

30 July 2007

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

Dear Sir/Madam,

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2007

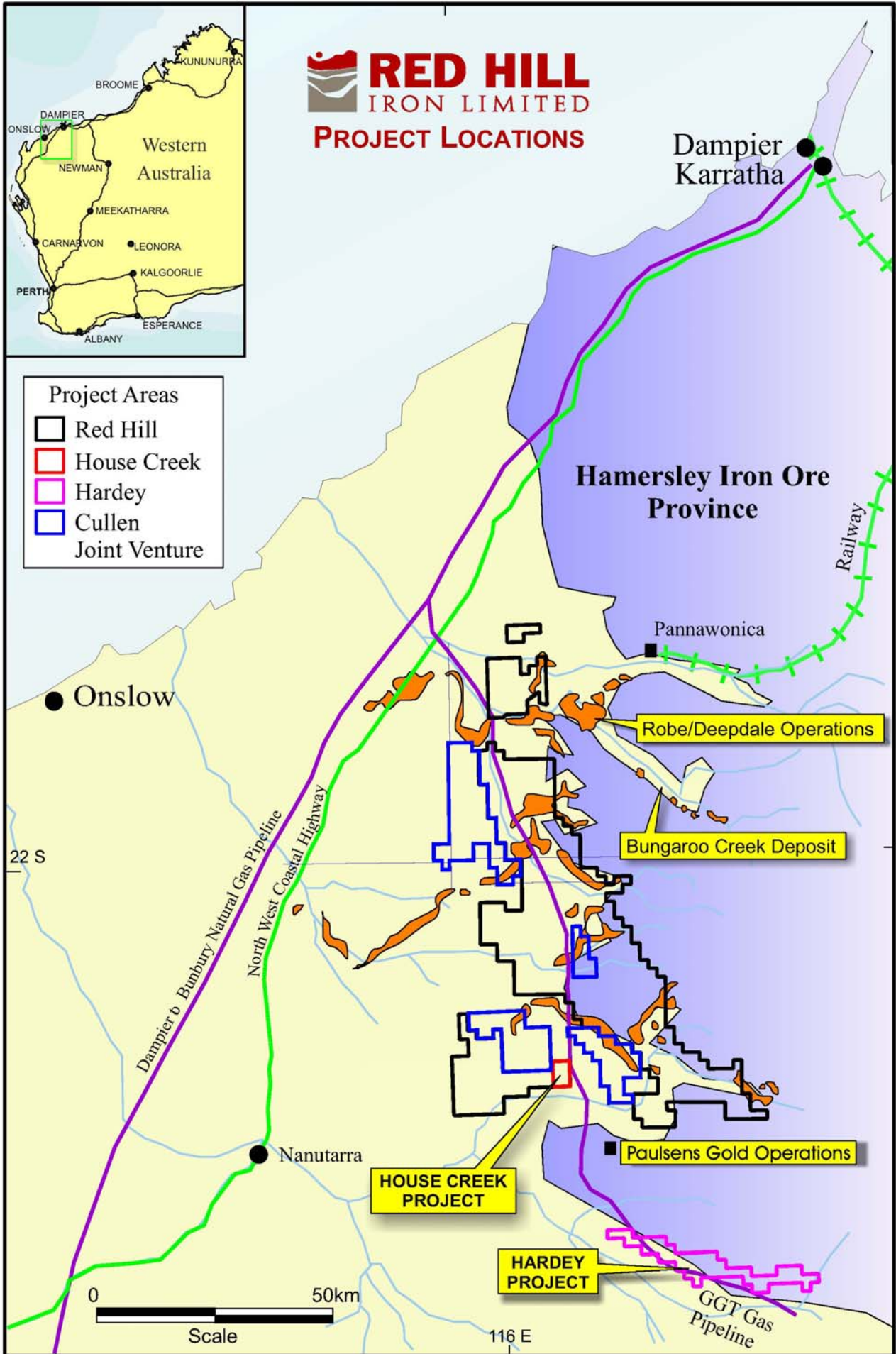
HIGHLIGHTS

IRON ORE

- Initial JORC Resource Estimate of 135 million tonnes of Iron Ore at 58.48% Iron
- Continuing exploration and resource assessment with the commencement of a 250 hole drilling program.
- Pre-feasibility Studies continue with port selection and transport corridor investigations, environmental and heritage studies, completion of initial metallurgical test work, and commencement of preliminary mine scheduling and blending analysis.

NON-FERROUS

- Samples from infill drilling of the Red Hill gold-copper and Whynot copper-gold prospects return further anomalous values.



IRON ORE

Iron ore exploration and resource assessment, together with pre-feasibility studies, continued on the Red Hill Iron Project Area through the joint venture with Australian Premium Iron Joint Venture managed by API Management Pty Ltd (API) in which Red Hill Iron Limited (RHI) has a 40% interest and API 60%.

API has elected to increase its interest to 80% by lending all RHI's project costs including any capital costs for mine development. These loans are to be repaid out of 80% of RHI's share of any future mine revenue.

RHI has the right to convert its interest in the project to a 2% free-on-board royalty at any time up to the delivery of first ore to customers.

Pre-Feasibility Study

API, as project manager, is carrying out pre-feasibility studies for the potential development of mining infrastructure to mine, process, and transport ores from several iron ore deposits not all of which are located within the Red Hill Project Area.

Selection of a port was a key focus for API during the Quarter. Cape Preston and Dixon Island are preferred options. API has been in discussion with other stakeholders in regards to these locations and has also participated in a consultative process with Worley Parsons who has been commissioned by DoIR to prepare a report on future infrastructure requirements at Cape Preston.

Field studies commenced during the Quarter as required for the regulatory approvals process. Flora and fauna surveys were undertaken across mining areas and at the nominated locations for a processing plant, camp and airstrip.

Progress was also made in a hydrogeological study which will report the prospectivity for locating adequate groundwater and propose a drilling program to identify and prove up supply, and the initial stage of a landscape and geo-heritage study was undertaken during June.

The first round of metallurgical testwork was completed. The results confirmed that some gangue materials including alumina are associated with the iron in the pisolite structure and are reasonably uniform throughout the ore.

The next stage will include sinter tests on the ore and initial discussions were held with CSIRO who are being considered for the work. A combination of ore from bulk sampling and selected core drilling is planned to be used as source stock for the test program.

Consultants began an initial analysis of possible mining scenarios intended to provide insight to likely blending requirements and overall iron ore specifications over time.

Partial Resource Statement

On 16 May 2007 the Company released an initial JORC partial resource estimate for the Red Hill Project Area.

The Indicated and Inferred resource for the pisolitic channel iron deposits (CID's) totals 135 million tonnes at 58.48% Iron comprising the Cardo Bore East, Upper Cane, Jewel and Cochrane deposits as detailed below:

Cardo Bore East Deposit (cut-off grades >54% Fe and <4.0% Al₂O₃)

Resource Classification	Tonnage (Mt)	Average Grade							
		Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%	Mn%	MgO%	LOI%
Indicated	30.6	59.32	4.60	3.43	0.076	0.016	0.065	0.109	6.59
Inferred	4.8	58.98	4.85	3.46	0.072	0.017	0.055	0.119	6.68
Total	35.4	59.27	4.63	3.44	0.075	0.016	0.064	0.110	6.60

Upper Cane Deposit (cut-off grade >54% Fe, no Al₂O₃ cut-off applied)

Resource Classification	Tonnage (Mt)	Average Grade							
		Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%	Mn%	MgO%	LOI%
Indicated	27.8	58.74	4.97	2.88	0.082	0.020	0.024	0.043	7.55
Inferred	31.5	58.76	5.02	2.98	0.075	0.019	0.021	0.050	7.50
Total	59.3	58.75	5.00	2.93	0.078	0.019	0.022	0.047	7.52

Jewel Deposit (cut-off grades >54% Fe and <4.4% Al₂O₃)

Resource Classification	Tonnage (Mt)	Average Grade							
		Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%	Mn%	MgO%	LOI%
Indicated	14.4	56.87	5.78	3.52	0.057	0.026	0.023	0.057	8.95
Inferred	5.3	56.80	6.05	3.62	0.066	0.025	0.027	0.056	8.59
Total	19.7	56.85	5.85	3.55	0.059	0.026	0.024	0.057	8.85

Cochrane Deposit (cut-off grades >54% Fe and <4.2% Al₂O₃)

Resource Classification	Tonnage (Mt)	Average Grade							
		Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%	Mn%	MgO%	LOI%
Indicated	20.7	57.90	5.05	3.59	0.079	0.020	0.012	0.115	7.91
Inferred									
Total	20.7	57.90	5.05	3.59	0.079	0.020	0.012	0.115	7.91

Total - Channel Iron Deposits

Resource Classification	Tonnage (Mt)	Average Grade							
		Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%	Mn%	MgO%	LOI%
Indicated	93.5	58.46	4.99	3.32	0.076	0.020	0.035	0.083	7.53
Inferred	41.6	58.53	5.13	3.12	0.074	0.020	0.026	0.059	7.55
Total	135.0	58.48	5.04	3.25	0.075	0.020	0.032	0.075	7.53

Exploration

Late in the Quarter, drilling commenced on the Red Hill Iron Ore Project Area assessing the northern extensions of the Kens Bore and Catho Well CIDs.

Kens Bore

A program of in-fill RC drilling was completed at the northwest end of Kens Bore. Drilling completed indicates the mineralised CID is dominantly comprised of goethitic to hematitic rich oolitic to massive CID and clay zones consistent with results from previous drilling.

A total of 45 holes for 1460 metres have been completed to date. Additional drilling is required in the central zone to complete coverage and is scheduled for next Quarter.

Assay results are pending.

Catho Well North

RC drilling has targeted the northwest extensions of the Catho Well resource where the API – Cullen Resources Limited Joint Venture has announced a JORC compliant resource of 68 million tonnes of 55.38% iron.

A total of 18 holes for 524 metres have been completed to date. Assay results are pending.

Drilling encountered variable thicknesses of CID material with thickness generally increasing towards the southwest. The CID material tested was generally mixed-zone material consisting of vitreous goethite, goethite and sometimes hematite rich pisolitic CID with interstitial clay zones.

Red Hill

During the Quarter a total of 19 holes for 492 metres were completed.

RC drilling continued at the Red Hill prospect to test the various palaeodrainages which occur between the Kens Bore and Red Hill North deposits. The Red Hill CID's are generally thin and represent remnant isolated mesas which were originally part of a large drainage system sourced from Kens Bore and/or Red Hill North. The deposits are mostly comprised of goethite-altered CID with substantial clay. Sporadic, minor hematite enrichment occurs towards the surface.

Assay results are pending.

Commenting on the continuing progress of the joint venture, the Chairman of Red Hill Iron Limited said,

"The momentum of the project continues to build, with the necessary work associated with port selection, transportation and mining option well under way, together with on-going drilling designed to continue adding further tonnes to this expanding project. Management remains focussed and the Board is pleased with the progress made during the quarter."

GOLD & BASE METAL EXPLORATION

During the June Quarter RHI recommenced field work for gold and base metals on the Red Hill Project Area. Exploration will intensify during the next quarter and an RC drilling rig has been commissioned for the testing of defined EM and gold and base metal soil anomalies with drilling anticipated to commence in September.

RHI undertook the following work:

- Collected 2,200 soil samples from the Project Area;
- Completed a small RAB program to test the unconformity related copper – gold mineralisation at the Whynot Copper – Gold prospect (nine holes for 393 metres);
- Commenced infill RAB – Aircore drilling of anomalous gold intersected at the Red Hill Gold Copper prospect during the 2006 program (73 holes for 3,333 metres);
- Recommended systematic regional RAB - aircore drilling, including infill of base metal anomalies defined during the 2006 program (45 holes for 793 metres).
- Commenced systematic field evaluation of TEM targets defined by reprocessing of the 2006 HoisTEM survey data.
- Commenced reconnaissance sampling of uranium anomalies defined by the 2006 radiometric survey.

RESULTS

Red Hill Gold Copper prospect:

The first phase of infill RAB – Aircore infill drilling targeting the gold antimony arsenic soil anomaly and regional RAB holes containing anomalously high gold values encountered in 2006 was completed during the quarter.

These holes lie within the Red Hill – Derek’s Bore Trend, a 20 kilometre long zone containing anomalous gold geochemistry, areas of hydrothermal alteration, and structural complexity, in the lower part of the Paraburdoo Hinge Zone.

RAB - Aircore samples: Gold values >100ppb Au						
Sample	Hole	East	North	From	To	Au(ppb)
503996	BB10093	408396	7579900	15	20	202
504259	BB10123	409800	7577807	50	52	422
504256	BB10123	409800	7577807	35	40	112
504257	BB10123	409800	7577807	40	45	103
504586	BB10155	417199	7562002	52	53	161

RAB - Aircore samples: Gold values between 50 ppb Au and 100 ppb Au						
Sample	Hole	East	North	From	To	Au (ppb)
504447	BB10145	415592	7564407	35	40	70
504015	BB10095	408500	7580198	20	25	79
504016	BB10095	408500	7580198	25	26	67
504018	BB10096	408404	7580198	0	5	61
504198	BB10119	410016	7577393	45	50	53
504214	BB10120	409802	7577200	50	55	54
504280	BB10126	409803	7576999	15	20	82
504281	BB10126	409803	7576999	20	25	76
504282	BB10126	409803	7576999	25	30	61
503975	BPW0173	406767	7584585	41	42	57

Given the size of the system and the broad hole spacing (regional holes 800 metres by 800 metres, infill holes 200 metres by 200 metres around anomalous regional holes) these results are encouraging, and additional infill RAB – Aircore drilling will be conducted to advance our knowledge of this extensive system which contains gold mineralisation in altered dolomites and shales.

The Reverse Circulation (RC) drilling program designed to test the gold arsenic antimony in soil anomaly, and the IP chargeability anomalies, has been delayed until September due to the unavailability of a suitable drill rig.

Whynot Copper Gold prospect

Six RAB holes were drilled at Whynot to test for unconformity related copper gold mineralisation. All holes intersected anomalous copper and gold values at and above the unconformity.

Because the intersections were all made in the oxide zone the geochemical enhancement at and above the unconformity is potentially significant and follow up work is justified.

Three RAB holes were drilled to test a gold mineralised structure containing up to 20 ppm gold, beneath the unconformity. Peak values of 523 ppb gold and 1532 ppm copper were intersected over one metre. No further work is required.

Nickel

Infill drilling around the high nickel values obtained in ultramafic clays in BPW072 in 2006 confirmed the previous work, but did not intersect any additional significant nickel mineralisation.

Manganese

Numerous RAB holes have intersected high manganese values. The manganese geochemistry from the drill holes needs will be collated with manganese soil geochemistry and historical work on manganese to target specific areas for further work.

Soil sampling:

The soil sampling to date has resulted in the definition of several new areas of multi element geochemical anomalism, and extended one existing area.

- Gold & copper anomalism west north west of Urandy Creek Outcamp (an extension of the Urandy prospect);
- Gold copper and zinc anomalism south of Urandy Creek Outcamp at the MS 64 prospect;
- Copper nickel and zinc anomalism at the "S Bend", a base metal prospect defined by previous explorers;
- Zinc anomalism at Longridge and Longridge South.
- Manganese anomalism at the Bluff Well prospect.

Most of this work covers TEM anomalies and their environs, and will be incorporated into the assessment of the TEM anomalies.

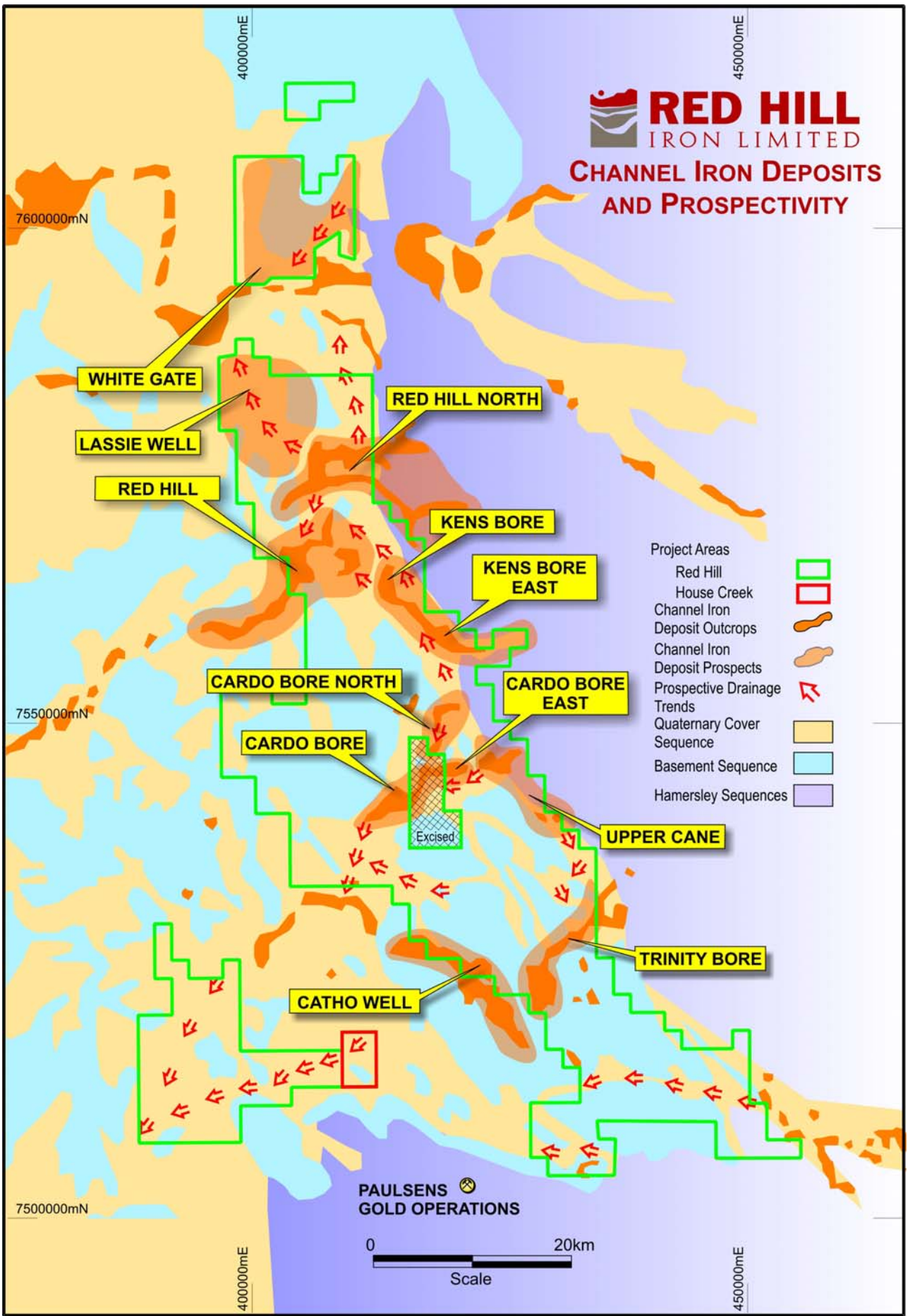
Yours faithfully

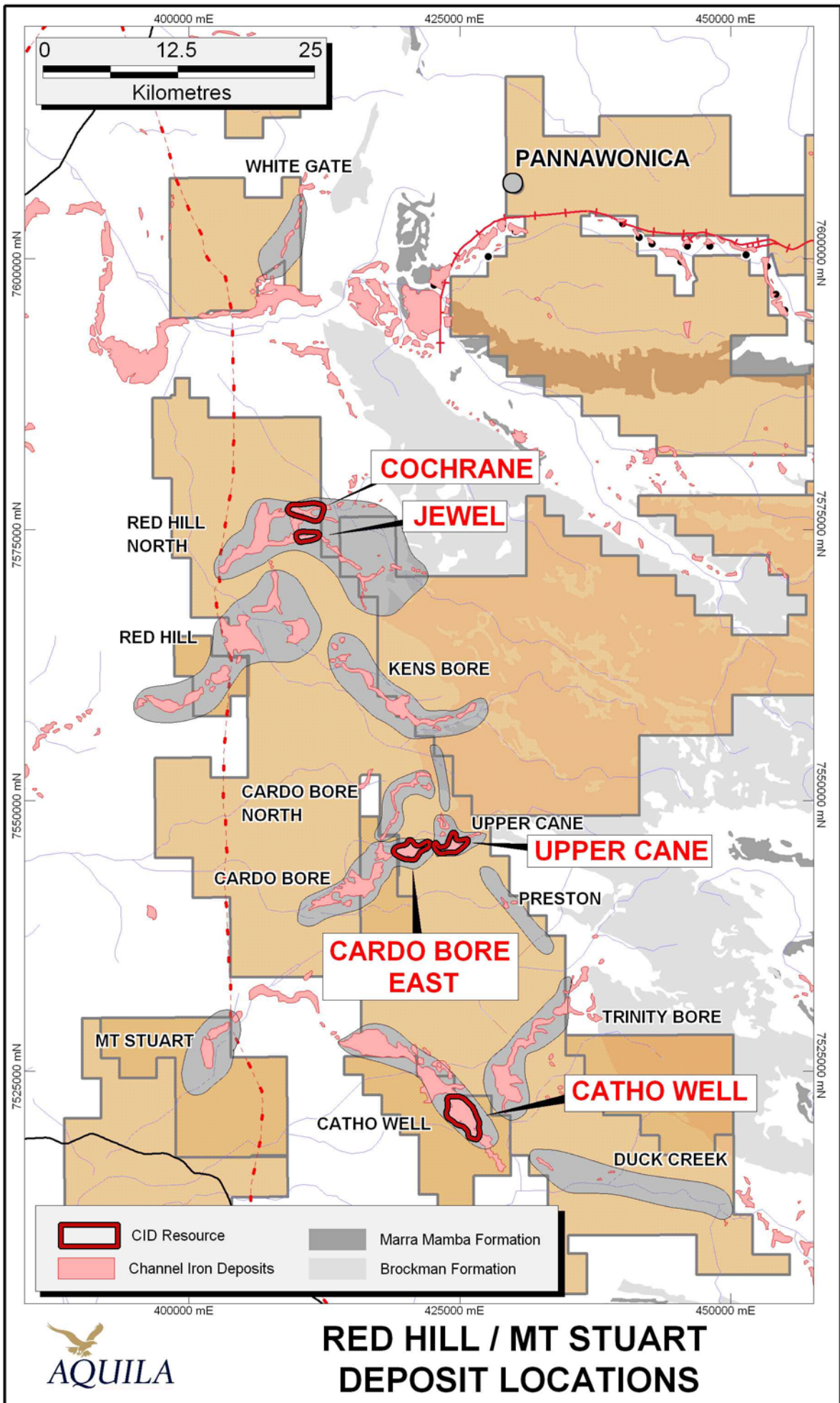
G R Strong
Director

COMPLIANCE STATEMENT

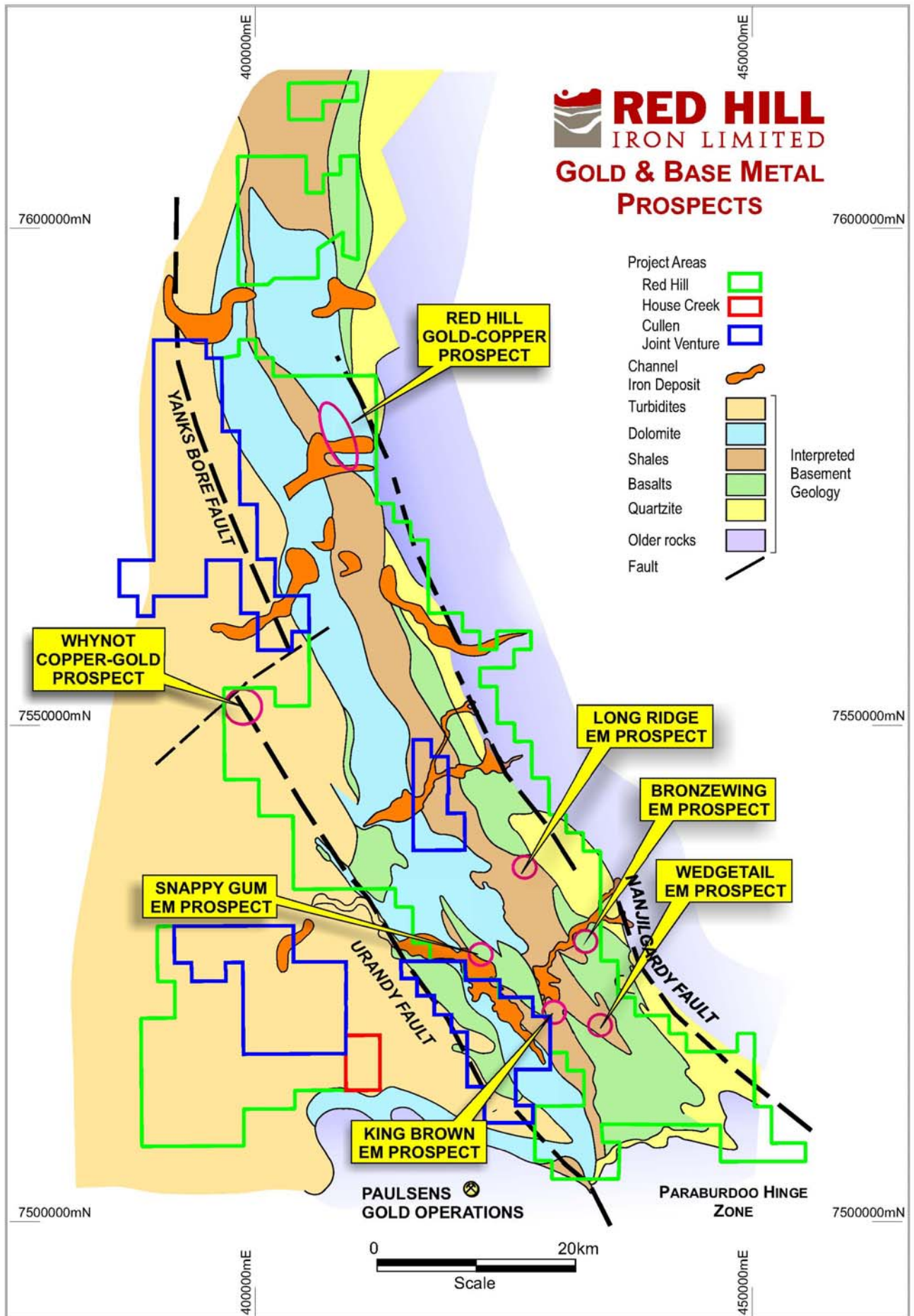
The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Tim Boddington who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Boddington is a full-time employee of the company. Mr. Boddington has sufficient 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.





RED HILL / MT STUART DEPOSIT LOCATIONS



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")

30 June 2007

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) Exploration & evaluation	(421)	(1,689)
(b) Development	-	-
(c) Production	-	-
(d) Administration	(109)	(328)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	71	256
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material): Receipts	-	-
Net Operating Cash Flows	(459)	(1,761)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(4)	(69)
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	(4)	(69)
1.13 Total operating and investing cash flows (carried forward)	(463)	(1,830)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(463)	(1,830)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	8,107
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	-	8,107
	Net increase (decrease) in cash held	(463)	6,277
1.20	Cash at beginning of quarter/year to date	9,868	3,128
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	9,405	9,405

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	27
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

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

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	500
4.2 Development	-
Total	500

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	135	490
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Term Deposit	-	-
5.5 Other (Bank accepted bills)	9,270	9,378
Total: cash at end of quarter (item 1.22)	9,405	9,868

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	None		
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	39,415,686	26,082,353		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>	2,000,000 500,000	- -	<i>Exercise price</i> 30 cents \$1.10	<i>Expiry date</i> 6 Dec 2008 28 Nov 2009
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>				

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 July 2007**

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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