

17 August 2011

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

Dear Sir/Madam

COMMENCEMENT OF LEGAL PROCEEDINGS – RED HILL IRON ORE JOINT VENTURE

Red Hill Iron Limited has commenced proceedings in the Supreme Court of Western Australia against API Management Pty Ltd in relation to a dispute relating to the assessment, potential development and ownership of port and rail infrastructure referred to in Red Hill Iron's release to the ASX of 18 April 2011.

API Management Limited is owned as to 50% by AMCI (IO) Pty Ltd and 50% by Aquila Steel Pty Ltd, a subsidiary of Aquila Resources Limited.

Yours faithfully

N Tomkinson
Chairman