

29 October 2010

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

Dear Sir/Madam

Red Hill Iron Ore Joint Venture – Significant Resource Upgrade

We attach a Resource Estimate Update received from the manager of the Red Hill Iron Ore Joint Venture, API Management Pty Ltd.

Red Hill Iron is pleased to see the Mineral Resource estimates for the project increase by 50 million tonnes to a total of 472 million tonnes.

A commentary on this upgrade will appear in the company's quarterly report to be released shortly.

Yours faithfully

Neil Tomkinson
Chairman



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**SUBJECT Resource Estimate Update – Red Hill Joint Venture -
October 2010**

API Management Pty Ltd and Golder Associates Pty Ltd have completed updates to the eight Channel Iron Deposits located within the Red Hill Joint Venture project area. The updated Mineral Resource estimates, completed for Cardo Bore East, Cardo Bore North, Catho Well North, Cochrane, Jewel, Kens Bore, Trinity Bore and Upper Cane, are based on infill and extensional drilling, revised stratigraphic interpretations and improved density and topographic information.

The Mineral Resource estimates are presented in the attached report from Golder Associates dated 25th October 2010. A Competent Person Statement is contained within the report covering work completed by Golder. For public release the following Competent Persons Statement should be attached when referring to the resources detailed in this report.

Competent Person Statement

The information in this report that relates to the Catho Well North, Cardo Bore East, Cardo Bore North, Cochrane, Jewel, Kens Bore, Trinity Bore and Upper Cane Mineral Resources was prepared under the supervision of Mr Stuart Tuckey and Mr Richard Gaze who are members of the Australasian Institute of Mining and Metallurgy. Mr Tuckey is full-time employee of the API Management Pty Ltd. Mr Gaze is a full-time employee of Golder Associates Pty Ltd. Mr Tuckey and Mr Gaze 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'.

API has reviewed the Mineral Resource estimates for each deposit and is satisfied the estimates have been completed to industry standard.

The resource estimates are reported at a 53% Fe cut-off.

The updated Red Hill Joint Venture CID Mineral Resource estimate totals 472 Mt at 56.6% Fe.

The updated Mineral Resource estimate represents an increase of 50 Mt over the previous total CID resource within the Project area. The majority (34 Mt) of the increase is attributable to infill drilling completed at Kens Bore, an approximate 30% increase on the previous Kens Bore estimate. In addition, 12 Mt has been added to the Cochrane deposit following the inclusion of the

extension to the CID mineralised envelope, as a result of additional drilling, into the adjoining Farnum prospect.

Estimation Process

Geological Interpretation

A three-dimensional geological interpretation have been completed for all deposits. The improved interpretations are based on increased drill density and extent of drilling at the Kens Bore, Cochrane and Upper Cane deposits and improved mineralisation surface and density mapping, based on bulk sample pits and shafts, at the Kens Bore, Trinity Bore and Upper Cane deposits.

The key mineralisation-stratigraphic units identified and modelled for the WPIOP deposits include:

- Hardcap CID (Zpw)
- Hard Zone CID (Zph)
- Clay Zone (Zpc)
- Mixed Zone CID (Zpm)
- Basal Clay Zone (Zpb)
- Basal Conglomerate or Gravel (JK)
- Basement (BSM)

Solid 3D geological models for each of the seven stratigraphic units listed above were created based on drill hole and mapping data. Figure 1 shows an example of the construction of the Upper Cane geological model.

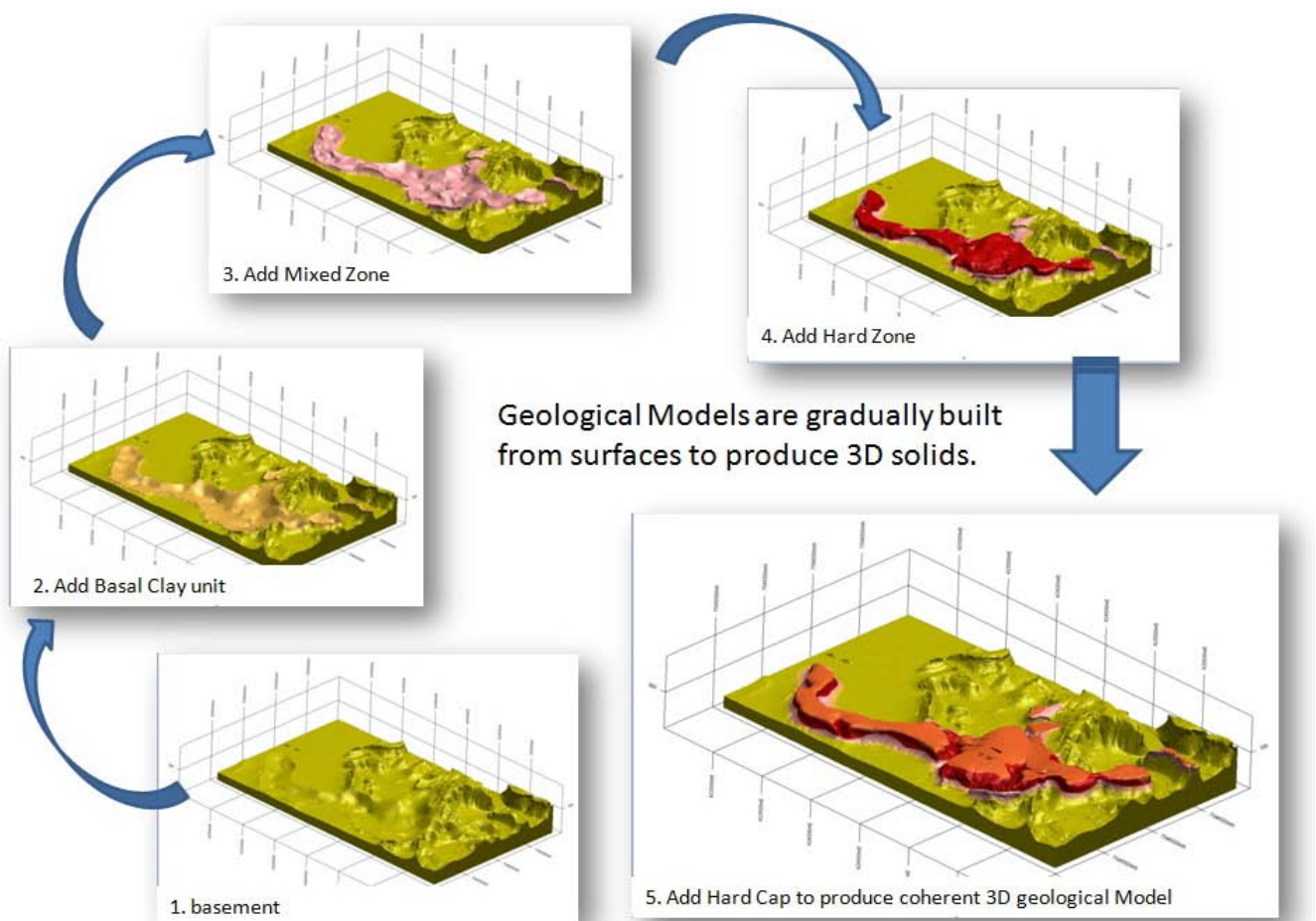


Figure 1 – The Geological Modelling Process

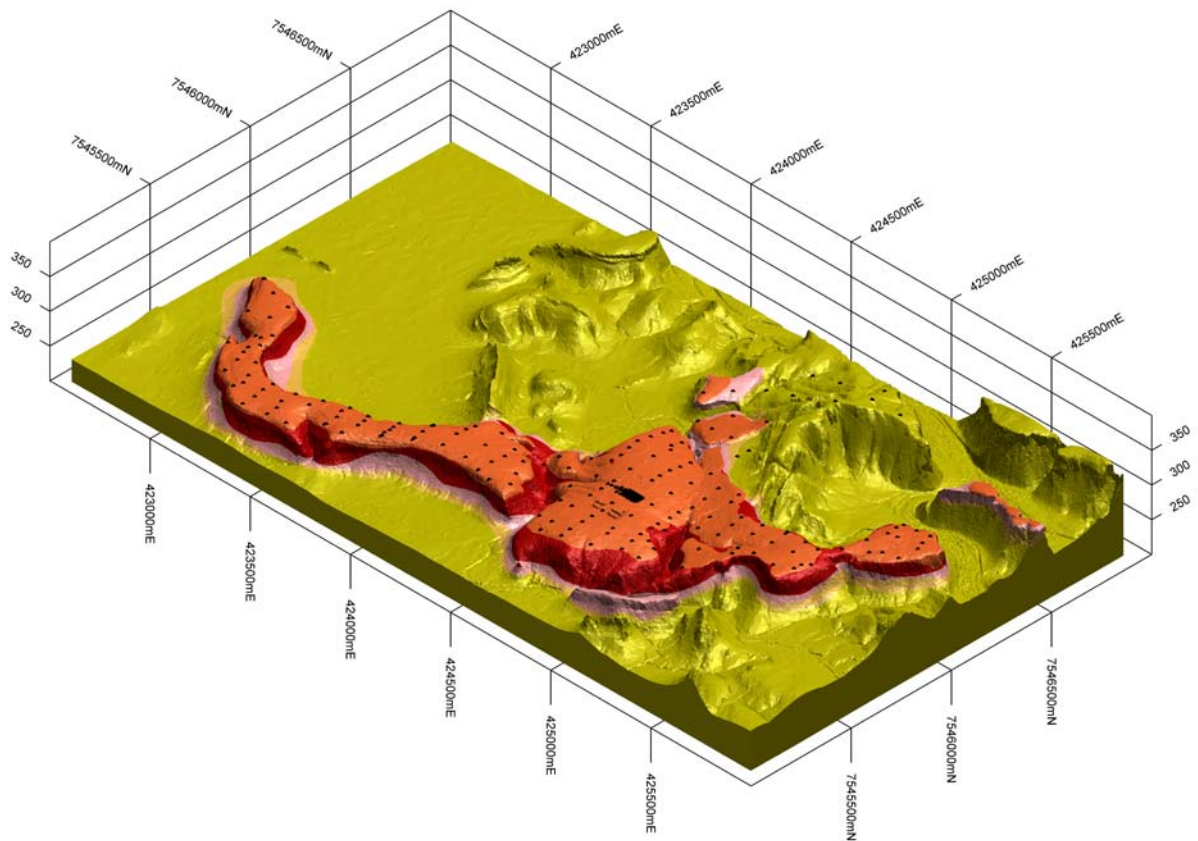


Figure 2 – Geological / stratigraphic model – Upper Cane.

Mineralisation Interpretation

Mineralised outlines were created using a combination of lithological and grade data. Hard boundaries were defined based on the following guidelines:

- Fe% lower cut-off (Table 1. summarises the Fe% lower cuts for each deposit);
- A minimum intercept width of 2m across two sections;
- A maximum consecutive waste intercept of 2m across two sections.

Deposit	Fe Cut-off %
Catho Well North	52 & 54
Cardo Bore East	54
Cardo Bore North	54
Cochrane	54
Jewel	54
Ken's Bore	54
Trinity Bore	52
Upper Cane	54

Table 1. Red Hill Joint Venture – mineralised envelope cut-off grades

It should be noted that the criteria set out above acted as a guideline only, cut-offs were relaxed in situations where geological continuity would be maintained. Mineralisation was dominated by stratigraphic unit.

Internal dilution has been kept to a minimum provided continuity of the mineralised envelopes could be maintained. Zones of lower grade ranging 50-52% Fe were incorporated into the mineralised envelopes if geological continuity could not be maintained.

Mineralised envelopes were constrained by topography and the CID stratigraphy – geological model.

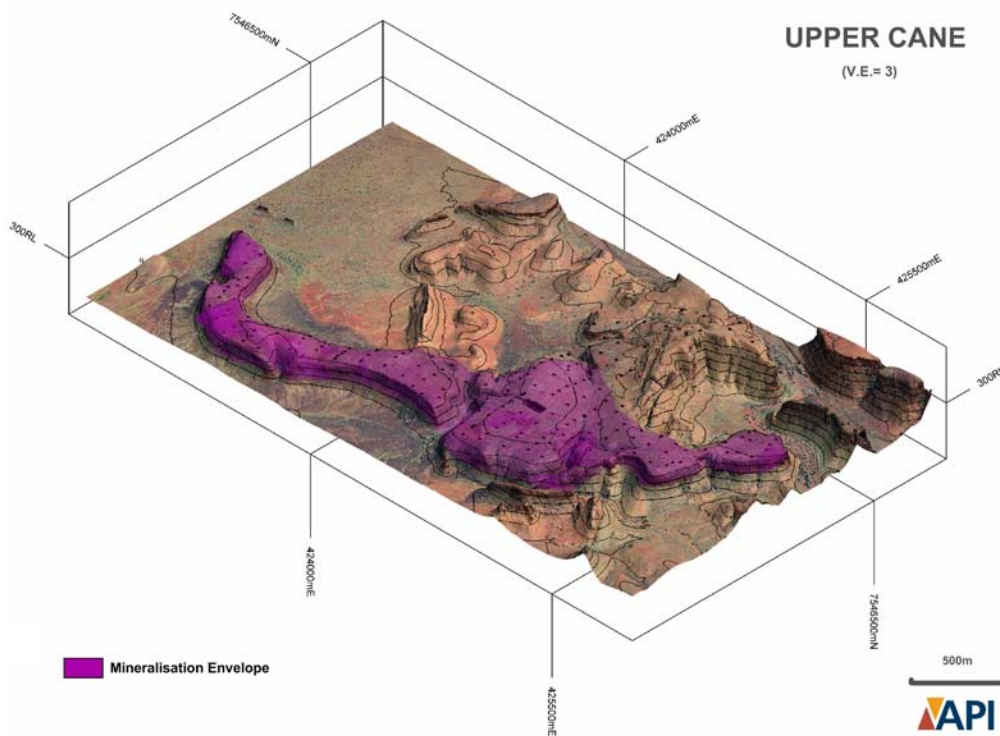


Figure 3 – Mineralisation model – Upper Cane.

Statistical and geostatistical analysis was carried out on drilling data that was constrained to the mineralisation and modelled stratigraphic units.

For statistical data analysis, drilling data was composited to 2m downhole lengths. Analysis was based on eight assay variables: Fe, SiO₂, Al₂O₃, P, S, Mn, MgO and LOI (LOI 1000°C).

Directional grade variography was completed for all domains in all the deposits, to provide parameters for the Ordinary Kriging method used for resource estimation.

Block Model

The block model was constructed using a parent block size of 25m x 25m x 2m and sub-block cell size of 5m x 5m x 2m. The mineralised envelope was used to constrain the block model.

Density

Density determinations were completed by AMMTEC and SGS on PQ diamond core and by API on samples retrieved from shafts sunk for the collection of bulk sample. A total of 556 density measurements have been recorded for the stratigraphic units modelled. 384 determinations were from within the mineralised envelopes modelled.

Varying densities were applied to respective modelled stratigraphic units for each deposit based on dry bulk density determinations, weathering intensity, ore type and the variability between deposit mineralogy. The densities applied to each deposit for Mineral Resource Estimation are shown in Table 2.

Deposit	Density by Stratigraphic Unit									
	Ore			Waste						
	Zpw	Zph	Zpm	Zpw	Zph	Zpm	Zpb	Zpc	JK	Bsm
Cardo Bore East	2.95	2.80	2.80	2.95	2.80	2.75	2.70	2.70	2.70	2.70
Cardo Bore North	2.95	2.80	2.80	2.95	2.80	2.75	2.70	2.70	2.70	2.70
Catho Well North	2.95	2.95	2.85	2.90	2.85	2.70	2.70	2.70	2.70	2.70
Cochrane	2.85	2.70	2.70	2.85	2.70	2.65	2.70	2.70	2.70	2.70
Jewel	2.85	2.70	2.70	2.85	2.70	2.56	2.70	2.70	2.70	2.70
Kens Bore	2.90	2.85	2.80	2.90	2.85	2.75	2.70	2.70	2.70	2.70
Trinity Bore	2.95	2.80	2.80	2.90	2.85	2.70	2.70	2.70	2.70	2.70
Upper Cane	2.95	2.85	2.80	2.95	2.85	2.75	2.70	2.70	2.70	2.70

Table 2. Densities for Deposits within the Red Hill Joint Venture and used in Mineral Resource Estimations.

Classification

The Mineral Resource estimates were classified by Golder Associates in accordance with the JORC Code, 2004.

The classification approach was both quantitative and qualitative. Quantitatively, the classification is based on estimation performance. Qualitatively, the approach used adjustments based on geological confidence taking into consideration the drill hole spacing, confidence in the geological interpretation / continuity and representativeness of the available assay data.

Measured, Indicated and Inferred categories have been defined.

Cut-off Grades

The Mineral Resource estimates are reported using a 53% Fe cut-off grade.

Reporting

The resource estimates have been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

Resource Estimates

West Pilbara Iron Ore Project – Stage 1.

Mineral Resource estimates for the CID within the Red Hill Joint Venture Project total 472 Mt at 56.6% Fe.

Joint Venture	JORC Classification	Mt	Fe %	P %	SiO ₂ %	Al ₂ O ₃ %	S %	Mn %	MgO %	LOI %
Red Hill JV	Measured	125	57.7	0.084	5.36	3.37	0.014	0.030	0.087	8.06
	Indicated	285	56.4	0.071	6.22	3.83	0.019	0.030	0.100	8.68
	Inferred	62	55.6	0.070	6.57	4.15	0.020	0.029	0.108	9.01
	TOTAL	472	56.6	0.074	6.03	3.75	0.018	0.030	0.098	8.56

Table 3. Mineral Resource summary for all Deposits within the Red Hill Joint Venture.

The Mineral Resource estimate of 472 Mt at 56.6% iron represents an increase of 50 Mt from the previously released resource for the Red Hill Joint Venture.

Attachment A summarises the total Mineral Resource inventory by deposit.

The completion of infill drilling on the Kens Bore deposit has resulted in a significant increase in the overall Mineral Resource classified within the Measured and Indicated categories (JORC, 2004).

- 125 Mt (26%) of the total resource has been classified in the Measured category;
- 285 Mt (61%) of the resource is classified as Indicated, with the balance;
- 62 Mt (13%) in the Inferred category.

The increase in the Kens Bore Mineral Resource estimate accounts for the major change in additional tonnes and the significant improvement in resource confidence (JORC classification). The maximum drill spacing on the Kens Bore deposit of 100 x 100 metres, and the better defined geometry of the mineralised zones has resulted in 70 Mt (46%) of the resource being classified as Measured and 68 Mt (44%) as Indicated and 15 Mt as Inferred (10%).

A handwritten signature in black ink, appearing to read 'S. Tuckey', with a long horizontal flourish extending to the right.

Stuart Tuckey

Exploration Manager
Australian Premium Iron Joint Venture

Attachment A – Red Hill Joint Venture Mineral Resource Estimates

Deposit	Joint Venture	JORC Classification	Mt	Fe %	P %	SiO ₂ %	Al ₂ O ₃ %	S %	Mn %	MgO %	LOI %
Cardo Bore East	Red Hill JV	Measured									
		Indicated	39	58.1	0.073	5.22	3.86	0.015	0.057	0.116	7.04
		Inferred	10	57.0	0.067	5.69	4.09	0.020	0.037	0.111	7.95
		TOTAL	49	57.9	0.072	5.31	3.90	0.016	0.053	0.115	7.22
Cardo Bore North	Red Hill JV	Measured									
		Indicated	5	56.9	0.070	5.91	4.04	0.023	0.028	0.046	8.13
		Inferred	3	56.6	0.076	6.01	4.06	0.028	0.021	0.042	8.37
		TOTAL	8	56.8	0.072	5.95	4.05	0.024	0.025	0.044	8.22
Catho Well North	Red Hill JV	Measured									
		Indicated	5	55.2	0.038	7.37	2.82	0.018	0.089	0.190	9.87
		Inferred	1	54.9	0.038	7.06	2.81	0.020	0.108	0.277	10.40
		TOTAL	6	55.1	0.038	7.31	2.82	0.018	0.093	0.208	9.98
Cochrane	Red Hill JV	Measured									
		Indicated	35	57.0	0.080	5.62	4.04	0.021	0.013	0.114	8.09
		Inferred	10	56.3	0.068	6.54	4.30	0.019	0.020	0.130	7.97
		TOTAL	45	56.9	0.077	5.83	4.10	0.020	0.015	0.118	8.07
Jewel	Red Hill JV	Measured									
		Indicated	21	56.3	0.060	6.06	3.93	0.024	0.025	0.062	9.07
		Inferred	3	56.5	0.062	6.22	3.59	0.025	0.022	0.057	8.94
		TOTAL	24	56.3	0.061	6.08	3.88	0.024	0.024	0.061	9.05
Ken's Bore	Red Hill JV	Measured	70	56.8	0.091	5.73	3.71	0.010	0.037	0.120	8.58
		Indicated	68	57.1	0.074	5.43	3.61	0.015	0.018	0.098	8.75
		Inferred	15	55.2	0.079	6.57	4.08	0.013	0.034	0.120	9.65
		TOTAL	153	56.8	0.082	5.68	3.70	0.014	0.028	0.110	8.76
Trinity Bore	Red Hill JV	Measured									
		Indicated	88	54.8	0.062	7.33	4.01	0.022	0.028	0.106	9.70
		Inferred	17	54.5	0.062	7.18	4.41	0.025	0.025	0.098	9.88
		TOTAL	105	54.8	0.062	7.30	4.08	0.022	0.028	0.105	9.72
Upper Cane	Red Hill JV	Measured	55	58.9	0.074	4.88	2.94	0.020	0.021	0.044	7.40
		Indicated	24	56.7	0.095	6.81	3.51	0.017	0.040	0.068	7.79
		Inferred	3	56.2	0.106	6.91	3.80	0.017	0.027	0.074	8.09
		TOTAL	82	58.2	0.082	5.52	3.14	0.020	0.027	0.052	7.54
All	Red Hill JV	Measured	125	57.7	0.084	5.36	3.37	0.014	0.030	0.087	8.06
		Indicated	285	56.4	0.071	6.22	3.83	0.019	0.030	0.100	8.68
		Inferred	62	55.6	0.070	6.57	4.15	0.020	0.029	0.108	9.01
		TOTAL	472	56.6	0.074	6.03	3.75	0.018	0.030	0.098	8.56

Mineral Resources are reported at a 53% Fe cut-off