

4 November 2010

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

Dear Sir/Madam

## **SIGNIFICANT FURTHER RESOURCE EXPANSION AT RED HILL**

On 1 November 2010 Aquila Resources Limited announced a significant increase in the JORC Mineral Resource estimate for the West Pilbara Iron Ore Project (WPIOP) Stage 1 which is managed by API Management Pty Ltd (API).

The two major components of the increase are 117 million tonnes at the Kens Bore East channel iron deposit and 34 million tonnes at Kens Bore itself. The new estimate lifts Stage 1 resources by 40% to 687 million tonnes.

It is Red Hill Iron Limited's contention, as explained below, that 589 million tonnes of the expanded Stage 1 JORC Mineral Resource estimate, representing 86% of total Stage 1 resources, are owned by the Red Hill Iron Ore Joint Venture (RHIOJV). The balance of the Stage 1 resources lies within the contiguous Mt Stuart Joint Venture in which Red Hill Iron Limited has no interest.

The RHIOJV Agreement was executed by Red Hill Iron and API in November 2005. The tenements upon which the Kens Bore East CID is located are the subject of an agreement for the acquisition of iron ore rights made in February 2006 between API and the holder, De Beers Australia Exploration Limited. Red Hill Iron contends that these tenements fall within the boundaries of the RHIOJV and that it is entitled to an interest of 40% reducing to 20% in any iron ore discovered in the area of the tenements.

Red Hill Iron and API disagree on the rights to ownership of the iron ore rights in the De Beers tenements and meetings of the parties to discuss their differences have been held following the delivery of a Dispute Notice by Red Hill Iron pursuant to the provisions of the RHIOJV Agreement.

To date these discussions have not produced agreement between the parties and Red Hill Iron is currently considering the next step in the process to establish its right to a share of the CID Resources at Kens Bore East.

Attached is a Table showing the increased Mineral Resource Estimates including the recently announced Kens Bore East resources.

Yours faithfully

Neil Tomkinson  
Chairman

## Mineral Resource Estimates by Deposit

Deposit	JORC Classification	Mt	Fe %	P %	SiO2 %	Al2O3 %	S %	Mn %	MgO %	LOI %
Ken's Bore East	Measured	82	57.9	0.072	5.16	3.83	0.020	0.025	0.072	7.72
	Indicated	34	57.2	0.075	5.70	3.68	0.014	0.020	0.079	8.33
	Inferred	1	55.1	0.061	7.87	5.29	0.017	0.025	0.078	7.37
		<b>117</b>	<b>57.6</b>	<b>0.073</b>	<b>5.34</b>	<b>3.80</b>	<b>0.015</b>	<b>0.024</b>	<b>0.074</b>	<b>7.90</b>
Cardo Bore East	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
		<b>49</b>	<b>57.9</b>	<b>0.072</b>	<b>5.31</b>	<b>3.90</b>	<b>0.016</b>	<b>0.053</b>	<b>0.115</b>	<b>7.22</b>
Cardo Bore North	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
		<b>8</b>	<b>56.8</b>	<b>0.072</b>	<b>5.95</b>	<b>4.05</b>	<b>0.024</b>	<b>0.025</b>	<b>0.044</b>	<b>8.22</b>
Catho Well North	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
		<b>6</b>	<b>55.1</b>	<b>0.038</b>	<b>7.31</b>	<b>2.82</b>	<b>0.018</b>	<b>0.093</b>	<b>0.208</b>	<b>9.98</b>
Cochrane	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
		<b>45</b>	<b>56.9</b>	<b>0.077</b>	<b>5.83</b>	<b>4.10</b>	<b>0.020</b>	<b>0.015</b>	<b>0.118</b>	<b>8.07</b>
Jewel	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
		<b>24</b>	<b>56.3</b>	<b>0.061</b>	<b>6.08</b>	<b>3.88</b>	<b>0.024</b>	<b>0.024</b>	<b>0.061</b>	<b>9.05</b>
Ken's Bore	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
		<b>153</b>	<b>56.8</b>	<b>0.082</b>	<b>5.68</b>	<b>3.70</b>	<b>0.014</b>	<b>0.028</b>	<b>0.110</b>	<b>8.76</b>
Trinity Bore	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
		<b>105</b>	<b>54.8</b>	<b>0.062</b>	<b>7.30</b>	<b>4.08</b>	<b>0.022</b>	<b>0.028</b>	<b>0.105</b>	<b>9.72</b>
Upper Cane	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
		<b>82</b>	<b>58.2</b>	<b>0.082</b>	<b>5.52</b>	<b>3.14</b>	<b>0.020</b>	<b>0.027</b>	<b>0.052</b>	<b>7.54</b>

\* All Mineral Resource estimates are reported at a 53% Fe cut-off

The information in this release that relates to the Catho Well North, Cardo Bore East, Cardo Bore North, Cochrane, Jewel, Ken's Bore, Ken's Bore East, 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."