | 57.56 | 5.62 | 3.34 | 0.085 | 0.018 | 8.14 | 0.02 | 0.07 |
| Indicated | 225.55 | 56.57 | 6.24 | 3.78 | 0.071 | 0.018 | 8.43 | 0.03 | 0.10 |
| Inferred | 121.44 | 56.17 | 6.18 | 3.77 | 0.068 | 0.016 | 9.06 | 0.03 | 0.10 |
| TOTAL | 421.88 | 56.63 | 6.11 | 3.70 | 0.072 | 0.017 | 8.56 | 0.03 | 0.09 |

Resource estimates for all deposits within the RHIOJV are detailed in Attachment B.

Yours faithfully,

Neil Tomkinson
Chairman

Competent Person Statement

The information in this announcement that relates to the Trinity Bore Mineral Resources is based on information compiled by Mr Stuart H Tuckey. The information in this announcement that relates to the Catho Well North, Cardo Bore East, Cardo Bore North, Cochrane, Jewel, Kens Bore and Upper Cane Mineral Resources is based on information compiled by Mr Stuart H Tuckey, Dr Sia Khosrowshahi and Mr Jani Kalla who are members of the Australian Institute of Mining and Metallurgy. Mr Tuckey is full-time employee of the API Management Pty Ltd. Dr Khosrowshahi and Mr Kalla are employees of Golder Associates Pty Ltd. Messers Tuckey, Khosrowshahi and Kalla have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tuckey, Dr Khosrowshahi and Mr Kalla consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Attachment A – Resource Estimate Parameters

| TRINITY BORE DEPOSIT | |
|---|--|
| SAMPLING TECHNIQUES AND DATA | |
| Drilling Technique | <i>Reverse Circulation (RC) drilling utilising a 5 1/4" face sampling hammer. All holes were drilled vertically.</i> |
| Sampling Technique | <i>Industry standard sampling techniques were used for all drill methods and ground conditions encountered. On average 3.5kg samples were collected directly from the cyclone after passing through a riffle splitter. Five damp samples were recorded; for these samples the entire sample was collected from the cyclone into large calico bags from which spear samples were taken.</i> |
| Drill Sample Recovery | <i>Based on data recorded for all sample intervals the average RC sample recovery is 95%.</i> |
| Geological Logging | <i>Geological logging has been completed on all drilling completed within the resource area. All information from drilling has been recorded using industry appropriate logging and recording system. The level of detail (stratigraphy, lithology, mineral content) is appropriate for mineral resource estimation. The logging data has been used to develop the geological interpretation and checked, where possible, against geochemical data.</i> |
| Quality of Assay Data / QAQC | <i>An external commercial laboratory has been used for all analytical testwork. Appropriate sample preparation and assaying procedures have been used. API has a systematic QA/QC procedure for all sampling programmes. Duplicate samples and industry certified standards are inserted within the sample sequence. The QAQC procedures are designed to monitor all aspects of sampling techniques and analytical reliability. Results from the standards are acceptable; there are no major issues that would prevent the resource from being classified as Measured, Indicated or Inferred. The accuracy and precision of the data is good.</i> |
| Surveying | <i>All collar locations for the deposits were surveyed in three dimensions by licensed surveyors.</i> |
| Data spacing | <i>Drill hole are positioned on a regular grid at 100 x 100 metre centres providing good geological control and grade continuity. The grade continuity has been established by variography and the data density is sufficient for reasonable variograms in most ore domains.</i> |
| Auditing | <i>The geological and assay data base is internally audited. Data integrity is checked on upload of all recorded drill, survey, geological and assay data.</i> |
| ESTIMATION AND REPORTING OF MINERAL RESOURCE | |
| Database Integrity | <i>The API database is managed by a dedicated Database Manager and has been validated for integrity and completeness.</i> |
| Geological Interpretation | <i>Geological and mineralisation interpretations were completed by API. The interpretations are based on geological and geochemical information from drill holes and surface mapping. The data density and regularity are considered adequate for the definition of the geological boundaries which were used to define both geological and mineralised zones for resource estimation purposes</i> |
| Dimensions | <i>Trinity Bore Deposit - 6,875 x 9,625 x 84 metres (E x N x RL)</i> |
| Estimation and Modelling Technique | <i>The estimation techniques used for the deposits are based on the geostatistical method of Ordinary Kriging. Block model cell size used - 25 x 25 x 2 metres, sub-cell size - 5 x 5 x 2 metres.</i> |
| Variables Interpolated | <i>Fe, Al₂O₃, SiO₂, P, S, Mn, MgO and LOI (1000°C)</i> |
| Moisture | <i>Tonnage based on a dry basis</i> |
| Cut-off Parameters | <i>The resource models are not constrained by assumptions about economic cut-off grades. The reported resource is based on applying lower cut-off grades of 52% for Fe and an upper cut-off grade of 4.70% for Al₂O₃.</i> |
| Mining Factors | <i>API has assumed that the deposit will be mined by excavators using 2 m high benches, or a bench height divisible by 2 m, primarily due to the thin nature of the ore horizons.</i> |
| Metallurgical Considerations | <i>It has been assumed that the metallurgical domains are primarily governed by the position of the ore and waste boundaries.</i> |
| Bulk Density | <i>Average dry bulk density values were applied to the resource model on a geological domain basis using values determined from channel iron deposits located at API's West Pilbara Iron Ore Project. An average density value of 2.8t/m³ was used and is determined to be appropriate for the type and style of mineralisation.</i> |
| Classification | <i>Resource classification was primarily based on data density criteria and geological confidence. The level of continuity was sufficient to classify 16% of the resource in the Measured Resource category. The deposit was classified as a Measured, Indicated resource, with some Inferred material representing zones of lower data density.</i> |
| Accuracy and confidence | <i>An alternative Inverse Distance Weighted (Squared) estimate was made to validate the ordinary Kriged resource estimate. A validation of block model grades against composited sample interval grades was completed.</i> |

Attachment B

| Project | Deposit | Category | Tonnes | Fe | SiO2 | Al2O3 | P | S | LOI | Mn | MgO |
|---|-------------------------|--------------|----------------|--------------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|
| | | | kt | % | % | % | % | % | % | % | % |
| Red Hill Joint Venture - WPIOP - Stage 1 | | | | | | | | | | | |
| | Catho Well North | Measured | 0 | | | | | | | | |
| | | Indicated | 0 | | | | | | | | |
| | | Inferred | 6,010 | 55.20 | 7.44 | 2.81 | 0.033 | 0.014 | 9.87 | 0.09 | 0.19 |
| | | Total | 6,010 | 55.20 | 7.44 | 2.81 | 0.033 | 0.014 | 9.87 | 0.09 | 0.19 |
| | Cardo Bore East | Measured | 0 | | | | | | | | |
| | | Indicated | 38,958 | 58.77 | 4.87 | 3.65 | 0.076 | 0.015 | 6.80 | 0.06 | 0.11 |
| | | Inferred | 5,768 | 58.43 | 5.05 | 3.66 | 0.074 | 0.016 | 7.04 | 0.05 | 0.12 |
| | | Total | 44,726 | 58.72 | 4.89 | 3.65 | 0.076 | 0.015 | 6.83 | 0.06 | 0.11 |
| | Cardo Bore North | Measured | 0 | | | | | | | | |
| | | Indicated | 2,673 | 57.89 | 5.60 | 3.55 | 0.079 | 0.020 | 7.43 | 0.04 | 0.05 |
| | | Inferred | 2,882 | 57.40 | 5.52 | 3.69 | 0.078 | 0.026 | 8.12 | 0.02 | 0.04 |
| | | Total | 5,555 | 57.63 | 5.56 | 3.62 | 0.078 | 0.023 | 7.78 | 0.03 | 0.04 |
| | Cochrane | Measured | 0 | | | | | | | | |
| | | Indicated | 32,705 | 57.31 | 5.34 | 4.01 | 0.078 | 0.022 | 8.04 | 0.01 | 0.11 |
| | | Inferred | | | | | | | | | |
| | | Total | 32,705 | 57.31 | 5.34 | 4.01 | 0.078 | 0.022 | 8.04 | 0.01 | 0.11 |
| | Jewel | Measured | 0 | | | | | | | | |
| | | Indicated | 22,719 | 56.51 | 5.85 | 3.86 | 0.061 | 0.024 | 9.00 | 0.03 | 0.06 |
| | | Inferred | 5,753 | 56.28 | 6.10 | 4.06 | 0.069 | 0.023 | 8.89 | 0.03 | 0.06 |
| | | Total | 28,472 | 56.46 | 5.90 | 3.90 | 0.063 | 0.024 | 8.98 | 0.03 | 0.06 |
| | Kens Bore | Measured | 0 | | | | | | | | |
| | | Indicated | 50,746 | 56.01 | 6.42 | 3.93 | 0.090 | 0.010 | 8.83 | 0.04 | 0.11 |
| | | Inferred | 68,156 | 57.00 | 5.28 | 3.71 | 0.075 | 0.012 | 8.88 | 0.02 | 0.10 |
| | | Total | 118,902 | 56.58 | 5.77 | 3.81 | 0.081 | 0.011 | 8.86 | 0.03 | 0.10 |
| | Trinity Bore | Measured | 18,830 | 55.73 | 6.00 | 3.85 | 0.098 | 0.018 | 9.74 | 0.03 | 0.08 |
| | | Indicated | 54,850 | 54.53 | 7.88 | 3.79 | 0.047 | 0.022 | 9.74 | 0.03 | 0.08 |
| | | Inferred | 32,880 | 54.12 | 8.08 | 4.03 | 0.057 | 0.023 | 9.74 | 0.03 | 0.08 |
| | | Total | 106,560 | 54.62 | 7.61 | 3.87 | 0.059 | 0.022 | 9.74 | 0.03 | 0.08 |
| | Upper Cane | Measured | 56,056 | 58.17 | 5.49 | 3.16 | 0.080 | 0.018 | 7.60 | 0.02 | 0.05 |
| | | Indicated | 22,903 | 57.83 | 5.95 | 3.25 | 0.076 | 0.019 | 7.41 | 0.03 | 0.06 |
| | | Inferred | 0 | | | | | | | | |
| | | Total | 78,959 | 58.07 | 5.63 | 3.19 | 0.079 | 0.018 | 7.55 | 0.02 | 0.05 |
| Red Hill Joint Venture | TOTAL | Measured | 74,886 | 57.56 | 5.62 | 3.34 | 0.085 | 0.018 | 8.14 | 0.02 | 0.06 |
| | | Indicated | 225,554 | 56.57 | 6.24 | 3.78 | 0.071 | 0.02 | 8.44 | 0.03 | 0.09 |
| | | Inferred | 121,449 | 56.17 | 6.18 | 3.77 | 0.068 | 0.016 | 9.06 | 0.03 | 0.10 |
| | | Total | 421,889 | 56.63 | 6.11 | 3.70 | 0.072 | 0.017 | 8.56 | 0.03 | 0.09 |

Figure 1. Red Hill Iron Ore Joint Venture – CID deposit location plan.

