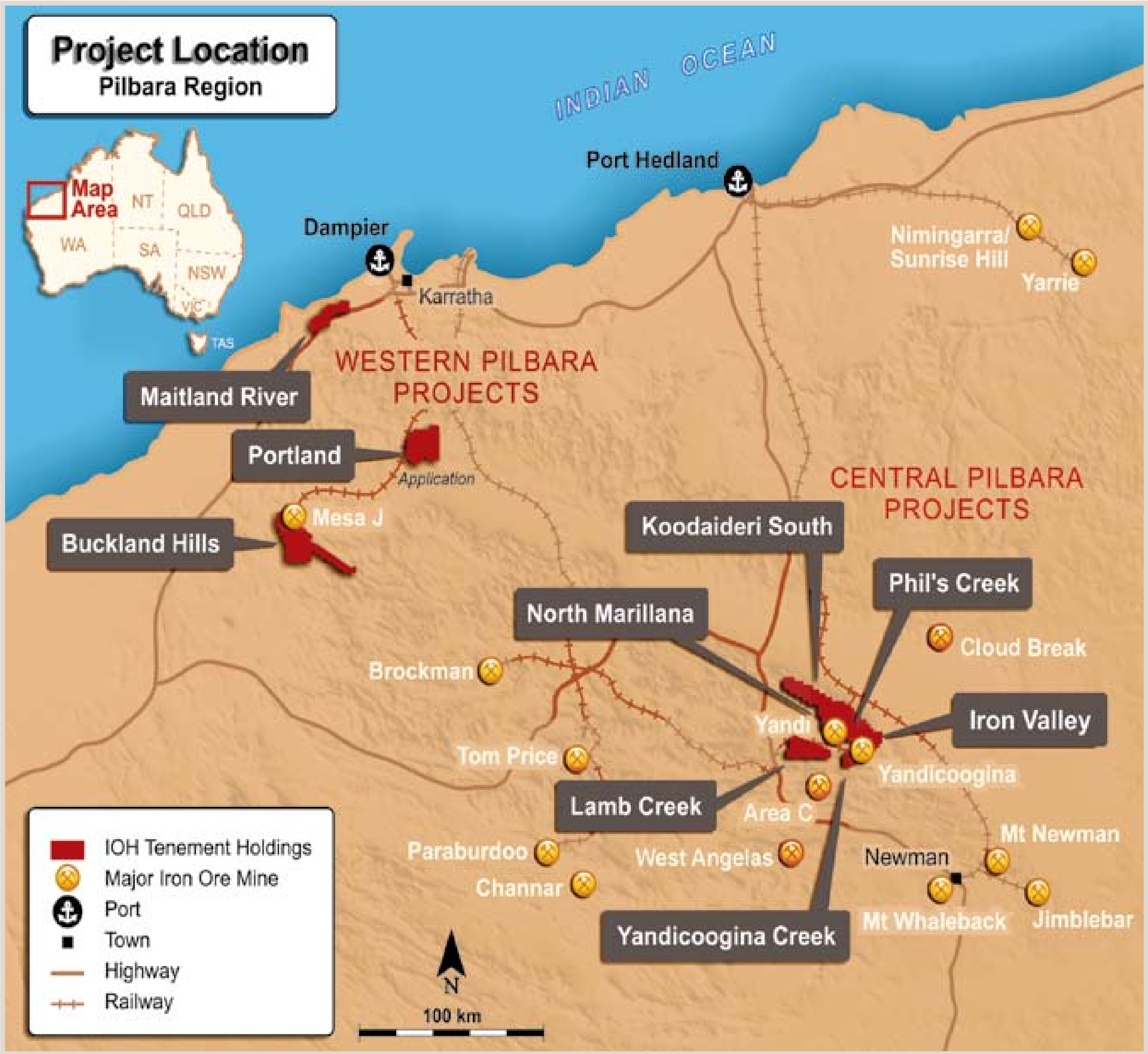
9

Annual Report

IRON ORE HOLDINGS LTD



Highlights and Achievements

Corporate

Iron Ore Holdings Limited ("IOH" or the "Company") is well positioned to continue exploration activities through the coming year with $14.6m cash reserves at 30 June 2009.

Mr Brian O'Donnell joined the Board of Directors in December 2008.

Iron Valley Project

A major new discovery of 160 Million Tonnes of Brockman-style DSO (59%Fe[1]) at the Iron Valley Project was announced during the year.

Iron Valley is located within close proximity of existing infrastructure and is bordered by Rio Tinto, BHP and FMG in the Central Pilbara region of Western Australia. The Company has expanded its Drilling Program to focus on further increasing the resource base.

Phil's Creek Project

Iron Ore Holdings has entered into an arrangement with Rio Tinto (RTIO) for a mine gate sale of up to 1.5Mtpa of pisolite iron ore from Phil's Creek. Constructive discussions are continuing towards finalisation of a formal sales agreement.

Iron Ore Exploration

IOH has started an intensive exploration program at its Lamb Creek and Koodaideri South tenements with the aim of further adding to already identified resources and tonnage.

The Company's Mineral Resource Inventory has been increased during the past year from 57Mt to 222Mt.

This represents a significant milestone for Iron Ore Holdings.

The Company was successful in a ballot for the grant of Exploration License E47/2058 in the Western Pilbara. Regional mapping is currently being planned for the newly acquired Portland Project which is located in the vicinity of IOH's Buckland Hills Project.

Native Title

An agreement has been entered into with the Innawonga and Bunjima (IB) Pilbara Native Title Group covering Central Pilbara iron ore projects. Negotiations with Martu Idja Banyjima Group are continuing.

Corporate Profile

Directors

Malcolm Roger Joseph Randall – Non-Executive Chairman
Matthew James Rimes – Managing Director
Hon. Richard Fairfax Court AC – Non-Executive Director
Brian Francis O'Donnell – Non-Executive Director
(appointed 4 December 2008)

Company Secretary

Simon Robertson

Registered Office & Principal Place of Business

Level 1, 1 Altona Street
West Perth WA 6005

Tel: +61 8 9483 2000
Fax: +61 8 9321 0322

www.ironoreholdings.com

Share Details

Ordinary Shares on Issue: 117,004,948
Listed Options: 12,728,303

Share Registry

Security Transfer Registrars Pty Ltd
Suite 1, 770 Canning Highway
Applecross WA 6153

Substantial Shareholders as at 30 June 2009

Wroxby Pty Ltd: 60,049,180 shares (51.45%)
Sumisho Iron Pty Ltd: 7,000,000 shares (6%)
Fusion Minerals Pty Ltd 3,500,000 shares
Perron Investments Pty Ltd: 1,770,000 shares

Iron Ore Holdings Ltd shares are listed on the Australian Securities Exchange under the symbol "IOH"

Iron Ore Holdings Ltd options are listed on the Australian Securities Exchange under the symbol "IOHO"

Contents

Chairman's Letter

IOH Board of Directors, from left to right, Richard Court, Mal Randall, Matt Rimes and Brian O'Donnel

Dear Shareholders,

It is with great pleasure that I submit to you the Annual Report for Iron Ore Holdings Limited. The year began with the signing of an agreement with Rio Tinto (RTIO) to formulate a Mine Gate Sale of up to 1.5 million tonnes per annum from our Phil's Creek Project. Ongoing negotiations are underway to finalise a formal sales agreement.

The Company's corporate strategy for creating shareholder value is through exploration and discovery and, whilst the past year has presented challenges in the financial and sales sector, IOH made a concerted effort to continue our exploration program with outstanding success. My optimism stated last year has come to fruition with the discovery by our exploration team, of a world class Brockman-style DSO ore body at Iron Valley.

We have announced a resource at Iron Valley which is now an Inferred and Indicated JORC resource of 160 million tonnes and, with ongoing drilling it is expected we will further increase the resource tonnage.

Coupled to the discovery is Iron Valley's location which is extremely well positioned in close proximity to existing rail infrastructure which is an obvious and very significant factor in any Pilbara iron ore project. IOH's other tenements at Buckland Hills and Koodaideri South are also very attractive targets for exploration in the coming period with drilling programs planned for commencement in late 2009.

Of note during the year has been a consolidation of junior iron ore companies taking place in the mining sector and positive developments in the ongoing infrastructure debate beginning to present opportunities. The Company is now well positioned to examine any opportunities that may be identified and accordingly we look forward with confidence to a year of growth as we continue to expand on our success achieved over the previous 12 months.

As a final point I take this opportunity to acknowledge the efforts of our development and exploration teams led by our Managing Director, Matt Rimes, together with my fellow directors and their contribution to the ongoing success of our Company.

Yours faithfully

Malcolm Randall
Chairman

Brett Phyland – Principal Geologist

For an exploration company much pleasure is derived from being able to announce a previously unidentified resource. The new discovery at Iron Valley is a landmark resource, considered by the IOH board to be one of the most significant DSO iron ore discoveries in the Pilbara in recent times. It represents a milestone for Iron Ore Holdings, positioning the Company as one of the most successful iron ore explorers and emerging producers in the Pilbara, and cementing the potential for a standalone mining operation at Iron Valley. The Project is ideally located in close proximity to existing rail infrastructure owned and operated by BHP Billiton and RTIO, and adjacent to a tenement held by Fortescue Metals Group (FMG). Planning is well underway to fast-track this project.

A Scoping Study on the Iron Valley Project has commenced. IOH has engaged Abigroup Mining Services as the principal engineering firm and URS for the commencement of long lead baseline environmental surveys, and strategic environmental advice for the environmental assessment process. As part of the Scoping Study the Company will be assessing the various rail and port infrastructure options required to deliver the ore to market.

The Scoping Study represents the next stage of development of Iron Valley and will include design of an open pit; production schedule and estimation of operating and capital costs; environmental studies; and approval timelines.

It is anticipated that a production rate of approximately 5 to 10 million tonnes per annum can be achieved at Iron Valley.

Iron Ore Holdings continues to progress the smaller Phil's Creek Project, subject to the finalisation of a formal sales agreement. Applications and planning are well underway for required approvals. We consider the Project basically ready for development. The mine infrastructure and ore handling facilities for project development encompass a small, fit-for-purpose operation capable of delivering the required production of up to 1.5 million tonnes per annum over a project life of 5 years.

During the past year our exploration program has consisted of a number of drilling programs, totaling 228 holes for 14,583 metres on 5 tenements. Drilling has continued throughout the year to undertake resource definition, as well as for metallurgical test-work purposes. Facilities for on-site exploration have been continually improved providing better communication and safety for staff and contractors.

Our aggressive exploration campaign continues with a view to increasing our resource base.

A key Land Access Agreement (LAD) was entered into with the Innawonga & Bunjima People Pilbara Native Title Group covering our Central Pilbara projects including Phil's Creek. There are provisions in the agreement for future exploration as well as agreed heritage protection processes. IOH will work with IB representatives to develop an employee cross cultural awareness program and workshop. The agreement with the Innawonga and Bunjima People Native Title Group is a very positive step forward for both parties.

IOH has considered several potential projects for acquisition, or joint venture opportunities and will continue to examine possibilities to extend and grow the Company.

The year has been very successful for Iron Ore Holdings with the new discovery at Iron Valley. The commitment and dedication of the team will see our projects significantly progressed during the coming year.

Management changes undertaken include the appointment of Mr Brian O'Donnell to the Board of Directors in December 2008. Brian's many years experience in the finance and investment sector is invaluable to the future development of our projects. The office of the Company was relocated to West Perth in late 2008 to accommodate expansion of activities.

A total of 850,000 shares were issued between 30 June 2008 and 26 August 2009 on exercise of founding options. The Company is in a strong financial position for its current exploration operations and no capital raising was undertaken during the last year.

To all shareholders, I thank you for your continued support and encouragement, and I hope you will continue your association with the Company as we progress to production.

Matt Rimes

Managing Director

Mineral Resource Inventory

The Company has increased its Mineral Resource inventory (JORC Indicated and Inferred[1]) during the year from **57.1Mt to 221.6Mt.** The resource inventory by project is shown below in tables 1-3.

Table 1: Resource at 50% Fe Lower Cut[1]

Iron Valley Project Resource Classification	Mt	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Indicated	88.3	60.7	3.2	2.4	0.19	6.7
Inferred	71.4	57.2	5.2	3.5	0.18	8.1
Total	159.7	59.1	4.1	2.9	0.19	7.3

Table 2: Resource at 50% Fe Lower Cut[1]

Phil's Creek Project Resource Classification	Mt	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Indicated	15.1	55.6	7.2	4.2	0.10	8.1
Total	15.1	55.6	7.2	4.2	0.10	8.1

Table 3: Resource at 45% Fe Lower Cut[1]

Extension Project Resource Classification	Mt	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Indicated	46.8	50.0	9.5	7.7	0.05	10.4
Total	46.8	50.0	9.5	7.7	0.05	10.4

Resource Classification (IND+INF)	Mt
Total	221.6

Drilling at Iron Valley

Overview

Iron Ore Holdings Limited ("IOH" or "the Company") is focused on the exploration and development of a portfolio of high-quality iron ore projects within its Central Pilbara, Buckland Hills and Maitland River tenements in the Pilbara region of Western Australia. The Company's projects are located close to existing rail infrastructure. IOH has a portfolio of 11 exploration tenements in the prospective Pilbara Region of Western Australia covering a total of 896 square kilometres. The Company plans to become a producer of iron ore in the near future. Exploration and development studies have been undertaken during the year identifying a major new resource and bringing the Company within sight of its first mine operation.

Iron Ore Holdings has continued its exploration strategy with the resulting announcement of a significant new discovery at its 100% owned Iron Valley Project.

In just 10 months the Iron Valley Project has moved from a new discovery to a substantial JORC Indicated and Inferred Mineral Resource of high quality Brockman-style Direct Shipping Ore.

This is a direct result of our aggressive exploration strategy in the Pilbara. The Iron Valley DSO Deposit is located in close proximity to both BHP Billiton ("BHPB") and RTIO's operations in the Pilbara Region of Western Australia and is bordered by a tenement held by Fortescue Metals Group ("FMG"). The JORC Mineral Resource at Iron Valley has been calculated at **160 Million Tonnes @ 59.1% Fe**[1].

Further targets have been identified at Iron Valley with the aim of proving up additional commercial quantities of Direct Shipping Ore (DSO) and drilling is scheduled to take place late in 2009.

During 2008 Iron Ore Holdings negotiated a Memorandum of Understanding with Rio Tinto's Iron Ore Division for the mine gate sale of iron ore from the Phil's Creek Project, subject to meeting certain conditions and the negotiation of a formal agreement.

The Phil's Creek Project is located on leases owned by IOH which lie between the RTIO Yandicoogina operation and the BHPB Yandi operation. The Project area contains a JORC Indicated Mineral Resource of **9.2 Million Tonnes at 58% Fe**[1]. Iron mineralisation within the Phil's Creek Project area is the Channel Iron Deposit (CID) style.

Exploration drilling undertaken during the year comprised a total of 228 holes for 14,583 metres. Geological mapping (including helicopter reconnaissance) and field and rock chip sampling was also undertaken to identify prospective targets. Areas of most interest have included Phil's Creek, Weeli Wolli (Iron Valley), Lamb Creek (Horseshoe and Boundary prospects), Koodaideri South (Hidden Valley and other prospects), and Buckland Hills.

Table 4: Drilling undertaken

Project	No Holes	Metres
Phil's Creek	24	635
Horseshoe	23	456
Boundary	10	532
Extension	12	190
Karrajura	12	420
Iron Valley	147	12,350
Total	**228**	**14,583**

Drill Core

Camp at Iron Valley

Native Title

A Land Access Agreement has been entered into with the Innawonga Bunjima People Native Title Group covering the Central Pilbara iron ore projects.

The Agreement, which follows extensive consultation with the IB, is a further positive step in IOH's path to iron ore production and lays the foundation for a partnership with the potential to deliver significant economic benefits to both parties.

The Agreement outlines details for compensation by way of up-front payments to the IB as well as ongoing royalties from future mining activities.

There are also provisions for future exploration within the IB landholdings as well as agreed heritage protection processes. IOH will also work with IB representatives to develop an employee Cross Cultural Awareness program and workshop.

An Implementation Committee consisting of IB representatives and IOH Director, the Hon. Richard Court AC, has now been formed. The committee will meet bi-annually and will discuss a broad range of matters including project development, employment, training and other matters related to the Land Access Deed.

Discussions with Martu Idjya Banyjima Native Title Group are continuing.

Bunjima elder Alice Smith signs Pilbara Native Title agreement with IOH

Central Pilbara Projects

The Central Pilbara project area consists of the Iron Valley project (located within close proximity to existing mining operations and infrastructure), the Phil's Creek project, and other tenements covering a total of over 500 square kilometres (see figure 4).

Iron Valley Project – E47/1385 100% Interest

Situated on the Weeli Wolli tenement this project has been re-named "Iron Valley" to reflect the substantial DSO ore body discovered during the period.

Iron Valley emerged as a priority exploration target for IOH following results from an initial sample of five holes announced on 11 November 2008 with outstanding intersections of iron mineralisation hosted within the Brockman Iron Formation. Tenure on this prospect was only granted in May 2008.

The Company is excited by the **160Mt** resource that has been identified at this project and is fast tracking the project to development. The Brockman Iron Formation, which is considered to be the most valuable and highest iron grade ore, hosts a number of world-class iron ore deposits in the Pilbara including BHP Billiton's Mt Whaleback Mine and Rio Tinto's Mt Tom Price and Paraburdoo Mines.

The Iron Valley Project is located in the eastern part of IOH's extensive Central Pilbara tenement portfolio and represents one of several priority exploration targets to be further tested by the Company as part of its 2009/2010 exploration program. It is located immediately north east of BHPB's Yandi Iron Ore Mine and Rio Tinto's Yandicoogina operations and is bordered to the north by a tenement held by FMG.

A 147 hole drilling program (12,350m) at Iron Valley provided outstanding results. Continued success in drilling resulted in an upgrade in June 2009 to a JORC Indicated and Inferred Mineral Resource of **160 Million Tonnes @ 59.1 % Fe[1]** including a high-grade DSO component of **107 million Tonnes @ 60.7 % Fe[1],** (see tables 5 & 6).

Table 5: Resource at 50% Fe Lower Cut

Resource Classification	Mt	Fe(%)	SiO_2(%)	Al_2O_3(%)	P(%)	LOI(%)
Indicated	88.3	60.7	3.0	3.2	2.4	6.7
Inferred	71.4	57.2	5.2	3.5	0.18	8.1
Total	159.7	59.1	4.1	2.9	0.19	7.3

Table 6: Resource at 58% Fe Lower Cut

Resource Classification	Mt	Fe(%)	SiO_2(%)	Al_2O_3(%)	P(%)	LOI(%)
Indicated	80.0	61.1	3.0	2.3	0.19	6.5
Inferred	27.0	59.7	3.9	2.6	0.17	7.1
Total	107.1	60.7	3.2	2.4	0.19	6.7

The drilling program has been expanded as part of IOH's exploration strategy to increase its resources. The next part of the program targets strike extensions to the south as well as the ore body at depth. Both infill and new exploration areas have been targeted (see figure 1).

A Scoping Study on the Iron Valley Project has commenced following on from the successful drilling program.

IOH has engaged Abigroup Mining Services as the principal engineering firm; and URS for the commencement of long lead baseline environmental surveys and strategic environmental advice for the environmental assessment process.

As part of the Scoping Study the Company will be assessing the various rail and port infrastructure options required to deliver the ore to market.
The Scoping Study represents the next stage of development of Iron Valley and will include design of an open pit (figure 2), production schedule and estimation of operating and capital costs, environmental and approval timelines. It is anticipated that a production rate of approximately 5 to 10Mt per annum can be achieved.

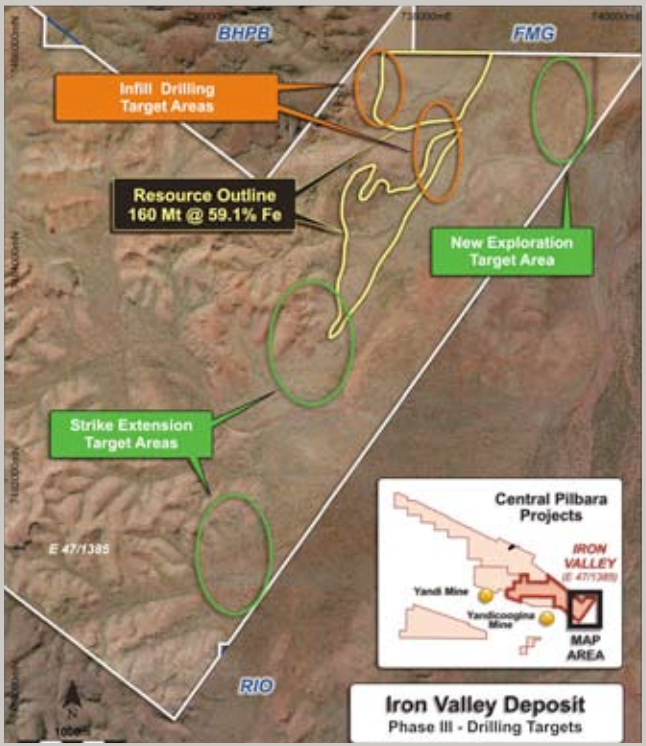


Figure 1 – Iron Valley Targets

Figure 2 – Iron Valley Mine Pit

Phil's Creek Project – (E47/1237) 100% Interest

IOH has entered into an arrangement with Rio Tinto for an annual mine gate sale of up to 1.5Mtpa of pisolite iron ore from Phil's Creek, subject to the finalisation of a formal sales agreement. Phil's Creek Project area contains a JORC Indicated Mineral Resource of **9.2Mt at 58% Fe[1]**.

Iron mineralisation within the Phil's Creek Project area is Channel Iron Deposit style which is composed of oolites, pisolites and minor fossil wood fragments cemented by iron oxides, mainly Goethite. The CID within the Phil's Creek Project area occurs in a North-West to South-East oriented channel extending over a strike length of approximately 4km, with widths varying from 80m to 400m and thickness typically between 10m and 15m (figure 3).

A full and complete Definitive Engineering Study (DES) has been undertaken during the year. The DES has determined the future development and operational structure for the mining operation. The Project has been fully costed from deposit to point of sale and environmental permits are underway. Native Title Agreement is in place with one traditional owner group and well advanced with the other affected party.

The deposit would be mined via a conventional open pit with a strip ratio of 0.3:1 (waste: ore), with ore processed at an on-site facility constructed with appropriate infrastructure and mine services close to the south of the deposit, which would be developed first. Design work on the crushing and screening plant and other site infrastructure has been completed.

Detailed mine schedules were developed based on grade and tonnage distribution by mining bench, based on a mining rate of 1.5Mtpa of product and analysis to meet product specifications. The ultimate pit is expected to be 1.3km long, 300m wide and 18 m deep.

In the 2008 annual report we advised an estimated NPV of approximately $A70 million (pre-tax) based on 2008 iron ore pricing projections. Iron ore prices have fallen since that time, and future pricing predictions indicate a continuing trend. The project economics are under review to ensure that mining operations would deliver an adequate return to IOH shareholders, and to justify the commitment of the required capital to develop the project.

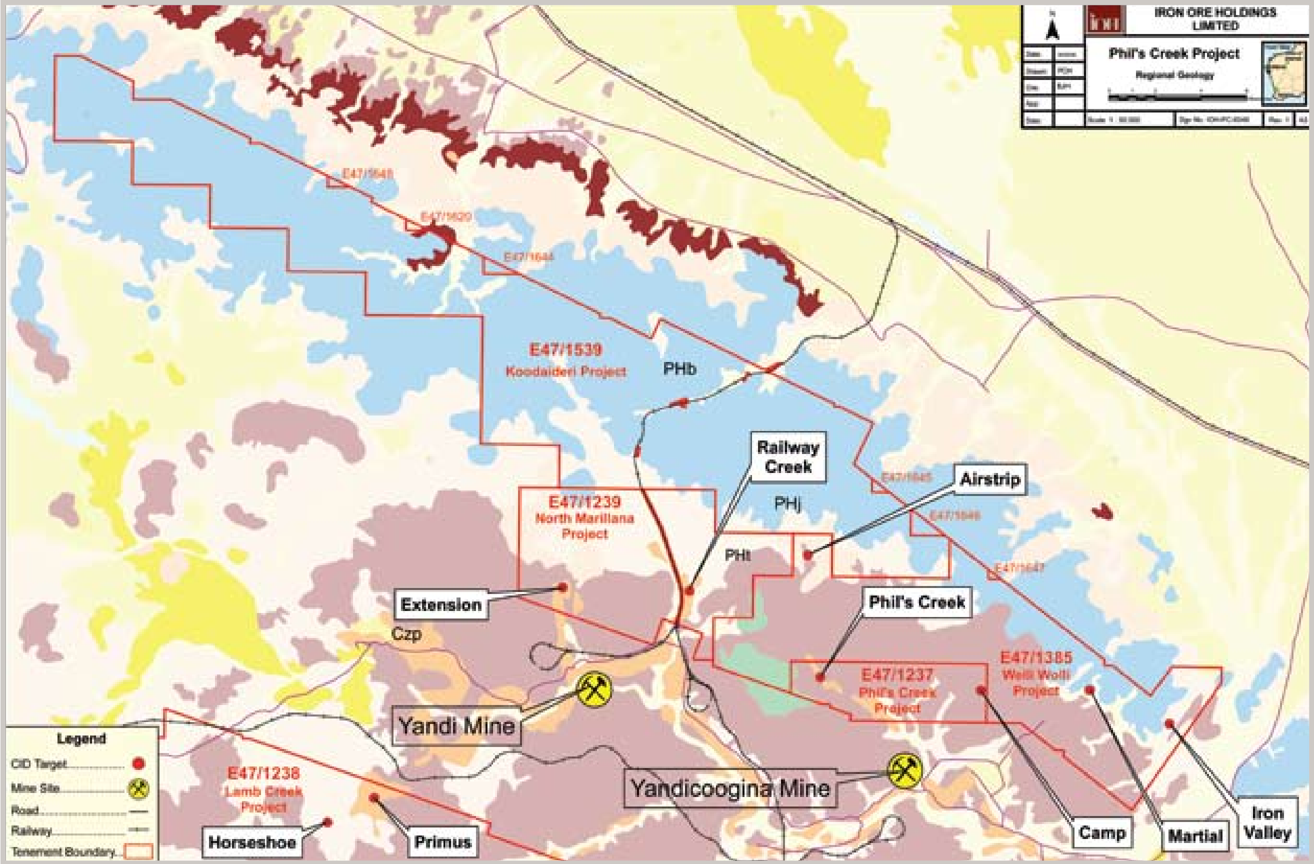


Figure 3 – Phil's Creek Regional Geology

Lamb Creek – E47/1238 100% Interest

Horeshoe Project

A relatively small RC drilling program of 23 holes for approximately 450m was completed over the area, intersecting thicknesses of up to a maximum of 21 meters (averaging approximately 10m), of pisolite material. This wide spaced initial drilling has confirmed the presence of a partially buried pisolite deposit at Horseshoe. Iron grades and contaminant levels indicate that the CID deposit is sub DSO quality and no further drilling campaigns were carried out on this project.

However, ongoing geological mapping and drill testing of additional prospective areas within the Lamb Creek tenement project area is planned for the coming twelve months.

Inspecting "Bush Bee" hive at Lamb Creek

Boundary Prospect

This Project was identified as a prospective target by regional helicopter reconnaissance. Results from the first phase of RC drilling at the Boundary Prospect on IOH's Lamb Creek Tenement have returned highly encouraging DSO intercepts from previously unknown mineralisation hosted in the Brockman Iron Formation.

A total of 10 holes for 532 metres have been completed. The initial drilling was aimed at testing interpreted Brockman Iron Formation mineralisation which had previously been mapped and sampled in outcrop. Results from three of the ten holes completed (figure 5) have confirmed that thick high grade mineralisation exists at the previously untested prospect, however further detailed surface mapping and RC drill testing will be required to fully understand the significance of the find. RC drilling is scheduled to commence late in 2009 to follow-up on these highly encouraging results. New prospects have been identified and will be followed up with heritage and other necessary clearances in 2010.

Figure 4 – Central Pilbara Project Location Plan

Yandicoogina Project - E47/1236 100% Interest

During the year geological mapping and rock chip sampling was undertaken at Yandicoogina, and a number of preliminary targets were identified. These targets will be followed up in early 2010.

Boundary Prospect - Sheet wash covered plains

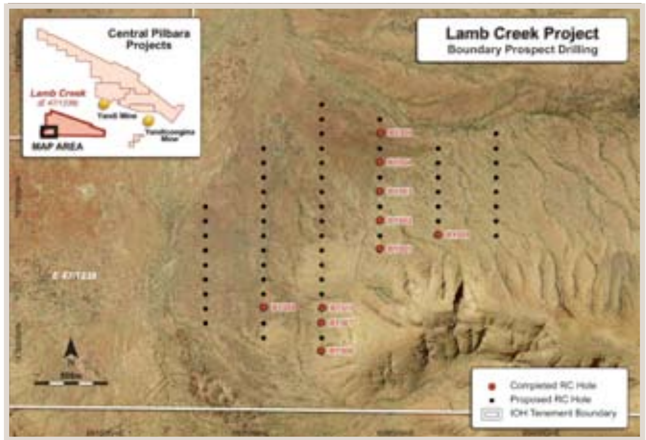


Figure – 5 Boundary Prospect Drill Location

Koodaideri South Project - E47/1539, E47/1620, And E47/1644 - E47/1648 100% Interest

The Koodaideri South Project is located adjacent to and north of the Weeli Wolli tenement in the Central Pilbara Region. E47/1539 was granted in June 2008. First pass reconnaissance mapping and surface sampling was completed in February 2009. The project is prospective for both CID and Bedded Iron Deposits (BID) hosted in the Brockman Iron Formation, which is known to host other significant iron deposits. The Company is awaiting Native Title clearance prior to commencing a 4,000 metre drilling program on a number of targets. Targets identified include (see figure 6):

- Kurrajura
- Hidden Valley
- Fingers
- Junction
- Bight

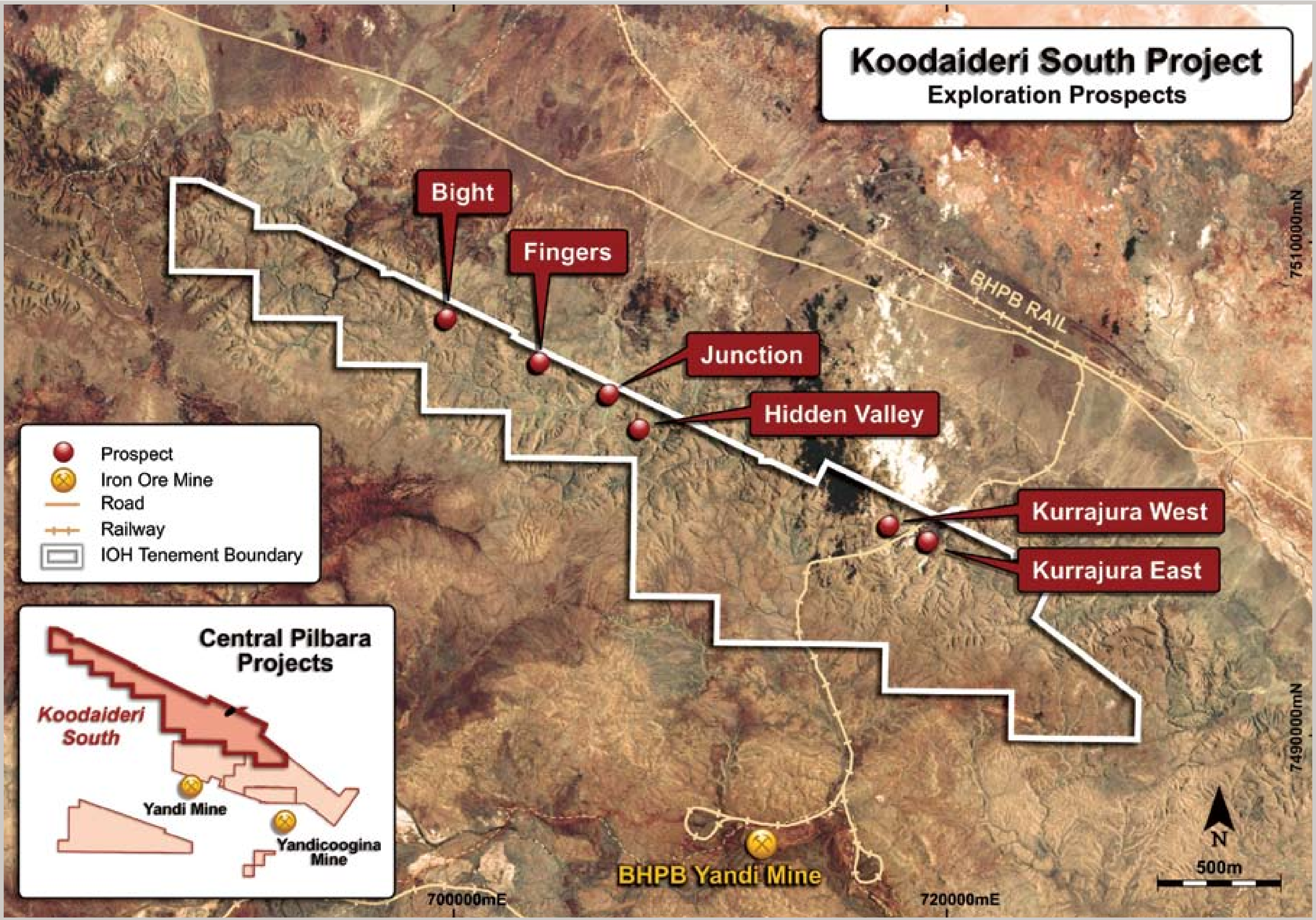


Figure 6 – Targets at Koodaideri South

Kurrajura Prospect

A total of 12 holes for 426 metres were drilled at Kurrajura. Results from these holes were not encouraging as only low-grade bedded and detrital mineralization was identified. Additional targets have been identified by surface mapping and further drill programs are being planned.

Hidden Valley Prospect

Based on surface sampling and geological mapping Hidden Valley has potential for bedded Brockman Iron formation and detrital mineralisation. Mineralisation is confined to a syncline structure. It is estimated that there is bedded mineralisation on the surface of approximately 20 metres thickness. Heritage clearances are in place.

Fingers/Junction/Bight Prospects

Further exploration work is currently awaiting appropriate clearances. Initial surface mapping and rock chip sampling have been completed and indicate potential for bedded mineralisation. Heritage surveys are scheduled for early October 2009.

Extension Project - E47/1239 100% Interest

Located on the North Marillana tenement, the Extension Project has had additional metallurgical test-work carried out to upgrade the previously announced JORC Indicated Mineral Resource of **46.8Mt @50% Fe[1].**

Results from this test work indicate a limited opportunity for recovering an acceptable product using a simple screening operation. Alternate beneficiation techniques are under review. Results received from 12 diamond drill holes confirmed the presence of a high grade DSO zone within the previously identified large moderate grade pisolite CID. Work on the project has been re-scheduled following the discovery of the Iron Valley resource.

A helicopter reconnaissance program over the tenement has identified an additional CID target (Breakaway) and this was followed by rock chip sampling which has confirmed the potential of the target. An initial drilling program is being planned for early 2010.

Western Pilbara Projects

The Western Pilbara project area consists of the Buckland Hills project (adjacent to the Robe River's Mesa J operations), and the Maitland River project (approximately 40km south west of Karratha).

Buckland Hills Project - E47/1538 & E08/1554

This tenement has potential for significant CID mineralisation and Brockman Iron Formation detritals. Based on recent geological mapping and assays of rock chip sampling, three targets have been identified which have a very high potential for encountering high grade CID. All rock chip samples indicate **>58% Fe.** These initial target areas have been systematically mapped and sampled in detail prior to drill testing. An initial first pass RC program of an estimated 1500 metres is scheduled for the fourth quarter of 2009 and follow-up drilling is planned for 2010. The heritage survey has been undertaken and clearance is in place for further exploration activity on two of these targets.

Maitland River Project – E47/1537-I 100% Interest

The Maitland River project is located approximately 40km south west of Karratha and covers $74km^2$. The project is prospective for magnetite hosted iron mineralisation. Geophysical modeling of available data has highlighted the significance of the outcropping stratigraphy. Work planned for the project in the last quarter of 2009 includes detailed systematic mapping and sampling to identify and define mineralisation targets. This will be followed by an initial phase of RC drilling which is scheduled for 2010.

Portland Project – EIA47/2058 100% Interest

The Company was successful in a ballot for the grant of Exploration Licence EIA47/2058 in the Western Pilbara. Regional mapping is currently being planned for this new Portland Project which is located in the vicinity of the Buckland Hills Project.

Compliance Statement

[1] The information in this report that relates to Mineral Resources has been compiled by Mr Lynn Widenbar. Mr Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Widenbar and Associates and produced the Mineral Resource Estimate based on data and geological information supplied by IOH. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Widenbar consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

The information in this report that relates to mineralisation and exploration and drilling results is based on information compiled by Mr Tony Greenaway, who is a Member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy. Mr Greenaway is a full time employee of Iron Ore Holdings Ltd and 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 Greenaway consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Buckland Hills CID

Buckland Hills Pisolite Outcrops

1. Schedule Of Interests In Mining Tenements – Iron Ore Holdings Ltd

Location	Tenement	Project/Prospects	Interest
Lamb Creek, Pilbara	E47/1238-I	Horseshoe, Boundary	100%
Lamb Creek, Pilbara	M47/1357		100%
Lamb Creek, Pilbara	M47/1358		100%
North Marillana, Pilbara	E47/1239-I	Extension	100%
North Marillana, Pilbara	M47/1353		100%
North Marillana, Pilbara	M47/1354		100%
North Marillana, Pilbara	M47/1355		100%
North Marillana, Pilbara	M47/1356		100%
Portland , Pilbara	ELA47/2058		100%
South Marillana, Pilbara	E47/1237-I	Phil's Creek	100%
South Marillana, Pilbara	E47/1385-I	Iron Valley	100%
South Marillana, Pilbara	M47/1359		100%
South Marillana, Pilbara	M47/1360		100%
South Marillana, Pilbara	M47/1361		100%
South Marillana, Pilbara	M47/1362		100%
Yandicoogina, Pilbara	E47/1236-I		100%

PEL Iron Ore Pty Ltd

Location	Tenement	Project/Prospects	Interest
Buckland Hills, Pilbara	E08/1554-I		100%
Buckland Hills, Pilbara	E47/1538-I		100%
Koodaideri South, Pilbara	E47/1539-I	Kurrajura, Hidden Valley, Fingers, Junction, Bight	100%
Koodaideri South, Pilbara	E47/1620-I		100%
Koodaideri South, Pilbara	E47/1644-I		100%
Koodaideri South, Pilbara	E47/1645-I		100%
Koodaideri South, Pilbara	E47/1646-I		100%
Koodaideri South, Pilbara	E47/1647-I		100%
Koodaideri South, Pilbara	E47/1648-I		100%
Maitland River, Pilbara	E47/1537		100%

Pel Iron Ore Pty Ltd is a wholly owned subsidiary of Iron Ore Holdings Ltd

Board of Directors'

Your directors present their report on the Company and its controlled entity for the financial year ended 30 June 2009.

The names of directors in office at any time during or since the end of the year are:

Malcolm Roger Joseph Randall

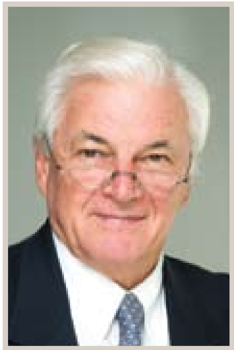
Matthew James Rimes

Godfrey Edward Taylor
(resigned 1 February 2009)

Hon. Richard Fairfax Court AC

Brian Francis O'Donnell
(appointed 4 December 2008)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.



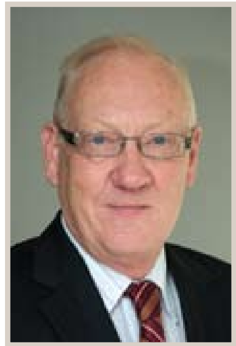
Malcolm Roger Joseph Randall
Non-Executive Chairman

Qualifications – Dip Applied Chem. MAICD

Experience – Mr Randall has had extensive experience in corporate, management and marketing in the resource sector including over 25 years with the Rio Tinto group of companies. His iron ore experience has included senior technical and commercial management roles in Hamersley Iron Pty Ltd and a commercial advisor to the Hope Downs Iron Ore project. Mr Randall is also a non-executive director of six other ASX listed resource companies as noted below.

Special Responsibilities – Audit Committee member.

Directorships held in other listed entities in the last 3 years – Current director of United Minerals Corporation NL , Thundelarra Exploration Ltd, Matilda Zircon Ltd, Royal Resources Ltd and Summit Resources Ltd. Previous Directorships: Olympia Resources Ltd (resigned 20 November 2008) and Northern Mining Ltd (resigned 6 October 2008).



Matthew James Rimes
Managing Director

Qualifications – AWASM (Mining Eng), Exec MBA, Grad IEAust, MAusIMM

Experience – Mr Rimes is a mining engineer with over thirty years experience in a range of commodities including gold, copper, nickel and iron ore. He was with North Ltd from 1989, and then subsequently with the Rio Tinto group since the takeover of North Ltd in 2000. Over the last ten years he has been with Robe River and has held senior operational positions at both of Robe's operations at Pannawonica and West Angela. Whilst at Robe, he held the position of Executive Manager - Resource Development, where he was responsible for directing Robe's exploration activities and strategic planning. Mr Rimes was on the board of Robe Mining Co Pty Ltd.

Mr Rimes brings a wide range of experience in operations, feasibility studies and acquisitions to the board, together with a broad knowledge of the iron ore sector. Prior to joining the board of Iron Ore Holdings he was Managing Director of Fusion Resources Ltd (formerly Echelon Resources Ltd).

Directorships held in other listed entities in the last 3 years — Fusion Resources Ltd (formerly Echelon Resources Ltd) (resigned 9 February 2009), Sovereign Metals Ltd (resigned 17 December 2008) and Indo Mines Ltd (resigned 17 December 2008).

Hon. Richard F Court AC
Non-Executive Director

Qualifications – B.Comm (UWA)

Experience – Hon. Richard Court AC was Premier and Treasurer of Western Australia from 1993 – 2001. He retired from Parliament after nineteen years as the Member for Nedlands. His Government led the LNG marketing push into new markets, the successful deregulation of the Western Australian gas markets and the successful privatisations of the SGIO, BankWest, AlintaGas, Westrail Freight and the DBNG pipeline. After graduating with a Bachelor of Commerce degree from the University of Western Australia, he worked in the United States to gain further management training. On his return to Western Australia he started a number of small businesses in fast food and boating.

In addition to the directorships held in other listed entities detailed below, Hon. Court is also Chairman of Resource Investment Strategy Consultants [RISC]; a Senior Adviser to KPMG; a consultant to Australian Capital Equity Pty Ltd; Director of WesTrac Holdings Pty Ltd; and, Chairman of the Channel 7 Telethon Trust.

Appointed Companion in the General Division of the Order of Australia in June 2003 for service to the Western Australian Parliament and to the community, particularly the indigenous community, and in the areas of child health research and cultural heritage and to economic development through negotiating major resource projects including new gas markets furthering the interests of the nation as a whole.

Special Responsibilities — Audit Committee member.

Directorships held in other listed entities in the last three years — Current non-executive chairman of GRD Limited and non-executive director of National Hire Group Limited.

Brian Francis O'Donnell
Non-Executive Director (appointed 4 December 2008)

Qualifications – B Comm (UWA) FCA, MAICD

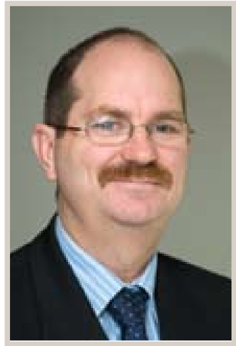
Experience – Mr O'Donnell has 25 years' experience in the finance and investment industry. He joined Australian Capital Equity (ACE) as Group Treasurer in 1996, and was appointed to the Board in 2001. As Finance Director for the ACE Group, Brian has overall responsibility for all finance facilities and lender relationships for the ACE Group, in addition to responsibility for investment assessment, execution and management.

Prior to joining ACE, Mr O'Donnell was employed by the Deutsche Bank Group (1991-1996), Challenge Bank (1988-1991) and Arthur Andersen (1985-1988).

Mr O'Donnell graduated with a Bachelor of Commerce Degree from the University of Western Australia in 1985, and qualified as a Chartered Accountant in 1987. He has served on the Boards of several listed and unlisted public and private companies, and is currently Non-Executive Chairman of @www Pty Ltd, a Non-Executive Director of WesTrac Pty Ltd and Fremantle Football Club, and a member of the Australian Institute of Company Directors.

Special Responsibilities — Audit Committee Chairman.

Directorships held in other listed entities in the last three years - Nylex Ltd (resigned 31 August 2007).



Simon Robertson
Company Secretary

Qualifications – B. Bus, CA, M Appl. Fin.

Mr Robertson gained a Bachelor of Business from Curtin University in Western Australia and Master of Applied Finance from Macquarie University in New South Wales. He is a member of the Institute of Chartered Accountants and the Chartered Secretaries of Australia. Mr Robertson has experience as a Company Secretary and in transaction management. He has also been involved in management of the ASX listing process and several specific asset transfers, general accounting for public companies and preparation of financial statements.

Interests in the shares and options of the Company

As at the date of this report, the interests of the directors in the shares and options of Iron Ore Holdings Ltd were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Mr Malcolm Joseph Roger Randall – Non-Executive Chairman	207,500	2,017,500
Mr Matthew James Rimes – Managing Director	705,000	3,058,333
Mr Godfrey Edward Taylor – Non-Executive Director (resigned 1 February 2009)	628,075	2,000,000
Hon. Richard Fairfax Court AC – Non-Executive Director	300,000	1,000,000
Mr Brian Francis O'Donnell – Non-Executive Director (appointed 4 December 2008)	-	-

(i) This was Mr Taylor's holding at the date of resignation

Principal Activities

The principal activity of the consolidated group during the financial year was the exploration of mineral tenements in Western Australia. There were no significant changes in the nature of the consolidated group's principal activities during the year.

Operating Results

The consolidated loss of the consolidated group after providing for income tax amounted to $6,785,763 (2008: $3,219,410).

Review and results of Operations

During the financial year the Company continued with exploration activities on its mineral tenements within Australia as follows:

- Iron Valley Project - a JORC Mineral Resource of 160 million tonnes at 59.1% Fe has been identified following intensive drilling campaigns.
- Lamb Creek – preliminary mapping and first pass reconnaissance RC drilling completed confirming the presence of the interpreted prospective rocks of the Brockman formation.
- Koodaideri South – first pass RC drilling programme completed with mineralization being intersected.

The company has been successful in a ballot for the grant of exploration license E47/2058 in the Western Pilbara located to the north of the Buckland Hills tenement area. Regional mapping of this license is currently being planned.

A Definitive Engineering Study has been completed for the Phil's Creek Project which has confirmed that the operation is suited to a conventional open pit mining operation delivering up to 1.5Mtpa of product subject to regulatory approvals and completion of a formal ore sales agreement with Rio Tinto.

The information in this report that relates to Mineral Resources has been compiled by Mr Lynn Widenbar.

Mr Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Widenbar and Associates and produced the Mineral Resource Estimate based on data and geological information supplied by IOH. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Widenbar consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

The information in this report that relates to mineralisation and exploration and drilling results is based on information compiled by Mr Tony Greenaway, who is a Member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy. Mr Greenaway is a full time employee of Iron Ore Holdings Ltd and 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 Greenaway consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Financial Position and Significant Changes in the State of Affairs

The net assets of the consolidated group have decreased by $6,160,358 from 30 June 2008 to $17,447,598 at 30 June 2009. This decrease has largely resulted from expenditure on the continued exploration of the economic entity's tenements.

Cash on hand at 30 June 2009 totalled $14.55 million.

The directors believe the economic entity is in a strong and stable financial position to continue its exploration and development activities.

Dividends Paid or Recommended

No dividend has been declared or paid by the Company. The directors do not recommend the payment of a dividend.

After Balance Date Events

There have been no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect:

- the consolidated group's operations in future years; or
- the results of those operations in future years; or
- the consolidated entity's state of affairs in future years.

Future Developments, Prospects and Business Strategies

The consolidated group has iron ore production and iron ore sales as its primary strategy and the exploration activities on its tenements are directed to this achievement. To expedite this, the consolidated entity has appointed the appropriate consultants and followed the necessary statutory requirements to obtain access to its tenements under the various regulatory government guidelines.

The company has undertaken a Definitive Engineering Study at Phil's Creek with a review of geological and mine planning assumptions. The study was completed during the year and subject to obtaining the necessary government approvals, it is anticipated that mining will commence at Phil's Creek by the second half of 2010, subject to the negotiation of a formal sales agreement with Rio Tinto.

The Company intends to continue its current operations of mineral exploration and tenement acquisition with a view to the commercial development of discovered or acquired mineral resources.

The ability of the Company to achieve successful commercial developments will depend upon the success of its exploration and development programs.

Environmental Regulation and Performance

The consolidated group's activities in Australia are subject to the Native Title Act of the Commonwealth or State. There have been no significant known breaches of the consolidated entity's obligations under these Acts. The consolidated group is not aware of any matters that cannot be resolved through the normal legal process, should they arise.

Share Options

Unissued shares

At the date of this report, the unissued ordinary shares of Iron Ore Holdings Ltd under option are as follows:

Grant Date	Expiry Date	Exercise Price	Number under option
10 March 2005	10 May 2010	$0.25	3,500,000
28 November 2005	10 May 2010	$1.30	3,600,000
1 June 2007	1 May 2010	$1.00	3,000,000
29 October 2007	3 September 2010	$1.00	250,000
26 March 2008	4 December 2010	$1.00	25,000
26 March 2008	19 November 2010	$1.00	100,000
26 March 2008	26 February 2011	$1.00	100,000
27 May 2008	30 April 2011	$1.00	500,000
16 May 2008	30 April 2011	$1.00	12,728,303
8 July 2008	30 April 2011	$1.00	700,000
8 July 2008	30 April 2011	$1.30	200,000
7 August 2008	30 April 2011	$1.00	150,000
18 September 2008	30 April 2011	$1.00	300,000
8 July 2009	1 July 2012	$1.15	650,000
			25,803,303

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options

During the financial year, current employees and executives have not exercised any options to acquire fully paid ordinary shares in Iron Ore Holdings Ltd.

Indemnification and Insurance of Directors and Officers

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was $13,223 exclusive of GST (2008: $8,436).

Meetings of Directors

The number of formal meetings of directors (including committees of directors) held during the year and the number of meetings attended by each director were as follows:

			Committee Meetings	
	Directors' Meetings		Audit Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr MRJ Randall	7	7	2	2
Mr MJ Rimes	7	7	-	-
Mr GE Taylor**	5	5	1	1
Hon RF Court AC	7	7	2	2
Mr BF O'Donnell*	3	3	1	1

**Appointed 4 December 2008* ***Resigned 1 February 2009*

Non-audit Services

An affiliated entity of the auditor charged $3,350 for tax services during the year ended 30 June 2009. There were no other non-audit services provided by the auditors of the Company during the year.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 25.

Remuneration Report
(Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. It also provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 Related Party Disclosures, which have been transferred to the Remuneration Report in accordance with Corporations Regulation 2M.6.04. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes General Manager Exploration, General Manager Project Development and Phil's Creek Study Manager.

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives
- Link executive rewards to shareholder value
- A portion of executive remuneration may be put 'at risk', dependent on meeting pre-determined performance benchmarks
- Establish appropriate, demanding performance hurdles in relation to variable executive remuneration

Due to the early stage of development which the Company is in, shareholder wealth is directly affected by the Company share price, as the Company is not in a position to pay dividends. By remunerating Directors and Executives in part by share based payments, the Company aims to align the interests of Directors and Executives with Shareholder wealth, thus providing individual incentive to perform and thereby improving overall Company performance and associated value.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors to the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate directors' fees payable to non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. Shareholders' have approved aggregate directors' fees payable of $250,000 per year.

The amount of aggregate directors' fees sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board may consider advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each non-executive director receives a fee for being a director of the company. No additional fees are currently paid for directors sitting on Board committees. However, if a Director performs extra or special services beyond their role as a director, the Board may resolve to provide additional remuneration for such services.

Fees for directors are not linked to the performance of the economic entity however, to align all directors' interests with shareholder interests, directors are encouraged to hold shares in the Company and may receive options. This effectively links directors' performance to the share price performance and therefore to the interests of shareholders. For this reason there are no performance conditions prior to grant, but instead an incentive to increase the value to all shareholders.

The remuneration of non-executive directors for the periods ended 30 June 2009 and 30 June 2008 are detailed in Table 1 and 2 respectively on pages 22 and 23 of this report.

Executive Remuneration

Objective
The Company aims to reward executives (both directors and company executives) with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for Company performance;
- Align the interest of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

Structure
Executive remuneration consists of both fixed and variable elements.

Fixed Remuneration

Objective
The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually or upon renewal of fixed term contracts by the Board and the process consists of a review of Company and individual performance, relevant comparative remuneration in the market and internal policies and practices.

Structure
Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The remuneration of executive directors for the periods ended 30 June 2009 and 30 June 2008 are detailed in Table 1 and 2 respectively on pages 22 and 23 of this report.

Variable Remuneration

Objective
The objective of variable remuneration provided is to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Structure
Variable remuneration may be delivered in the form of share options granted under the Employee Share Option Plan.

During the financial year ended 30 June 2009 no options were issued to Directors.

During the financial year ended 30 June 2009, the Company granted options to the Company Secretary (8 July 2008), the General Manager-Project Development (8 July 2008) and the Phil's Creek Study Manager (18 September 2008) under the terms and conditions of the Employee Share Option Plan. The value of options granted is being expensed over the vesting period. Refer to Table 3 set out on page 23 of this report for full details of the number, fair value and vesting conditions of these options.

There were no other incentive options issued to directors or executives during the year ended 30 June 2009.

Employment Contracts

Managing Director

The employment conditions of the managing director, Mr Rimes, are formalised in a contract of employment for 3 years which commenced on 1 May 2007 and expires on 30 April 2010.

The contract of employment stipulates a three month termination period. Where the employer terminates the employee in accordance with the Agreement for any reason other than the reasons set out in the Agreement, the employer will pay to the employee the equivalent 3 months remuneration and any arrears including but not limited to accrued annual leave and long service leave.

Other Executives

The General Manager Exploration, General Manager Project Development and Phil's Creek Study Manager are employed under contracts with no fixed term. The contracts of employment stipulate a one month termination period. Where the employer terminates the employee in accordance with the Agreement for any reason other than the reasons set out in the Agreement, the employer will pay to the employee the equivalent one month's remuneration and any arrears including but not limited to accrued annual leave and long service leave.

Key Management Personnel Remuneration

Table 1: Remuneration for the year ended 30 June 2009

	Short Term	Post Employment		Share Based Payment		
Executive Directors	Salary, Fees & Commissions $	Superannuation $	Other $	Options $	Total $	Remuneration Consisting of Options %
MJ Rimes – Managing Director	296,087	25,200	1,653	72,966	395,906	18%
Non-Executive Directors						
M RJ Randall – Chairman	74,108	6,566	1,653	-	82,327	-
GE Taylor (resigned 1 February 2009)	25,417	-	1,653	-	27,070	-
Hon RF Court AC	44,167	3,975	1,653	-	49,795	-
BF O'Donnell (Appointed 4 December 2008)	26,250	2,363	1,653	-	30,266	-
Other key management personnel						
A Greenaway – General Manager Exploration	224,874	19,350	1,653	110,612	356,489	31%
B Hodgins- General Manager Project Development	221,619	18,975	1,653	135,449	377,696	36%
A Duncan-Kemp –Phil's Creek Study Manager	144,350	12,870	1,652	43,287	202,159	20%
Total	**1,056,872**	**89,299**	**13,223**	**362,314**	**1,521,708**	

Table 2: Remuneration for the year ended 30 June 2008

	Short Term	Post Employment		Share Based Payment		
	Salary, Fees & Commissions	Superannuation	Other	Options	Total	Remuneration Consisting of Options
Executive Directors	$	$	$	$	$	%
MJ Rimes – Managing Director	279,795	16,220	1,206	458,789	756,010	61%
DN Ammon – Technical Director (resigned 13 August 2007)	37,723	-	1,205	-	38,928	-
Non-Executive Directors						
M RJ Randall – Chairman	72,395	6,161	1,205	-	79,761	-
GE Taylor	38,936	-	1,205	-	40,141	-
Hon RF Court AC (appointed 20 November 2007)	23,784	1,925	1,205	-	26,914	-
Other key management personnel						
A Greenaway – General Manager Exploration	21,715	1,846	1,205	50,308	75,074	67%
B Hodgins – General Manager Project Development	7,629	638	1,205	-	9,472	-
Total	**481,977**	**26,790**	**8,436**	**509,097**	**1,026,300**	

Table 3: Compensation Options - Granted and vested during the year (Consolidated)

2009	Granted		Terms & Conditions for each Grant					Vested
	No.	Grant Date	Fair value per option at grant date	Exercise price per option	Expiry date	First exercise date	Last exercise date	No.
Directors			$	$				
No options were issued to directors in the year ended 30 June 2009.								
Other KMP								
B Hodgins	100,000	7-Jul-08	$0.3378	$1.00	30-Apr-11	16-Dec-08	30-Apr-11	100,000
B Hodgins	200,000	7-Jul-08	$0.3378	$1.00	30-Apr-11	16-Jun-09	30-Apr-11	200,000
B Hodgins	200,000	7-Jul-08	$0.3378	$1.00	30-Apr-11	16-Jun-10	30-Apr-11	-
A Duncan-Kemp	50,000	18-Sep-08	$0.1986	$1.00	30-Apr-11	18-Aug-08	30-Apr-11	50,000
A Duncan-Kemp	50,000	18-Sep-08	$0.1986	$1.00	30-Apr-11	15-Mar-09	30-Apr-11	50,000
A Duncan-Kemp	100,000	18-Sep-08	$0.1986	$1.00	30-Apr-11	15-Sep-09	30-Apr-11	-
A Duncan-Kemp	100,000	18-Sep-08	$0.1986	$1.00	30-Apr-11	15-Sep-10	30-Apr-11	-
	800,000							**400,000**

2008	Granted		Terms & Conditions for each Grant					Vested
Directors	No.	Grant Date	Fair value per option at grant date $	Exercise price per option $	Expiry date	First exercise date	Last exercise date	No.
No options were issued to directors in the year ended 30 June 2008.								
Other KMP								
A Greenaway	100,000	27-May-08	$0.39	$1.00	30-Apr-11	27-May-08	30-Apr-11	100,000
A Greenaway	200,000	27-May-08	$0.39	$1.00	30-Apr-11	27-May-09	30-Apr-11	-
A Greenaway	200,000	27-May-08	$0.39	$1.00	30-Apr-11	27-May-10	30-Apr-11	-
Total	**500,000**							**100,000**

Options granted as part of remuneration

The total value of options granted as remuneration to Mr Hodgins and Mr Duncan-Kemp during the year was $168,895 and $59,586 respectively. The value attributable to those options that vested and the amount recognised as an expense during the year was $135,449 and $43,287 respectively which represents 37% and 21% of Messrs Hodgins and Duncan-Kemp's remuneration for the year.

1,500,000 options issued in the year ended 30 June 2007 to KMP, vested during the year (2008: 1,500,000).

200,000 options issued in the year ended 30 June 2008 to KMP, vested during the year.

No previously granted options were exercised or lapsed during the current year.

For details on the valuation of the options, including models and assumptions used, please refer to Note 19.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

There were no forfeitures during the period.

The maximum grant, which will be payable assuming that all service criteria are met, is equal to the number of options granted multiplied by the fair value at the grant date. The minimum grant payable assuming that service criteria are no met is zero.

Shares issued on exercise of compensation options (Consolidated)

No compensation options were exercised during the year.

Signed in accordance with a resolution of the directors.

Matthew James Rimes
Managing Director
25 August 2009

Stantons International

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25 August 2009

Board of Directors
Iron Ore Holdings Limited
Level 1, 1 Altona Street
WEST PERTH WA 6005

Dear Sirs

RE: IRON ORE HOLDINGS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Iron Ore Holdings Limited.

As Audit Director for the audit of the financial statements of Iron Ore Holdings Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)

John Van Dieren
Director

Member of Russell Bedford International

Corporate Governance Statement

The Board of Directors of Iron Ore Holdings Ltd (the "Company") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Since the introduction of the ASX Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines"), the Company has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Guidelines, the Company has followed each Recommendation where the Board has considered the Recommendation to be appropriate. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The table below summarises the Company's compliance with the Corporate Governance Council's Recommendations.

	Recommendation	Comply Yes / No	Reference / Explanation
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions .	Yes	Page 28
1.2	Companies should disclose the process for evaluation the performance of senior executives.	Yes	Page 32
2.1	A majority of the Board should be independent directors.	Yes	Page 28
2.2	The chairperson should be an independent director.	Yes	Page 28
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	Yes	Page 28
2.4	The Board should establish a nomination committee.	No	Page 33
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	Page 32
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: – the practices necessary to maintain confidence in the Company's integrity; – the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; – the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	Page 29
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	Yes	Page 30
4.1	The Board should establish an audit committee.	Yes	Page 28
4.2	Structure the audit committee so that it consists of: – only non-executive directors; – a majority of independent directors; – an independent chairperson, who is not chairperson of the Board; – at least three members.	Yes	Page 28
4.3	The audit committee should have a formal charter.	Yes	Website
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	Website
6.1	Design and disclose a communications strategy to promote effective communications with shareholders and encourage effective participation at general meetings and disclose their policy or a summary of that policy.	Yes	Website
7.1	The Board or appropriate Board committee should establish policies on risk oversight and management.	Yes	Page 32

	Recommendation	Comply Yes / No	Reference / Explanation
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Yes	Page 32
7.3	Disclose whether the Board has received assurance from the CEO and CFO that the declaration provided in accordance with CA section 295A is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Page 32
8.1	The Board should establish a remuneration committee.	No	Page 33
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Yes	Page 33

The Company's corporate governance practices were in place throughout the year ended 30 June 2009.

Further information about the Company's corporate governance practices is set out on the Company's website at www.ironoreholdings.com/corpgov.asp. In accordance with the recommendations of the ASX, information published on the Company's website includes charters (for the Board and its sub-committees), codes of conduct and other policies and procedures relating to the Board and its responsibilities.

Board of Directors

Role of the Board and Management

The Board represents shareholders' interests in developing and then continuing a successful business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Group (being Iron Ore Holdings Limited and its subsidiaries), is managed in such a way to best achieve this desired result. Given the early development stage of this business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Group.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executive director and approving their remuneration;
- Appointing and removing the Company Secretary and approving their remuneration;
- Determining the strategic direction of the Group and measuring performance of management against approved strategies;
- Reviewing the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Group's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Group's financial affairs;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Group's corporate governance practices are being continually reviewed and improved as the Group's business develops.

Composition of the Board and New Appointments

The Company currently has the following Board members:

Mr Malcolm Randall	Non-Executive Chairman
Mr Matthew Rimes	Managing Director
Hon. Richard Court AC	Non-Executive Director
Mr Brian O'Donnell	Non-Executive Director

The Company's Constitution provides that the number of Directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of additional independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed and the optimum number of Directors required for the Board to properly perform its responsibilities and functions assigned.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of Directors (other than Managing Director, regardless of whether this is a joint or singular position) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

Committees of the Board

To assist the Board in carrying out its responsibilities, the Board has established the following committees:

– Audit Committee

The Audit Committee operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit Committee are non-executive directors.

The members of the Audit Committee during the year were:

Mr Brian O'Donnell	Non-Executive Chairman (appointed 17 February 2009)
Mr Godfrey Taylor	Non-Executive Chairman (Resigned 1 February 2009)
Mr Malcolm Randall	Non-Executive Director
Hon. Richard Court AC	Non-Executive Director

Qualifications of Audit Committee members

Mr O'Donnell is a qualified chartered accountant, and is a Fellow of the Institute of Chartered Accountants of Australia. He has formerly been the chairman of Audit Committees of listed and unlisted public companies, and is the Finance Director of the Australian Capital Equity Pty Limited group of companies.

Mr Randall has had extensive experience in corporate, management and marketing in the resource sector including over 20 years with the Rio Tinto group of companies. This has included senior technical and commercial management roles in Hamersley Iron Pty Ltd and a commercial advisor to the Hope Downs Iron Ore project. Mr Randall is also a non-executive director of three ASX listed resource companies as noted below.

Hon. Court AC was Premier and Treasurer of Western Australia from 1993 to 2001 and retired from Parliament after nineteen years as the Member for Nedlands. His Government achieved the successful privatisation of SGIO, BankWest, AlintaGas, Westrail Freight and Dampier to Bunbury natural gas pipeline. Hon. Court was actively involved with initiatives to expand the resources sector including the successful deregulation of the Western Australian gas market, the LNG marketing push into China and Korea, and infrastructure support for the mining and oil and gas sector – these interests are now being actively pursued through the private sector.

For details of the number of Audit Committee meetings held during the year and the attendees at those meetings, refer to the Directors' Report.

Conflicts of Interest

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

Ethical Standards

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Group.

Code of Conduct for Directors

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

The principles of the code are:

- A Director must act honestly, in good faith and in the best interests of the Company as a whole.
- A Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A Director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A Director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
- A Director must not make improper use of information acquired as a director.
- A Director must not take improper advantage of the position of director.
- A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A Director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a Director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A Director should not engage in conduct likely to bring discredit upon the Company.
- A Director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined on the following page.

Code of Ethics and Conduct

The Company has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Company information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

Dealings in Company Securities

The Company's share trading policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the Directors, Officers, Employees and Consultants of the Company.

'Inside information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information (eg. even if the employee or Director overhears it or is told in a social setting).

In addition to the above, Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

Interests of Other Stakeholders

The Group's objective is to develop and commercialise its exploration tenements to create wealth for shareholders and add value for other stakeholders.

To assist in meeting its objective, the Company conducts its business within the Code of Ethics and Conduct.

Disclosure of Information

Continuous Disclosure to ASX

The continuous disclosure policy requires all executives and Directors to inform the Managing Director or the Company Secretary when the Managing Director is not available, of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information is not material and need not be disclosed if:

(i) A reasonable person would not expect the information to be disclosed or is material but due to a specific valid commercial reason is not to be disclosed; and
(ii) The information is confidential; and
(iii) One of the following applies:
  (a) It would breach a law or regulation to disclose the information;
  (b) The information concerns an incomplete proposal or negotiation;
  (c) The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
  (d) The information is generated for internal management purposes;
  (e) The information is a trade secret;
  (f) It would breach a material term of an agreement, to which the Company is a party, to disclose the information;
  (g) The information is data that the release of which may benefit the Company's potential competitors.

The Managing Director is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

Communication with Shareholders

The Company places considerable importance on effective communications with shareholders.

The Group's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the Group is provided to shareholders. Mechanisms employed include:

– Announcements lodged with ASX;
– ASX Quarterly Cash Flow Reports;
– Half Yearly Report;
– Presentations at the Annual General Meeting/General Meetings; and
– Annual Report.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Group's strategy and goals.

The Company also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

Risk Management

Identification of Risk

The Board is responsible for the oversight of the Group's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the Managing Director and Chief Financial Officer (or equivalent) having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Group are highlighted in the Business Plan presented to the Board by the Managing Director each year.

Arrangements put in place by the Board to monitor risk management include:

– where appropriate the appointment of appropriately skilled consultants to provide independent assessment of operational results and proposals, and to oversee the Company's future operations and manage liaison with other industry participants;
– periodic reporting to the Board in respect of operations and the financial position of the Company; and
– annual reports to the Board by the Chairman of each committee.

Integrity of Financial Reporting

The Company's Managing Director and Chief Financial Officer (or equivalent) report in writing to the Board that:

– the consolidated financial statements of the Company and its controlled entity for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
– the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
– the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Role of Auditor

The Company's practice is to invite the auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Performance Review

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committee during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the Directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Company's executives include:

– a review by the Board of the Company's financial performance; and
– annual performance appraisal meetings incorporating analysis of key performance indicators with each individual.

Remuneration Arrangements

The Board has not established a Remuneration Committee responsible for making recommendations to the Board on remuneration arrangements for Directors and executives of the Company.

The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and executives with a remuneration package consisting of fixed components that reflect the person's responsibilities, duties and personal performance.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to Non-Executive Directors by other companies of similar size in the industry, and is subject to shareholder approval.

The aggregate amount payable to the Company's Non-Executive Directors for undertaking their duties as Directors must not exceed the maximum annual amount approved by the Company's shareholders (currently $250,000).

For a full discussion of the Company's remuneration philosophy and framework, and the remuneration received by directors and executives in the current period, please refer to the Remuneration Report, which is contained within the Directors' Report.

Compliance with ASX Corporate Governance Recommendations

During the Company's 2008/2009 financial year, the Company complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

Principle Reference	Recommendation Reference	Notification of Departure	Explanation for Departure
2	2.4	The Board has not established a separate Nomination Committee.	The full Board carries out the role of a Nomination Committee in accordance with its Charter (which is disclosed on the Company's website). The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee.
8	8.1	The Board has not established a separate Remuneration Committee.	The full Board carries out the role of a Remuneration Committee in accordance with its Charter (which is disclosed on the Company's website). Due to the relatively small size of the Board, the Board considers that a separate Remuneration Committee would not add efficiency to the process of determining the level of remuneration for the directors and key executives. When considering matters of remuneration, the Board functions in accordance with the Remuneration Committee Charter which requires that shareholders approve the maximum aggregate remuneration for Non-Executive Directors (after the Board recommends the actual payments to directors) and that Executive remuneration and other terms of employment are reviewed annually by the Board having regard to performance, relevant comparative information and expert advice.

		Consolidated Group		Parent Entity	
		2009	2008	2009	2008
	Note	$	$	$	$
Revenue	4	**1,111,247**	301,957	**1,111,247**	301,957
Other income		**686**	24	**686**	24
Employee benefits expense	5(a)	**(2,535,894)**	(1,457,913)	**(2,535,894)**	(1,457,913)
Administration expenses		**(1,157,292)**	(833,770)	**(1,157,292)**	(833,770)
Exploration expenses		**(4,278,261)**	(1,187,289)	**(3,573,894)**	(1,050,147)
Depreciation and amortisation expense		**(192,698)**	(42,419)	**(192,698)**	(42,419)
Impairment of loan to subsidiary		**-**	-	**(704,367)**	(137,142)
Loss before income tax		**(7,052,212)**	(3,219,410)	**(7,052,212)**	(3,219,410)
Income tax credit (Research and Development Rebate)	6	**266,449**	-	**266,449**	-
Loss from continuing operations		**(6,785,763)**	(3,219,410)	**(6,785,763)**	(3,219,410)
Loss for the year attributable to members of the parent entity		**(6,785,763)**	(3,219,410)	**(6,785,763)**	(3,219,410)
Basic and diluted loss per share (cents per share)	7	**(5.84)**	(3.97)		

The above income statements should be read on conjunction with the accompanying notes.

		Consolidated Group		Parent Entity	
		2009	2008	2009	2008
	Note	$	$	$	$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8(a)	**14,549,009**	5,690,197	**14,549,009**	5,690,197
Held to maturity financial assets	9	**-**	15,084,002	**-**	15,084,002
Trade and other receivables	10	**269,539**	218,144	**269,539**	218,144
Prepayments		**25,077**	-	**25,077**	-
TOTAL CURRENT ASSETS		**14,843,625**	20,992,343	**14,843,625**	20,992,343
NON-CURRENT ASSETS					
Trade and other receivables	10	**192,727**	-	**192,727**	-
Investment in subsidiary	11	**-**	-	**2,625,000**	2,625,000
Plant and equipment	12	**665,088**	263,969	**665,088**	263,969
Deferred mineral acquisition expenditure	13	**2,684,460**	2,684,460	**59,460**	59,460
TOTAL NON-CURRENT ASSETS		**3,542,275**	2,948,429	**3,542,275**	2,948,429
TOTAL ASSETS		**18,385,900**	23,940,772	**18,385,900**	23,940,772
CURRENT LIABILITIES					
Trade and other payables	14	**709,152**	166,315	**709,152**	166,315
Provisions	15	**229,150**	166,501	**229,150**	166,501
TOTAL CURRENT LIABILITIES		**938,302**	332,816	**938,302**	332,816
TOTAL LIABILITIES		**938,302**	332,816	**938,302**	332,816
NET ASSETS		**17,447,598**	23,607,956	**17,447,598**	23,607,956
SHAREHOLDERS' EQUITY					
Issued capital	16	**30,827,565**	30,778,244	**30,827,565**	30,778,244
Reserves	17	**2,880,315**	2,304,231	**2,880,315**	2,304,231
Accumulated losses		**(16,260,282)**	(9,474,519)	**(16,260,282)**	(9,474,519)
TOTAL SHAREHOLDERS' EQUITY		**17,447,598**	23,607,956	**17,447,598**	23,607,956

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2009

Consolidated Group	Issued Capital $	Accumulated Losses $	Option Reserve $	Total $
Balance at 1 July 2007	9,322,834	(6,255,109)	1,491,815	4,559,540
Loss attributable to members of parent entity	-	(3,219,410)	-	(3,219,410)
Total income and expense for the period	-	(3,219,410)	-	(3,219,410)
Shares issued during the year	21,946,742	-	-	21,946,742
Transaction costs on share issues	(491,332)	-	-	(491,332)
Options issued during the year	-	-	812,416	812,416
Balance at 30 June 2008	30,778,244	(9,474,519)	2,304,231	23,607,956
Loss attributable to members of parent entity	-	(6,785,763)	-	(6,785,763)
Total income and expense for the period	-	(6,785,763)	-	(6,785,763)
Shares issued during the year	93,750	-	-	93,750
Transaction costs on share issues	(44,429)	-	-	(44,429)
Options issued during the year		-	576,084	576,084
Balance at 30 June 2009	30,827,565	(16,260,282)	2,880,315	17,447,598

Parent Entity	Issued Capital $	Accumulated Losses $	Option Reserve $	Total $
Balance at 1 July 2007	9,322,834	(6,255,109)	1,491,815	4,559,540
Loss attributable to members of parent entity	-	(3,219,410)	-	(3,219,410)
Total income and expense for the period	-	(3,219,410)	-	(3,219,410)
Shares issued during the year	21,946,742	-	-	21,946,742
Transaction costs on share issues	(491,332)	-	-	(491,332)
Options issued during the year	-	-	812,416	812,416
Balance at 30 June 2008	30,778,244	(9,474,519)	2,304,231	23,607,956
Loss attributable to members of parent entity	-	(6,785,763)	-	(6,785,763)
Total income and expense for the period	-	(6,785,763)	-	(6,785,763)
Shares issued during the year	93,750	-	-	93,750
Transaction costs on share issues	(44,429)	-	-	(44,429)
Options issued during the year	-	-	576,084	576,084
Balance at 30 June 2009	30,827,565	(16,260,282)	2,880,315	17,447,598

The above statement of changes in equity should be read in conjunction with the accompanying notes.

		Consolidated Group		Parent Entity	
		2009	2008	2009	2008
	Note	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		**1,197,395**	164,748	**1,197,395**	164,748
Research Grant		**266,449**	-	**266,449**	-
Payments to suppliers and employees		**(2,345,579)**	(1,505,272)	**(2,345,579)**	(1,505,272)
Payments for exploration expenditure		**(4,625,837)**	(1,094,651)	**(3,921,470)**	(957,509)
Net cash used in operating activities	8(c)	**(5,507,572)**	(2,435,175)	**(4,803,205)**	(2,298,033)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of plant and equipment		**(600,814)**	(277,136)	**(600,814)**	(277,136)
Proceeds on disposal of assets		**7,683**	-	**7,683**	-
Redemption of short term deposits		**15,018,919**	-	**15,018,919**	-
Purchase of short term deposits		**(108,725)**	(15,084,002)	**(108,725)**	(15,084,002)
Advances to subsidiary		**-**	-	**(704,367)**	(137,142)
Net cash used in investing activities		**14,317,063**	(15,361,138)	**13,612,696**	(15,498,280)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		**93,750**	21,946,742	**93,750**	21,946,742
Share issue costs		**(44,429)**	(491,332)	**(44,429)**	(491,332)
Net cash provided by financing activities		**49,321**	21,455,410	**49,321**	21,455,410
Net increase in cash held		**8,858,812**	3,659,097	**8,858,812**	3,659,097
Cash at beginning of financial year		**5,690,197**	2,031,100	**5,690,197**	2,031,100
Cash at end of financial year	8(b)	**14,549,009**	5,690,197	**14,549,009**	5,690,197

The above cashflow should be read in conjunction with the accompanying notes.

1. Corporate Information

The financial report of Iron Ore Holdings Ltd (the Company) for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 25 August 2009.
Iron Ore Holdings Ltd (the parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The parent of Iron Ore Holdings Ltd is Wroxby Pty Ltd.
The nature of operations and principal activities of the Group are described in the Directors' Report.

2. Statement of Significant Accounting Policies

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers both the separate financial statements of Iron Ore Holdings Ltd as an individual entity (Parent Company) and the consolidated financial statements of Iron Ore Holdings Ltd and its subsidiary (the Consolidated Entity).

The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars unless otherwise stated.

Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods, The Group (being Iron Ore Holdings Limited and its subsidiaries) has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 Si 139 and interpretations 9 & 1071 (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 1361 (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application, in this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:

- acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
- contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
- a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
- there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
- dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
- impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
- where there is, in substance, no change to Group interests, parent entities inserted above existing Groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.
  The Group will need to determine whether to maintain its present accounting policy of calculating goodwili acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

AASB 8: Operating Segments and AASB 2007.3: Amendments to Australian Accounting Standards arising from AASB 8 (AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making, While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.

AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of at borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.

AASB 2008-1: Amendments to Australian Accounting Standard — Share based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing front January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project, No changes are expected to materially affect the Group.

AASB 2006-8: Amendments to Australian Accounting Standards — Eligible Hedged items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of Iron Ore Holdings Ltd and its subsidiaries (as outlined in Note 20) as at 30 June each year (the Group).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether a group controls another entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Iron Ore Holdings Ltd are accounted for at cost in the separate financial statements of the parent entity.

Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.For the purpose of the cash flow statement, cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings on the balance sheet.

Trade and Other Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

Collectibility of receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable.

Investments and Other Financial Assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and Derecognition

All regular way purchases and sales of financial assets are recognised on trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases and sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or been transferred.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation is calculated on either the straight-line basis or diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rate used for plant and equipment is 30%.

The assets’ residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

Derecognition

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

Exploration and Evaluation Expenditure

Exploration and evaluation costs are expensed as incurred as an operating cost of the Group. Costs related to the acquisition of properties that contain mineral resources are allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined.

Impairment of Assets

Iron Ore Holdings Ltd conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Operating lease payments, where substantially all the risk and benefits remain with the lessor, are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Trade and Other Payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to balance date that are unpaid, and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

Provisions and Employee Benefits

Provisions are recognised when the Group has a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Share Based Payment Transactions

Equity settled transactions

The Group provides benefits to its employees, including key management personnel (KMP), in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions). This is achieved through the Iron Ore Holdings Ltd Employee Share Option Plan.

The cost of these equity-settled transactions with employees (for awards granted after 7 November 2002 that were unvested at 1 July 2005) is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Company Secretary using a recognised option valuation model, further details of which are given in Note 19.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Iron Ore Holdings Ltd (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of:

(i) the grant date fair value of the award;

(ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and

(iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged to previous periods. There is a corresponding entry to equity.

Equity-settled awards granted by Iron Ore Holdings Ltd to employees of its subsidiary are recognised in the parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. As a result, the expense recognised by Iron Ore Holdings Ltd in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for a cancelled award and designated as a replacement award on the date that it was granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest revenue

Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income Tax and Other Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting or taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiary and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting or taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiary, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the amount of GST incurred on a purchase of goods or services is not recoverable from the Australian Tax Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Earnings per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Significant accounting judgements

Determination of mineral resources

The determination of mineral resources impacts the accounting for asset carrying values. Iron Ore Holdings Ltd estimates its mineral resources in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the 'JORC' Code). The information on mineral resources was prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the mineral resources determined under the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources, and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in reserves being restated.

Significant accounting estimates and assumptions

Impairment of capitalised mineral acquisition expenditure

The future recoverability of capitalised mineral acquisition expenditure is dependent upon a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised mineral acquisition expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

In addition, mineral acquisition expenditure is capitalised if activities in an area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which the determination is made.

Share based payment transactions

The Group measures the cost of equity-settled share based payment transactions with employees by reference to the fair value of the equity instruments at the grant date. The fair value is determined by the Company Secretary using a recognised option valuation model, with the assumptions detailed in Note 19. The accounting estimates and assumptions relating to equity-settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
4. Revenue					
Interest revenue from other persons		**1,111,247**	301,957	**1,111,247**	301,957
5. Loss for the Year					
(a) Employee benefits expense					
Wages and salaries		**1,811,976**	595,036	**1,811,976**	595,036
Defined contribution superannuation expense		**147,834**	50,461	**147,834**	50,461
Share based payments expense		**576,084**	812,416	**576,084**	812,416
		2,535,894	1,457,913	**2,535,894**	1,457,913
(b) Lease payments included in the income statement					
Rental expense on operating leases					
— minimum lease payments		**233,821**	135,407	**233,821**	135,407
6. Income Tax					
(a)The major components of income tax expense are:					
Current income tax					
Current income tax benefit		**(2,064,048)**	(758,587)	**(1,852,738)**	(717,444)
Current income tax benefit not recognised		**2,064,048**	758,587	**1,852,738**	717,444
Research and Development rebate received		**(266,449)**	-	**(226,449)**	-
Deferred income tax					
Relating to the origination and reversal of temporary differences		**(121,209)**	(33,981)	**(90,101)**	(75,124)
Deferred tax assets not brought to account because their realisation is not regarded as probable		**121,209**	33,981	**90,101**	75,124
Income tax (benefit)/expense reported in the income statement		**(266,449)**	-	**(226,449)**	-

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$

6. Income Tax (continued)

(b) A reconciliation between tax expense and the product of accounting loss before tax multiplied by the Group's applicable income tax rate is as follows:

	2009 $	2008 $	2009 $	2008 $
Accounting loss before income tax	**(7,052,212)**	(3,219,410)	**(7,052,212)**	(3,219,410)
At the Group's statutory income tax rate of 30% (2008: 30%)	**(2,115,664)**	(965,823)	**(2,115,664)**	(965,823)
Share-based payments	**172,825**	243,725	**172,825**	243,725
R&D Rebate received	**(266,449)**	-	**(266,449)**	-
Other non-deductible items	**-**	1,500	**-**	1,500
Deferred tax assets not brought to account as their realisation is not regarded as probable	**1,942,839**	720,598	**1,942,839**	720,598
Income tax benefit reported in the income statement	**(266,449)**	-	**(226,449)**	-

	Balance Sheet		Income Statement	
	2009	2008	2009	2008
(c) Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Consolidated				
Deferred tax liabilities				
Accrued interest receivable	**(15,318)**	(41,163)	**(25,844)**	41,162
Plant and equipment	**(38,564)**	(20,828)	**17,736**	20,828
Capitalised exploration and evaluation expenditure	**(17,838)**	(17,838)		-
Recognition of losses to offset future taxable income	**71,720**	79,828	**8,108**	(61,990)
	-	-	**-**	-
Deferred tax assets				
Accruals	**99,319**	7,500	**(91,819)**	(7,500)
Provisions	**68,745**	49,950	**(18,795)**	(33,981)
Section 40-880 deductions	**105,496**	168,172	**62,676**	(74,009)
Losses available to offset against future taxable income	**4,034,799**	2,140,920	**(1,893,879)**	(814,991)
Recognition of losses to offset future taxable income	**(71,720)**	(79,828)	**(8,108)**	61,990
Deferred tax assets not brought to account as their realisation is not regarded as probable	**(4,236,639)**	(2,286,714)	**1,949,925**	868,491
	-	-	**-**	-

	Balance Sheet		Income Statement	
	2009	2008	2009	2008
6. Income Tax (continued)				
(c) Deferred income tax (continued)				
Company				
Deferred tax liabilities				
Accrued interest receivable	**(15,318)**	(41,163)	**(25,844)**	41,162
Plant and equipment	**(38,564)**	(20,828)	**17,736**	20,828
Capitalised exploration and evaluation expenditure	**(17,838)**	(17,838)		-
Recognition of losses to offset future taxable income	**71,720**	79,829	**8,108**	(61,990)
	-	-	**-**	-
Deferred tax assets				
Allowance for impairment of loan receivable from subsidiary	**253,330**	42,020	**(211,310)**	(41,143)
Accruals	**99,319**	7,500	**(91,819)**	(7,500)
Provisions	**68,745**	49,950	**(18,795)**	(33,981)
Section 40-880 deductions	**105,496**	168,172	**62,676**	(74,009)
Losses available to offset against future taxable income	**4,034,799**	2,099,777	**(1,935,022)**	(773,848)
Recognition of losses to offset future taxable income	**(71,720)**	(79,828)	**(8,108)**	61,990
Deferred tax assets not brought to account as their realisation is not regarded as probable	**(4,289,969)**	(2,287,591)	**2,202,378**	868,491
	-	-	**-**	-

		Consolidated Group		Parent Entity	
	Note	2009	2008	2009	2008
		$	$	$	$
(d) Tax losses					
Tax losses arising in Australia	(i)	**4,034,799**	2,084,516	**4,034,799**	2,043,373

(i) Tax losses are available to carry forward indefinitely. The Group has recognised a deferred income tax asset in relation to these losses only to the extent that they offset deferred tax liabilities. Realisation of the balance of these losses is not regarded as probable.

(e) Tax consolidation

Iron Ore Holdings Ltd and its 100% owned Australian subsidiary have not formed a tax consolidated group.

				No.	No.
7. Loss per Share					
The following reflects income and share data used in the calculation of basic and diluted loss per share.				116,231,861	81,157,179
Net loss		**(6,785,763)**	(3,219,410)		

7. Loss per Share (continued)

Weighted average number of ordinary shares used in calculating basic and diluted loss per share.

As the options outstanding at reporting date would reduce the loss per share from continuing operations on conversation, the potential ordinary shares are not considered dilutive.

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
8. Cash and Cash Equivalents				
(a) Cash and cash equivalents in the balance sheet				
Cash at bank and in hand	**549,009**	685,197	**549,009**	685,197
Short-term bank deposits	**14,000,000**	5,005,000	**14,000,000**	5,005,000
	14,549,009	5,690,197	**14,549,009**	5,690,197
(b) Reconciliation to the cash flow statement				
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:				
Cash and cash equivalents	**14,549,009**	5,690,197	**14,549,009**	5,690,197
(c) Reconciliation of net loss after income tax to cash flows used in operations				
Net loss after income tax	**(6,785,763)**	(3,083,960)	**(6,785,763)**	(3,083,960)
Non-cash adjustments				
Depreciation	**192,698**	42,419	**192,698**	42,419
Share-based payments	**576,084**	812,416	**576,084**	812,416
Profit on sale of assets	**(686)**	-	**(686)**	-
Impairment of loan to subsidiary	**-**	-	**704,367**	137,142
Changes in assets and liabilities				
(Increase) in receivables	**(70,314)**	(157,866)	**(70,314)**	(157,866)
(Increase) in prepayments	**(25,077)**	-	**(25,077)**	-
Increase/(decrease) in provisions	**62,649**	(22,179)	**62,649**	(22,179)
Increase/(decrease) in payables	**542,837**	(26,005)	**542,837**	(26,005)
Net cash used in operations	**(5,507,572)**	(2,435,175)	**(4,803,205)**	(2,298,033)
9. Held to Maturity Financial Assets				
Term deposits	**-**	15,084,002	**-**	15,084,002

	Note	Consolidated Group 2009 $	Consolidated Group 2008 $	Consolidated Group 2009 $	Consolidated Group 2008 $
10. Trade and Other Receivables					
CURRENT					
Interest Receivable		**51,061**	137,209	**51,061**	137,209
GST receivable		**218,478**	50,596	**218,478**	50,596
Security bond		**-**	18,919	**-**	18,919
Other		**-**	11,420	**-**	11,420
		269,539	218,144	**269,539**	218,144
NON-CURRENT					
Loan to subsidiary	(i)	**-**	-	**844,433**	140,066
Allowance for impairment	(ii)	**-**	-	**(844,433)**	(140,066)
Interest bearing deposits	(iii)	**192,727**	-	**192,727**	-
		192,727	-	**192,727**	-

(i) The loan to subsidiary is non-interest bearing, unsecured and repayable on demand.

(ii) An allowance for impairment is recognised when the net assets of the controlled entity (excluding the loan payable to the Company) falls below the carrying value of the loan. An allowance for impairment is reversed when the net assets of the controlled entity (excluding the loan payable to the Company) exceed the carrying value of the loan. An impairment loss of $704,367 (2008: $137,142) has been recognised by the Company as in the income statement in the current year.

(iii) Interest bearing deposits held as security for long term tenements and rental bonds. The weighted average interest rate at as 30 June 2009 was 3.94%.

(iv) None of the receivables are past due. Receivables are therefore not impaired and are within initial trade terms.

	Note	Consolidated Group 2009 $	Consolidated Group 2008 $	Consolidated Group 2009 $	Consolidated Group 2008 $
11. Investment in Subsidiary					
Shares in controlled entity - at cost	20(a)	**-**	-	**2,625,000**	2,625,000

	Note	Consolidated Group 2009 $	Consolidated Group 2008 $	Consolidated Group 2009 $	Consolidated Group 2008 $
12. Plant and Equipment					
At cost		**937,210**	343,753	**937,210**	343,753
Accumulated depreciation		**(272,122)**	(79,784)	**(272,122)**	(79,784)
Total Plant and Equipment		**665,088**	263,969	**665,088**	263,969

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

	Note	Consolidated Group 2009 $	Consolidated Group 2008 $	Consolidated Group 2009 $	Consolidated Group 2008 $
Balance at the beginning of the year		**263,969**	29,252	**263,969**	29,252
Additions		**600,814**	277,136	**600,814**	277,136
Disposals		**(7,727)**	-	**(7,727)**	-
Accumulated depreciation of assets sold		**730**	-	**730**	-
Depreciation expense		**(192,698)**	(42,419)	**(192,698)**	(42,419)
Balance at the end of the year		**665,088**	263,969	**665,088**	263,969

	Note	Consolidated 2009 $	Consolidated 2008 $	Consolidated 2009 $	Consolidated 2008 $
13. Deferred Mineral Acquisition Expenditure					
Deferred exploration and evaluation expenditure		**2,684,460**	2,684,460	**59,460**	59,460

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

	Note	Consolidated 2009 $	Consolidated 2008 $	Consolidated 2009 $	Consolidated 2008 $
14. Trade and Other Payables					
CURRENT					
Trade payables and accruals		**709,152**	166,315	**709,152**	166,315

	Note	Consolidated 2009 $	Consolidated 2008 $	Consolidated 2009 $	Consolidated 2008 $
15. Provisions					
CURRENT					
Provision for employee benefits	(i)	**93,700**	31,051	**93,700**	31,051
Provision for stamp duty payable on acquisition of PEL Iron Ore Pty Ltd	(ii)	**135,450**	135,450	**135,450**	135,450
		229,150	166,501	**229,150**	166,501

(i) The measurement and recognition criteria relating to employee benefits have been included in Note 2 to this report.

(ii) The provision for stamp duty payable on acquisition of PEL Iron Ore Pty Ltd is measured as the maximum amount payable. The Company has not yet received an assessment of the actual liability.

	Note	Consolidated 2009 $	Consolidated 2008 $	Consolidated 2009 $	Consolidated 2008 $
16. Issued Capital					
(a) Ordinary Shares					
Issued and fully paid		**30,827,565**	30,778,244	**30,827,565**	30,778,244

Fully paid ordinary shares carry one vote per share and carry the right to dividends

	Note	2009 No.	2009 $	2008 No.	2008 $
Movement in ordinary shares on issue					
At the beginning of reporting period		**116,054,948**	30,778,244	**74,370,000**	9,322,834
Share issue	(i)	**-**	-	**38,184,948**	21,001,742
Transaction costs	(ii)	**-**	(44,429)	**-**	(491,332)
Exercise of options	(iii)	**375,000**	93,750	**3,500,000**	945,000
At reporting date		**116,429,948**	30,827,565	**116,054,948**	30,778,244

(i) On 16 May 2008, 38,184,948 shares were issued for cash pursuant to an underwritten rights issue.

(ii) The transaction costs represent the costs associated with the rights issue.

(iii) 375,000 and 3,500,000 shares were issued for cash in 2009 and 2008 respectively upon exercise of options in accordance with the option plan. See Note 19.

(b) Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

The Group is not subject to any externally imposed capital requirements.

17. Reserves					
Share based payments reserve		**2,880,315**	2,304,231	**2,880,315**	2,304,231

The share based payments reserve is used to record the value of share based payments provided to employees, including Key Management Personnel, as part of their remuneration. Refer to Note 19 for further details.

18. Key Management Personnel

(a) Details of Key Management Personnel

The key management personnel (KMP) of Iron Ore Holdings Ltd during the year were:

Randall, Malcolm RJ – Non-Executive Chairman

Rimes, Matthew J – Managing Director

Taylor, Godfrey E – Non-Executive Director (resigned 1 February 2009)

Court AC, Hon Richard F – Non-Executive Director (appointed 20 November 2007)

O'Donnell, Brian F – Non-Executive Director (appointed 4 December 2008)

Greenaway, Anthony – General Manager Exploration

Hodgins, Brett – General Manager Project Development

Duncan-Kemp, Alexander P – Phil's Creek Study Manager (appointed 15 September 2008)

(b) Compensation for Key Management Personnel

	Note	Consolidated 2009 $	Consolidated 2008 $	Consolidated 2009 $	Consolidated 2008 $
Short term employee benefits		**1,056,872**	481,977	**1,056,872**	481,977
Post-employment benefits		**89,299**	26,790	**89,299**	26,790
Directors and Officers Insurance		**13,223**	8,436	**13,223**	8,436
Share based payments		**362,314**	509,097	**362,314**	509,097
Total compensation		**1,521,708**	1,026,300	**1,521,708**	1,026,300

Iron Ore Holdings Limited has applied the option to transfer KMP disclosures required by AASB 124 *Related Party Disclosures* paragraphs Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors' Report. These transferred disclosures have been audited.

18. Key Management Personnel (continued)

(c) Option holdings of Key Management Personnel (Consolidated)

30 June 2009	Balance at beginning of period	Granted as remuneration	Options exercised	Net change other	Balance at end of period	Vested at 30 June 2009: Total	Exercisable	Not exercisable
Directors								
Randall, Malcolm	2,017,500	-	-	-	2,017,500	2,017,500	2,017,500	-
Rimes, Matthew	3,058,333	-	-	-	3,058,333	3,058,333	3,058,333	-
Court AC, Hon Richard	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
Taylor, Godfrey*	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
O'Donnell, Brian**	-	-	-	-	-	-	-	-
Other KMP								
Greenaway, Anthony	500,000	-	-	-	500,000	500,000	300,000	200,000
Hodgins, Brett	-	500,000	-	-	500,000	500,000	300,000	200,000
Duncan-Kemp, Alexander	-	300,000	-	-	300,000	100,000	100,000	-
	8,575,833	800,000	-	-	9,375,833	9,175,833	8,775,833	400,000

** Mr Taylor resigned from the Board on 1 February 2009. "Net Change Other" represents the number of options he held at the date of his resignation.*
*** Mr O'Donnell joined the Board on 4 December 2008.*

30 June 2008	Balance at beginning of period	Granted as remuneration	Options exercised	Net change other	Balance at end of period	Vested at 30 June 2008: Total	Exercisable	Not exercisable
Directors								
Randall, Malcolm	2,000,000	-	-	17,500	2,017,500	2,017,500	2,017,500	-
Rimes, Matthew	3,000,000	-	-	58,333	3,058,333	1,558,333	1,558,333	-
Ammon, Derek*	2,000,000	-	-	(2,000,000)	-	-	-	-
Taylor, Godfrey	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
Court AC, Hon Richard**	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000	-
Other KMP								
Greenaway, Anthony	-	500,000	-	-	500,000	100,000	100,000	-
	9,000,000	500,000	-	(924,167)	8,575,833	6,675,833	6,675,833	-

** Mr Ammon resigned from the Board on 13 August 2007. "Net Change Other" represents the number of options he held at the date of his resignation.*
*** Hon. Court was appointed to the board on 20 November 2007. "Net Change Other" represents the number of options held by Hon. Court at the date of his appointment. These options were granted to Hon. Court on 28 November 2005 as compensation for the consulting services he provided to the Board.*

18. Key Management Personnel (continued)

(d) Shareholdings of Key Management Personnel (Consolidated)

Ordinary shares held in Iron Ore Holdings Limited (number)

30 June 2009	Balance 1 July 08	Granted as remuneration	On exercise of options	Net change other	Balance 30 June 09
Randall, Malcolm	207,500	-	-	-	207,500
Rimes, Matthew	525,000	-	-	180,000	705,000
Taylor, Godfrey*	628,075	-	-	628,075	-
Court, Richard	-	-	-	300,000	300,000
O'Donnell, Brian	-	-	-	-	-
	1,360,575	-	-	1,108,075	1,212,500

** Mr Taylor resigned from the Board on 1 February 2009. "Net Change Other" represents the number of shares he held at the date of his resignation on 1 February 2009.*

30 June 2008	Balance 1 July 07	Granted as remuneration	On exercise of options	Net change other	Balance 30 June 08
Randall, Malcolm	150,000	-	-	57,500	207,500
Rimes, Matthew	350,000	-	-	175,000	525,000
Ammon, Derek*	35,000,000	-	-	(35,000,000)	-
Taylor, Godfrey	125,000	-	-	503,075	628,075
Court, Richard	-	-	-	-	-
	35,625,000	-	-	(34,264,425)	1,360,575

** Mr Ammon resigned from the Board on 13 August 2007. "Net Change Other" represents the combination of the on market sale of 14,819,530 shares during his time on the Board and the number of shares he held at the date of his resignation – 20,180,470.*

(e) Loans to Key Management Personnel

There are no loans between the entity and KMP.

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
(f) Other transactions with Key Management Personnel and their related parties					
Legal fees paid to Taylor Linfoot & Holmes, a partnership of which current director, Mr GE Taylor, and former director, Mr AJ Linfoot, are partners.		-	14,283	-	14,283

	Note	2009 $	2008 $	2009 $	2008 $
19. Share Based Payments					
(a) Recognised share based payment expenses					
The expense recognised for employee services received during the year is show in the table below:					
Expense arising from equity-settled share based payment transactions	5	**576,084**	812,416	**576,084**	812,416

The share based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2009 and 2008.

(b) Employee Share Option Plan (ESOP)

On 24 February 2005 the Company established the Iron Ore Holdings Ltd Employee Share Option Plan. The purpose of the Plan is to:

(i) recognise the ongoing ability of employees of the Company and their expected efforts and contribution in the long-term to the performance of the Company;

(ii) provide an incentive to the employees of the Company to remain in their employment in the long-term;

(iii) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees; and

(iv) provide employees of the Company with the opportunity to acquire Options, and ultimately shares in the Company, in accordance with these rules.

(c) Summary of options granted under ESOP and other arrangements

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	Note	2009 No.	2009 WAEP	2008 No.	2008 WAEP
Outstanding at the beginning of the year		**12,075,000**	$0.83	**14,350,000**	$0.68
Granted during the year		**1,350,000**	$1.04	**1,225,000**	$1.00
Exercised during the year	(i)	**(375,000)**	$0.25	**(3,500,000)**	$0.27
Expired during the year		**(250,000)**	$1.00	**-**	-
Outstanding at the end of the year		**12,800,000**	$0.87	**12,075,000**	$0.83
Exercisable at the end of the year		**12,050,000**	$0.85	**11,475,000**	$1.20

(i) The weighted average share price at the date of exercise was $0.65 (2008: $0.71)

19. Share Based Payments (continued)

(d) Weighted average remaining contractual life

The weighted average remaining contractual life of the share options outstanding as at 30 June 2009 is 1.01 years (2008: 1.92 years)

(e) Range of exercise prices

The range of exercise prices for options outstanding at the end of the year was $0.25 - $1.30 (2008: $0.25 - $1.30)

(f) Weighted average fair value

The weighted average fair value of options granted during the year was $0.30 (2008: $0.46)

(g) Option pricing model

The fair value of the equity-settled share options granted under the ESOP is estimated as at the date of grant using a Black Scholes Model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the years ended 30 June 2009 and 30 June 2008:

	2009	2008
Dividend yield (%)	**0%**	0%
Expected volatility (%)	**100%**	95%
Risk free interest rate (%)	**5.54-6.35%**	6.25 – 6.88%
Expected life of the option (years)	**2.6 – 2.8**	2.6 – 2.9
Option exercise price ($)	**$1.00 - $1.30**	$1.00
Share price at grant date ($)	**$0.45 - $0.63**	$0.57 – $0.71

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

20. Related Party Disclosure

(a) Controlled Entities

The consolidated financial statements include the financial statements of Iron Ore Holdings Ltd and the following subsidiary:

	% Equity Interest		Investment	
	2009	2008	2009	2008
PEL Iron Ore Pty Ltd (incorporated in Australia)	**100**	100	**2,625,000**	2,625,000

The Company paid costs of $704,367 (2008: $137,142) on behalf of the subsidiary during the year. Refer to Note 10 for details of the receivable.

(b) Acquisition of Controlled Entities

On 12 April 2007 the parent entity acquired 100% of PEL Iron Ore Pty Ltd, with Iron Ore Holdings Ltd entitled to all profits earned from 12 April 2007 for a purchase consideration of $2,625,000.

(c) Ultimate Parent

Iron Ore Holdings Ltd is the parent entity of the Group. The parent entity of Iron Ore Holdings Ltd is Wroxby Pty Ltd. The ultimate controlling entity of the Group is Clabon Pty Ltd.

(d) Key Management Personnel

Details relating to KMP, including remuneration paid, are included in Note 18 and the audited remuneration report section of the directors' report.

(e) Transactions with Other Related Parties

During the year the Company received $26,771 net rental income from United Minerals Corporation NL, of which Mr M Randall is a director. The rental was on normal commercial terms and conditions.

Other than the above, there were no transactions with other related parties during the current or previous financial year.

21. Financial Instruments

(a) Financial Risk Management

The Group's principal financial instruments comprise cash and short term deposits and investments held to maturity.

The main purpose of these financial instruments is to fund capital expenditure on the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. Being at an exploration stage, the Group has limited exposure to risks arising from its financial instruments.

Currently the Group does not have any exposure to commodity price risk or foreign currency risk. As the Group moves into development and production phases, exposure to commodity price risk, foreign currency risk and credit risk are expected to increase. The Board will set appropriate policies to manage these risks dependent on market conditions and requirements at that time.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 2.

21. Financial Instruments (continued)

	Note	Consolidated Group 2009 $	Consolidated Group 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
(b) Interest rate risk					
At balance date, the Group had the following financial assets exposed to interest rate risk:					
Cash and cash equivalents (i)		**14,549,009**	5,689,894	**14,549,009**	5,689,894
Receivables (ii)		**192,727**	-	**192,727**	-
Investments held-to-maturity (iii)		**-**	15,084,002	**-**	15,084,002
		14,741,736	20,773,896	**14,741,736**	20,773,896

(i) The weighted average interest rate of cash and cash equivalents is 3.62% (2008: 7.61 %)
(ii) Receivables are non interest bearing.
(iii) The weighted average interest rate of investments held to maturity in the prior year was 8.15%.

None of the Group's financial liabilities are interest bearing.

(c) Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposure to credit risk in relation to each class of financial asset is the carrying amount of those assets as indicated in the balance sheet.

The Group has in place policies that aim to ensure that counterparties and cash transactions are limited to high credit quality financial institutions and that the amount of credit exposure to one financial institution is limited as far as is considered commercially appropriate.

Since the Group trades only with recognised third parties, there is no requirement for collateral.

(d) Liquidity Risk

The Group currently does not have major funding in place. However the Group continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

(e) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2.

(f) Sensitivity Analysis

The following tables summarise the sensitivity of the Group's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax loss and equity would have been affected as shown. The analysis has been performed on the same basis for 2009 and 2008.

21. Financial Instruments (continued)

Consolidated Entity & Parent Entity
30 June 2009

	Carrying Amount	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss	Equity	Net Loss	Equity
	$	$	$	$	$
Financial assets					
Cash and cash equivalents	14,549,009	(145,490)	(145,490)	145,490	145,490
Receivables	192,727	(1,927)	(1,927)	1,927	1,927
Investments held-to-maturity	-	-	-	-	-
	14,741,736	(147,417)	(147,417)	147,417	147,417

None of the Group's financial liabilities are interest bearing.

Consolidated Entity & Parent Entity
30 June 2008

	Carrying Amount	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss	Equity	Net Loss	Equity
	$	$	$	$	$
Financial assets					
Cash and cash equivalents	5,689,894	(56,899)	(56,899)	56,899	56,899
Receivables	-	-	-	-	-
Investments held-to-maturity	15,084,002	(150,840)	(150,840)	150,840	150,840
	20,773,896	(207,739)	(207,739)	207,739	207,739

None of the Group's financial liabilities are interest bearing.

	Note	Consolidated Group 2009 $	Consolidated Group 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
22. Commitments					
(a) Operating Lease Commitments					
Non-cancellable operating leases contracted for but not capitalised in the financial statements					
Payable — minimum lease payments					
- not later than 1 year		**323,001**	64,041	**323,001**	64,041
- later than 1 year but not later than 5 years		**1,102,603**	-	**1,102,603**	-
		1,425,604	64,041	**1,425,604**	64,041

The property lease is for the period 22 September 2009 to 21 September 2013, with rent payable monthly in advance. The lease allows for subletting of all lease areas with the consent of the lessee.

(b) Mineral Acquisition Exploration Tenements

	Note	Consolidated Group 2009 $	Consolidated Group 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Minimum expenditure on exploration tenements					
Payable:					
— not later than 1year		**577,531**	323,927	**577,531**	323,927
— later than 1 year but not later than 5 years		**2,310,124**	89,614	**2,310,124**	89,614
		2,887,655	413,541	**2,887,655**	413,541

23. Contingent Liabilities

There are no contingent liabilities as at 30 June 2009.

24. Segment Reporting

The Group operates entirely in Australia and predominantly in the field of mineral exploration with particular emphasis on iron ore.

25. Events After the Balance Sheet Date

There have been no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect:
a) the consolidated entity's operations in future years; or
b) the results of those operations in future years; or
c) the consolidated entity's state of affairs in future years.

26. Auditors' Remuneration

	Note	Consolidated Group 2009 $	Consolidated Group 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
The auditor of Iron Ore Holdings Ltd for the year ended 30 June 2009 is Stantons International.					
Amounts received or due and receivable by Stantons International for:					
An audit or review the financial report of the entity and any other entity in the consolidated group		**45,133**	40,000	**45,133**	40,000
Amounts received or due and receivable by a related practice of Stantons International for:					
Tax services		**3,350**	1,482	**3,350**	1,482

Directors' Declaration

The directors of the Company declare that:

1. the financial statements, notes and additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity are in accordance with the *Corporations Act 2001,* including:

    (a) complying with Accounting Standards and the Corporations Regulations 2001; and

    (b) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2009.

This declaration is made in accordance with a resolution of the Board of Directors.

Director
Matthew James Rimes
25 August 2009

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
IRON ORE HOLDINGS LIMITED

Report on the Financial Report and the AASB 124 remuneration disclosures contained in the Directors' Report

We have audited the accompanying financial report of Iron Ore Holdings Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the Directors' Report under the heading "remuneration report" on pages 8 to 12.

Directors' responsibility for the Financial Report and the AASB 124 remuneration disclosures contained in the Directors' Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the Group, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the Company are also responsible for the remuneration disclosures contained in the Directors' Report.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is also to express an opinion on the remuneration disclosures contained in the Directors' Report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the Directors' Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the Directors' Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the Directors' Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the Directors' Report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion on the financial report

In our opinion:

(a) the financial report of Iron Ore Holdings Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report of the Group also complies with International Financial Reporting Standards as disclosed in note 2.

Auditor's opinion on the AASB 124 remuneration disclosures contained in the directors' report

In our opinion the remuneration disclosures that are contained in pages 8 to 12 of the Directors' Report comply with section 300 A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL
(An Authorised Audit Company)

Stantons International

J P Van Dieren
Director

West Perth, Western Australia
25 August 2009

ASX Additional Information

The shareholder information set out below was applicable as at 16 October 2009.

1. Twenty Largest Shareholders

Ordinary Shares

Name	No. Ordinary Shares Held	% of Issued Shares
Wroxby Pty Ltd	60,049,180	51.32%
Sumisho Iron Pty Ltd	7,000,000	5.98%
Fusion Minerals Pty Ltd	3,500,000	2.99%
Perron Inv Pty Ltd	1,770,000	1.51%
Rimes, Matthew J + R L	705,000	0.60%
Merrill Lynch Aust Nom Pty Ltd	673,874	0.58%
Taylor ,Godfrey Edward	503,075	0.43%
Frearson, John D + S A	500,000	0.43%
Prospect Cust Ltd	500,000	0.43%
Dusseldorp, Ron	487,000	0.42%
Balthazar Pty Ltd	412,500	0.35%
Dusseldorp, John Carolus	377,500	0.32%
Tambar Pty Ltd	360,000	0.31%
Getty Minerals Pty Ltd	329,750	0.28%
Dusseldorp, Tanja	315,000	0.27%
Aust Executor Trustees Ltd	300,000	0.26%
Newton, Barry Stuart	300,000	0.26%
Eastman, P R + Reed, K J	300,000	0.26%
Langdon, Philip C + R M	287,538	0.25%
Dias, Mark Nigel	274,574	0.23%
Total Top 20	78,944,991	67.48%
Others	38,059,957	32.52%
Total Ordinary Shares on Issue	117,004,948	100.00%

Listed Options (Exercise Price $1.00; Expiry 30 April 2011

Name	No. Listed Options Held	% of Listed Options
Wroxby Pty Ltd	10,016,393	78.69%
F Rearson, John D & SA	200,000	1.57%
Pruser, Raymond William	190,033	1.49%
Kur, Anthony	100,000	0.79%
Loerch, Philip Mark	74,500	0.59%
Firmus Nominees Pty Ltd	67,134	0.53%
Eastman Holdings Pty Ltd	66,500	0.52%
Rimes, Matthew J & RL	58,333	0.46%
Balthazar Pty Ltd	45,833	0.36%
Adabazar Pty Ltd	39,166	0.31%
Newton, Barry Stuart	33,333	0.26%
Macarthur-Onslow, Lee	33,333	0.26%
Langdon, Philip C & RM	33,333	0.26%
Turloch Pty Ltd	32,235	0.25%
Skeet Nominees Pty Ltd	30,000	0.24%
Wells, Arthur L & CM	30,000	0.24%
J Aronov Computer SVCS Pty Ltd	26,708	0.21%
Chan, Julie	25,000	0.20%
Jaybre Hldgs Pty Ltd	24,687	0.19%
Aredebeco Pty Ltd	23,333	0.18%
Total Top 20	11,149,854	87.60%
Others	1,578,449	12.40%
Total Listed Options on Issue	12,728,303	100.00%

2. Distribution of Equity Securities

(a) Analysis of security by size holding as at 16 october 2009

	Ordinary Shares		Options	
	Number of Security Holders	Number of Securities Held	Number of Security Holders	Number of Securities Held
1 - 1000	236	182,736	221	111,144
1,001 – 5,000	771	2,284,113	237	584,048
5,001 – 10,000	430	3,494,635	44	347,387
10,001 – 100,000	756	22,708,593	49	1,279,298
100,001 – and over	75	88,334,871	3	10,406,426
	2,268	117,004,948	554	12,728,303

(b) Number of holders of unmarketable parcels – Ordinary shares

Unmarketable Parcels – 50

3. Substantial Shareholders

The names of the substantial shareholders listed in the Company's register at 16 October 2009

Wroxby Pty Ltd	60,049,180
Sumisho Iron Pty Ltd	7,000,000

4. Unquoted Securities

As at 16 October 2009, the following unquoted securities are on issue:

Unlisted Options with the followings terms:

Grant Date	Expiry Date	Exercise Price	Number on Issue	Number of Holders
10 March 2005	10 May 2010	$0.25	3,300,000	3
28 November 2005	10 May 2010	$1.30	3,600,000	7
1 June 2007	1 May 2010	$1.00	3,000,000	1
29 October 2007	3 September 2010	$1.00	250,000	1
26 March 2008	4 December 2010	$1.00	25,000	1
26 March 2008	19 November 2010	$1.00	100,000	1
26 March 2008	26 February 2011	$1.00	100,000	1
27 May 2008	30 April 2011	$1.00	500,000	1
8 July 2008	30 April 2011	$1.00	900,000	2
7 August 2008	30 April 2011	$1.00	150,000	2
18 September 2008	30 April 2011	$1.00	300,000	1
7 July 2009	1 July 2012	$1.15	650,000	6
			12,875,000	

5. Restricted Securities

As at 16 October 2009, there are no securities subject to escrow restrictions.

6. Voting Rights

The voting rights of the ordinary shares are as follows:

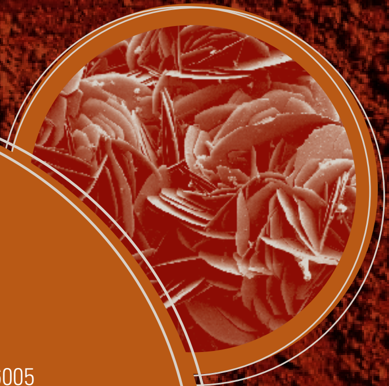
Subject to any rights or restrictions for the time being attached to any shares or class of shares of the company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representation more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held.

There are no voting rights attached to any of the options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

7. On-Market Buy Back

There is currently no on-market buy-back program for any of Iron Ore Holdings Ltd's listed securities.



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