

30 April 2010

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

Dear Sir/Madam

**ACTIVITIES REPORT FOR THE QUARTER
ENDED 31 MARCH 2010**

HIGHLIGHTS

- Appointment of Mr Doug Stewart to act as the Company's Project Manager for the Red Hill Iron Ore Joint Venture (RHIOJV).
- Continued progress towards completion of Feasibility Studies for the RHIOJV.
- First drilling campaign at the Pannawonica Project completed and drilling of the main Redgate CID target scheduled to commence in June.
- Announcement of State Government approval for the development of a multi-user port facility at Anketell Point near Cape Lambert.

CORPORATE

Red Hill Iron Limited (RHI) is very pleased to announce the appointment of Mr Doug Stewart as the Company's Project Manager for its interest in the Red Hill Iron Ore Joint Venture. Doug has had a wealth of experience in project management roles and was until recently Managing Director of Territory Resources Limited in which role he was responsible for bringing the Frances Creek iron ore operation successfully into production. He is presently a non-executive director of Conquest Mining Limited.

Doug joins RHI at an important time in its progress towards becoming an iron ore producer. The RHIOJV is currently completing feasibility studies for a Channel Iron Deposit (CID) project with anticipated production that could be achieved before the end of 2013.

RED HILL IRON ORE JOINT VENTURE (RHI 40% reducing to 20%)

The RHIOJV is managed by API Management Pty Ltd (API), a company equally owned by Aquila Resources Ltd and AMCI Incorporated, the participants in the API Joint Venture. API is close to completing feasibility studies for the development of this project which envisages railing product to the recently approved port site at Anketell Point; the studies are based on the concept of blending RHIOJV CID ore with a lesser volume of ore from the adjacent Mt Stuart Joint Venture, in which your Company is not a participant. The RHI proportion of anticipated annual production is approximately 4.5 million tonnes.

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 whereby RHI is to repay its proportion of costs out of 80% of its portion of surplus revenue. RHI has a right to elect to convert its project interest into a 2% FOB royalty at any time up to first delivery of product to customers; in this event all loans made to RHI by API would be extinguished.

DEVELOPMENT

As part of the West Pilbara Iron Ore Project – Stage 1, the RHIOJV project was further advanced through mine planning, mine infrastructure engineering and approvals work during the quarter. Definitive Feasibility Study (DFS) technical works progressed to the final review phase during the period. The DFS is planned for issue during the June 2010 quarter.

Mine Infrastructure Engineering

The Integrated Management Team advanced the preparation of estimates for mining, project plant and infrastructure, and has commenced feasibility study report compilation.

The capital and operating cost estimation process is well advanced, as is the preparation of other technical documentation.

Environment and Consultation

A draft Environmental Management Plan for the mine operations was completed during the quarter.

The project's consultation program continued via meetings with relevant government and community stakeholders along with the process for securing required approvals.

Mining

Compilation of the mining portion of the DFS has commenced incorporating plant, machinery, labour plans and estimates. Work continued on optimising the mining schedule.

EXPLORATION

Exploration activity continued during the March Quarter and focused on:

- Continuation of drilling at the Kens Bore deposit, and
- Commencement of exploratory RC drilling at the Swearengen prospect.

Kens Bore Deposit

The continuing exploration effort was focussed on further definition of the CID mineralization at the Kens Bore deposit. 4 RC holes were drilled during the quarter for 118 metres, completing a program aimed at infill drilling and filling some gaps in coverage which commenced during the previous quarter. The results will aid the more accurate definition of the resource and some enhancement of tonnage can be anticipated.

Geology encountered during the drilling program indicates a CID profile that is composed of an upper goethitic hardcap layer with variable amounts of friable hematite and minor vitreous goethite. Thickness of hardcap CID varies from 4 to 14 metres. The goethitic hardcap has a distinct but diffuse hematite zone at the mixed zone boundary reflected by the assays. The underlying mixed clay-mineralised zone is 20 to 35 metres thick. The mixed zone has a clayey upper zone that grades into a rich red/purple friable hematite lower zone. Assay results confirm the thickness (up to 40 metres) of modestly high grade CID.

Better results (intercepts >40metres) received during the quarter from the RC drilling program include:

- 40m @ 57.86% Fe, 3.23% Al₂O₃, 5.60% SiO₂, 0.062% P, 0.013% S and 7.93% LOI from surface in KBRC356;
- 40m @ 58.58% Fe, 3.30% Al₂O₃, 4.19% SiO₂, 0.076% P, 0.016% S and 8.25% LOI from 6m in KBRC363;
- 42m @ 57.50% Fe, 3.49% Al₂O₃, 5.33% SiO₂, 0.079% P, 0.013% S and 8.45% LOI from 6m in KBRC369;
- 42m @ 58.00% Fe, 3.33% Al₂O₃, 5.37% SiO₂, 0.068% P, 0.010% S and 7.97% LOI from 4m in KBRC351;
- 42m @ 58.56% Fe, 2.81% Al₂O₃, 4.89% SiO₂, 0.072% P, 0.014% S and 8.00% LOI from 8m in KBRC348;
- 42m @ 59.53% Fe, 3.08% Al₂O₃, 3.81% SiO₂, 0.081% P, 0.010% S and 7.60% LOI from 8m in KBRC354;
- 46m @ 58.34% Fe, 2.96% Al₂O₃, 5.02% SiO₂, 0.078% P, 0.014% S and 8.00% LOI from 8m in KBRC357;
- 46m @ 58.46% Fe, 3.26% Al₂O₃, 4.48% SiO₂, 0.076% P, 0.014% S and 8.17% LOI from 4m in KBRC358; and
- 46m @ 58.70% Fe, 3.25% Al₂O₃, 4.04% SiO₂, 0.075% P, 0.023% S and 8.21% LOI from 2m in KBRC355.

All intercepts were calculated for greater than 54% iron cut.

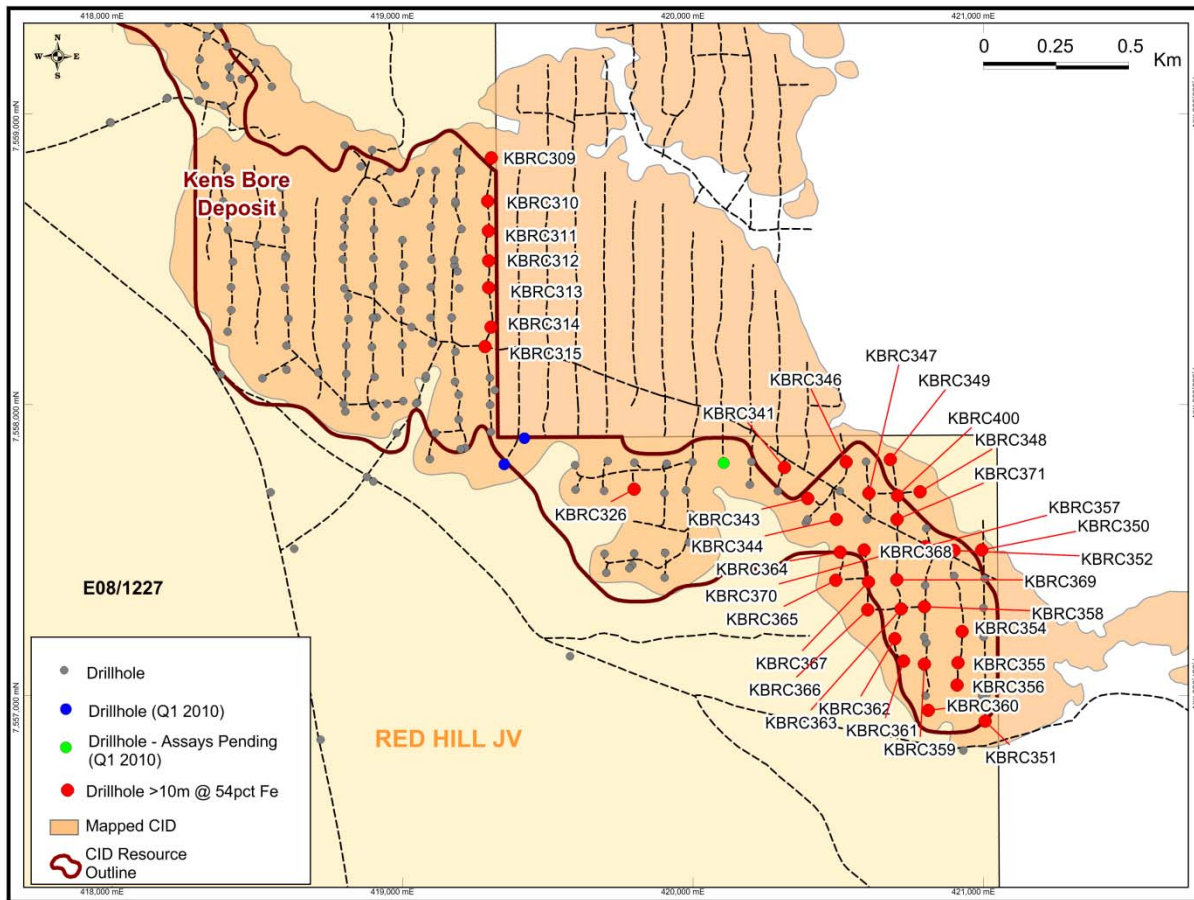


Figure 1: Drilling Locations at Kens Bore

Swearengen Prospect

The continuing exploration effort has focussed on further definition of the CID mineralisation at the Swearengen prospect. A total of 26 RC holes were drilled for 1,098 metres during the quarter. Drilling at Swearengen encountered a consistent CID profile that contained pockets of higher grade mineralisation. Logging and assays indicate the higher grade zones are 10 to 18 metres thick but discontinuous over a channel length of approximately 1.5 kilometres.

Geological validation and interpretation of these results will continue as the remaining assay results are received.

Better results (intercepts >15m) received during the quarter from the RC drilling program include:

- 16m @ 55.20% Fe, 4.49% Al₂O₃, 6.49% SiO₂, 0.071% P, 0.021% S and 9.43% LOI from surface in RNRC306;
- 16m @ 55.76% Fe, 4.39% Al₂O₃, 5.91% SiO₂, 0.071% P, 0.018% S and 9.39% LOI from 22m in RNRC314;
- 16m @ 54.77% Fe, 4.96% Al₂O₃, 6.07% SiO₂, 0.083% P, 0.021% S and 9.98% LOI from 26m in RNRC331; and

- 18m @ 56.19% Fe, 4.28% Al₂O₃, 5.29% SiO₂, 0.063% P, 0.022% S and 9.46% LOI from 18m in RNRC336.

All intercepts were calculated for greater than 54% iron cut

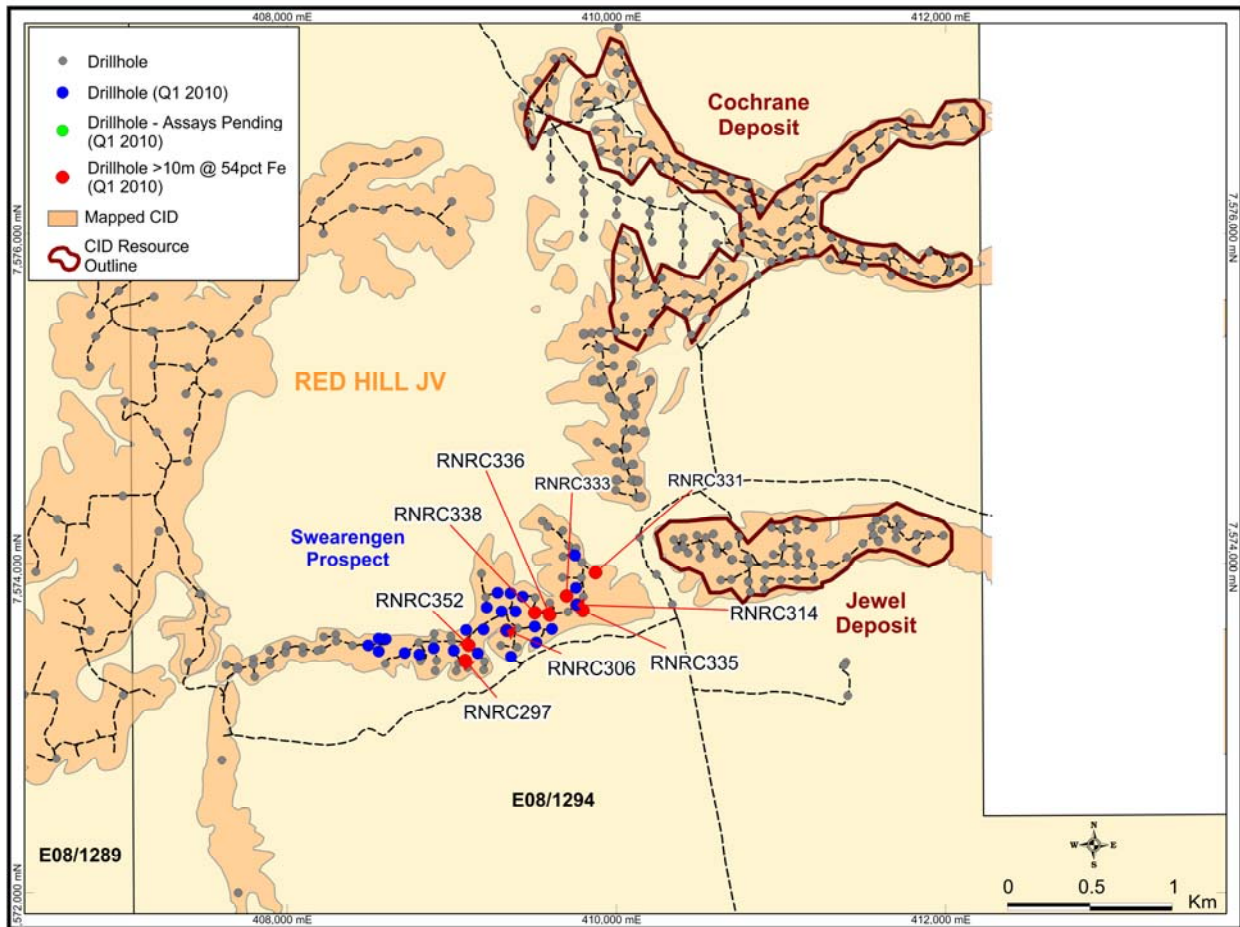


Figure 2: Drilling Locations at Swearngen

Kens Bore East Prospect

The API Joint Venture has recently carried out a drilling program on this prospect following the grant of an exploration licence over the area. Kens Bore East lies to the north east of and is contiguous to the Kens Bore Deposit which is within the RHIOJV tenements. RHI contends that the Kens Bore East prospect also lies within the boundaries of the RHIOJV tenements and having notified API of this contention has lodged caveats over the recently granted exploration licence to protect its interests. The API joint venturers contend that the prospect is excluded from the RHIOJV.

The API joint venture did not refer this program to the RHIOJV for approval; the results were set out by Aquila Resources Limited as part of its Quarterly Activities Statement released to ASX on April 29. RHI continues to monitor exploration of the area and is considering its position in the light of the recent API joint venture activity.

THE PANNAWONICA PROJECT (RHI 100%)

The Pannawonica Project is located in the West Pilbara, approximately 15 kilometres from the Pannawonica operations of Robe River Iron Associates. RHI has made good early progress with the drilling programs planned for the Whitegate and Redgate CID mesas on this wholly owned project.

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.

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.

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. Initial review of the drilling has suggested that a limonitic overprint of the original hematite rich mineralization has caused some reduction of grade and some infusion of alumina.

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:

Hole No	E	N	Metres	Fe	Al ₂ O ₃	P ₂ O ₅	SiO ₂	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
RZW004	410873	760910	2 metres from 16 metres	55.7	3.3	0.07	9.1	7.0
RZW005	411008	7607118	2 metres from 0 metres	55.1	4.4	0.09	6.8	8.9
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
RZW007	410911	7607270	2 metres from 28 metres	54.3	4.0	0.08	9.7	8.5
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
RZW029	411007	7605999	2 metres from 0 metres	56.5	4.3	0.08	4.8	9.5
RZW032	410795	7606190	4 metres from 18 metres	54.6	3.9	0.12	9.6	7.3
RZW033	410829	7606077	2 metres from 2 metres	56.5	3.3	0.09	5.0	10.4
RZW034	410553	7606096	6 metres from 0 metres	55.0	4.4	0.08	6.2	9.7
RZW035	410597	7606099	2 metres from 6 metres	55.2	4.6	0.09	5.5	9.7
RZW036	410659	7606098	4 metres from 0 metres	55.0	4.8	0.08	5.5	10.1
RZW036	410659	7606098	2 metres from 16 metres	54.8	4.2	0.12	9.2	7.6

RZW037	410703	7606098	2 metres from 2 metres	54.1	5.4	0.09	5.8	11.0
RZW037	410703	7606098	2 metres from 14 metres	54.7	4.3	0.09	8.3	8.2
RZW037	410703	7606098	2 metres from 18 metres	55.9	3.9	0.07	8.0	7.4
RZW038	410748	7606107	2 metres from 20 metres	55.4	3.7	0.12	7.5	9.1
RZW045	410406	7605505	2 metres from 0 metres	54.9	5.6	0.08	4.6	10.5
RZW048	410707	7605908	4 metres from 0 metres	56.3	3.6	0.08	5.1	10.1
RZW049	411388	7606100	2 metres from 0 metres	56.3	4.5	0.10	6.0	8.3
RZW053	411598	7606189	2 metres from 0 metres	57.4	2.5	0.07	6.0	9.4
RZW083	410366	7603687	4 metres from 4 metres	55.4	3.7	0.08	5.9	10.7
RZW085	410426	7603693	2 metres from 4 metres	54.9	3.8	0.08	6.2	10.3
RZW086	410394	7603906	2 metres from 6 metres	54.6	4.2	0.08	6.3	10.3
RZW087	410458	7604049	2 metres from 2 metres	54.8	3.6	0.11	8.3	9.2
RZW088	410385	7604085	10metres from 0 metres	56.0	4.2	0.10	5.3	9.8

Yours faithfully,

Joshua Pitt
Director

Competent Person Statements

Exploration results of the RHIOJV

The information in this report that relates to exploration results of the RHIOJV section of this report is based on information compiled by Mr Stuart Tuckey, who is a Member of The Australasian Institute of Mining and Metallurgy and is a full-time employee of API Management Pty Ltd. Mr Tuckey 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 Tuckey consents to the inclusion in the report of the matters based on his 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

RED HILL IRON LIMITED

ABN

44 114 553 392

Quarter ended ("current quarter")

31 March 2010

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) Exploration & evaluation	(590)	(820)
(b) Development	-	-
(c) Production	-	-
(d) Administration	(116)	(351)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	93	163
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material): Receipts	-	-
Payment – Security Deposit	(52)	(52)
	-	-
Net Operating Cash Flows	(665)	(1,060)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	(2,450)	(2,950)
(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) Payment	-	-
Net investing cash flows	(2,450)	(2,950)
1.13 Total operating and investing cash flows (carried forward)	(3,115)	(4,010)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(3,115)	(4,010)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	203
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	-	203
	Net increase (decrease) in cash held	(3,115)	(3,807)
1.20	Cash at beginning of quarter/year to date	6,967	7,659
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,852	3,852

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	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

Payment of \$2,450,000 for purchases of prospects during the quarter includes GST of \$950,000 on the entire transaction – this \$950,000 GST has been recovered subsequent to the quarter end and will be reflected as a receipt in the next quarter.

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

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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

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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	850
4.2 Development	-
Total	850

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	53	57
5.2 Deposits at call	-	110
5.3 Bank overdraft	-	-
5.4 Term Deposit	3,500	6,800
5.5 Other (Bank accepted bills)	299	-
Total: cash at end of quarter (item 1.22)	3,852	6,967

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	E08/1503	Relinquished	100%	0%
6.2 Interests in mining tenements acquired or increased	None			

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>				

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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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Peter Rutledge

Sign here: (Company secretary)

Date: **30 April 2010**

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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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