

29 July 2009

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

Dear Sir/Madam

**ACTIVITIES REPORT FOR THE QUARTER
ENDED 30 JUNE 2009**

RED HILL IRON ORE JOINT VENTURE

The Red Hill Iron Ore Joint Venture (RHIOJV) is managed by API Management Pty Ltd (API), a company equally owned by 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). Currently the RHIOJV represents nearly 85% of the resources the subject of the current feasibility study managed by API and referred to as the West Pilbara Iron Ore Definitive Feasibility Study - Stage One.

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 of its share of project costs repayable only out of future revenue surpluses. RHI has the additional option of being able to convert its project interest to a 2% FOB royalty at any time until first delivery of ore to customers.

CORPORATE

RHI maintains that the RHIOJV Agreement provides that our Company has a right to participate in the ownership of not just the ores and infrastructure to be constructed within the joint venture Project Area but also any external rail and port facilities necessary to enable the project to function. API disagrees with our assertion and this matter may need resolution if the joint venture ultimately elects to construct dedicated port and rail facilities.

It should be noted that the RHIOJV provides some 85% of the ores identified to date for the initial project.

A major aspect of the studies is determining how to move project product to market. As announced in our last quarterly, API has selected Anketell Point, near Cape Lambert, as the favoured location for the planning of a port facility that may be shared with third parties.

RHI internal studies indicate that gaining access to the existing Robe River Iron Associates (Robe) rail and port facilities would have a positive impact on project economics. Such access would remove the need for a dedicated port and rail facility. The Robe railhead is currently being extended westwards through our project area to access the Robe Mesa A CID deposit (refer attached map on page 6). RHI understands the line to have excess capacity.

The RHIOJV does not include marketing arrangements. RHI shares the present marketing programs with API and is funding its own proportion of these costs. RHI has the rights to market its own share of project ores.

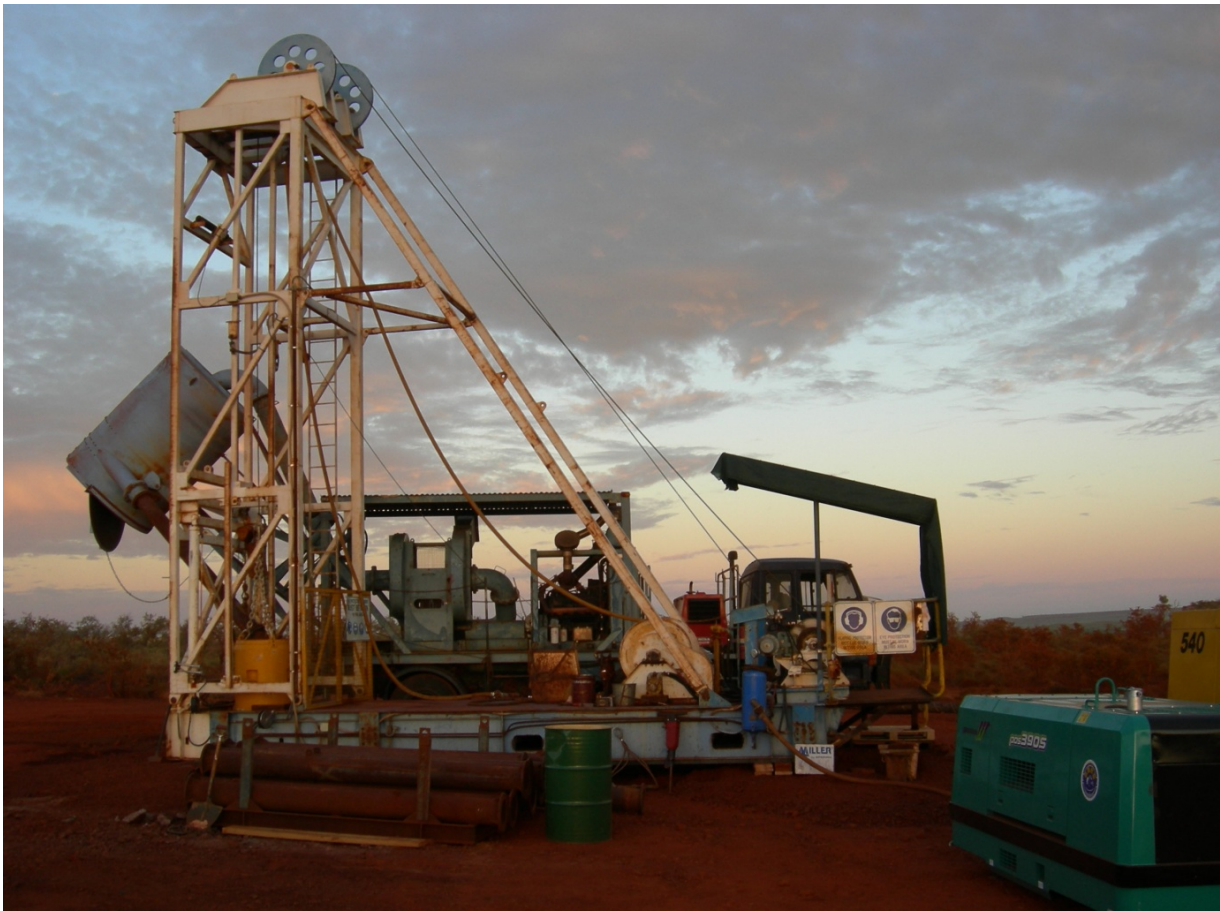
At the end of the quarter the Company's cash balance was \$7.6 million.

PROJECT QUARTERLY PROGRESS REPORT

During the quarter, API presented a revised program and budget to advance feasibility studies through the next twelve months. The joint venture aims to reach a development decision by the third quarter of 2011.

API has proposed a project area development budget of \$13 million (excluding marketing) and approximately \$1.5 million for further exploration.

The main elements of this budget are for product development and engineering while environmental and land access work will continue. The winze program has now been completed. Final sizing and blending has commenced with the aim of dispatching customer samples during the September quarter. Engineering studies will include the key aspects of design and costing of short range ore haulage, stockpiling, processing, train loading and associated infrastructure.



RESOURCE ESTIMATES

On 24 April 2009, the Manager reported an update of the resource estimates for the RHIOJV based on drilling completed up to the end of December 2008. 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 as follows:

TOTAL RHIOJV RESOURCE INVENTORY									
Resource Classification	Tonnes Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	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	0.02	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

This resource was calculated without the input of recent drilling results recorded from the Ken's Bore CID.

The new drilling results are consistent with previous drilling and define an extensive area of CID mineralisation outside of the current resource boundary. Work has begun to update the geological interpretation and validation of the Kens Bore deposit in preparation for resource modelling.

Better results (intercepts >20metres) received during the quarter from the infill drilling at Kens Bore include:

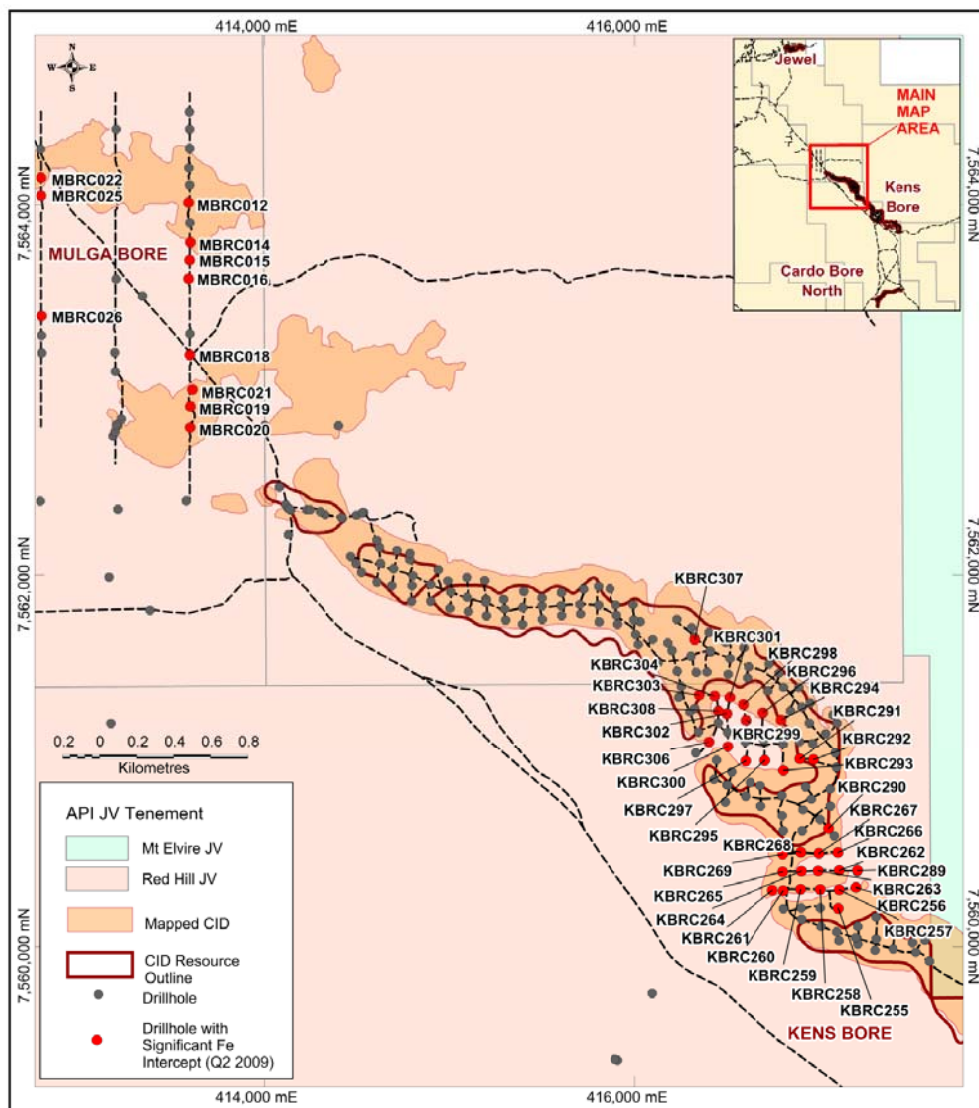
- 24metres at 57.02% Fe, 3.55% Al₂O₃, 4.63% SiO₂, 0.10% P, 0.01% S and 9.54% LOI from 8 metres downhole in KBRC259;
- 26 metres at 56.77% Fe, 3.51% Al₂O₃, 5.77% SiO₂, 0.08% P, 0.02% S and 8.78% LOI from surface in KBRC297;
- 24 metres at 55.83% Fe, 3.19% Al₂O₃, 5.94% SiO₂, 0.06% P, 0.02% S and 10.18% LOI from 8 metres downhole in KBRC263;
- 22 metres at 57.05% Fe, 3.28% Al₂O₃, 5.03% SiO₂, 0.09% P, 0.02% S and 9.20% LOI from surface in KBRC293;
- 24 metres at 56.66% Fe, 3.62% Al₂O₃, 5.59% SiO₂, 0.06% P, 0.01% S and 9.11% LOI from 14 metres downhole in KBRC258;
- 22 metres at 55.85% Fe, 4.02% Al₂O₃, 4.74% SiO₂, 0.09% P, 0.02% S and 10.20% LOI from surface in KBRC265;
- 20 metres at 54.69% Fe, 4.29% Al₂O₃, 7.47% SiO₂, 0.07% P, 0.02% S and 9.25% LOI from surface in KBRC294;
- 30 metres at 55.29% Fe, 3.95% Al₂O₃, 7.21% SiO₂, 0.07% P, 0.01% S and 8.74% LOI from surface in KBRC302; and
- 22 metres at 57.20% Fe, 3.52% Al₂O₃, 5.02% SiO₂, 0.08% P, 0.02% S and 8.99% LOI from 8 metres downhole in KBRC295.

Broad spaced RC drilling at the Mulga Bore prospect, north-west of the Kens Bore, totalling 21 drill holes for 1,024 metres was completed during the quarter. Results indicate a buried north western extension to the Kens Bore deposit. Channel Iron Deposit lithologies with oolitic to pisolitic fabric and minor clay were logged in the zones of significant mineralisation.

The anomalous drill holes extend the Kens Bore CID mineralisation in the order of 1.2 kilometres to the north-west. Further infill drilling is required to determine the full extent of CID mineralisation.

Better results (intercepts >10m) received from drilling completed during the quarter at Mulga Bore include:

- 14metres at 57.07% Fe, 3.49% Al₂O₃, 5.10% SiO₂, 0.04% P, 0.01% S and 9.09% LOI from 32metres in MBRC019;
- 14metres at 56.96% Fe, 3.74% Al₂O₃, 5.00% SiO₂, 0.05% P, 0.01% S and 9.34% LOI from 30metres in MBRC020; and
- 12metres at 56.12% Fe, 3.86% Al₂O₃, 5.87% SiO₂, 0.04% P, 0.01% S and 9.63% LOI from 28metres in MBRC021.



Work during the next Quarter will focus on heritage surveys, and an RC drilling programme at the Upper Cane deposit.

GOLD & BASE METAL EXPLORATION

URANDY GOLD PROSPECT

Phase 1 follow up RC drilling, carried out early in the quarter, intersected significant gold mineralisation in two adjacent holes, within a broad zone of quartz veining in fractured sandstones underlying hydrothermally altered shales. One hole intersected 9 metres grading 4.5 grams per tonne gold with 1,394 ppm arsenic between 46 and 55 metres. A second hole located 54 metres up dip to the east intersected 9 metres @ 1.8 grams per tonne gold and 820 ppm arsenic between 14 and 23 metres. Both intersections were interpreted as true width.

Phase 2 RC drilling, conducted in June, was designed to test the continuity of this mineralisation in the primary zone by stepping out down dip to the west to intersect the interpreted plane of mineralization at approximately 100 metres vertical depth. The zone itself was intersected in all four holes but no economic gold intersections were recorded. It is concluded that the mineralisation in the oxide zone is due to concentration by supergene processes derived from a low grade primary source.

KENS BORE GOLD PROSPECT

Geological mapping of the Kens Bore prospect has unravelled some of the structural complications of the area leading to the conclusion that the most significant gold target in the area was not drill tested by previous workers. Rock chip sampling in this area recorded gold values of up to 3.92 ppm gold but the prospect is not considered prospective.

BLOODWOOD GOLD AND MANGANESE PROSPECT

RC drilling conducted during the quarter tested a variety of geophysical and geochemical gold and manganese targets. No intersections of economic significance were recorded from this work.

CONCLUSION

The Company has now reviewed the gold and base metal exploration results from the last three years of effort and concluded that no further work is warranted.

Yours faithfully,

Joshua Pitt
Director

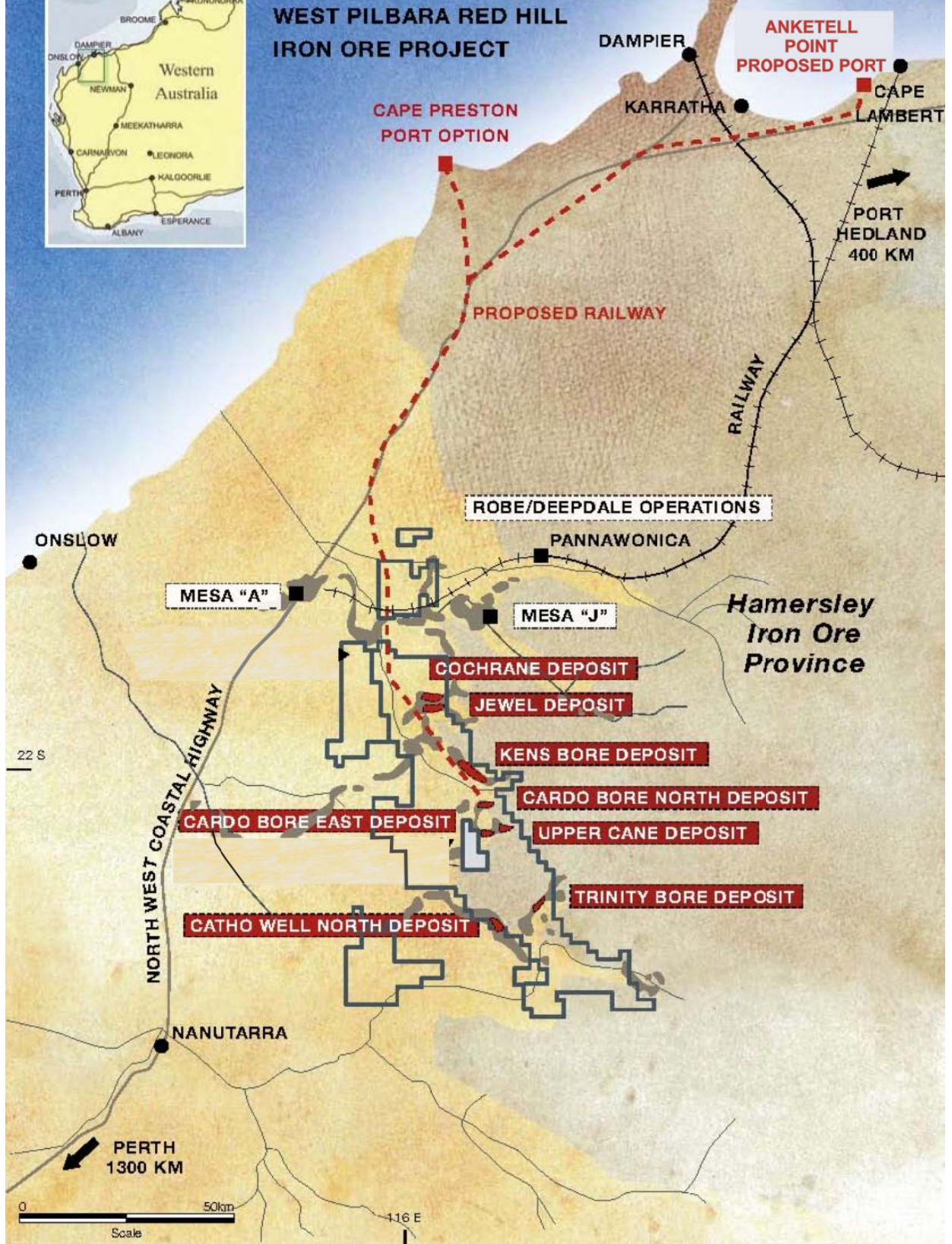
Competent Person Statement

The information in this announcement that relates to Iron Ore Exploration results is based on information compiled by Mr Stuart H Tuckey who is a member of the Australian Institute of Mining and Metallurgy. Mr Tuckey is full-time employee of Australian Premium Iron. Mr Tuckey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tuckey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report under the title Gold and Base Metal Exploration was compiled by Mr Tim Boddington who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Boddington is a fulltime employee of the company. Mr Boddington has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Boddington consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



WEST PILBARA RED HILL IRON ORE PROJECT



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

RED HILL IRON LIMITED

ABN

44 114 553 392

Quarter ended ("current quarter")

30 June 2009

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) Exploration & evaluation	(245)	(1,397)
(b) Development	-	-
(c) Production	-	-
(d) Administration	(134)	(462)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	107	608
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material): Receipts	-	33
Payment – Security Deposit	-	(32)
Net Operating Cash Flows	(272)	(1,250)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(1)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material) Payment	-	-
Net investing cash flows	-	(1)
1.13 Total operating and investing cash flows (carried forward)	(272)	(1,251)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(272)	(1,251)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	298
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	298
	Net increase (decrease) in cash held	(272)	(953)
1.20	Cash at beginning of quarter/year to date	7,932	8,613
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	7,660	7,660

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	40
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	-
Total	150

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	261	234
5.2 Deposits at call	399	698
5.3 Bank overdraft	-	-
5.4 Term Deposit	7,000	7,000
5.5 Other (Bank accepted bills)	-	-
Total: cash at end of quarter (item 1.22)	7,660	7,932

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E08/1301 E08/1716	Relinquished Relinquished	40% 100%	0% 0%
6.2 Interests in mining tenements acquired or increased	None			

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference ⁺securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	41,715,686	41,715,686		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	200,000	-	Exercise price \$1.10	Expiry date 28 Nov 2009
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Peter Rutledge

Sign here: (Company secretary)

Date: **29 July 2009**

Print name: **Peter Rutledge**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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