

31 October 2013

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

Dear Sir/Madam

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2013

OVERALL MINERAL RESOURCE SUMMARY

Red Hill Iron (RHI) is continuing to implement its plan to become an exporter of iron ore in the near term from mining tenements located in the West Pilbara region.

The Company has recently announced a Pannawonica Mineral Resource estimate of 62.5 million tonnes (refer Annexure1) which, together with RHI's 20% participating share of the Red Hill Iron Ore Joint Venture (RHIOJV) Mineral Resource estimate of 94 million tonnes (refer Annexure 2), brings RHI's total CID Mineral Resource inventory to more than 156 million tonnes. This does not include significant additional resources which may flow to the Company should current legal proceedings between RHI and API Management Pty Ltd (API) over ownership of tenements that secure the Mineral Resources of the Kens Bore East CID deposit result in a favourable outcome for RHI. RHI contends that these tenements fall within the RHIOJV Project Area and as such form part of the RHIOJV.

PANNAWONICA PROJECT

As part of the pre-feasibility study of its wholly owned Pannawonica Iron Ore Project, the Company completed an additional 229 infill reverse circulation drill holes during the quarter (complementing the 211 holes drilled in 2010) to enable a revised Mineral Resource estimate to be calculated.

Ravensgate Mining Industry Consultants subsequently confirmed an Independent Mineral Resource Estimate, compliant with the JORC Code (2004 edition) of 62.5 million tonnes at 53.4% Fe, 5.1% Al₂O₃, 8.7% SiO₂, 0.05% P and 9.0% LOI. The estimate was made at 52% Fe cut-off.

The Mineral Resource consists predominantly of material classified as Measured and Indicated, with approximately 15% of the material classified as Inferred.

The Company also completed diamond drilling necessary for metallurgical studies during the quarter and, in conjunction with other pre-feasibility study elements, is initiating Sinter Tests on two bulk samples of Pannawonica CID ore to establish its suitability for smelting in its own right or as a blending agent with other ores. Preliminary discussions have indicated that a market exists for ores similar to those defined by the Pannawonica Project.

Negotiations aimed at reaching a Native Title Land Use agreement in relation to the Company's Pannawonica mining lease applications continued and are progressing satisfactorily.

PROPOSED HARD ROCK QUARRY

Studies continued on the potential of RHI's proposed wholly owned hard rock quarry which is situated in close proximity to the Pannawonica Iron Ore Project and is currently the subject of a Mining Lease Application.

The area of the proposed tenement falls within the area of the Red Hill Iron Ore Joint Venture but is part of RHI's 100% other mineral entitlement whereby the Company retains the right to all minerals except iron ore.

RED HILL IRON ORE JOINT VENTURE

A restricted Program & Budget has been adopted for the 2014 Financial Year (FY2014). The Manager of the RHIOJV, API Management Pty Ltd has advised that during the quarter:-

- There were no significant safety incidents reported during the quarter.
- Compliance obligations and necessary fieldwork under the existing environmental approvals continued.
- Rehabilitation of Winzes was completed.
- Native Title negotiation meetings were held during September; community authorization meetings are now being planned.

RHIOJV EXPLORATION

Exploration work during the Quarter included:

- a heritage survey being completed at the Whitegate prospect in preparation for a first pass RC drilling programme targeting outcropping CID (This prospect lies in close proximity to Red Hill's Whitegate Resource).
- completion of 16 RC drill holes for 874m at the Stubbs prospect targeting CID RC drill hole assays are pending.
- Collection of 292 rock chips across the RHIOJV.

Red Hill Iron is concentrating on the potential near term development of its Pannawonica Project whilst awaiting the later onset of ore delivery from the RHIOJV. The Company is well positioned to take advantage of the continued strong market for Pilbara iron ore production.

Neil Tomkinson

Chairman

Compliance Statements

The information in this report that relates to Exploration Results or Mineral Resources for the RHIOJV is based on information compiled by Mr Doug Stewart who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Stewart is a Consultant to the Company. Mr Stewart has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stewart consents to the inclusion in this report of the matters based on his information in the form and context in which it appears, and has not withdrawn this consent.

The information in this report that relates to the Mineral Resource for the Pannawonica Project is based on information compiled by Neal Leggo and Shane Fieldgate, who are employees of Ravensgate Mining Industry Consultants. Mr Fieldgate is a Registered Professional Member of the Australian Institute of Geoscientists and Mr Leggo is a Member of the Australian Institute of Geoscientists. Mr Leggo has had sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves (JORC Code 2004). Mr Fieldgate has had sufficient experience that is relevant to the style of mineralisation and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code 2004.

Annexure 1: Pannawonica Mineral Resource Estimate

Pannawonica Project: Mineral Resource at a 52% Fe cut-off								
Deposit	Tenement	Classification	Tonnes (Mt)	Fe (%)	Al2O3 (%)	P (%)	SiO2 (%)	LOI (%)
Redgate	MO8/499 + MO8/505	Measured	2.7	53.3	5.2	0.04	7.8	10.1
		Indicated	37.6	53.2	5.2	0.05	9.0	8.9
		Inferred	7.2	53.3	5.3	0.05	8.8	8.9
		Sub Total	47.5	53.3	5.2	0.05	8.9	9.0
Whitegate	MO8/500	Measured	2.8	54.2	4.3	0.03	8.6	8.6
		Indicated	10.0	54.0	4.5	0.04	8.1	9.3
		Inferred	2.1	53.8	4.7	0.04	7.7	9.9
		Sub Total	14.9	54.0	4.5	0.04	8.2	9.3
Total		Measured	5.5	53.8	4.7	0.03	8.2	9.4
		Indicated	47.6	53.4	5.1	0.05	8.8	9.0
		Inferred	9.3	53.4	5.2	0.05	8.6	9.1
		Grand Total	62.5	53.4	5.1	0.05	8.7	9.0

Source: Ravensgate. *Independent Mineral Resource Estimate for the Pannawonica Iron Ore Project*. ASX. 23 Oct 2013

Annexure 2: RHIOJV Mineral Resource Estimate

RHIOJV Mineral Resource using 53% Fe cut-off							
Deposit	Classification	Mt	Fe%	Al₂O₃%	P%	SiO₂%	LOI%
Cardo Bore E	Measured						
	Indicated	39	58.1	3.86	0.07	5.22	7.04
	Inferred	10	57.0	4.09	0.07	5.69	7.95
	Sub Tot	49	57.9	3.90	0.07	5.31	7.22
Cardo Bore N	Measured						
	Indicated	5	56.9	4.04	0.07	5.91	8.13
	Inferred	3	56.6	4.06	0.08	6.01	8.37
	Sub Tot	8	56.8	4.05	0.07	5.95	8.22
Catho Well N	Measured						
	Indicated	5	55.2	2.82	0.04	7.37	9.87
	Inferred	1	54.9	2.81	0.04	7.06	10.40
	Sub Tot	6	55.1	2.82	0.04	7.31	9.98
Cochrane	Measured						
	Indicated	35	57.0	4.04	0.08	5.62	8.09
	Inferred	10	56.3	4.30	0.07	6.54	7.97
	Sub Tot	45	56.9	4.10	0.08	5.83	8.07
Jewel	Measured						
	Indicated	21	56.3	3.93	0.06	6.06	9.07
	Inferred	3	56.5	3.59	0.06	6.22	8.94
	Sub Tot	24	56.3	3.88	0.06	6.08	9.05
Ken's Bore	Measured	70	56.8	3.71	0.09	5.73	8.58
	Indicated	68	57.1	3.61	0.07	5.43	8.75
	Inferred	15	55.2	4.08	0.08	6.57	9.65
	Sub Tot	153	56.8	3.70	0.08	5.68	8.76
Trinity Bore	Measured						
	Indicated	88	54.8	4.01	0.06	7.33	9.70
	Inferred	17	54.5	4.41	0.06	7.18	9.88
	Sub Tot	105	54.8	4.08	0.06	7.30	9.72
Upper Cane	Measured	55	58.9	2.94	0.07	4.88	7.40
	Indicated	24	56.7	3.51	0.10	6.81	7.79
	Inferred	3	56.2	3.80	0.11	6.91	8.09
	Sub Tot	82	58.2	3.14	0.08	5.52	7.54
Total RHIOJV	Measured	125	57.7	3.37	0.08	5.36	8.06
	Indicated	285	55.6	3.81	0.09	6.13	8.56
	Inferred	62	55.7	4.17	0.09	6.59	9.02
	Sub Tot	472	56.66	3.75	0.07	6.03	8.56

Source: RHI 4 November 2010

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/13

Name of entity

RED HILL IRON LIMITED

ABN

44 114 553 392

Quarter ended ("current quarter")

30 September 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(860)	(860)
(b) development	-	-
(c) production	-	-
(d) administration	(144)	(144)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	32	32
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(972)	(972)
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)	(972)	(972)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(972)	(972)
	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	(972)	(972)
1.20	Cash at beginning of quarter/year to date	2,964	2,964
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,992	1,992

Payments to directors of the entity, associates of the directors, 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	67
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	1,200
4.2 Development	-
4.3 Production	-
4.4 Administration	155
Total	1,355

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	118	51
5.2 Deposits at call	124	613
5.3 Bank overdraft	-	-
5.4 Other (Term Deposit)	1,750	2,300
Total: cash at end of quarter (item 1.22)	1,992	2,964

Changes in interests in mining tenements and petroleum tenements

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

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas 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 (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	49,405,037	49,405,037		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	500,000		<i>Exercise price</i> 98.75 cents	<i>Expiry date</i> 8 April 2016
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ 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 October 2013**

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 and petroleum 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 or petroleum 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.

+ See chapter 19 for defined terms.