

31 July 2012

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

Dear Sir/Madam

**ACTIVITIES REPORT FOR THE QUARTER
ENDED 30 June 2012**

RED HILL IRON ORE JOINT VENTURE DEVELOPMENT

The Manager of the Red Hill Iron Ore Joint Venture (RHIOJV) API Management Pty Ltd (API)* has reported the following activities during the quarter:

DEVELOPMENT HIGHLIGHTS

- There were no LTIs during the June quarter.
- The Feasibility Study for the Red Hill Iron Ore Joint Venture was issued.
N.B. Red Hill Iron does not necessarily agree with the conclusions reached by the Study.
- Modelling of the Kens Bore aquifer and the Cardo Bore East pump testing program was completed.
- 1,949 metres of RC drilling for the Kens Bore grade variability drilling programme was undertaken to complete the 21,837 metres program;
- Continued heritage surveys across the resource (Jewel, Cochrane and Kens Bore) and Mine Infrastructure areas;
- Native Title negotiations continued with the PKKP and KM groups, towards concluding Native Title mining agreements.
- The miscellaneous licence for the mine-site airstrip and accommodation village was granted and other approvals advanced;
- Progress was achieved in relation to a number of secondary environmental approvals;
- Commenced work on a Development Proposal.
- There were no LTIs during the June quarter.

DEVELOPMENT

Stage 1

The Feasibility Study (FS) for the RHIOJV was issued. The FS confirmed the technical and economic viability of the RHIOJV Project at an average 19 million tonnes per annum of iron ore for approximately 16 years.

Modeling of the Kens Bore aquifer is complete. Scenario evaluation of the aquifer has commenced. The Cardo Bore East pump testing program is complete. Modelling of the aquifer and further scenario analysis is planned during the September quarter.

1,949m of RC drilling was completed during June to complete the 21,837m Kens Bore grade variability drilling programme. All project personnel have been demobilised from site. There are approximately 10,500 assay results outstanding which are expected to be received during the September quarter. Results from analysis and evaluation of the assay data will be incorporated into plans and procedures.

A review of deposit areas has indicated areas that may contain suitable materials in sufficient quantities for the establishment of the southern haul roads, which will reduce disturbance footprints for project development. An initial drilling programme has been designed and all planned collars field verified.

A Miscellaneous Licence (L08/68) for the mine-site airstrip and accommodation village has been granted for an initial period of 21 years.

A Works Approval for the life of project landfill facility was approved in June by the Department of Environment and Conservation (DEC) under Part V of the Environmental Protection Act 1986 (W5172/2012/1).

Heritage surveys were continued across the resource areas and native title matters were progressed.

Planning commenced in relation to preparing a Development Proposal as required by the RHIOJV joint venture agreement towards the next step in reaching a decision to mine for the project.

EXPLORATION

No exploration work undertaken.

CORPORATE

Rail & Port

The hearing of proceedings in the Supreme Court of Western Australia aimed at seeking a determination as to whether or not Red Hill Iron has the right to share in the ownership of the proposed rail and potential port facilities which are an integral component of the WPIOP Stage One project have been concluded with the Judge reserving his decision.

Neil Tomkinson
Chairman

**API Management Pty Ltd is owned as to 50% by a wholly owned subsidiary of Aquila Resources Limited, an ASX listed company, and 50% by AMCI (IO) Pty Ltd a company controlled by AMCI International AG.*

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 June 2012

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	(14)	(66)
(b) development	-	-
(c) production	-	-
(d) administration	(435)	(1000)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	36	166
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other receipts	5	4
Other payments (Security Deposits)	-	1
Net Operating Cash Flows	(408)	(895)
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	6	7
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	6	7
1.13 Total operating and investing cash flows (carried forward)	(402)	(888)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(402)	(888)
	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	(402)	(888)
1.20	Cash at beginning of quarter/year to date	2,577	3,063
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,175	2,175

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'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	20
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	11
4.2 Development	-
4.3 Production	-
4.4 Administration	429
Total	441

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	20	43
5.2 Deposits at call	55	234
5.3 Bank overdraft	-	-
5.4 Other (Term Deposit)	2,100	2,300
Total: cash at end of quarter (item 1.22)	2,175	2,577

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.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: **Peter Rutledge**
Company secretary

Date: **31 July 2012**

Print name: **Peter Rutledge**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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