

28 June 2010

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

Dear Sirs

RED HILL IRON RECOMMENCES DRILLING ON PANNAWONICA CID PROJECT

Red Hill Iron Limited, on Saturday 26 June, commenced a 95 hole initial drilling program on the Redgate prospect which is part of the Company's 100% owned Pannawonica Channel Iron Project.

This drilling program, which follows the recently completed 90 hole program on Red Hill's Whitegate prospect to the north, is targeting channel iron deposits (CIDs). The first phase of exploration will comprise broad spaced fences of reverse circulation drill holes covering a linear extent of eight kilometres.

Red Hill Iron purchased the rights to CID's within the 150 square kilometre Pannawonica Project area late last year. The Project area covers two significant paleodrainage systems within which the delineation of extensive CID resources is the target.

Recent mapping and reconnaissance surface sampling has revealed strong evidence for the occurrence of substantial CID resources.

Access to the Pannawonica Project is particularly good via a major bitumen road and well maintained station roads. Any ultimate mining of CIDs from the project area will benefit from being close to both the proposed rail link to the proposed new port at Anketell Point and the Robe River Associates rail system.

Yours faithfully

Neil Tomkinson
Chairman

