

18 April 2011

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

Dear Sir/Madam

Issue of Dispute Notice - Red Hill Iron Ore Joint Venture

Red Hill Iron Limited (RHI) has initiated the dispute procedure contained in the Joint Venture Agreement which governs the Red Hill Iron Ore Joint Venture (RHIOJV). The joint venture parties are RHI and API Management Pty Ltd (API), a company owned as to 50% by Aquila Steel Limited, a subsidiary of Aquila Resources Limited, and 50% by AMCI (IO) Pty Ltd, a subsidiary of AMCI Corporation.

RHI contends that the assessment and potential development of mine site and port and rail infrastructure for the anticipated mining production and transport of product from the Tenement Area of the RHIOJV Agreement through a proposed new port at Anketell Point are activities of the joint venture established by that Agreement. API does not so agree.

It is RHI's contention that its Participating Interest in this infrastructure will be 40% until delivery of ore to customers when it will reduce to 20%. RHI's contribution to capital necessary for the construction of such infrastructure including the port will in accordance with the provisions of the RHIOJV be covered by a loan from API repayable over time out of 80% of RHI's share of proceeds of sales of ore.

Pursuant to the provisions of the RHIOJV, the parties will meet shortly and use all reasonable efforts to resolve the dispute.

The RHIOJV participants currently have the following Participating Interests:-

RHI 40% reducing to 20% upon the first delivery of ore from the RHIOJV to customers;
API 60%

Yours faithfully

Neil Tomkinson
Chairman