

30 July 2010

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

Dear Sir/Madam

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2010

HIGHLIGHTS

- West Pilbara Iron Ore Project (WPIOP) Feasibility Study essentially completed.
- Submission of the Public Environmental Review describing the proposed development of mining operations, port and rail facilities for a project start up anticipated for 2014.
- First phase drilling of the 100% owned Whitegate and Redgate channel iron deposits completed.

CORPORATE

As previously reported, there are areas of disagreement between Red Hill Iron Limited (RHI) and API Management Pty Ltd (API) over certain aspects of the Red Hill Iron Ore Joint Venture (RHIOJV). Your Company is currently reviewing its legal position to determine what actions are appropriate.

THE RED HILL IRON ORE JOINT VENTURE

The RHIOJV is managed by API, a company equally owned by two holding companies, one controlled by Aquila Resources Limited (Aquila) and the other by AMCI Incorporated. On July 5, Aquila announced to ASX that API had completed a Definitive Feasibility Study for the development of the 30 million tonne per year Stage One of the West Pilbara Iron Ore Project. On July 28, Aquila released a Clarification to its 5 July release to the ASX, a copy of which RHI released on July 29.

The Red Hill Iron Ore Joint Venture (RHIOJV) is a major component of Stage One of the WPIOP and RHI anticipates that the Company's share of annual production will be approximately 4.5 million tonnes for at least 12 years should this project proceed.

RHI currently has a 40% interest in the RHIOJV reducing to 20% upon the first delivery of ore to customers. API is responsible for all project costs including all capital costs under a loan arrangement whereby RHI is to repay its proportion of these costs out of 80% of its portion of surplus revenue from RHIOJV operations. RHI has a right to elect to convert its project interest into a 2% FOB royalty on all RHIOJV production at any time up to the first delivery of ore to customers; in this event, all loans made to RHI by API would be extinguished.

The Feasibility Study is based on a West Pilbara Fines blend produced by mixing RHIOJV iron ore with a lesser proportion of iron ore derived from the adjacent Mt Stuart Joint Venture, owned by API and Cullen Resources Limited, and then transporting that product via a new rail system for export using a port to be constructed at Anketell Point, near Cape Lambert.

The Project will involve the construction of 282 kilometres of railway and a new deep water port. Major Project Facilitation status has been granted by the Federal Government and the port development has been approved as a multi-user facility by the State Government.

API has indicated that a development decision is scheduled for the September Quarter 2010 and, subject to statutory approvals and funding, construction could commence in the March quarter 2012 with first shipments early in calendar 2014.

EXPLORATION

Kens Bore Deposit

The continuing exploration effort has focused on further definition of the channel iron mineralisation at the Kens Bore deposit. A total of 57 RC holes were drilled for 2,624 metres in the quarter. Better results (intercepts >15m) received from the RC drilling programme are listed in the Table below. Assay results for 17 holes remain outstanding.

Assays results continue to confirm the thickness (up to 40 metres) of high grade (up to 58.73% iron) CID. Geology encountered during the drilling programme indicates a CID profile that is composed of an upper goethitic hardcap layer that varies in thickness from 4 to 14 metres. Underlying the hardcap zone is a mixed clay/mineralised zone that is approximately 20-35 metres thick. The mixed zone has a clayey upper zone that grades into a rich red/purple friable hematite lower zone. Re-modelling of the Kens Bore deposit is progressing to incorporate results from recent drilling. A revised resource estimate is scheduled to be completed in the September quarter 2010.

Kens Bore Deposit Intercepts (>15m)

Hole ID	Easting	Northing	From	To	Intercept	Al ₂ O ₃ %	SiO ₂ %	P %	S %	LOI %
KBRC476	420382.1	7557792.0	12	42	30.0m @ 56.37% Fe	4.01	6.25	0.081	0.015	8.45
KBRC560	418997.0	7558095.3	42	60	18.0m @ 58.70% Fe	3.29	5.31	0.099	0.011	6.65
KBRC561	418790.7	7558448.0	36	52	16.0m @ 57.91% Fe	3.07	5.32	0.091	0.005	8.19
KBRC565	418692.4	7558397.4	36	52	16.0m @ 55.99% Fe	3.48	6.07	0.142	0.008	9.51
KBRC570	418597.8	7558446.5	36	52	16.0m @ 56.61% Fe	3.38	5.96	0.101	0.009	9.04
KBRC571	418598.9	7558549.6	34	52	18.0m @ 56.82% Fe	3.44	6.64	0.077	0.010	8.01
KBRC572	418485.3	7558821.9	34	50	16.0m @ 57.31% Fe	3.36	5.74	0.089	0.011	8.28
KBRC573	418504.0	7558705.4	34	50	16.0m @ 57.58% Fe	3.42	5.71	0.095	0.007	7.96
KBRC575	418496.3	7558445.4	36	52	16.0m @ 56.48% Fe	3.58	6.13	0.121	0.009	8.72
KBRC579	418328.3	7558634.1	34	52	18.0m @ 55.51% Fe	3.42	6.95	0.104	0.009	9.68
KBRC582	418991.1	7558626.6	18	50	32.0m @ 59.22% Fe	3.03	4.17	0.084	0.008	7.55
KBRC588	420906.7	7557599.7	4	44	40.0m @ 58.73% Fe	2.89	5.40	0.075	0.016	7.22

All intercepts were calculated for greater than 54% Fe cut-off

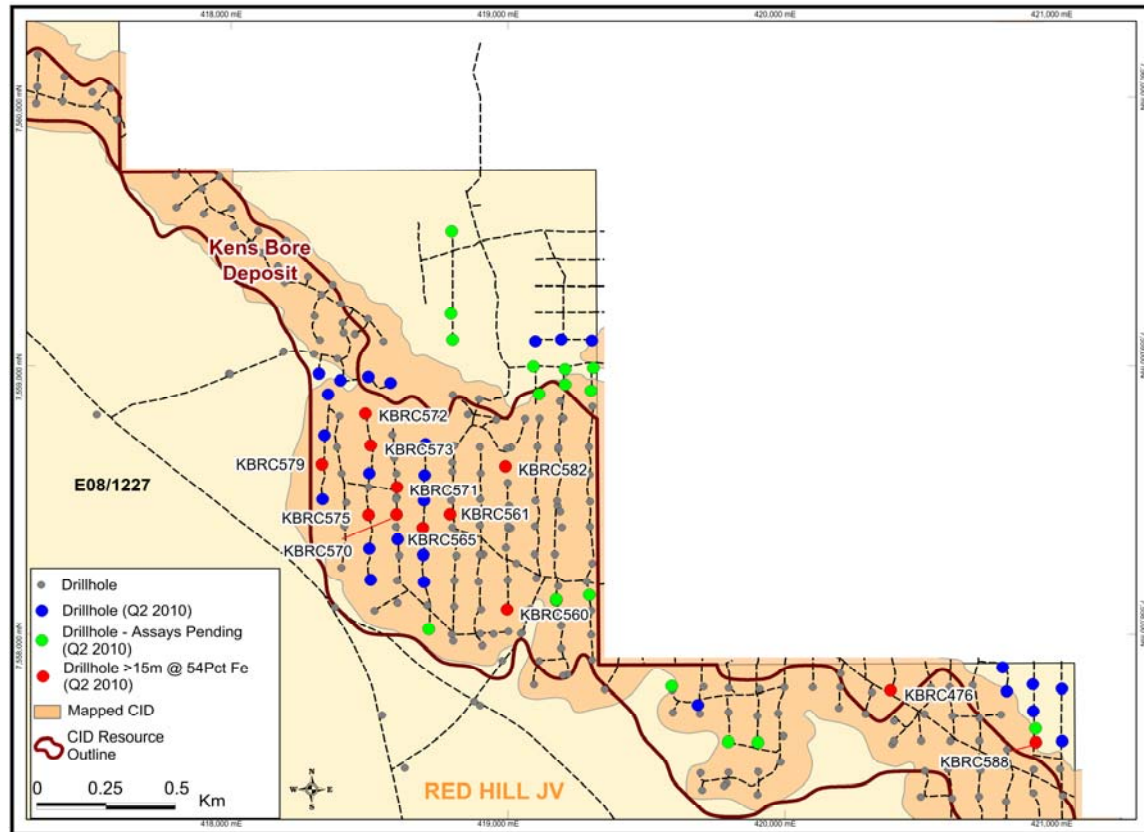


Figure 1: Drilling Locations at the Kens Bore Deposit

THE PANNAWONICA PROJECT

This project is adjacent to the RHIOJV project and in close proximity to the Robe River Iron Associates Mesa A and Mesa J operations. It is wholly owned by your Company (Figure 2).

The first phase drilling at the project was largely completed shortly after quarter's end. A further three holes were drilled at the Whitegate channel iron deposit (CID) target in addition to the ninety holes previously drilled and one hundred and twenty one holes at the Redgate CID target for a Project total of 6,547 metres drilled (see attached map). Drilling was carried out generally on 400 metre line spacing with holes 100 metres apart across the mesas. Some closer spaced coverage was also undertaken. These drill programs will provide the first firm evidence of the potential of the targets and define any zones that warrant follow up infill drilling to allow initial resource calculations.

The Redgate drilling intersected broad areas of CID with good thicknesses. All samples have been submitted for laboratory analysis and the results are awaited. Reverse circulation drill chips will be collected for preliminary petrological study.

In addition to probable infill reverse circulation drilling programmes it is anticipated that a diamond drilling program will be required to provide core samples for detailed metallurgical and specific gravity studies. Additionally RHI will submit samples of the channel iron mineralization for beneficiation tests including screening and /or washing, a process similar to that used by Robe River Iron Associates at their nearby Mesa J CID orebody.

Yours faithfully

Neil Tomkinson
Chairman

Competent Person Statements

Exploration results of the Red Hill Iron Ore Joint Venture

The information in this report that relates to exploration results is based on information compiled by Mr Stuart Tuckey, who is a Member of The Australasian Institute of Mining and Metallurgy and is a full-time employee of API Management Pty Ltd. 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 for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stuart Tuckey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Exploration results of the Pannawonica Project

The information in this announcement that relates to the PANNAWONICA PROJECT section of this report is based on information compiled by Mr Tim Boddington, who is a Member of The Australasian Institute of Mining and Metallurgy and is a full-time employee of Red Hill Iron Limited. 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.

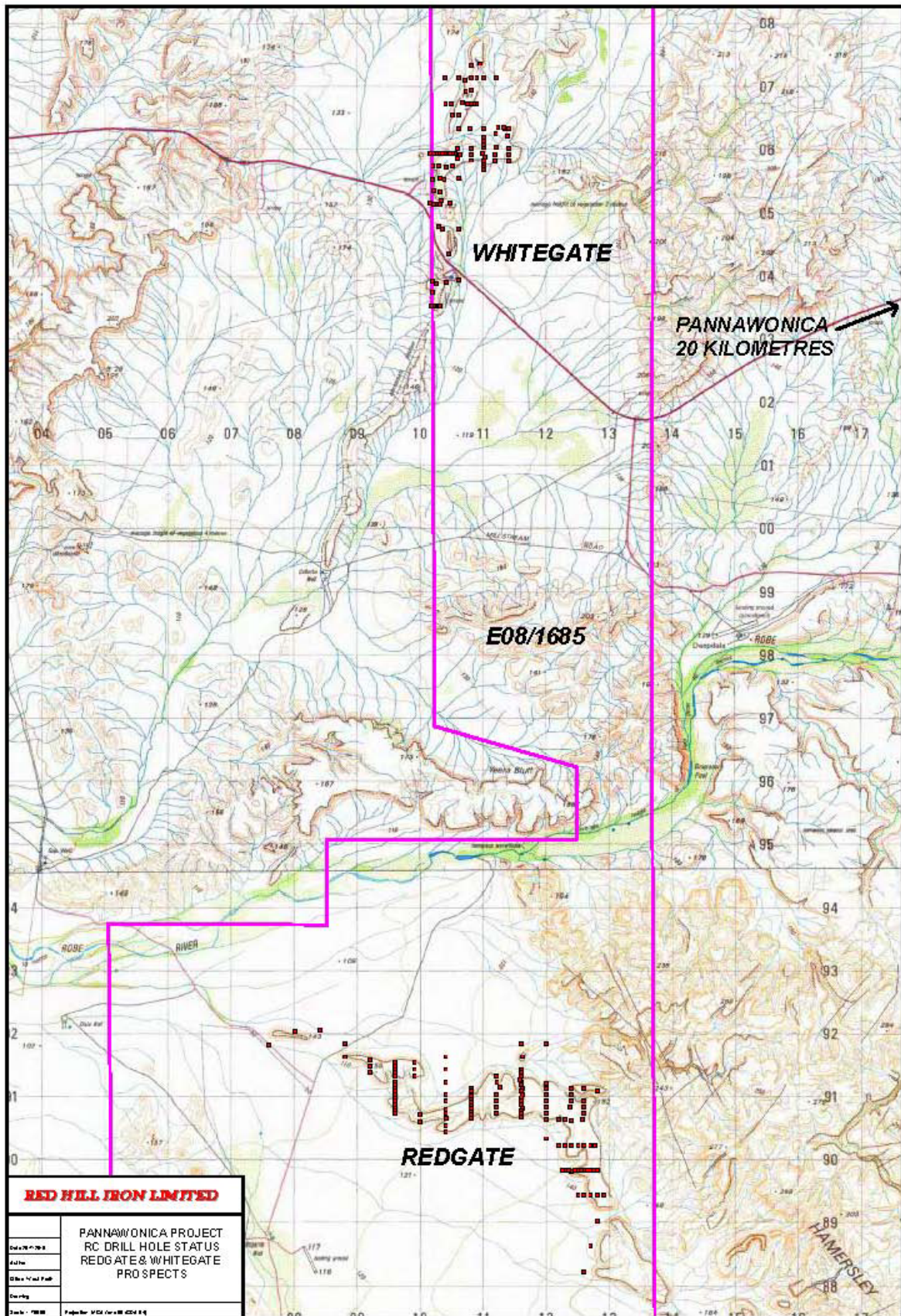


Figure 2: Pannawonica Project

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

RED HILL IRON LIMITED

ABN

44 114 553 392

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(373)	(1,194)
(b) development	-	-
(c) production	-	-
(d) administration	(118)	(469)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	80	243
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material): Receipts		
Payment - Security Deposit	-	(52)
	-	-
Net Operating Cash Flows	(411)	(1,472)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	950	(2,000)
(b) equity investments	-	-
(c) other fixed assets	-	-
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)	-	-
Net investing cash flows	950	(2,000)
1.13 Total operating and investing cash flows (carried forward)	539	(3,472)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(539)	(3,472)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	203
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	-	203
	Net increase (decrease) in cash held	539	(3,269)
1.20	Cash at beginning of quarter/year to date	3,852	7,660
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,391	4,391

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	20
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.8 Payment for purchases of Prospects of \$2,450,000 during the previous quarter included GST of \$950,000 which has subsequently been recovered – this recovery is reflected as a receipt in this quarter.

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

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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

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+ See chapter 19 for defined terms.

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	900
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	1050

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	102	53
5.2 Deposits at call	--	-
4.3 Bank overdraft	-	-
5.4 Term deposit	3,000	3,500
5.5 Other (Bank accepted bills)	1,289	299
Total: cash at end of quarter (item 1.22)	4,391	3,852

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	None		
6.2	Interests in mining tenements acquired or increased	None		

+ See chapter 19 for defined terms.

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	43,915,686	43,915,686		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>	-	-	<i>Exercise price</i> -	<i>Expiry date</i> -
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>				

+ See chapter 19 for defined terms.

