

RED HILL

IRON LIMITED

ABN: 44 114 553 392





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THE PRESENTATION



- ⚙ The Company
 - Structure, Performance
- ⚙ The JV Arrangement
- ⚙ The Product
- ⚙ DFS Results
- ⚙ Location
- ⚙ Regional Play
- ⚙ The Assets
 - Inside The JV
 - Resources
 - Outside the JV
- ⚙ The Way forward



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Red Hill Iron

Listed Ordinary shares on issue: 43,915,686

ASX Code: RHI

Options: Nil

Share price 23-Jul-10 **\$3.10**

Cash on hand \$5m

Mkt cap **\$131m**

Directors / Senior Management

Neil Tomkinson (Non Exec. Chairman)

Joshua Pitt (Non Exec. Director)

Garry Strong (Non Exec. Director)

Timothy Boddington (General Manager)

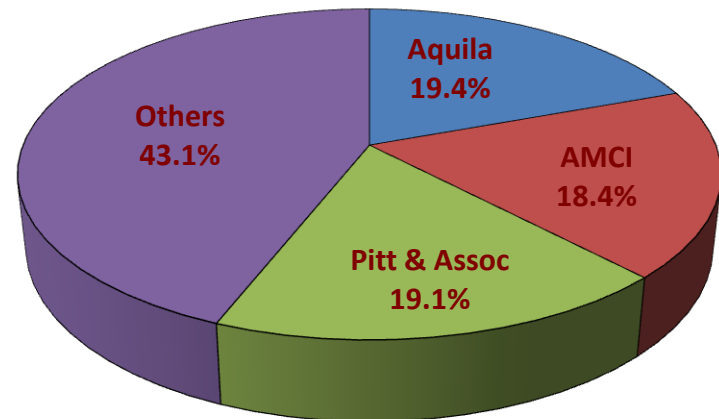
Peter Rutledge (Secretary)

<http://www.redhilliron.com.au/>

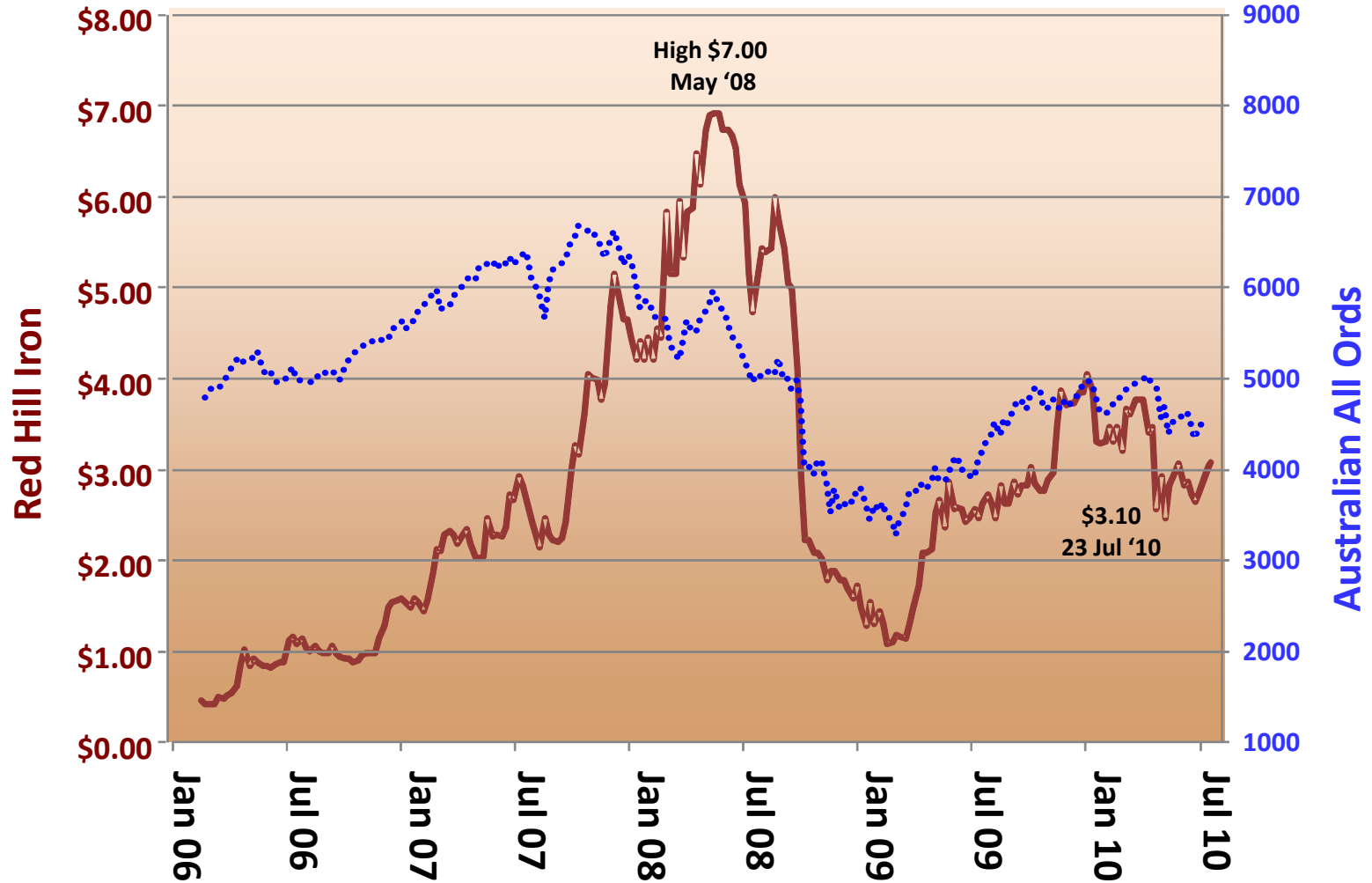
Substantial Shareholders

AQA	8,532,731
AMCI	8,082,422
Pitt & Assoc	8,375,464

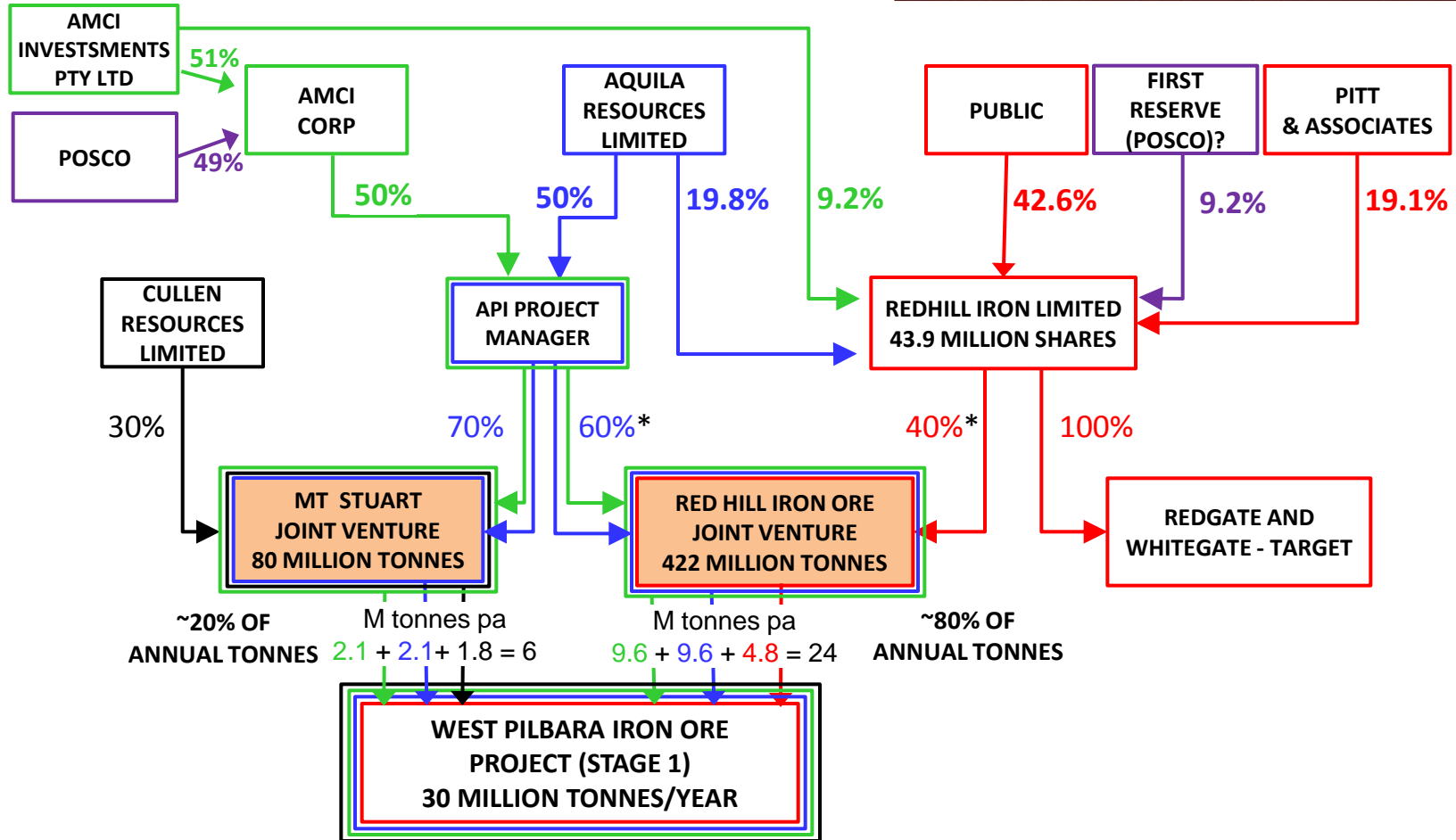
Substantial Shareholders



SHARE PRICE



RHIO JV and West Pilbara Iron Ore Project



*The API Joint venture interest will increase from 60% to 80% with the Red Hill Iron Limited project joint venture interest reducing from 40% to 20% at the date on which iron ore is first delivered to a customer under a Contract of Sale.

RHIO JV and West Pilbara Iron Ore Project



RHIO Mineral Resources	
Deposit	Mt
Cochrane	33
Jewel	28
Ken's Bore	119
Cardo Bore N	6
Cardo Bore E	45
Upper Cane	79
Trinity Bore	107
Catho Well	6
Total	422

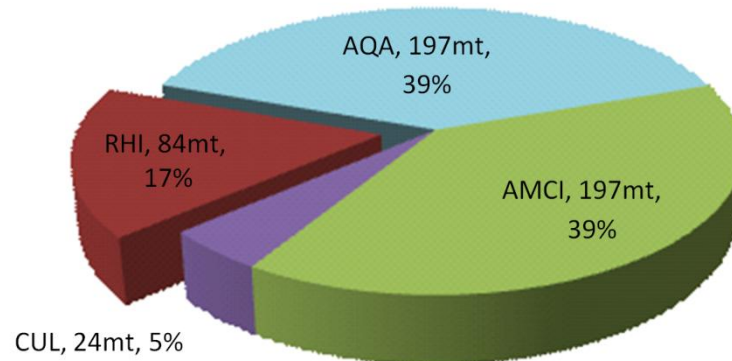
Source: Aquila

WPIO RESOURCES			
	Mt.S JV	RHIO JV*	WPIO
RHI		84Mt	84Mt
AQA	28Mt	169Mt	197Mt
AMCI	28Mt	169Mt	197Mt
CUL	24Mt	0Mt	24Mt
Total	80Mt	422Mt	502Mt
Annual	6Mt	24Mt	30Mt

*Assume RHI reduces to 20% on first shipment of ore
Catho Well Resource 79.5Mt @ 55.3% Fe.

- ❖ RHI owns 40% of the Red Hill Iron Ore Joint Venture
This will reduce to 20% on first ore shipment.
- ❖ RHI is fully funded to production and thereafter may either:
 - a. Participate with 80% of its 20% share of project free cash used for repaying loan or
 - b. Elect to take a 2% FOB royalty.

West Pilbara Iron ore Project
Resource Tonnes



Under the terms of the Joint Venture, Red Hill Iron has loan arrangements in place with API for all project exploration and capital costs up to first delivery of ore to customers. These loans accumulate interest at Libor plus 2.5% and are to be repaid out of 80% only of Red Hill Iron's free cash flow from any future mining operation. In any year therefore, when the operations are profitable, Red Hill Iron would have a degree of free cash flow that could be applied to other purposes including dividends.

Resource Estimate RHIOJV

Tonnes	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%	Mn%	MgO%
421,889,000	56.63	6.11	3.70	0.072	8.56	0.03	0.09

The West Pilbara Iron Ore Project will produce a direct shipping fine iron ore product. This will be similar to Rio's fines product and smelters will likely use it in a blend with other fines in their sinter plants.

The ore is hosted in Channel Iron Deposits (CID's) which are deposits of iron-rich fragments eroded from the country rock and laid down in river channels. The hard iron-rich channels typically form ridges or mesas as the adjacent softer material is eroded.

The iron rich CIDs generally outcrop as elongate mesas. The ore is largely in pisolitic form with little clay matrix but occasional clay bands separate thick horizontal beds of ore. The ore form and the nature of deposition lend these deposits to cheap and efficient mining with low stripping ratios. The ore will need no washing but will simply be mined and fine crushed on site, conveyed to rail loading facilities and thence to the port. Blending between ores will ensure a maximum value product is achieved.

Intense efforts are being made to ensure that the project can produce a consistent ore blend acceptable to markets over the long term. Detailed drilling with sample collection from trial mining pits and winzes has been used to produce bulk samples for forwarding to prospective customers. Metallurgical test work to aid the process of product acceptance is well advanced.

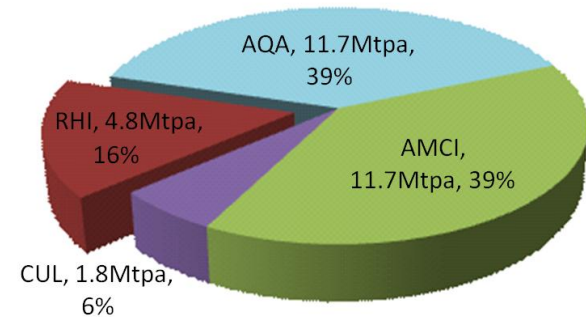
Product testing has been positive to date and, despite the somewhat elevated silica and aluminium content compared to many competitors, marketing initiatives are progressing smoothly and several MOU's for offtake have been executed.

THE PRODUCT



West Pilbara Iron ore Project

Annual Production Tonnes



- ☀ The ore is in CID deposits (mesas)
- ☀ Expect Low cost mining, crushing
- ☀ This is Direct Ship Ore (~57% Fe with no upgrading)
- ☀ The product is med grade fines suitable
- ☀ Met testwork complete – viable as a sinter blend
- ☀ MOU's for Offtake in place

THE DFS June 2010



DFS Complete June 2010

Highlights of the study included:

- ⊗ Definitive Feasibility Study (“DFS”) reports technical and financial viability of a 30Mtpa 1st Stage iron ore project in the West Pilbara
- ⊗ The DFS estimates an NPV₁₀ of \$2.2 billion and an IRR of 16.4%
- ⊗ Capital expenditure is estimated at \$5.77 billion, including EPCM and contingency costs
- ⊗ Operating costs of \$19.48 per tonne FOB, excluding royalties, at 30Mtpa
- ⊗ Average annual Project EBITDA of \$1.8 billion at 30Mtpa using iron ore prices and exchange rates as forecast by ©Metalitics Iron Ore Briefing Service
- ⊗ DFS recommends construction of a 30Mtpa mine, 282km of new rail and a new deep water port facility at Anketell Point, which has collectively been granted
- ⊗ Major Project Facilitation status by the Federal Government whilst the port development was recently approved as a multi-user facility by the State Government
- ⊗ Development decision by the Project Participants is scheduled for the Sept Quarter 2010
- ⊗ Subject to statutory approvals and funding, construction could commence in the March Quarter 2012 with first shipments early in Calendar 2014

KEY FINDINGS



Capital Expenditure

Area	Capital Cost (\$millions)
Mine, Processing and Infrastructure	1,863
Railway and Rolling Stock	1,695
Port Materials Handling, Jetty & Wharf, Dredging and Infrastructure	1,368
Total Direct Costs	4,926
EPCM	319
Contingency	529
Total Costs	5,774

Average annual Project EBITDA of \$1.8 billion at 30Mtpa

There are two possible routes for Red Hill Iron to consider:

1. Participate in the project earnings stream and repay its proportion of costs out of 80% of its portion of surplus revenue. The Company has a 40% interest in the RHIOJV reducing to 20% upon the first delivery of ore to customers. API pays all project costs including all capital costs under a loan arrangement.
2. At any time up to first delivery of product to customers Red Hill Iron may elect to convert its project interest into a 2% FOB royalty; in this event all loans made to RHI by API would be extinguished.

Operating Costs

Area	Opex (\$/t)*
Mining	10.32
Processing	2.25
Rail Operations	3.34
Port Operations	3.57
Total	19.48


*Administration costs apportioned

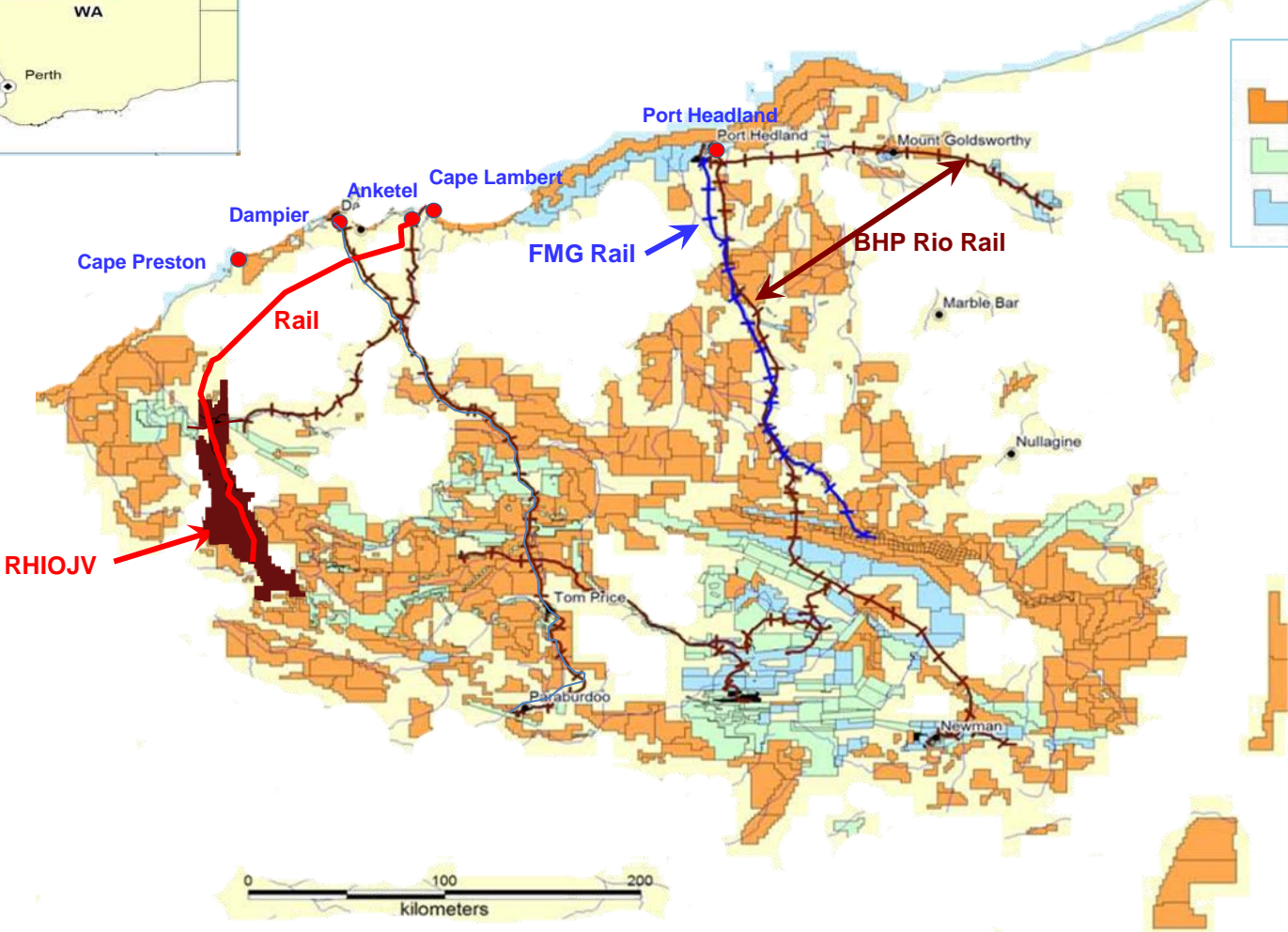
Key dates assumed for the development of the Red Hill Project

	2010		2011				2012				2013				2014			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Feas																		
Procurement																		
Go/Nogo		✓x																
Mine Env Approval																		
Native Title agreed																		
Proj Finance complete																		
Construction																		
First Shipment																		



LOCATION

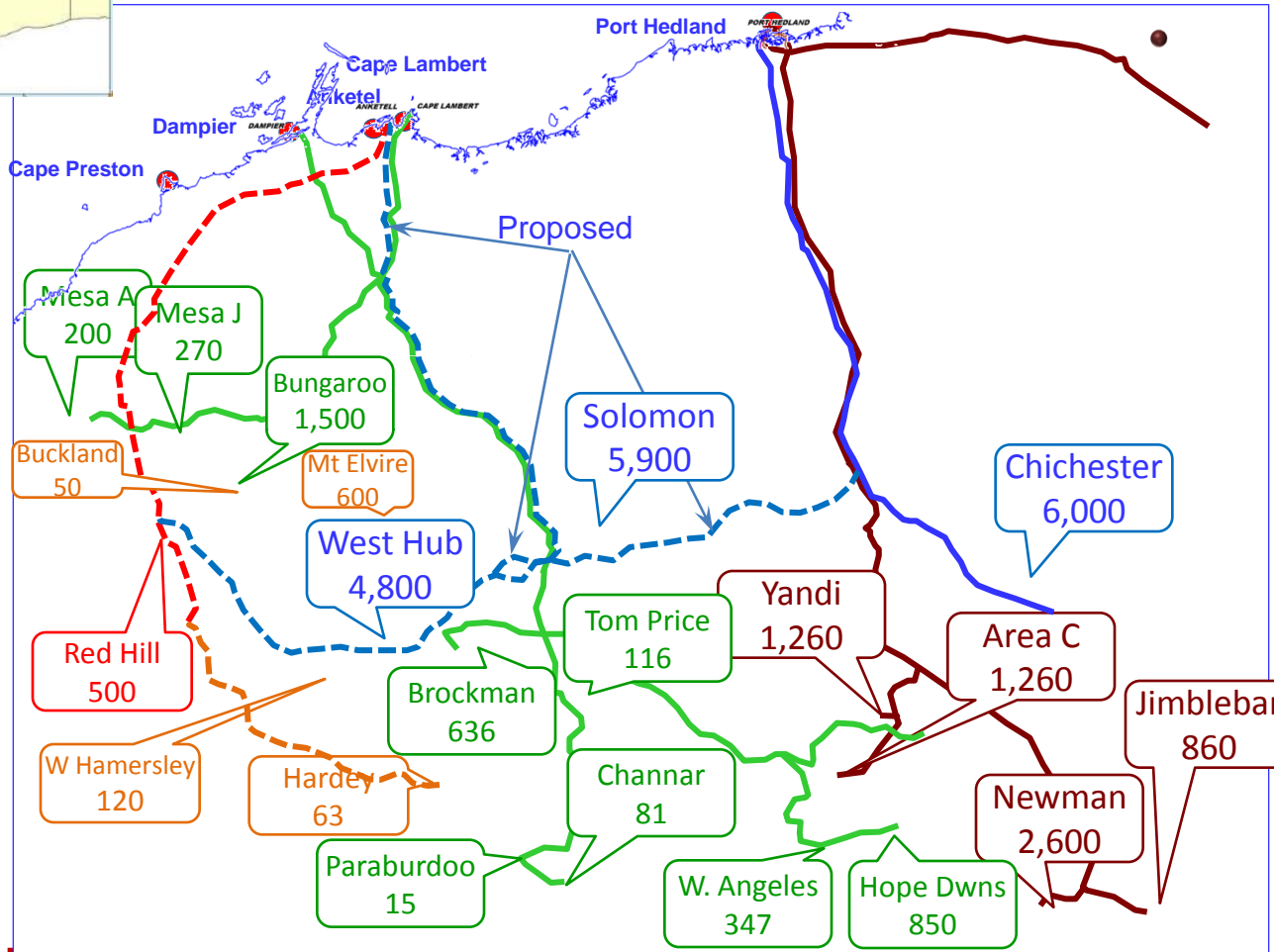
Tenements	
	FMG
	Rio Tinto Group (including Robe)
	BHP Billiton



Location



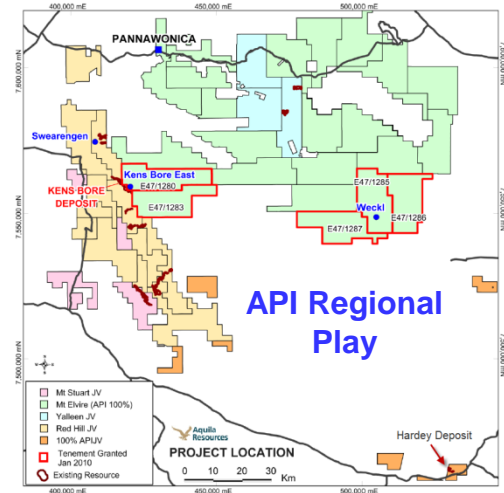
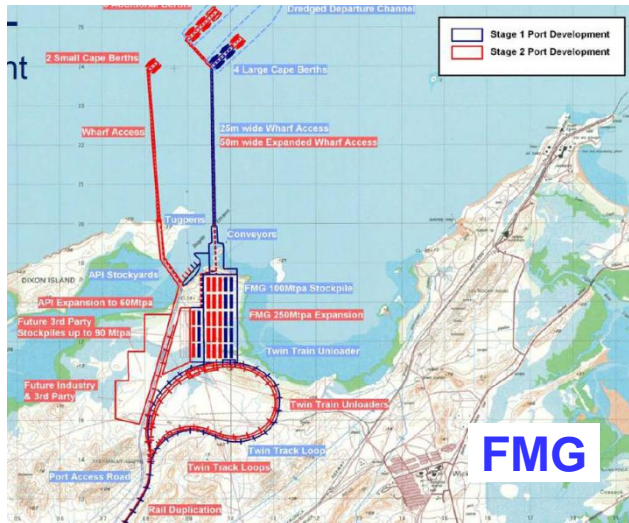
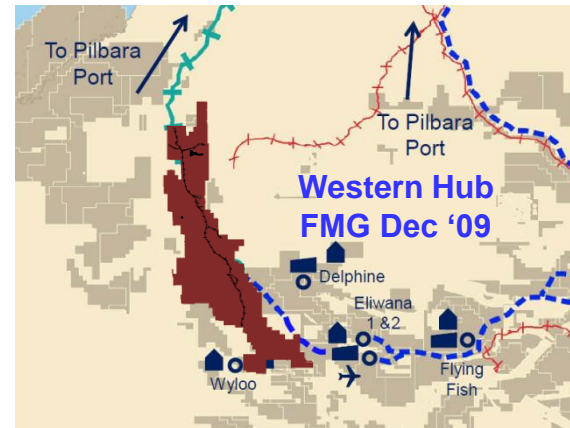
REGIONAL PLAY



RESOURCE
Tonnes are
Millions

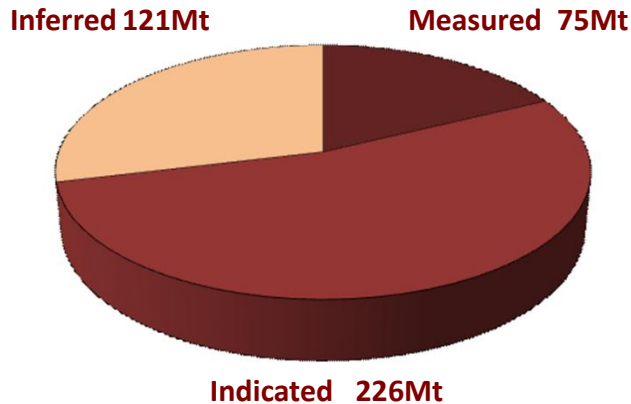
- BHP
- RIO
- FMG
- RHIOJV
- Other

Port Development - Anketell

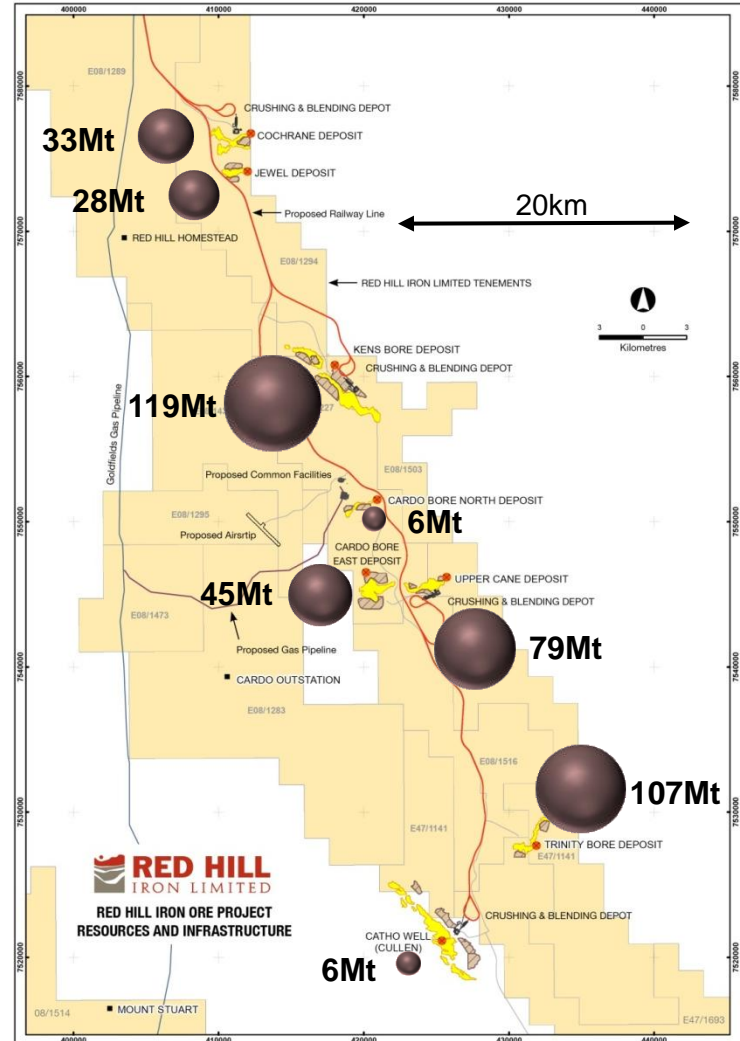


RESOURCES

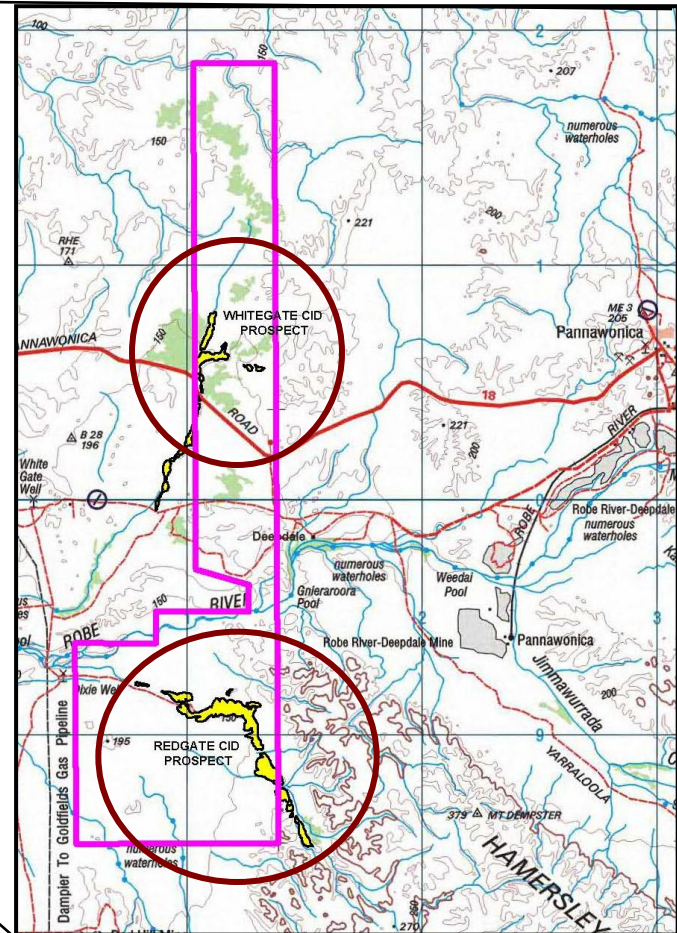
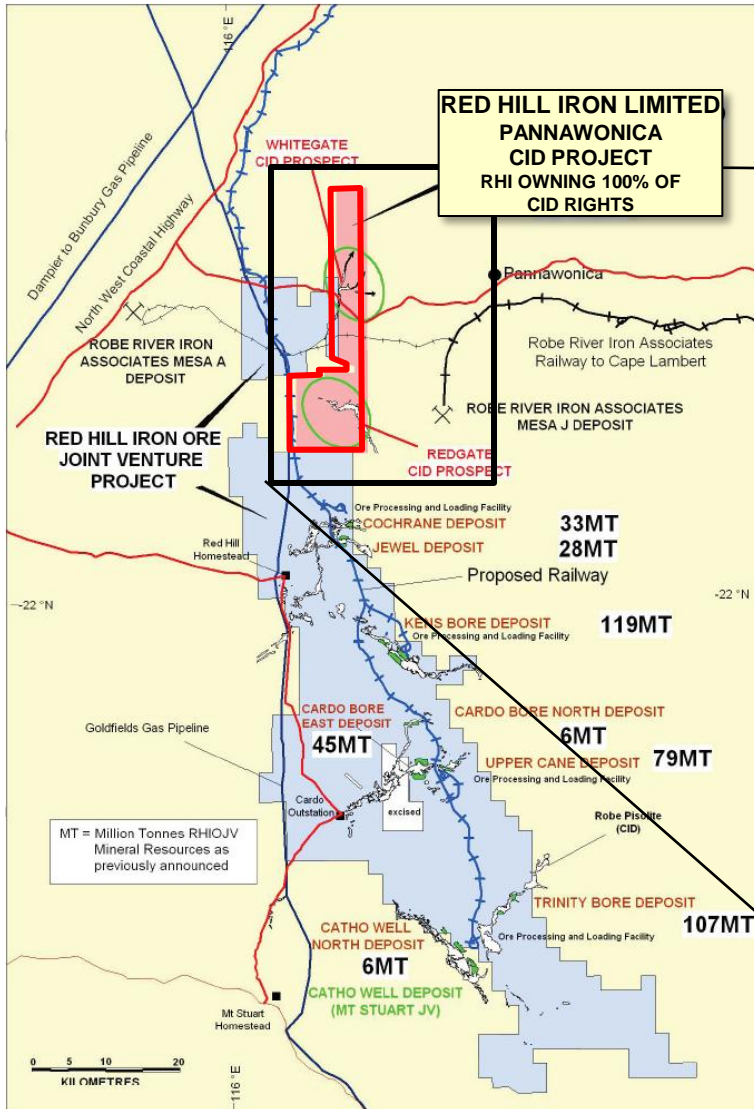
Deposit	KT	Fe%	Al ₂ O ₃ %
Cardo Bore North	5,555	57.63	3.62
Catho Well North	6,010	55.20	2.81
Jewel	28,472	56.46	3.90
Cochrane	32,705	57.31	4.01
Cardo Bore East	44,726	58.72	3.65
Upper Cane	78,959	58.07	3.19
Trinity Bore	106,560	54.62	3.87
Kens Bore	118,902	56.58	3.81
TOTAL	421,889	56.63	3.70



Source: RHI Annual Report Nov '09



ASSETS - Outside the JV



PANNAWONICA PROJECT

Drill Hole Locations

Phase 1 : RC drilling

To test the CID mesas and surrounding aprons.

Phase 2 : RC drilling

100 metre x 200 metre infill RC drilling (contingent on the results of Phase 1), and broad spaced Aircore drilling to test for possible blind CIDs.

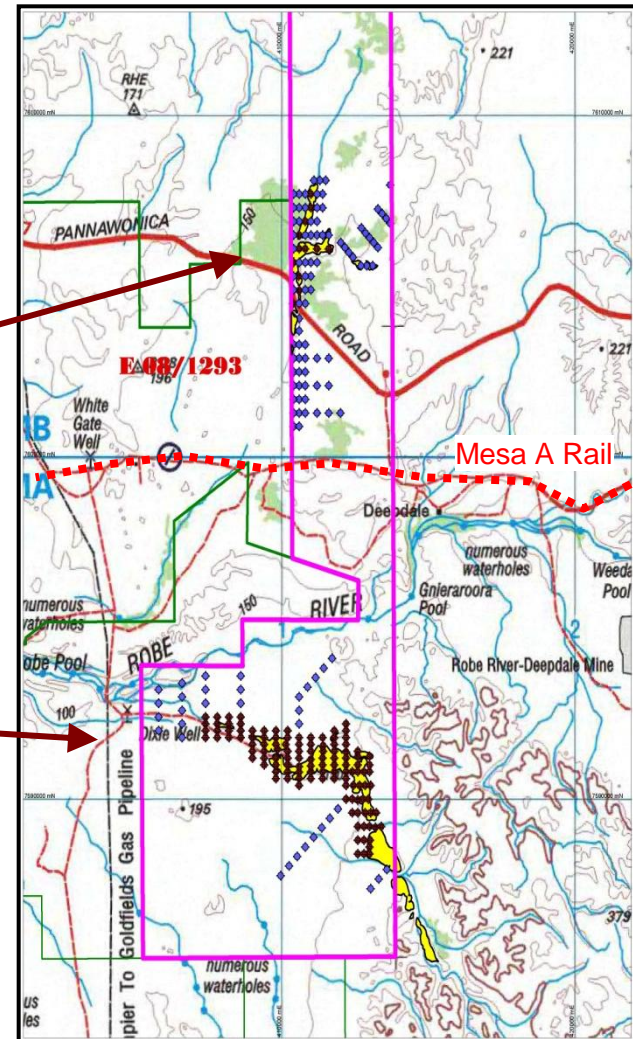
WHITEGATE PROSPECT

The CID mesas occur over a strike length of 5.5 kilometres, and widths of up to 0.35 kilometres.

REDGATE PROSPECT

The CID mesas occur over a strike length of 8.5 kilometres, and widths of up to 0.75 kilometres.

ASSETS - Outside the JV



WHITEGATE

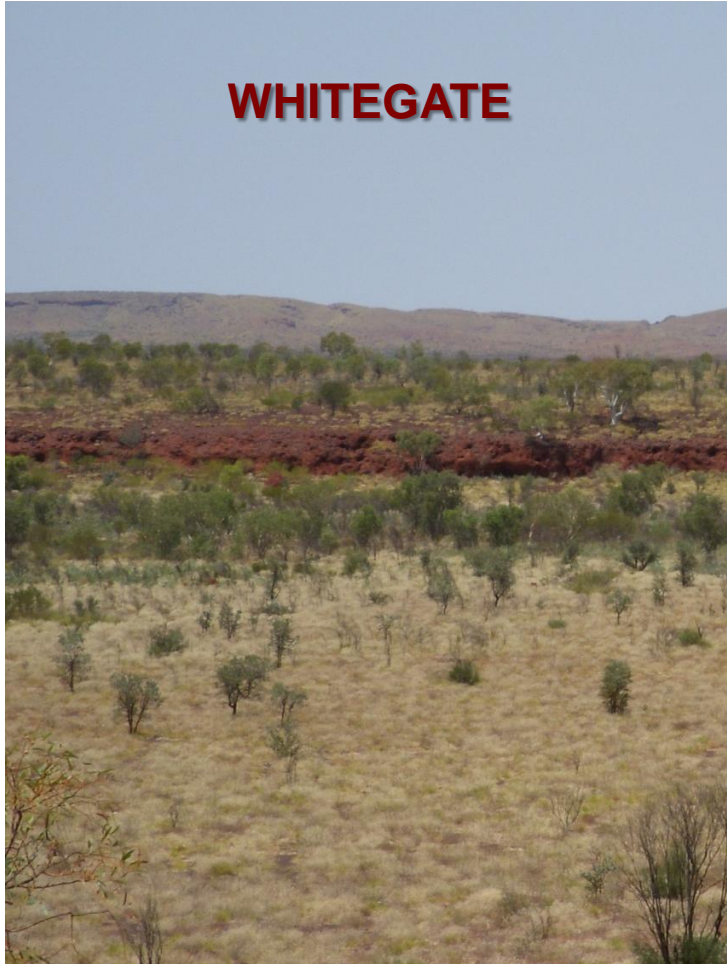


28.10.2009

REDGATE



WHITEGATE



REDGATE





Whitegate Drilling



WHITEGATE APPEARS MODEST

First phase drilling was restricted to portions of the smaller Whitegate CID as the Company awaited heritage surveying and drill site preparation for more extensive programs.

The drilling so far at Whitegate has revealed a good development of CID mineralization but with lower iron content and higher alumina than expected. This CID is a lesser target with only some 20 metres of relief.

The Company is presently seeking heritage clearance for the central zone of this CID so it can carry out drilling in the optimal central portion which has the greatest tonnage potential of the CID. Drill sections with greater than 54% iron are reported below:

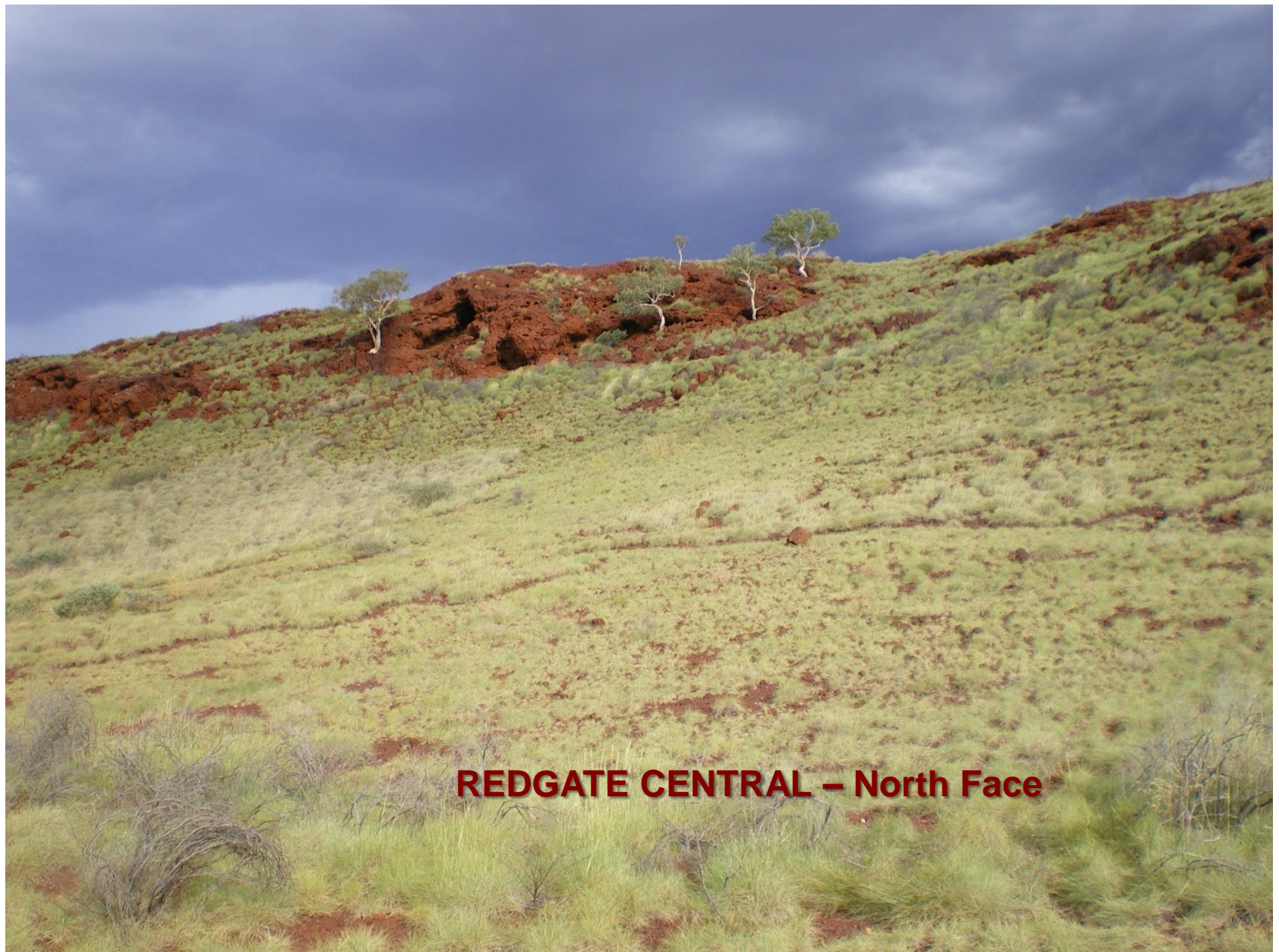
Whitegate: Drillholes with >2m and >54% Fe

Hole No	E	N	Depth, metres	Fe%	Al2O3	P2O5	SiO2	LOI
RZW001	410709	7606714	12 metres from 0 metres	56.1	3.6	0.07	5.6	9.3
RZW002	410800	7606709	12 metres from 0 metres	55.6	3.9	0.08	7.9	7.1
RZW003	410940	7606900	4 metres from 0 metres	54.8	4.8	0.08	7.9	8.4
RZW004	410873	760910	4 metres from 4 metres	56.9	4.2	0.07	5.2	8.5
RZW006	410914	7607086	4 metres from 6 metres	56.1	3.5	0.07	8.0	8.0
RZW007	410911	7607270	6 metres from 0 metres	55.8	3.8	0.06	8.1	8.1
RZW010	411010	7607502	6 metres from 0 metres	55.0	4.2	0.06	7.3	8.9
RZW011	411136	7607527	4 metres from 0 metres	55.8	4.4	0.05	5.6	9.6
RZW032	410795	7606190	4 metres from 18 metres	54.6	3.9	0.12	9.6	7.3
RZW034	410553	7606096	6 metres from 0 metres	55.0	4.4	0.08	6.2	9.7
RZW036	410659	7606098	4 metres from 0 metres	55.0	4.8	0.08	5.5	10.1
RZW048	410707	7605908	4 metres from 0 metres	56.3	3.6	0.08	5.1	10.1
RZW083	410366	7603687	4 metres from 4 metres	55.4	3.7	0.08	5.9	10.7
RZW088	410385	7604085	10 metres from 0 metres	56.0	4.2	0.1	5.3	9.8

TARGET REDGATE

Site access tracks are currently being prepared for RHI's major drilling campaign for the year which should commence at the **Redgate CID** by late May or early June.

The Redgate CID is the Company's primary target where high and well preserved CID profiles have been mapped and where the Company does not anticipate the erosional partial iron depletion processes, as seen at Whitegate, to have occurred.





REDGATE

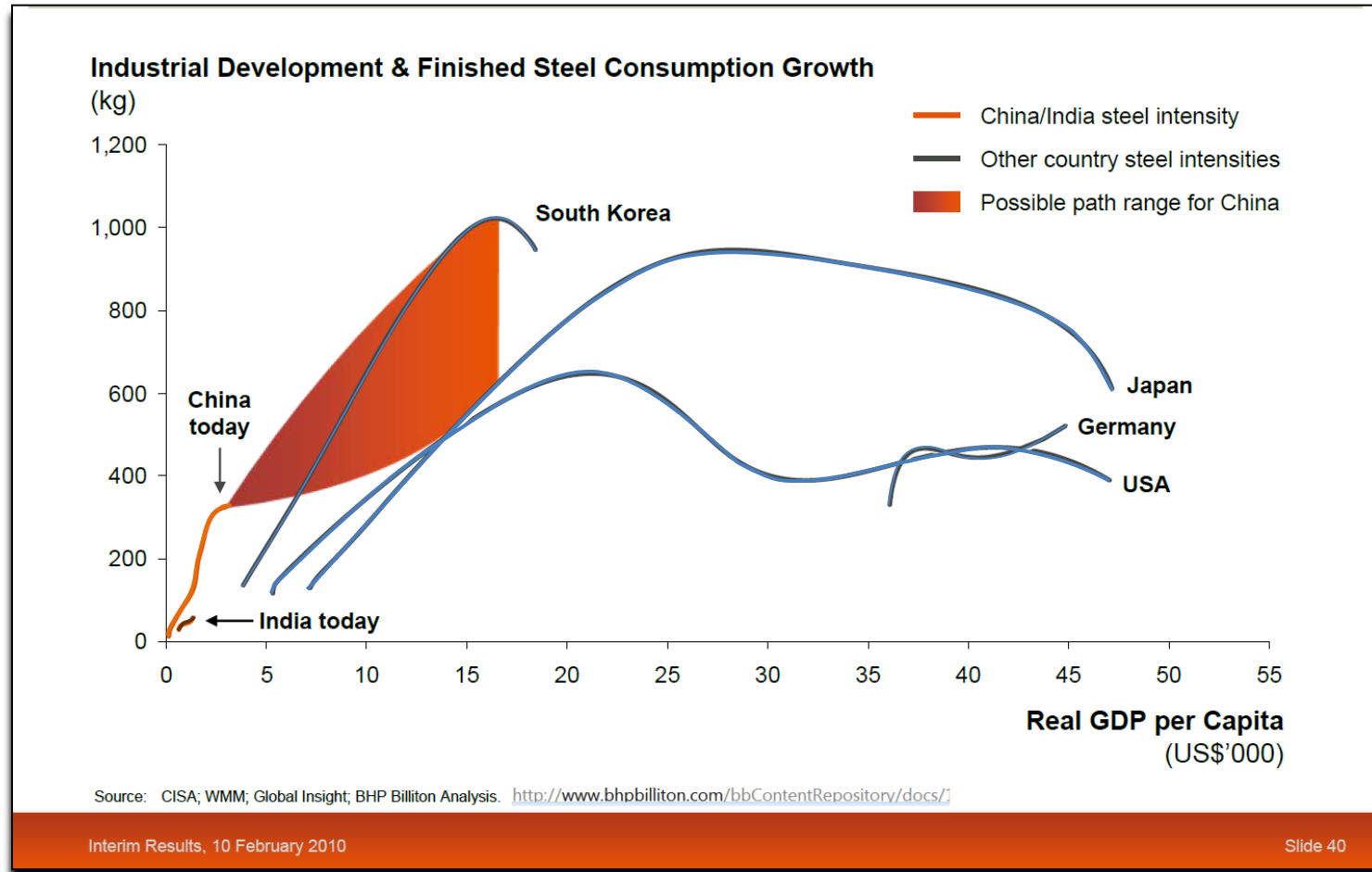


West Pilbara Iron Ore Project

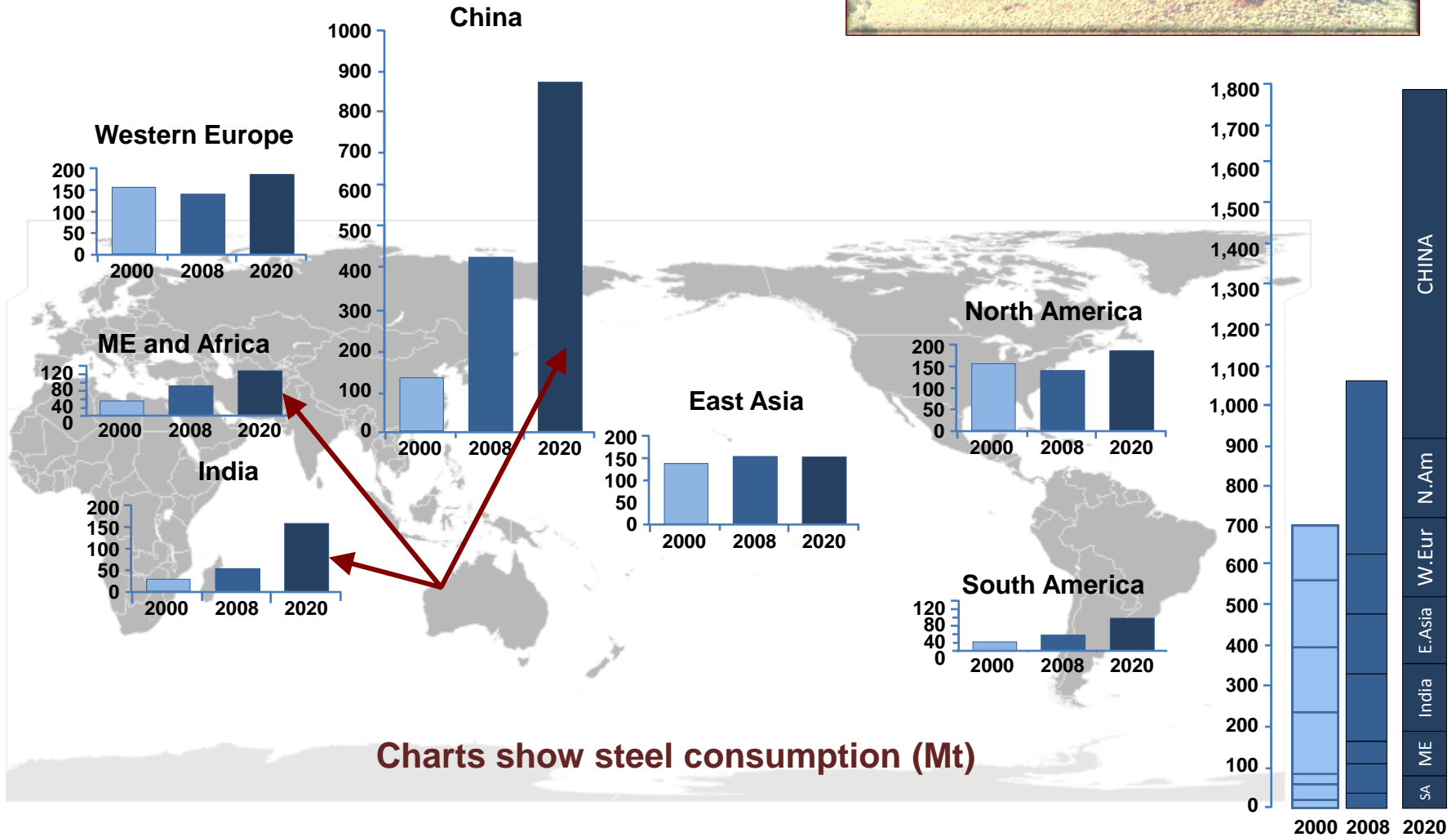


- ☀ Tests indicate the potential to substitute West Pilbara Fines (WPF®) for current sources of sinter feed.
- ☀ The Premier of WA announced the Government's approval for development of a multi-user port facility at Anketell Point, nominating Fortescue Metals Group and MCC Australia Holding Pty Ltd as potential foundation proponents to join the West Pilbara Iron Ore Project in developing the port for an ultimate capacity of 350Mtpa.
- ☀ A draft Public Environmental Review document for the port facilities at Anketell Point has been submitted to the Environmental Protection Authority.
- ☀ A total of 27 Memoranda of Understanding for individual steel mill testing have been signed with leading Chinese, Japanese and Korean steel mills
- ☀ Pre-Feasibility study for the Hardey Project continued during the Quarter, envisaging 10Mtpa, which would increase the total output for the West Pilbara Iron Ore Project to 40Mtpa.
- ☀ The engineering studies for the Definitive Feasibility Study for the Stage 1 30Mtpa development of the West Pilbara Iron Ore Project have been completed, with the Definitive Feasibility Study Report expected during Q2 2010.

Steel Intensity Per Capita Grows Strongly As A Nation Becomes Wealthier



China and other emerging nations will drive steel consumption growth



THE WAY FORWARD



West Pilbara Iron Ore Project – Stage 1

- ☀ **Stage 1 of the WPIOP is based on CID Deposits SW of Pannawonica**
- ☀ **A Definitive Feasibility Study for mine, rail and Anketell Port completed June 2010**
- ☀ **Public Environmental Reviews submitted early 2010**
- ☀ **Government approvals expected by mid 2011***
- ☀ **Construction commencing in 2011***
- ☀ **Production start-up in 2013***

* Aquila estimates



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Competent Person Statement

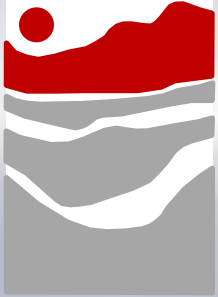


Competent Person Statement

The information in this announcement that relates to the Catho Well North, Cardo Bore East, Cardo Bore North, Cochrane, Jewel, Kens Bore and Upper Cane Mineral Resources is based on information compiled by Mr Stuart H Tuckey, Dr Sia Khosrowshahi and Mr Jani Kalla who are members of the Australian Institute of Mining and Metallurgy. Mr Tuckey is full-time employee of the API Management Pty Ltd. Dr Khosrowshahi and Mr Kalla are employees of Golder Associates Pty Ltd. Messers Tuckey, Khosrowshahi and Kalla have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tuckey, Dr Khosrowshahi and Mr Kalla consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Exploration results of the Pannawonica Project

The information in this announcement that relates to the PANNAWONICA PROJECT section of this report is based on information compiled by Mr Tim Boddington, who is a Member of The Australasian Institute of Mining and Metallurgy and is a full-time employee of Red Hill Iron Limited. Mr Boddington has sufficient experience which is relevant to the style of mineralisation and types of deposits 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 Boddington consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



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