

18 August 2010

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

Dear Sir/Madam

### PANNAWONICA PROJECT DRILL RESULTS ANNOUNCED

Red Hill Iron Limited is pleased to announce the results of the reverse circulation drilling completed at the Redgate channel iron deposit (CID) target and additional drilling at the Whitegate CID. The Pannawonica Project is situated just south of the Robe river in the West Pilbara.

The drilling has outlined a large tonnage potential of modest grade CID along a length of over 6 kilometres of mesa at Redgate. The drill results include the following significant intersections (refer also Figure 1):

**TABLE 1: Significant Intersections at Redgate**

Hole #	From	To	m	Fe%	Al2O3	SiO2
RH002	0	38	<b>38</b>	52.5	6.7	11.0
RH003	2	38	<b>36</b>	52.2	6.4	11.5
RH004	8	48	<b>40</b>	54.2	5.1	8.8
RH005	2	36	<b>34</b>	52.3	5.5	10.4
RH006	20	32	<b>12</b>	51.5	5.5	11.7
RH008	12	28	<b>16</b>	50.9	6.8	11.5
RH009	18	42	<b>24</b>	52.8	5.2	10.5
RH010	12	34	<b>22</b>	54.0	4.9	9.8
RH011	18	42	<b>24</b>	51.7	5.1	11.5
RH012	16	30	<b>14</b>	49.8	6.0	12.6
RH013	24	44	<b>20</b>	52.4	5.6	9.7
RH014	12	28	<b>16</b>	52.5	5.7	9.9
RZR001	0	30	<b>30</b>	54.4	5.1	9.5
RZR002	0	12	<b>12</b>	53.6	5.8	9.5
RZR006	16	36	<b>20</b>	54.9	4.3	9.2
RZR011	12	22	<b>10</b>	52.6	6.9	8.6
RZR017	8	18	<b>10</b>	52.9	5.3	9.3
RZR021	2	20	<b>18</b>	54.7	4.6	6.9
RZR023	8	24	<b>16</b>	52.9	5.4	7.6
RZR024	0	26	<b>26</b>	52.5	4.8	9.4
RZR026	6	24	<b>18</b>	53.2	5.0	8.1
RZR027	0	12	<b>12</b>	52.5	6.3	7.3

RZR028	10	24	<b>14</b>	52.7	5.9	8.6
RZR031	6	20	<b>14</b>	54.0	4.8	7.0
RZR033	0	16	<b>16</b>	54.3	5.2	6.4
RZR034	0	14	<b>14</b>	52.7	4.3	9.9
RZR036	0	12	<b>12</b>	53.0	4.2	8.6
RZR037	0	14	<b>14</b>	54.3	4.7	6.3
RZR054	0	12	<b>12</b>	53.8	5.0	7.5
RZR060	0	18	<b>18</b>	52.2	5.3	9.2
RZR067	0	12	<b>12</b>	53.0	5.7	7.4
RZR070	0	18	<b>18</b>	54.0	4.8	7.5
RZR071	0	14	<b>14</b>	53.9	4.8	7.6
RZR072	0	20	<b>20</b>	53.6	4.9	7.4
RZR074	0	12	<b>12</b>	52.3	5.7	8.0
RZR077	0	18	<b>18</b>	52.0	5.0	9.4
RZR078	6	18	<b>12</b>	52.0	4.3	9.6
RZR079	0	14	<b>14</b>	52.8	3.9	9.0

Selected Composites – applying 48%Fe cutoff and no internal dilution greater than 2 metres

The intersections of CID mineralization occur almost entirely above the level of the surrounding plain which provides the opportunity for defining significant tonnages of CID of very favourable stripping ratio and almost all above water table. The mesa lies very close to both the Robe River and Associates Pannawonica railway and the proposed route of the railway planned to service the Red Hill Iron Ore Joint Venture CID resources.

While a small tonnage of direct shipping grade CID is targeted at Whitegate, the much larger Redgate target will require beneficiation to achieve optimal grades. The Company has recognised the possibility of upgrading the iron content of the Redgate mineralization and significantly reducing the alumina and silica content by clay removal using standard crushing and dry processing technology. To this end, a diamond drilling program is planned to commence shortly on both targets to provide bulk samples for petrographic and metallurgical testing and specific gravity analysis.

Three drill holes were also carried out at the Whitegate CID target intersecting further CID mineralization with the following intersections:

**TABLE 2: Significant Intersections at Whitegate**

Hole #	From	To	m	Fe%	Al <sub>2</sub> O <sub>3</sub>	SiO <sub>2</sub>
RZW091	2.0	14.0	12.0	55.2	3.9	8.1
RZW092	0.0	8.0	8.0	58.9	3.3	3.9
RZW093	0.0	8.0	8.0	58.2	3.6	4.9

Whitegate applying 50% Fe cutoff grade - no dilution included

Once specific gravity analysis is completed, the Company will be in a position to calculate inferred resources for both CID targets.

Yours faithfully

Joshua Pitt  
Director

### **COMPLIANCE STATEMENT**

*The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Doug Stewart who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr. Stewart is a Consultant of the company. Mr. Stewart 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 Stewart consents to the inclusion in the report of the matters based on his information in the form and context in which it appears, and has not withdrawn this consent.*

Figure 1: Pannawonica Project Redgate Target

