

24 January 2007

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
Exchange Centre  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

### **ASX WAIVER FROM THE REQUIREMENTS OF LISTING RULE 7.1**

On 10 January 2007 Red Hill Iron Limited ("the Company") announced that it had entered into a share subscription agreement with Aquila Steel Pty Ltd ("Aquila") whereby Aquila would take up the right of API Management Pty Limited ("API") to subscribe for 5,882,353 ordinary fully paid shares in the Company pursuant to the Farm-in Agreement between the Company and API dated 29 November 2005 and disclosed in the Company's Prospectus dated 12 December 2005 ("the subscription right"), at a price of 134.35 cents per share.

The 5,882,353 shares to be issued under the terms of the subscription right exceed 15% of the current issued capital of the Company and the Company has sought a waiver from the Australian Stock Exchange ("ASX") to the provisions of Listing Rule 7.1 in respect of 1,582,353 of the shares to be issued.

The Company is pleased to disclose that the ASX has granted a waiver from the requirements of Listing Rule 7.1 to the extent necessary to permit the Company to issue without shareholder approval the 1,582,353 ordinary shares to Aquila on the following conditions:

- 1 The Company issues the Securities on or before 31 March 2007;
- 2 The Company immediately informs the market following the issue of the Securities;
- 3 The Company immediately discloses the terms of this waiver to the market.

The Company anticipates that the total 5,882,353 shares will be issued on 15 February 2007.

Yours faithfully

P.C.Ruttledge  
Company Secretary