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28 April 2006

Company Announcements Office Australian Stock Exchange PO Box H224, Australia Square Sydney NSW 2000

Dear Sir/Madam

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2006

HIGHLIGHTS

- Red Hill Iron Limited ("Red Hill Iron") was admitted to the Australian Stock Exchange and its shares commenced trading on 14 February 2006
- Encouraging initial Channel Iron Deposit (*CID") drilling results from the Cardo Bore East prospect, with best grades comparable to operating CID mines
- Further CID drilling, which has been delayed by repeated cyclones, is due to commence shortly.
- A 40,000 line kilometre aeromagnetic survey is to commence mid May to help define channel iron deposits and structural settings for gold mineralization.
- RAB/aircore drilling for gold and base metal targets in areas of superficial cover is planned to commence mid May.

Red Hill Iron's Initial Public Offering of 20 million shares to raise \$4,000,000 closed early on 1 February 2006 oversubscribed. The company was admitted to the Australian Stock Exchange and its shares commenced trading on 14 February 2006.

Red Hill Iron controls a large package of tenements in the West Pilbara region of Western Australia. The tenements include known Channel Iron Deposits associated with Tertiary aged river channels south of the Robe River-Pannawonica iron ore mining operations. They also have potential for gold and base metals.

The iron ore rights to the tenements are in joint venture with API Management Pty Limited (API), a company 50% owned by Aquila Resources Limited. API may earn 80% in the iron ore rights by providing all exploration costs and lending Red Hill Iron all its proportion of any future development costs repayable only out of mine cashflow.

IRON ORE

The best results from initial drilling on the **Cardo Bore East** prospect are set out in the table below:

Hole Number	From	То	IRON INTERCEPT	Fe %	AI2O3 %	SiO2 %	Mn %	Р%	S %	LOI %
CBRC041	23	39	16 m @ 56.65 %	56.65	4.37	7.75	0.02	0.08	0.02	6.18
CBRC042	15	35	20 m @ 59.52 %	59.52	3.38	4.15	0.02	0.06	0.01	6.89
CBRC043	14	33	19 m @ 59.20 %	59.20	3.29	4.40	0.02	0.07	0.01	7.11
CBRC045	22	39	17 m @ 60.25 %	60.25	2.97	3.03	0.43	0.07	0.01	6.60
CBRC047	12	30	18 m @ 59.61 %	59.61	3.26	4.55	0.07	0.09	0.01	6.12
CBRC048	15	25	10 m @ 58.48 %	58.48	4.04	4.85	0.02	0.06	0.02	6.47
CBRC048	28	33	5 m @ 58.84 %	58.84	3.68	4.69	0.02	0.07	0.01	6.66
CBRC049	24	34	10 m @ 56.32 %	56.32	4.78	5.89	0.04	0.10	0.01	7.76

The major CID RC drilling campaign which was due to commence in March has been delayed by cyclonic weather that significantly affected the Pilbara region during the March Quarter.

Drilling is expected to commence shortly and should continue throughout the forthcoming quarter focusing initially on the **Cardo Bore East, Cardo Bore North** and **Ken's Bore** prospects.

Reinterpretation of the CID at **Cardo Bore East** suggests 3 tributaries feeding off the Hamersley Range confluencing in the area of current drilling. The high-grade (+58% Fe) intercepts shown in the Table are associated with the projections of these tributaries, rather than a singular channel. Below the confluence, a single channel trends west-southwest aligning closely with the mesa. The degree of erosional stripping is severe (some 30 metres or more) but not sufficient to remove completely the CID (maximum drill indicated thickness of 60 metres, averaging 40 metres). Thus, remnants of the deeper channel are preserved below plain level with preservation probably greater to the west rather than to the south.

GOLD AND BASE METALS

Red Hill Iron is exploring the tenements in its own right for gold and base metals. The tenements encompass an extensive area of the Paraburdoo Hinge Zone (PHZ), which is prospective for shear hosted and Carlin style epithermal gold, volcanogenic copper-zinc and stratiform lead-zinc mineralisation.

Red Hill Iron has rapidly advanced the regional gold and base metal appraisal with the refinement of photo imaging interpretations, and the compilation and correlation of past data sets. Several areas of interest for both gold and base metal mineralisation have emerged from this work.

The commencement of the detailed aeromagnetic/radiometric survey has been delayed by wet weather, and is now due to commence by mid May. It will cover the entire Project Area at 100 metre line spacing, and will enhance geological - structural targeting for gold and base metals and CIDs. Radiometric anomalies located by the survey will be tested for uranium.

Induced polarization geophysical surveys are planned for three areas to assist in defining drill targets for Carlin style gold mineralisation and an airborne EM survey covering part of the southern Project Area is planned to help define concealed base metal targets.

In the northern part of the Project Area, a RAB/aircore drilling program of 200 holes has been commissioned to commence in May and geochemical surveys to test selected areas of outcrop will be carried out.

Yours faithfully

Garry Strong Director

COMPLIANCE STATEMENT

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Tim Boddington who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Boddington is a full-time employee of the company. Mr Boddington 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 Boddington consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement, insofar as it relates to iron ore exploration activities, is based on information compiled by Stuart H Tuckey, who is a member of the Australian Institute of Mining and Metallurgy, and who has more than five years experience in the field of activity being reported on. Mr Tuckey 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 of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tuckey consents to the inclusion in the report of the above matters, based on their information in the form and context in which it appears.

