

29 November 2006

Company Announcements Office  
Australian Stock Exchange Limited  
PO Box H224 Australia Square  
SYDNEY NSW 2000

Dear Sir/Madam,

## **SIGNIFICANT DRILL RESULTS RETURNED FROM CHANNEL IRON DEPOSITS**

### **Highlights**

- **Broad mineralised pisolitic channel iron deposits greater than 30 metres thick intersected over a wide area at Ken's Bore Prospect.**
- **Drill Intersections include:**

**36 metres at 58.89% iron, 2.74% alumina, 4.72% silica from 8 metres in hole KBRC 039;**

**48 metres at 58.67% iron, 3.36% alumina, 3.91 % silica from 4 metres in hole KBRC 041;**

**38 metres at 59.99% iron, 2.78% alumina, 3.24% silica from 8 metres in hole KBRC 052;**

**36 metres at 59.44% iron, 2.90 % alumina, 3.66% silica from 8 metres in hole KBRC 054.**

### **RED HILL IRON ORE PROJECT**

Red Hill Iron Limited ("the Company") is pleased to announce the most significant RC drill results returned to date from the evaluation of the channel iron targets at its Red Hill Iron Ore Project in the West Pilbara region of Western Australia.

The Project is the subject of a Joint Venture between the Company and Australian Premium Iron Joint Venture ("API") which is owned 50% by Aquila Resources Limited. Under the terms of the Joint Venture, API has earned an initial 20% Participating Interest in the Project and may earn up to an 80% Participating Interest by the fulfilment of certain expenditure requirements.

## **Ken's Bore Prospect**

The Ken's Bore Prospect consists of a channel iron deposit ("CID") with a strike length in excess of 7km. A first pass RC drilling programme, comprised of 55 holes for a total of 2,776 metres, has been completed.

All drill holes intersected variable thicknesses, ranging from 4m up to 48m of CID grading 54% iron or better in the central channel. The most promising results have been returned from two drill fences located in the south east sector of the prospect. Drill holes KBRC038, 039 & 052 (line 421000mE) and KBRC041, 053 & 054 (line 420800mE) define a channel greater than 200 metres wide and an average thickness of 35 metres.

Planning is currently in progress for additional drilling in the area to extend the identified CID.

Ken's Bore – Table of Selected Intercepts:

Hole ID	Intercept	From	To	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	P%	S%	LOI%
KBRC002	18 m @ 55.71 % Fe	22	40	4.07	5.32	0.059	0.006	10.40
KBRC004	22 m @ 57.65 % Fe	14	36	3.75	4.74	0.076	0.014	8.48
KBRC020	20 m @ 56.51 % Fe	16	36	3.84	5.33	0.066	0.015	9.35
KBRC024	16 m @ 56.47 % Fe	2	18	3.78	4.63	0.089	0.023	9.97
KBRC028	22 m @ 55.84 % Fe	30	52	4.27	6.04	0.135	0.002	8.97
KBRC029	26 m @ 55.20 % Fe	28	54	4.20	6.09	0.145	0.002	9.99
KBRC035	30 m @ 59.04 % Fe	20	50	3.13	4.23	0.089	0.002	7.73
KBRC036	22 m @ 56.75 % Fe	40	62	4.21	7.14	0.099	0.002	6.79
KBRC038	34 m @ 59.30 % Fe	8	42	3.07	4.04	0.074	0.002	7.70
KBRC039	36 m @ 58.89 % Fe	8	44	2.74	4.72	0.066	0.002	7.76
KBRC041	48 m @ 58.67 % Fe	4	52	3.36	3.91	0.077	0.007	8.44
KBRC042	18 m @ 58.72 % Fe	20	38	3.15	4.21	0.093	0.002	8.26
KBRC047	32 m @ 58.74 % Fe	24	56	3.22	4.18	0.084	0.009	8.03
KBRC048	20 m @ 58.85 % Fe	30	50	2.97	4.90	0.082	0.002	7.62
KBRC050	32 m @ 56.69 % Fe	42	74	3.28	6.22	0.191	0.002	8.60
KBRC052	38 m @ 59.99 % Fe	8	46	2.78	3.24	0.075	0.007	7.71
KBRC053	22 m @ 58.37 % Fe	2	24	3.62	4.14	0.057	0.019	8.32
KBRC054	36 m @ 59.44 % Fe	8	44	2.90	3.66	0.076	0.013	8.06
KBRC055	16 m @ 56.81 % Fe	32	48	3.48	6.07	0.090	0.002	8.66

Note: Drill intercepts listed are calculated at a cut-off of 54% Fe and include only those with a thickness in excess of 15 metres.

Yours faithfully

G R Strong  
Director

### **COMPLIANCE STATEMENT**

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 the information in the form and context in which it appears.

**RED HILL**  
 IRON LIMITED  
**CHANNEL IRON DEPOSITS  
 AND PROSPECTIVITY**

