

31 October 2011

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

Dear Sir/Madam

**ACTIVITIES REPORT FOR THE QUARTER
ENDED 30 SEPTEMBER 2011**

RED HILL IRON ORE JOINT VENTURE (RHIOJV)

DEVELOPMENT

Significant progress was made during the quarter towards development of an iron ore mining and export operation for Stage One of the West Pilbara Iron Ore Project (WPIOP) for which the RHIOJV will provide the major ore source. An important milestone during the quarter was the approval by the Department of Mines and Petroleum of the Project Management Plan for project construction and mining operations. The Feasibility Study scheduled for completion in the September quarter has been delayed with the Manager sourcing firm inputs for modeling purposes. It is anticipated the Feasibility Study will now be delivered in November.

The Dampier Port Authority has determined a Master Plan for the construction of port facilities at Anketell Point, located some 150 kilometres to the north-east of the projects northern boundary, which is the designated port for the project. The WPIOP Stage 1 Project, "Project Management Plan" (PMP) for the mining operations and construction of the project required under the MSI Regulations, Part 3, Division 2, 3.13 has been approved by the Department of Mines & Petroleum (DMP).

The Environmental Protection Authority recommended conditional environmental approval for the mine and rail components of Stage One and the Phase One accreditation submission required for approval of the Stage One rail infrastructure was lodged with the Office of Rail Safety.

The Manager of the joint venture has provided the following Mining Operations report.

“Engineering work in the mine area progressed through work on designs and pricing for the central processing facility (CPF) roads, embankments, other flood mitigation structures as well as the mine access road and the Kens Bore Haul road, and bore drilling for water required for construction. A geophysical investigation at the Red Hill airstrip has been completed.

The mining team progressed the following scope of works: continued with draft development of Schedule 11 (Mine Plan), completed mine period bench face positions, dumping strategy, mine closure plans and water and monitor bores for modelling Kens Bore and Cardo Bore East aquifers.

Progress was made in relation to the establishment of Native Title agreements with negotiation meetings with the Native Title Groups being held. Drafting of the native title agreements is continuing on agreed aspects relating to heritage and environmental management.

Aboriginal Heritage surveys continued with archaeological surveys for the CPF (additional area and haul road) and ethnographic survey over the Main Access road, and Upper Cane, Cardo Bore East and Trinity Bore resource areas. Consultations were also undertaken with T.O. Groups in preparation for lodgment of section 18 notice applications over the CPF and Mine Village / Airstrip areas.

The Environmental Protection Authority (EPA) released its report on the Mine and Rail Public Environmental Review (PER) on the 3rd August 2011. The report recommends environmental approval for the mine and rail elements of the project, subject to conditions. Significantly, though noting the potential impact to restricted subterranean fauna species and a Priority Ecological Community, the recommended conditions allow for full access to the resources described in the PER.

The Commonwealth assessment of the Mine and Rail PER consequently commenced on 10 August 2011. The Department for Sustainability, Environment, Water, Population and Communities (SEWPaC) requested information relating to management actions and offset measures to the potential impacts of the mine and rail on species of National Environmental Significance in order for it to complete its assessment. The proposal was submitted during the month of August and Assessment is now anticipated in November.

EXPLORATION

No work was completed by the exploration team during the Quarter.”

PANNAWONICA

No exploration work was carried out on the company’s Pannawionica project during the quarter

CORPORATE

Red Hill Iron has commenced proceedings in the Supreme Court of Western Australia seeking a determination as to whether or not it has rights to ownership of the project's rail and potential port facilities which are an integral component of the WPIOP Stage One project.

The Kens Bore East reserves, which account for approximately 19% of total WPIOP Stage One reserves, constitute a point of further disagreement. Red Hill Iron's view that these reserves are an asset of the RHIOJV is not accepted by API. The matter remains unresolved despite lengthy negotiations. Failure to reach a resolution will lead to the courts being asked to rule on the rights of the parties to the ownership of these valuable assets.

N Tomkinson
Chairman

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

RED HILL IRON LIMITED

ABN

44 114 553 392

Quarter ended ("current quarter")

30 September 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(4)	(4)
(b) development	-	-
(c) production	-	-
(d) administration	(195)	(195)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	41	41
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other receipts	-	-
Other payments (Security Deposits)	1	1
Net Operating Cash Flows	(157)	(157)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(157)	(157)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(157)	(157)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(157)	(157)
1.20	Cash at beginning of quarter/year to date	3,063	3,063
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,906	2,906

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	27
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	25
4.2 Development	-
4.3 Production	-
4.4 Administration	175
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	256	63
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Term Deposit)	2,650	3,000
Total: cash at end of quarter (item 1.22)	2,906	3,063

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	None		
6.2	Interests in mining tenements acquired or increased	None		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	43,915,686	43,915,686		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

