

Red Hill Energy Inc.

PRESS RELEASE

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RED HILL ENERGY RECEIVES POSITIVE PRE-FEASIBILITY STUDY RESULTS FOR THE ULAAN OVOO THERMAL COAL PROJECT, NORTHERN MONGOLIA

NPV @ 10% (AFTER TAX): US\$250 MILLION

Vancouver, BC, April 29, 2009 - Red Hill Energy Ltd. (TSX.V: RH) (“the Company”) is pleased to announce a positive, NI 43-101 compliant, pre-feasibility study (“PFS”) for the Company’s 100%-owned Ulaan Ovoo coal project (“the Project”) located in northern Mongolia. Minarco-MineConsult of Sydney, Australia, an independent mining consultant, prepared the PFS on Red Hill’s behalf. This PFS follows from the Project’s scoping study, prepared by Behre Dolbear and Company (USA) Inc., that was filed on SEDAR on November 9, 2006. The scoping study reported a NI 43-101 compliant resource estimate of 208 million tonnes, of which 174.5 Mt are Measured and 34.3 Mt are Indicated Resources.

The Project involves open cut mining of coal and waste rock using conventional shovel and truck techniques. Higher quality coal of > 5,000 kcal/kg (as-received basis), known as “by-pass coal,” will be crushed and stockpiled while other coal, known as “washed coal”, will be beneficiated in a wash plant prior to stockpiling. Both washed and by-pass coal will be blended on the product stockpile to derive a consistent product prior to transport from the site by rail to the Port of Nadhodka on the Russian eastern seaboard and sold on the export thermal market. Infrastructure construction is proposed for the latter half of 2009, overburden removal commencing in 2010 with mining and sale of coal proposed to commence in 2011.

The PFS concludes that the Project is financially robust with an estimated after-tax NPV (10% discount rate) of US\$250 Million at a coal price of US\$76 per tonne (fob, Port of Nadhodka) and a discounted cash flow-internal rate of return (DCF-IRR) of 19%. Project values for a range of coal prices are shown in Table 1.

Table 1. Technical Project Value

Thermal Coal Price (US\$/t product FOB)	\$60	\$68	\$76
NPV @ 10% (US\$ millions)	-\$231	\$0	\$250
DCF-IRR (%)	1%	10%	19%
Payback (years)	-	-	9.5
Cash Mining Cost (US\$/t product)	\$55	\$56	\$56
Average Annual Revenue (US\$ millions) ¹	\$354	\$399	\$449
Average Annual After-Tax Net Profit (US\$ millions) ¹	\$10	\$40	\$76

1. Coal prices are FOB Port of Nadhodka, Russia

Project highlights are summarized in Table 2.

Table 2. Project Production and Expenditure

Item	
Total Mined Coal (ROM Mt)	108
Mine Life (production years)	17
ROM Production Rate (Mtpa)	6.3
Average Stripping Ratio (bcm/ROM t)	1.8
Saleable Coal Production	
Total Saleable Coal @ 15% ash (Mt)	100
Average Annual Sales (Mtpa)	5.9
Average Cash Costs (US\$/t product)	
On-Site Cost	\$15
Off-Site Cost	\$41
Total Cash Cost	\$56
Capital Cost (US\$ millions)	
Initial Capital Cost	\$337
Sustaining/Replacement Capital	\$155
Total Life of Mine Capital Cost	\$492

*Mtpa = million metric tonnes per annum; t = metric tonne;
ROM = run of mine*

Production Summary

The PFS defines an open-cut mining strategy of expanding the mine from lower stripping ratio areas to higher stripping ratio areas to maximise the Project's economic potential. All waste rock will be directed to a large surface dump to the north and west of the pit as the steep coal dips prevent in-pit dumping of waste rock.

The total project life is 21 years, comprising a 2-year construction phase (2009 to 2010) followed by an 18-year mining period with site reclamation in the final year. The initial construction phase involves site preparation, infrastructure construction, and waste pre-stripping and stockpiling of coal. Major infrastructure to be constructed on site includes a wash plant, power station, coal stockpiles and handling equipment, mine offices, equipment workshops, and a staff camp facility.

Coal processing will be conducted on site with approximately 60% of the coal crushed and placed directly on the product stockpile and the remainder beneficiated using a wash plant. Average wash plant yield has been estimated at 80%. The initial three production years (2011 to 2013) will target higher quality coal seams which require no washing for sale. From 2016 on, between 2.5 and 4.8 Mt of ROM coal per year will be processed through the wash plant. The final coal product will be a thermal coal of moderate energy at nominally 5,000 kcal/kg ar. The

coal product is proposed to be railed to the Port of Nadhodka starting in 2011 for sale on the export market.

Mining commences with the stockpiling of small amounts of ROM coal in 2010 and saleable coal production begins in 2011. ROM coal production increases to 6 Mtpa from 2012 to 2015 and targets higher quality seams suitable for “by-pass” and direct sale. From 2016 on, annual ROM coal production ranges from 6.5 to 7 Mt to achieve a coal product of 6 Mt.

The mine plan indicates an overall stripping ratio (bcm/ROM t) of 1.8:1. The strip ratio is initially above average at > 2.5 (bcm/ROM t) to establish pit development and coal inventory. After Year 11 (2021), the stripping ratio averages 0.8:1 until the end of the mine life.

Potential Mineable Coal

The quantity of open-pit mineable coal is estimated at 108 Mt of run-of-mine (ROM) coal at a stripping ratio of 1.8 to 1 (waste bcm: coal ROM t). The saleable product is estimated at 100 Mt of thermal coal. Only Measured and Indicated resources were included to calculate the potential mineable coal resource. Reserve status has not been assigned to the potentially mineable resource due to the current uncertainty with coal price forecasts and has hence been defined as > potential mineable quantities of coal.

Workforce

The mining workforce requirements were estimated based on MMC’s experience with similar sized projects and previous studies in Mongolia. Joharko provided the wash plant workforce requirements. A key assumption was that maintenance personnel for the mining equipment would be provided by the equipment suppliers under a maintenance agreement. The remaining workforce, including sufficient staff for all levels of management, supervision, planning, and equipment operation would be directly employed by the mine. Table 3 shows a breakdown of the total site workforce including staff and support services for a typical year. In general, the workforce will range from 500 to 600 employees.

Table 3. Typical Mine Workforce at Full Production

Personnel	Total
Management	47
Mining Operations	309
Community Relations	16
HR and Safety	20
Tech Services	69
Coal Handling & Processing Plant (CHPP)	35
Infrastructure	30
Total	526

Capital Expenditures

The mine development plan assumes that capital spending begins in 2009, with the majority of capital spending (equipment and facilities) occurring up to 2014 and completion of the wash plant. Initial capital expenditure was calculated through to 2014 to include all major capital. Thereafter there will be on-going capital expenditures classified as either replacement or sustaining capital primarily being replacement mining equipment. The components of capital spending are listed in Table 4.

Table 4. Initial and Sustaining Capital Costs

Capital Item	US\$ (millions)
Overburden Removal Equipment	75
Coal Mining Equipment	22
Support Equipment	9
Coal Handling/Blending/Wash Plant (CHPP)	94
Coal Transport (New Rail Spur)	120
Mine Site Buildings, Roads & Camp	18
Total Initial Capital	\$337
Sustaining / Replacement Capital	\$155
Total Project Capital Spending	\$492

Mine Operating Costs

The mine operating costs reflect a typical truck-and-shovel open-pit operation with a favourable stripping ratio and limited coal beneficiation requirements. Estimated cash costs are summarized in Table 5.

Table 5. Estimated Production Cash Costs

Unit Cash Costs per Product Tonne	US\$/t
Overburden Removal	\$5
Coal Mining & Haulage to CHPP	\$2
Field Support Cost	\$1
Coal Washing & Handling (CHPP)	\$3
Admin & Overheads	\$3
Total Mine Operating Costs/tonne	\$15
Transport	\$30
Port	\$9
Royalty	\$2
Total Project Operating Costs/tonne (FOB)¹	\$56

1. FOB Port of Nakhodka, Russia

Additional Project Opportunities

Several opportunities remain at Ulaan Ovoo for generating additional revenues and profits, as well as for lowering costs. These opportunities were considered outside the scope of the work, but may be addressed in subsequent feasibility studies. These opportunities include:

- Export coal through and to China;
- Increase the quantity of saleable coals through resource additions achieved by exploration drilling. Additional resource drilling, if successful, could either expand the mine size or extend mine life;
- Decrease mining costs by using local mining contractors and/or using lower priced Russian or Chinese mining equipment;
- Improve washing yields through selective mining, and
- Gain competitive access to the domestic Mongolian or Russian markets.

The Project has no significant issues that would prevent successful mining and processing of the coal. Furthermore, there are a number of opportunities to increase the coal resource, reduce coal loss and add value to the Project.

Ranjeet Sundher, President of Red Hill Energy, commented today that:

“We are pleased with the conclusions of Minarco-MineConsult’s extensive study at Ulaan Ovoo. The study is significantly more thorough than previous studies and clearly outlines the path to production, from equipment acquisition and infrastructure development to delivery of the coal on the export market.”

A Detailed Environmental Impact Assessment (DEIA) and Environmental Protection Plan (EPP) were approved for Ulaan Ovoo by the Mongolian Ministry of Nature and the Environment under Mongolia’s 2006 Minerals Law and 1995 Environmental Protection Law. Approval of the DEIA is required before the project can be developed. The Ulaan Ovoo Coal Project has already been granted a fully transferable mining licence from the Mongolian government. The mining license is valid for 30 years and is extendible for an additional 40 years.

Qualified Person

Mr. Romeo Ayoub, an Independent Consulting Mining Engineer for Minarco-MineConsult, is the Qualified Person as defined by NI 43-101, and has reviewed and approved the results presented in this press release.

ABOUT RED HILL ENERGY INC.

Red Hill Energy Inc. is a junior resource company trading on the TSX-Venture Exchange under the trading symbol RH. The Company is advancing over one billion tonnes of 100% owned coal from two Mongolian coal basins towards production. Red Hill’s Ulaan Ovoo Coal Project has a

mining license and is fully compliant with all necessary environmental legislation to commence production; a Pre-Feasibility Study is the final stages of completion. Red Hill has a full-time office in Mongolia's capital, Ulaanbaatar.

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