

30 April 2008

Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2008

HIGHLIGHTS

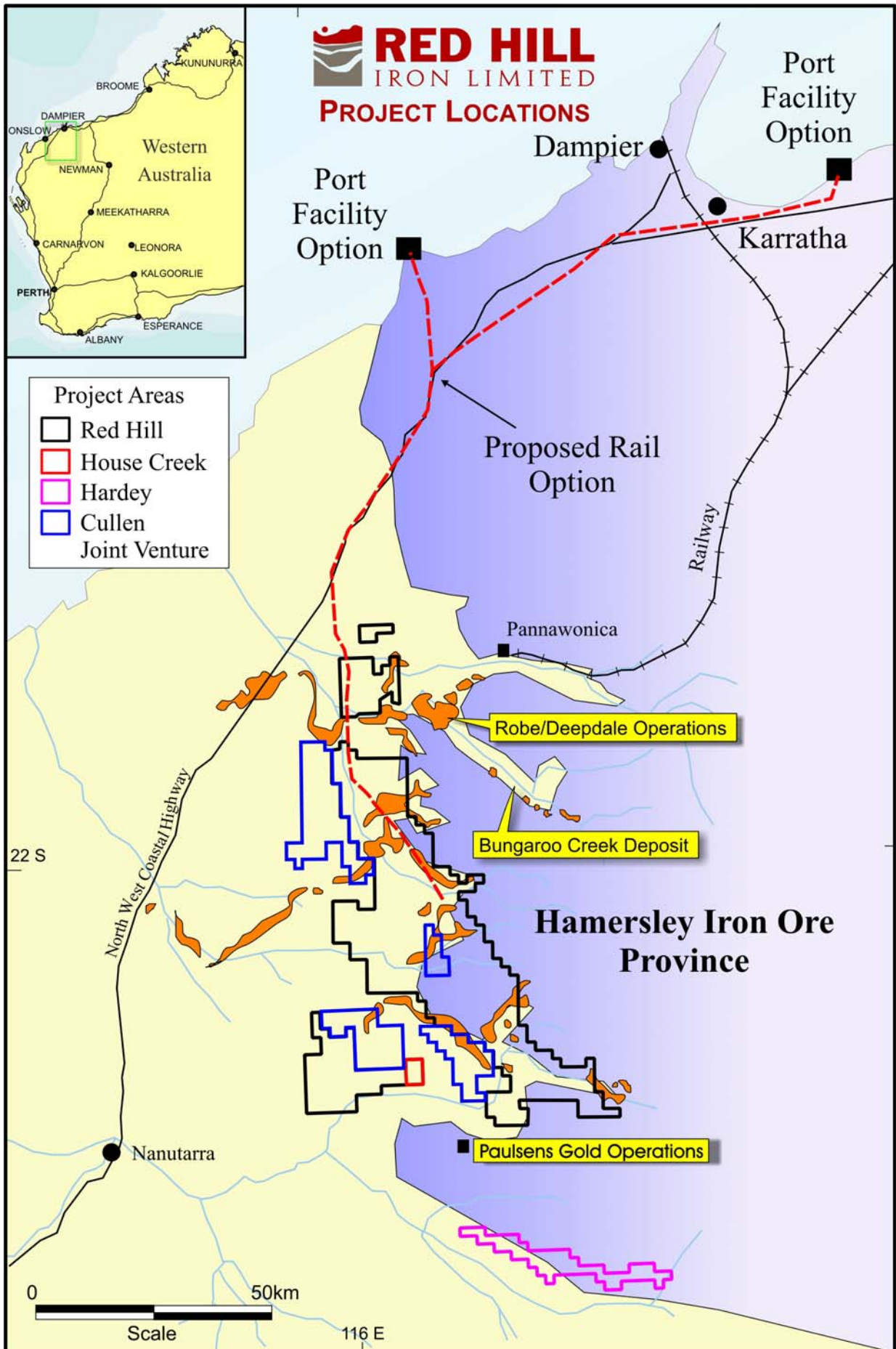
- Pre-feasibility Study due early May 2008
- Significant increase in Channel Iron Mineral Resources to **350 million tonnes**
- RC drilling continues to confirm extensive thin CID at southern Trinity Bore prospect

IRON ORE

Iron ore exploration and resource assessment, together with pre-feasibility studies, continued on the Red Hill Project through the Red Hill Iron Ore Joint Venture with API Management Pty Ltd (API) in which Red Hill Iron Limited (Red Hill Iron / the Company) currently has a 40% participating interest.

API has elected to increase its interest in the joint venture to 80% by lending Red Hill Iron all its project costs, including all capital costs for mine development and other infrastructure. These loans are to be repaid out of 80% of Red Hill Iron's share of any future mine revenue.

Red Hill Iron has the right, at the time a development decision is taken, to participate in the project at the 20% level or elect not to participate in the development and sell its interest to the other joint venture participants. Additionally, if Red Hill Iron has maintained its 20% interest at the development stage, the Company will have a further election to convert that interest into a 2% free on board royalty at any time up to the date of first delivery of ore to customers.



Significant Increase in Channel Iron Mineral Resources

On 7 March 2008 the Red Hill Iron Ore Joint Venture (RHIOJV) announced an upgraded resource estimate incorporating all additional RC drilling completed during 2007. Four new deposits Cardo Bore North, Kens Bore, Catho Well North and Trinity Bore, were added to the existing deposit inventory incorporating Cardo Bore East, Upper Cane, Jewel, Cochrane and Upper Cane deposits.

The total Mineral Resources for the RHIOJV are currently **350.2 million tonnes at 57.2% iron** as summarised below. A table detailing the resources is set out in Appendix A.

RED HILL IRON LIMITED - TOTAL WEST PILBARA CHANNEL IRON RESOURCE										
Deposit	Category	Tonnes	Fe	SiO ₂	Al ₂ O ₃	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

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

The 215 million tonne increase in the Mineral Resources is primarily attributable to the Ken's Bore and Trinity Bore deposits, adding 118.9 million tonnes and 34.8 million tonnes respectively. Significant potential remains at both these deposits to expand the Mineral Resources, especially to the south of the Trinity Bore deposit. Further potential remains from additional targets identified within the RHIOJV area.

Pre-Feasibility Study

Development work for the period continued to be focused on resolving a preferred port location and finalising the Pre-feasibility Study documentation for the West Pilbara Iron Ore Project (WPIOP) for which the RHIOJV provides the dominant proportion of resources. The preferred port remains Cape Preston with the Dixon Island area the alternative. Further discussions were held with Government departments and other parties to promote the project and ensure the port requirements are accommodated. Briefing meetings with Government and other potential users of a port will continue.

The Pre-feasibility Study is scheduled for issue to the joint venture participants during early May 2008. The study will include the upgraded iron ore resource and report the outcomes of significant mine planning and product development work.

A second phase of environmental surveys commenced during the quarter and will gather momentum as the wet season recedes.

A second ocean current and depth profiler, and a second weather station have been installed at separate locations offshore from Dixon Island, to assist with the evaluation of the site for a potential deep water port. Preliminary plume dispersion modelling associated with the dredging of a shipping channel was completed and a suite of other marine biota monitoring undertaken.

The drafting of referral documentation, required to initiate government environmental assessment processes, has been substantially completed. The referrals are scheduled for formal submission in the second quarter of 2008.

The definition of infrastructure at the mine area has been improved. The location and design of the airstrip, accommodation village, processing plant, ore stockpiles, rail loop infrastructure and haulage alignments has been advanced. Further consultation with landholders is planned, before the development footprint is finalised.

Metallurgical testing progressed during the period. AMMTEC continued the analysis of diamond drill core samples obtained from the ore bodies in a programme that will extend into the following quarter.

The initial round of sinter test work progressed at the China Iron & Steel Research Institute (CISRI). Preliminary results indicate the sinter performance of iron ore fines is comparable to benchmark. The completed report from CISRI is expected shortly. A second round of sinter test work is being planned.

An application to obtain a bulk ore sample of approximately 36,000 tonnes from the Upper Cane deposit was submitted to Government during the Quarter, with approval expected prior to June 2008. Planning for the bulk sample exercise is complete and will commence on receipt of approval.

Detailed mine scheduling work continued to assist in optimising resource development. The initial mine schedule, defined on a monthly basis to achieve selected ore volume and quality specifications, has been utilised to analyse mine pit designs, mining methodologies, equipment types, waste dump management and ore haulage logistics. Mine scheduling is iterative and will continue to be repeated over the following months as various extraction and processing scenarios are examined.

Ore storage, transfer and ship-loading facilities for direct vessel loading and trans-shipment options have been detailed to suit both Cape Preston and Dixon Island port locations.

The project was presented to several major Chinese steel mills in early March. Another visit will be made in late 2008 to introduce the newly appointed Manager Marketing and Technical Manager of API Management Pty Ltd, managers of the joint venture.

Exploration Activity

Planning for the commencement of the 2008 drilling programme has been continuing with field programmes rescheduled to commence in the June quarter.

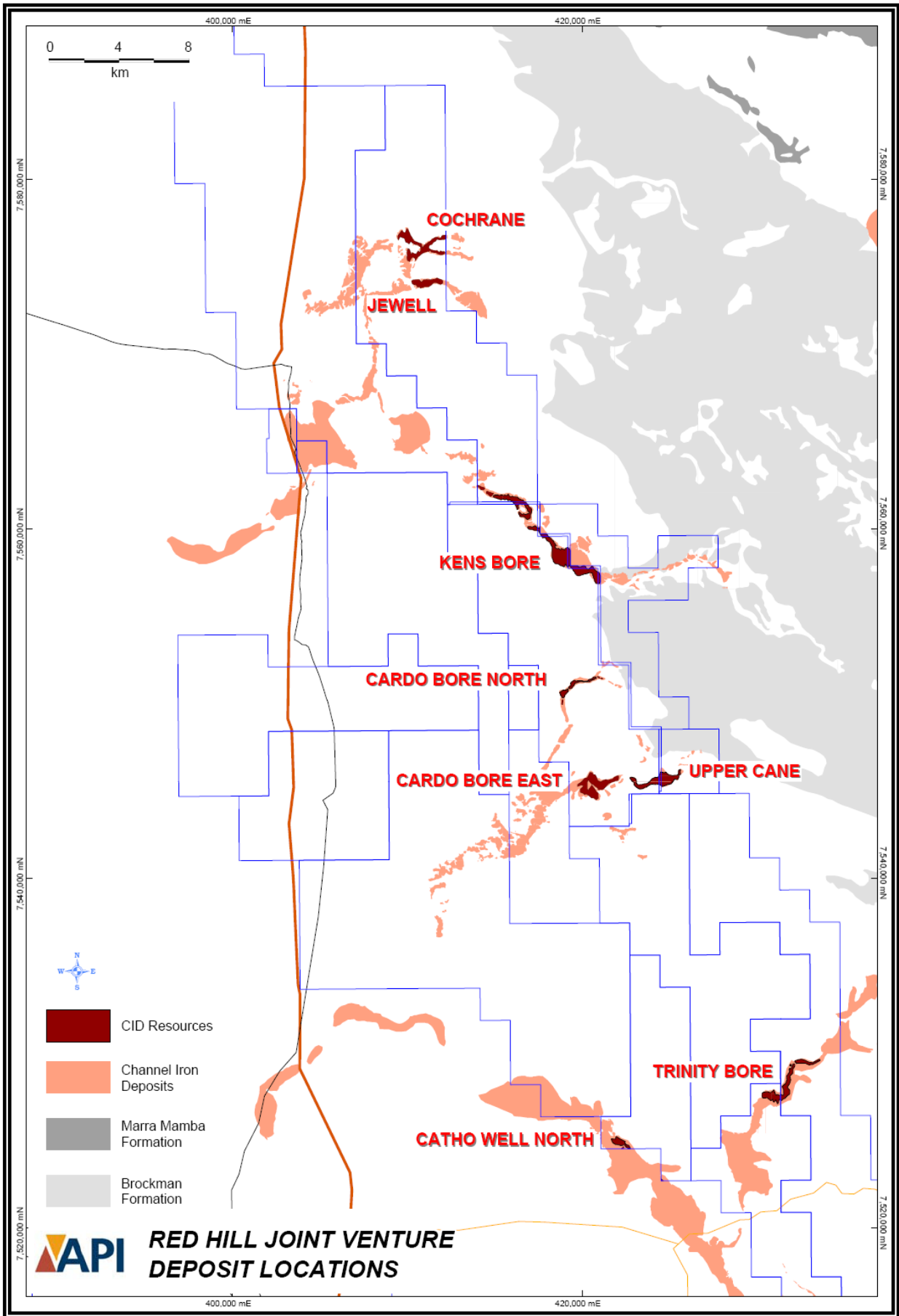
Trinity Bore

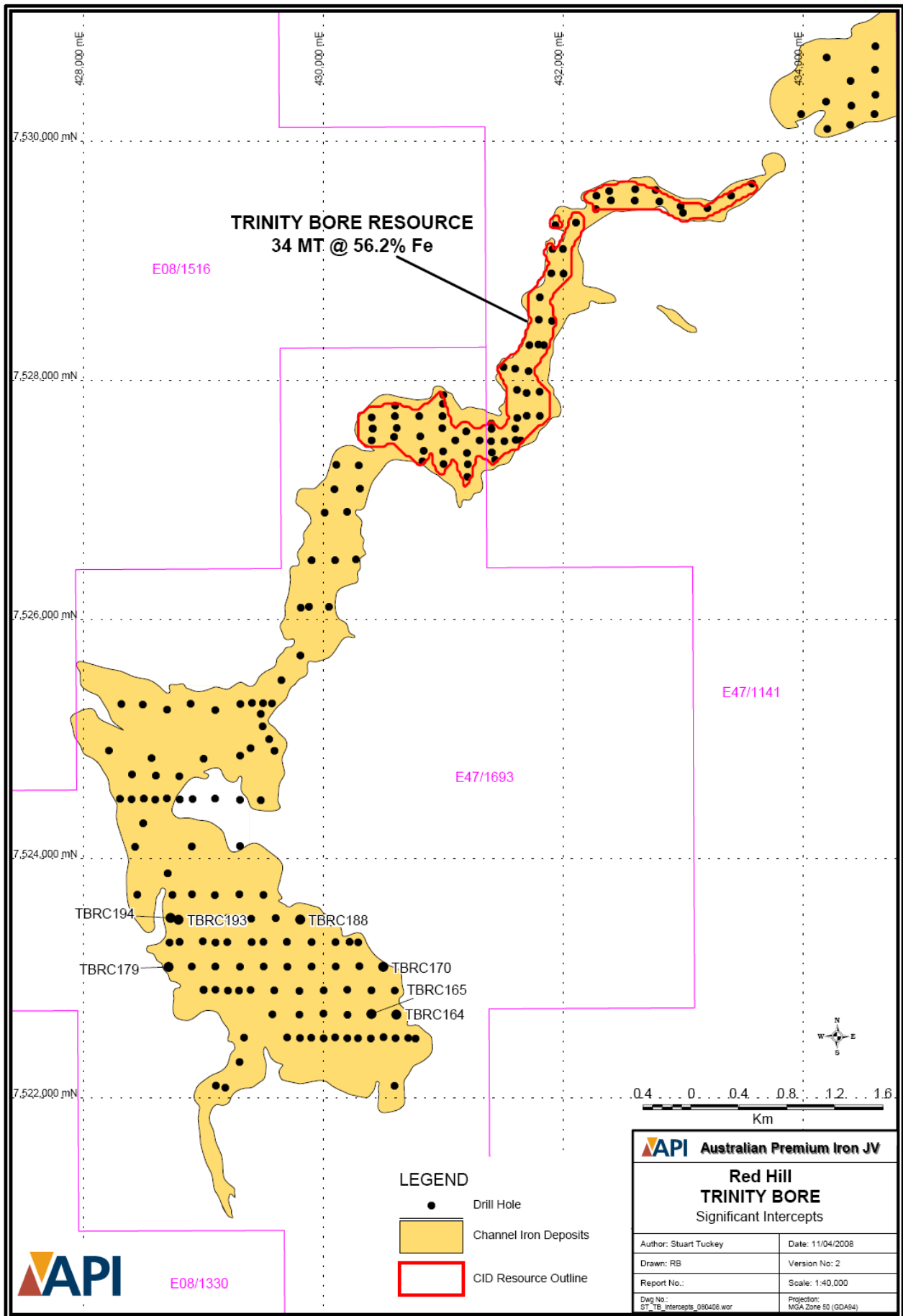
Results have been received from the infill drilling programme completed on the southern Trinity Bore area in December 2007. An extensive area of CID previously drilled has been infilled to 200 x 100 metre centres.

Better intercepts are tabled below.

Hole ID	Easting	Northing	From	To	Intercept	Al2O3%	SiO2%	P%	S%	LOI%
Trinity Bore										
TBRC164	430608	7522697	0.0	6.0	6.00 m @ 58.63 % Fe	2.13	5.06	0.032	0.018	8.89
TBRC165	430400	7522702	0.0	10.0	10.00 m @ 55.16 % Fe	2.58	8.08	0.035	0.016	10.01
TBRC170	430499	7523098	0.0	6.0	6.00 m @ 56.93 % Fe	3.07	5.69	0.030	0.024	9.14
TBRC179	428707	7523096	0.0	6.0	6.00 m @ 54.97 % Fe	5.12	5.70	0.025	0.024	9.94
TBRC188	429806	7523493	0.0	6.0	6.00 m @ 55.27 % Fe	2.67	8.87	0.026	0.016	8.74
TBRC193	428791	7523490	0.0	6.0	6.00 m @ 56.43 % Fe	3.44	6.40	0.036	0.018	9.18
TBRC194	428723	7523506	0.0	6.0	6.00 m @ 56.33 % Fe	4.37	4.92	0.041	0.018	9.76

The infill RC programme will recommence in May and extend northwards. A revision to the Trinity Bore resource will be completed immediately following the completion of the drill programme.





GOLD & BASE METAL EXPLORATION

During the March quarter the results of exploration conducted for gold and base metals over the Red Hill Project Area during 2007 were reviewed and mandatory annual reporting to the Department of Industry and Resources was completed.

Exploration for gold and base metals has reached a stage of maturity where most of the regional data collection and target generation phase is completed. Based on the interpretation and review of the results, exploration programmes have been formulated and budgeted for the 2008 field season.

The main emphasis will be RC or RAB/Aircore drill testing of aerial electromagnetic and geochemical anomalies. Ground electromagnetic surveys and infill soil sampling will be conducted over three of these targets prior to the final siting of drill holes. The principal model of mineralisation sought is stratabound sedimentary exhalative copper-zinc-lead deposits.

Exploration for Carlin style gold mineralisation at the Red Hill prospect will continue. This prospect lies within the 20 kilometre long Bitherabooga trend, a zone of structural complexity containing zones of hydrothermal alteration and anomalous gold geochemistry. Previous RAB drilling recorded a zone of weak gold anomalism which will be followed up with RC and RAB/Aircore drilling this year.

Shallow drilling of the unconformity at the Why Not prospect intersected elevated copper and gold values. To assist in deciding on further work a ground electromagnetic survey is planned and further drilling will be conducted if warranted.

Several RAB holes drilled at the Madala prospect intersected anomalously high zinc values. Follow-up RAB/Aircore drilling is planned for this area.

Regional soil geochemical sampling during 2007 defined six gold targets and four base metal targets which will be assessed during 2008 for future drill testing.

The Company will also advance exploration on the adjacent tenements of the Cullen Joint Venture in which it is earning a 70 % interest by sole funding the early exploration phases. Induced Polarisation chargeability and resistivity anomalies defined along the Hunter Zone in 2007 will be tested with RC drilling. A significant area with anomalously high iron soil geochemistry, possibly underlain by a buried CID system, will be drill tested.

Yours faithfully

G R Strong
Director

Competent Person Statement

The information in this announcement that relates to the Red Hill Iron Ore Joint Venture was provided by Mr Stuart H Tuckey, Exploration Manager for API Management Pty Ltd, the managers of the joint venture. Mr Tuckey is a full-time employee of API Management Pty Ltd and is the officer responsible for forwarding project reports to the joint venture participants. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken 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 matters based on his information in the form and context in which it appears.

The information in this report under the title Gold and Base Metal Exploration was compiled by Mr Tim Boddington who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Boddington is a fulltime employee of the company. Mr Boddington has sufficient experience which is relevant to the style of mineralisation and types of deposits 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.

Appendix A

RED HILL IRON LIMITED - TOTAL WEST PILBARA CHANNEL IRON RESOURCE										
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
	Total	6,010	55.20	7.44	2.81	0.033	0.014	9.87	0.09	0.19
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
	Total	44,727	58.72	4.89	3.65	0.076	0.015	6.83	0.06	0.11
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
	Total	5,555	57.63	5.56	3.62	0.078	0.023	7.78	0.03	0.04
Cochrane**	Measured									
	Indicated	32,705	57.31	5.34	4.01	0.078	0.022	8.04	0.01	0.11
	Inferred									
	Total	32,705	57.31	5.34	4.01	0.078	0.022	8.04	0.01	0.11
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
	Total	28,472	56.46	5.90	3.90	0.063	0.024	8.98	0.03	0.06
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
	Total	118,901	56.58	5.77	3.81	0.082	0.011	8.86	0.03	0.10
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
	Total	34,852	56.19	5.86	3.80	0.075	0.018	9.57	0.03	0.07
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									
	Total	78,960	58.07	5.63	3.19	0.079	0.018	7.55	0.02	0.05
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

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

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")

31 March 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 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	(559)	(1,474)
(b) Development	-	-
(c) Production	-	-
(d) Administration	(88)	(310)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	192	461
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	(455)	(1,323)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(14)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	9
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	-	(5)
1.13 Total operating and investing cash flows (carried forward)	(455)	(1,328)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(455)	(1,328)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	402	620
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	420	620
	Net increase (decrease) in cash held	(53)	(708)
1.20	Cash at beginning of quarter/year to date	8,750	9,405
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	8,697	8,697

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	300
4.2 Development	-
Total	300

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	516	377
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Term Deposit	32	32
5.5 Other (Bank accepted bills)	8,149	8,341
Total: cash at end of quarter (item 1.22)	8,697	8,750

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	E08/1716	Granted	0%	100%

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	40,715,686	40,715,686*		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,000,000 100,000	1,000,000 100,000	\$0.30 \$1.10	Fully Paid Fully Paid
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>	1,000,000 200,000	- -	<i>Exercise price</i> \$0.30 \$1.10	<i>Expiry date</i> 6 Dec 2008 28 Nov 2009
7.8 Issued during quarter				
7.9 Exercised during quarter	1,000,000 100,000	-	\$0.30 \$1.10	6 Dec 2008 28 Nov 2009
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

*13,333,333 Ordinary shares were released from escrow during the quarter

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 April 2008**

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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