

## ASX Announcement

7 March 2008

### Significant Increase in Channel Iron Resources to 350 million tonnes on Red Hill Joint Venture Tenements

#### Highlights

- **Total Channel Iron resources now 350 million tonnes (up from initial estimate of 135 million tonnes released in May 2007)**
- **Significant potential to expand resources further.**

Red Hill Iron Limited ("Red Hill Iron") is pleased to announce the updated resource estimates for the Red Hill Joint Venture Project located in the West Pilbara region of Western Australia.

The new resource estimates include all additional RC drilling completed in calendar 2007. Four new channel iron deposits ("CID"), Cardo Bore North, Kens Bore, Trinity Bore and Catho Well North (the northern extension of the Catho Well deposit) have been added to the original May 2007 resource statement covering Cardo Bore East, Upper Cane, Jewel and Cochrane deposits, whilst a re-estimate of the Upper Cane deposit has been completed following infill and extension drilling.

**The total resource inventory for the Red Hill Joint Venture stands at 350.2 million tonnes at 57.2% iron.**

RED HILL IRON LIMITED - TOTAL WEST PILBARA CHANNEL IRON RESOURCE										
Deposit	Category	Tonnes	Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P	S	LOI	Mn	MgO
		000t	%	%	%	%	%	%	%	%
TOTAL	Measured	56,056	58.17	5.49	3.16	0.080	0.018	7.60	0.02	0.05
	Indicated	186,732	57.14	5.75	3.78	0.077	0.017	8.13	0.04	0.09
	Inferred	107,393	56.81	5.48	3.69	0.076	0.014	8.98	0.03	0.10
	Total	350,182	57.20	5.63	3.65	0.077	0.016	8.31	0.03	0.09

Resource estimates have been compiled by API staff and Golder Associates and have been compiled in accordance with the guidelines of the Australasian Code for reporting of Identified Mineral Resources and Ore Reserves (JORC, 2004).

Where the previous CID resource estimates were based on a constant Fe cut-off of 54% and the selective application of Al<sub>2</sub>O<sub>3</sub> cut-offs, this resource estimate determines Fe cut-offs appropriate for each deposit. No Al<sub>2</sub>O<sub>3</sub> cut-offs have been applied as the preference is to allow the mine planning process to determine the appropriate cut-offs for deleterious elements.

Resource estimates for the respective deposits are detailed in Table A.

Approximately 69% of the total resource is classified as either Measured or Indicated (with 56 million tonnes or 16% in the Measured category) with the balance classified as Inferred.

Resource estimation information is contained in Annexure A.

This increase in resource of 215 million tonnes is primarily attributable to the evaluation of the Kens Bore and Trinity Bore deposits, adding 118.9 million tonnes and 34.8 million tonnes respectively. Significant potential remains at both Kens Bore and Trinity Bore deposits to expand the resources, especially to the south of the identified Trinity Bore resource. Further potential remains from additional targets identified within the Red Hill Joint Venture area.

Red Hill Iron's West Pilbara tenements are subject to an iron ore specific exploration joint venture with API Management Pty Ltd ("API"). API has earned a 60% participating interest and is earning a further 20% interest by lending Red Hill Iron all its project costs, including any capital costs for mine development. These loans are to be repaid out of 80% of Red Hill Iron's share of any future mine revenue unless Red Hill Iron opts 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.

Competent Person Statement

*The information in this announcement that relates to Mineral Resources is based on information compiled by Mr Stuart H Tuckey, Dr Sia Khosrowshahi and Mr Jani Kalla who are members of the Australian Institute of Mining and Metallurgy. Mr Tuckey is full-time employee of the Company. Dr Khosrowshahi and Mr Kalla are employees of Golder Associates Pty Ltd. Messrs Tuckey, Khosrowshahi and Kalla have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tuckey, Dr Khosrowshahi and Mr Kalla consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

**Graham Riley**  
Chairman

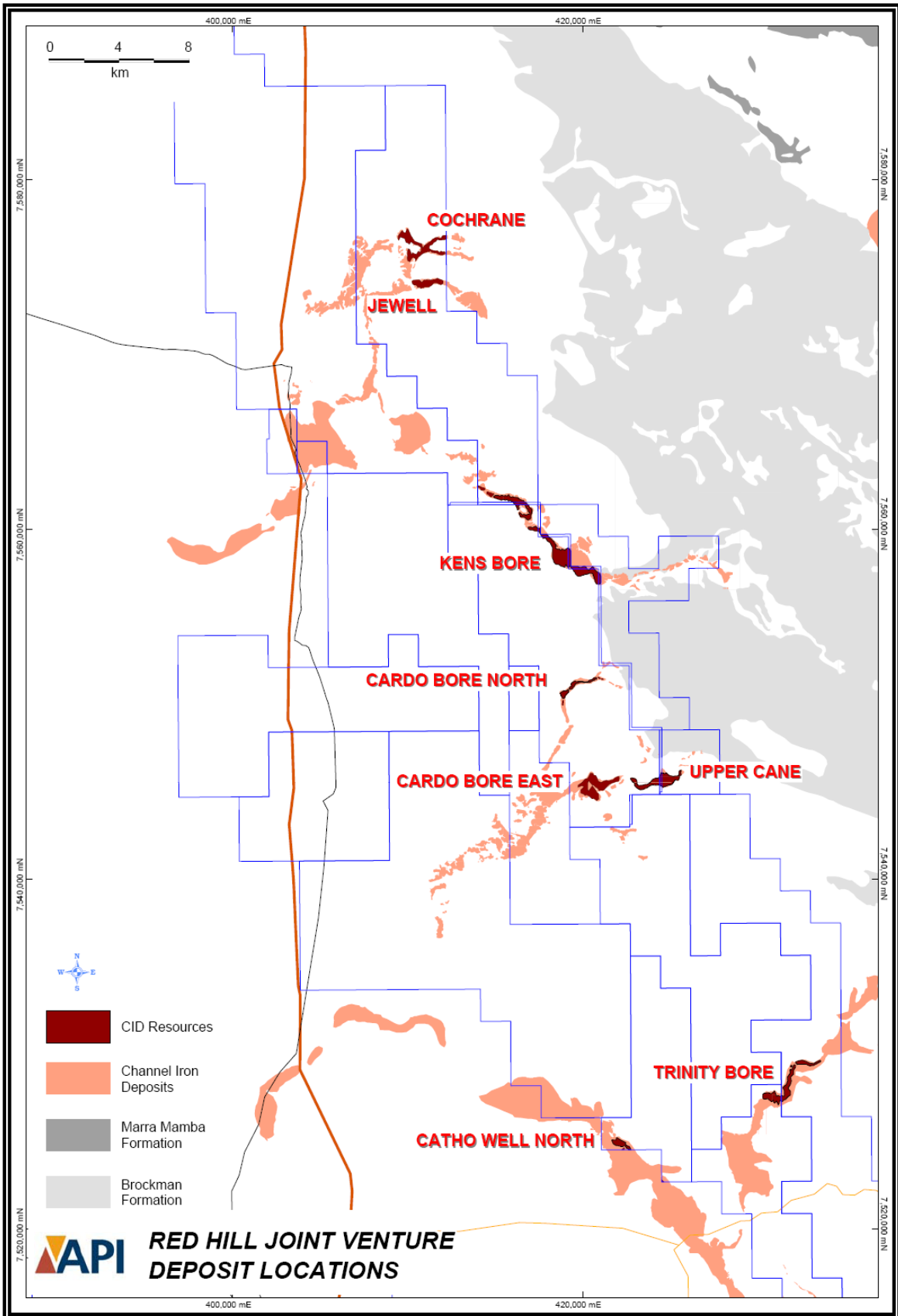
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**Table A**

<b>RED HILL IRON LIMITED - TOTAL WEST PILBARA CHANNEL IRON RESOURCE</b>										
Deposit	Category	Tonnes	Fe	SiO2	Al2O3	P	S	LOI	Mn	MgO
		000t	%	%	%	%	%	%	%	%
Catho Well North*	Measured									
	Indicated									
	Inferred	6,010	55.20	7.44	2.81	0.033	0.014	9.87	0.09	0.19
	<b>Total</b>	<b>6,010</b>	<b>55.20</b>	<b>7.44</b>	<b>2.81</b>	<b>0.033</b>	<b>0.014</b>	<b>9.87</b>	<b>0.09</b>	<b>0.19</b>
Cardo Bore East**	Measured									
	Indicated	38,958	58.77	4.87	3.65	0.076	0.015	6.80	0.06	0.11
	Inferred	5,768	58.43	5.05	3.66	0.074	0.016	7.04	0.05	0.12
	<b>Total</b>	<b>44,727</b>	<b>58.72</b>	<b>4.89</b>	<b>3.65</b>	<b>0.076</b>	<b>0.015</b>	<b>6.83</b>	<b>0.06</b>	<b>0.11</b>
Cardo Bore North***	Measured									
	Indicated	2,673	57.89	5.60	3.55	0.079	0.020	7.43	0.04	0.05
	Inferred	2,882	57.40	5.52	3.69	0.078	0.026	8.12	0.02	0.04
	<b>Total</b>	<b>5,555</b>	<b>57.63</b>	<b>5.56</b>	<b>3.62</b>	<b>0.078</b>	<b>0.023</b>	<b>7.78</b>	<b>0.03</b>	<b>0.04</b>
Cochrane**	Measured									
	Indicated	32,705	57.31	5.34	4.01	0.078	0.022	8.04	0.01	0.11
	Inferred									
	<b>Total</b>	<b>32,705</b>	<b>57.31</b>	<b>5.34</b>	<b>4.01</b>	<b>0.078</b>	<b>0.022</b>	<b>8.04</b>	<b>0.01</b>	<b>0.11</b>
Jewel**	Measured									
	Indicated	22,719	56.51	5.85	3.86	0.061	0.024	9.00	0.03	0.06
	Inferred	5,753	56.28	6.10	4.06	0.069	0.023	8.89	0.03	0.06
	<b>Total</b>	<b>28,472</b>	<b>56.46</b>	<b>5.90</b>	<b>3.90</b>	<b>0.063</b>	<b>0.024</b>	<b>8.98</b>	<b>0.03</b>	<b>0.06</b>
Kens Bore#	Measured									
	Indicated	50,746	56.01	6.42	3.93	0.090	0.010	8.83	0.04	0.11
	Inferred	68,156	57.00	5.28	3.71	0.075	0.012	8.88	0.02	0.10
	<b>Total</b>	<b>118,901</b>	<b>56.58</b>	<b>5.77</b>	<b>3.81</b>	<b>0.082</b>	<b>0.011</b>	<b>8.86</b>	<b>0.03</b>	<b>0.10</b>
Trinity Bore**	Measured									
	Indicated	16,028	56.17	6.26	3.80	0.055	0.021	9.28	0.03	0.08
	Inferred	18,824	56.20	5.52	3.80	0.093	0.016	9.81	0.03	0.07
	<b>Total</b>	<b>34,852</b>	<b>56.19</b>	<b>5.86</b>	<b>3.80</b>	<b>0.075</b>	<b>0.018</b>	<b>9.57</b>	<b>0.03</b>	<b>0.07</b>
Upper Cane##	Measured	56,056	58.17	5.49	3.16	0.080	0.018	7.60	0.02	0.05
	Indicated	22,903	57.83	5.95	3.25	0.076	0.019	7.41	0.03	0.06
	Inferred									
	<b>Total</b>	<b>78,960</b>	<b>58.07</b>	<b>5.63</b>	<b>3.19</b>	<b>0.079</b>	<b>0.018</b>	<b>7.55</b>	<b>0.02</b>	<b>0.05</b>
<b>TOTAL</b>	Measured	<b>56,056</b>	<b>58.17</b>	<b>5.49</b>	<b>3.16</b>	<b>0.080</b>	<b>0.018</b>	<b>7.60</b>	<b>0.02</b>	<b>0.05</b>
	Indicated	<b>186,732</b>	<b>57.14</b>	<b>5.75</b>	<b>3.78</b>	<b>0.077</b>	<b>0.017</b>	<b>8.13</b>	<b>0.04</b>	<b>0.09</b>
	Inferred	<b>107,393</b>	<b>56.81</b>	<b>5.48</b>	<b>3.69</b>	<b>0.076</b>	<b>0.014</b>	<b>8.98</b>	<b>0.03</b>	<b>0.10</b>
	<b>Total</b>	<b>350,182</b>	<b>57.20</b>	<b>5.63</b>	<b>3.65</b>	<b>0.077</b>	<b>0.016</b>	<b>8.31</b>	<b>0.03</b>	<b>0.09</b>

vs rounded tonnage estimates. This rounding may cause some apparent computational discrepancies.

- \* Fe > 52% and S.G. 2.7
- \*\* Fe > 54% and S.G. 2.8
- \*\*\* Fe > 54% and S.G. 2.7
- # Fe > 52% and S.G. 2.8
- ## Fe > 53% and S.G. 2.9



## Annexure A

### Estimation Process

#### **Geological Interpretation**

API completed three-dimensional geological interpretation and modelling for all deposits. The interpreted geological boundaries are based on drill hole data, surface mapping and constraining topography.

Summary of total drilling by deposit.

<b>Deposit</b>	<b>Number of Drill Holes</b>	<b>Metres Drilled</b>
Catho Well North	19	614
Cardo Bore East	81	3,486
Cardo Bore North	52	2,510
Cochrane	108	4,315
Jewel	62	4,058
Kens Bore	168	8,297
Trinity Bore	66	2,437
Upper Cane	181	8,090

Mineralised envelopes were defined by geological / assay boundaries at notional +54% Fe cut off for the pisolitic channel iron deposits.

The mineralised zones were used to define spatial regions for statistical and geostatistical analysis.

For statistical data analysis, exploration data was composited to 2 metre downhole lengths. Analysis was based on eight assay variables: Fe, P, SiO<sub>2</sub>, Al<sub>2</sub>O<sub>3</sub>, S, Mn, MgO and LOI (LOI 1000°C) all expressed as percentages. The 2 metre composites were flagged to the geological interpretations and statistical analysis performed by the domain.

An appropriate QA/QC programme incorporating inclusion of Standard and Duplicate samples within sample sequence has been routinely undertaken.

Directional grade variography was completed for all domains in all the deposits, to provide parameters for the Ordinary Kriging method used for resource estimation.

For grade estimation of the CID's a minimum of three passes of increasing search distances was employed to interpolate all the blocks within the ore and waste domains. Larger search passes were used, when required, to fill blocks located in model extremities.

#### **Block Model**

Geological block models were constructed for each deposit using a parent block size of 25m x 25m x 2m and sub-block cell size of 5m x 5m x 2m. Geological domains were used to constrain the block model.

#### **Density**

Varying densities were applied to respective deposits based of specific gravity determinations, weathering intensity, ore types and the variability between deposit mineralogy.

<b>Deposit</b>	<b>Density</b>
Catho Well North	2.7
Cardo Bore East	2.8
Cardo Bore North	2.7
Cochrane	2.8
Jewel	2.8
Kens Bore	2.8
Trinity Bore	2.8
Upper Cane	2.9

**Classification**

Classification of the resource estimates was completed by Golder Associates based principally on the confidence in the geological interpretation and the density of data. Measured, Indicated and Inferred categories have been defined.

**Cut-off Grades**

All resource estimates are reported applying iron cut-off's determined from grade tonnage curves. No deleterious element cuts (namely alumina) have been applied.

**Reporting**

The resource estimates have been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition). The resources statement will be signed off by Mr Stuart H Tuckey as an employee of API and Mr Jani Kalla and Mr Sia Khosrowshahi of Golder Associates. All are members of the Australasian Institute of Mining and Metallurgy and have the appropriate experience in the evaluation of such deposits.