
IRON ORE HOLDINGS LIMITED
A B N 1 7 1 0 7 4 9 2 5 1 7

NOTICE OF ANNUAL GENERAL MEETING

**The Annual General Meeting will be held
upstairs, Subiaco Hotel, 465 Hay Street Subiaco, Western Australia on
Tuesday 24 November 2009 at 10am (WST).**

**Shareholders are urged to attend or vote by lodging the proxy form
attached to this Notice.**

IRON ORE HOLDINGS LIMITED
A B N 1 7 1 0 7 4 9 2 5 1 7

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Iron Ore Holdings Limited ("**Company**") will be held upstairs, Subiaco Hotel, 465 Hay Street Subiaco, Western Australia on Tuesday 24 November 2009 at 10am (WST) ("**Meeting**").

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 22 November 2009 at 5.00PM (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

Financial, Directors' and Auditor's Report

To receive the Financial Report, Directors' Report and Auditor's Report of the Company and its controlled entities for the financial year ended 30 June 2009.

1. Resolution 1 – Remuneration Report

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

"That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."

2. Resolution 2 – Re-election of Mr. Malcolm Randall as a Director

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

"That Shareholders re-elect as a director Mr Malcolm Randall (who retires in accordance with article 11.3 of the Constitution and, being eligible, offers himself for re-election)."

3. Resolution 3 – Re-election of Mr. Brian O'Donnell as a Director

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

"That Shareholders re-elect as a director Mr Brian O'Donnell (who, having been appointed by the Board as a director since the last annual general meeting, retires in accordance with article 11.12 of the Company's Constitution and, being eligible, offers himself for re-election)."

4. Resolution 4 – Approval of grant of Options to Mr Malcolm Randall

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

"That in accordance with ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, Shareholders approve the grant of 1,000,000 Options to Mr Malcolm Randall or his nominee on the terms and conditions in the Explanatory Memorandum."

Voting exclusion

The Company will disregard any votes cast on this Resolution by Mr Malcolm Randall and any of his associates. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 – Approval of grant of Options to Mr Matthew Rimes

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

"That in accordance with ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, Shareholders approve the grant of 2,000,000 Options to Mr Matthew Rimes or his nominee on the terms and conditions in the Explanatory Memorandum."

Voting exclusion

The Company will disregard any votes cast on this Resolution by Mr Matthew Rimes and any of his associates. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 6 – Adoption of Employee Option Scheme

To consider, and if thought fit pass with or without amendment as an ordinary resolution, the following:

"That in accordance with Exception 9 of ASX Listing Rule 7.2 Shareholders approve the establishment of an employee option scheme to be called the "Iron Ore Holdings Employee Option Scheme" and the grant of options pursuant to this scheme on the terms and conditions in the Explanatory Memorandum".

The Company will disregard any votes cast on this Resolution by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated 13 October 2009
By Order of the Board



Simon Robertson
Company Secretary

IRON ORE HOLDINGS LIMITED
A B N 1 7 1 0 7 4 9 2 5 1 7

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held upstairs, Subiaco Hotel, 465 Hay Street Subiaco, Western Australia on Tuesday 24 November 2009 at 10am (WST).

Financial, Directors' and Auditors Report

Shareholders will be offered the opportunity to discuss the Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2009 at the Meeting, copies of which can be found on the Iron Ore Holdings Limited website www.ironoreholdings.com or by contacting the Company's registered office on (08) 9321 6999.

Shareholders will be offered the opportunity to ask questions or make comments on the management of the Company.

1. Resolution 1 – Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report for the year ended 30 June 2009 contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

The provisions of the Corporations Act provide that Resolution 1 need only be an advisory vote of Shareholders.

Accordingly, Resolution 1 is advisory only and does not bind the Directors. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report. However, the Board will take the outcome of the vote into consideration when considering the remuneration policy.

The chairman of the Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

2. Resolution 2 – Re-election of Mr. Malcolm Randall as a Director

It is a requirement of the Company's Constitution and the ASX Listing Rules that one third of the Directors must retire at each annual general meeting (rounded down to the nearest whole number).

The Constitution provides that a Director who retires by rotation is eligible for re-election.

Pursuant to the Constitution, Mr. Randall will retire by rotation and seek re-election.

Mr Randall was appointed a director of the Company on 24 February 2004 and is a member of the audit committee. He was last re-elected on 12 October 2007.

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.

The Board believes that Mr. Randall has performed the duties and responsibilities of a director diligently and professionally, in the best interests of all Shareholders.

The Board unanimously supports the re-election of Mr. Randall.

3. Resolution 3 – Re-election of Mr. Brian O'Donnell as a Director

It is a requirement under the Company's Constitution and the ASX Listing Rules that any Director appointed by the Board during the year (as an additional director or to fill a casual vacancy) only holds office until the next Annual General Meeting of Shareholders, at which time the Director can offer himself for election. On this basis, Mr Brian O'Donnell, who was appointed to the Board as Directors in December 2008, offers himself for election.

Mr. O'Donnell has been a Director of the Company since 4 December 2008 and is a member of the audit committee.

Mr O'Donnell has 25 years' experience in the finance and investment industry. 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.

The Board believes that Mr. O'Donnell has performed the duties and responsibilities of a director diligently and professionally, in the best interests of all Shareholders.

The Board unanimously supports the re-election of Mr. O'Donnell.

4. Resolutions 4 and 5 – Approval of issue of Options to Directors

4.1 General

Resolutions 4 and 5 seek Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the issue of a total of 3,000,000 Options to the Mr M Randal and Mr M Rimes (or their nominees) as follows:

Mr Malcolm Randall 1,000,000 Options and

Mr Matthew Rimes 2,000,000 Options.

The Options are unlisted but are transferable. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise.

The purpose of the issue of the Options is for the Company to retain directors of high calibre.

The Company acknowledges that the issue of options to non-executive Directors is contrary to recommendation 8.2 of the Principles of Good Corporate Governance and Best Practice Recommendations. The Board considers the issue of Options in Resolution 3 to be reasonable in the circumstances given the Company's size, stage of development, and the need to attract and retain directors of high calibre while still maintaining a cash reserve.

4.2 Reason approval required

Shareholder approval is required under Listing Rule 10.11 and section 208 of the Corporations Act because the Mr Randall and Mr Rimes, as Directors, are related parties of the Company.

Furthermore, Shareholder approval of the issue of Options means that the issue will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

4.3 Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

Listing Rule 10.13 and section 219 of the Corporations Act requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the issue:

- (a) Up to 3,000,000 Options will be issued to the Mr Randall and Mr Rimes (or their nominees) as follows:

Name	Maximum number of Options to be issued
Malcolm Randall	Up to 1,000,000
Matthew Rimes	Up to 2,000,000

- (b) Each Option will be issued for nil consideration. Each Option entitles the holder to subscribe for one (1) Share at an exercise price of A\$1.15, exercisable on or before 30 September 2012.
- (c) The Options are unlisted and transferable. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise. Further terms and conditions of the Options are in Schedule 2.
- (d) The Company will issue the Options no later than one month after the date of the Meeting or such longer period of time as ASX may in its discretion allow.
- (e) Mr Randall has an interest in Resolution 4 and therefore believes it inappropriate to make a recommendation. The other Directors of the Company each recommend the grant of the Options to Mr Randall as it aligns the interests of the Company and Mr Randall to maximise Shareholder value.
- (f) Mr Rimes has an interest in Resolution 5 and therefore believes it inappropriate to make a recommendation. The other Directors of the Company each recommend the grant of the Options to Mr Rimes as it aligns the interests of the Company and Mr Rimes to maximise Shareholder value.
- (g) The dilution effect if all of the Options granted are exercised is as follows:

Current number of Shares on issue	117,004,948
Number of Options to be granted under Resolutions 4 and 5	3,000,000
Dilution effect if all Options granted are exercised	2.5%

- (h) The current security holdings of Mr Randall and Mr Rimes are as follows:

Name	Shares	Options
Malcolm Randall ¹	207,500	2,017,500
Matthew Rimes ²	705,000	3,058,333

- (i) If Shareholders approve the proposed grant of the Options the security holdings of Mr Randall and Mr Rimes will be:

Name	Shares	Options
Malcolm Randall ¹	207,500	3,017,500
Matthew Rimes ²	705,000	5,058,333

- (j) A voting exclusion statement is included in the Notice.
- (k) No funds will be raised by the issue of the Options as they are being issued for nil consideration.
- (l) Shareholders have previously approved an aggregate amount of up to \$250,000 to be paid as directors fees. The Directors have resolved that as Chairman Mr Randall will receive 75,000 plus superannuation.
- (m) Amounts paid to Mr Randall and Mr Rimes in the twelve months to 30 June 2009 are as follows:

	Salary and Fees	Super	Other	Share based Payments Options	Total
	\$	\$	\$	\$	\$
Malcolm Randall	74,108	6,566	1,653	-	82,327
Matthew Rimes ¹	296,087	25,200	1,653	72,966	395,906

¹ Mr Matthew Rimes earned the amounts above as remuneration as Managing Director.

- (n) On the basis of the assumptions below, independent accountants BDO Corporate Finance (WA) Pty Ltd has determined the technical value of one Option approximates \$0.348 This valuation imputes a total value of \$1,044,000 to the Options.

The value may go up or down after that date as it will depend on the future price of a Share. Black & Scholes methodology has been used, together with the following assumptions:

- (i) interest rate set at the Commonwealth Government securities rate of 5.22%;
- (ii) the date of valuation is for the purposes of settling the current market value of a Share is 30 September;
- (iii) at this date the Share price was A\$0.68 which is the price used in the valuation;
- (iv) the standard deviation of returns of the Options is set at 95% which is based on the Company's historical data; and
- (v) the Options will not be exercised any earlier than 30 September 2009.
- (o) The market price of Shares would normally determine whether the Directors will exercise the Options or not. If the Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company.
- (p) Historical share price information for the last twelve months is as follows:

	Price	Date
Highest	\$0.92	30/6/2009
Lowest	\$0.096	22/12/2008
Last	\$0.795	12/10/2009

- (q) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 4 and 5.
- (r) As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

5. Resolution 6 - Adoption of Employee Option Scheme

Resolution 5 seeks Shareholder approval in accordance with the ASX Listing Rule 7.2 for the establishment of the Iron Ore Holdings Employee Option Scheme and the issue of Options pursuant to this Scheme.

Please note that the Directors of the Company are not eligible to participate in the Scheme.

The two main purposes of the Scheme are to give an incentive to the Eligible Employees to provide dedicated and ongoing commitment and effort to the Company aligning the interests of both employees and Shareholders and for the Company to reward Eligible Employees for their efforts. The Scheme contemplates the issue to Eligible Employees of options to subscribe for Shares.

ASX Listing Rule 7.1 places restrictions on the number of equity securities, including options, which a listed company may issue in any 12 months. However, certain issues are exempt from this ASX Listing Rule and are effectively disregarded for the purposes of counting the number of securities which a company may issue.

Exempt issues include an issue of securities to persons participating in an employee option scheme where Shareholders have approved the issue of securities under the scheme as an exemption from ASX Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue where the Notice contains or is accompanied by certain prescribed information (set out below).

In order to take advantage of the exemption from ASX Listing Rule 7.1 and allow the Company greater flexibility to issue securities, Shareholders are requested to approve the Scheme as an exemption from ASX Listing Rule 7.1.

This approval will be effective for a period of 3 years from the date the passing by Shareholders of Resolution 5.

The Company has in place a current employee share option plan dated 24 February 2005. Under the existing employee share option plan there are currently 2,125,000 options on issue. No further options will be issued under this plan but options currently on issue will remain current until their expiry or exercise in accordance with the terms of the options.

For the purpose of ASX Listing Rule 7.2 Exception 9 the terms of the Scheme are in Schedule 3.

6. Action to be taken by Shareholders

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to

attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Schedule 1 - Definitions

In this Explanatory Memorandum, Notice and Proxy Form:

"Annual Report" means the 2009 annual report of the Company and its controlled entities a copy of which was lodged with ASX.

"Article" means an article of the Constitution.

"ASIC" means the Australian Securities and Investments Commission.

"ASX" means ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

"Auditor's Report" means the auditor's report on the Financial Report.

"Board" means the board of Directors.

"Company" means Iron Ore Holdings Limited ABN 17 107 492 517.

"Constitution" means the constitution of the Company.

"Corporations Act" means the *Corporations Act 2001* (Cth).

"Director" means a director of the Company.

"Directors' Report" means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

"Eligible Employee" means an employee of the Company eligible to participate in the Scheme, excluding Directors.

"Explanatory Memorandum" means the explanatory memorandum to the Notice.

"Financial Report" means the 2009 annual financial report prepared under chapter 2M of the Corporations Act of the Company and its controlled entities.

"Listing Rules" means the Listing Rules of ASX.

"Meeting" has the meaning given in the introductory paragraph of the Notice.

"Notice" means this notice of meeting.

"Option" means an option to acquire an unissued Share on the terms in Schedule 2.

"Proxy Form" means the proxy form attached to the Notice.

"Remuneration Report" means the remuneration report of the Company contained in the Financial Report.

"Resolution" means a resolution contained in this Notice.

"Schedule" means a schedule to this Notice.

"Scheme" means the Iron Ore Holdings Employee Option Scheme.

"Share" means a fully paid share in the Capital of the Company.

"Shareholder" means a shareholder of the Company.

"WST" means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 – Terms and Conditions of Options

(a) Entitlement

The Options entitle the holder to subscribe for one (1) Share upon the exercise of each Option.

(b) Exercise Price

The exercise price of each Option is \$1.15.

(c) Expiry Date

Each Option expires 30 September 2012.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date.

(e) Notice of Exercise

The Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Option being exercised. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(f) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the Shares of the Company.

(g) Quotation of Shares on exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

(h) Timing of issue of Shares

After an Option is validly exercised, the Company must as soon as possible:

(i) issue the Share; and

(ii) do all such acts matters and things to obtain

(A) the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Option; and

(B) receipt of cleared funds equal to the sum payable on the exercise of the Options.

(i) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holder of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(j) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(k) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = \frac{O - \frac{E}{N+1} [P - (S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one (1) Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one (1) new share.

(l) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Option holder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(m) Quotation of Options

The Options will be unlisted Options. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise. Should the Company make an application for quotation of the Options and the ASX accepts the application for quotation of the options then the options will be listed Options from time to time that the ASX accepts such application.

(n) Options transferable

The Options are transferable.

(o) Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

Schedule 3 – Terms and Conditions of Employee Option Scheme

The Directors are empowered to operate the Scheme in accordance with the Listing Rules and on the following terms and conditions:

1. Subject to paragraph (4), the Directors may offer to issue Options to Eligible Employees in accordance with Class Order 03/184, the Scheme and in such manner and on such terms and conditions as they in their absolute discretion determine.
2. If the Company has offered you Options, to accept the offer complete the Acceptance Form or accept in such other form as the Directors may in their absolute discretion approve from time to time.
3. The Eligible Employees to participate in the Scheme shall be as the Directors in their absolute discretion determine and shall take into account skills, experience, length of service with the Company, remuneration level and such other criteria as the Directors consider appropriate in the circumstances.
4. Options may not be offered under this Scheme without the issue of a prospectus in accordance with Chapter 6D of the Corporations Act, if the aggregate of:
 - (a) the number of Options to be issued;
 - (b) the number of Shares which would be issued if all the current Options issued under any employment incentive scheme were exercised;
 - (c) the number of Shares which have been issued as a result of the exercise of Options issued under any employee incentive scheme, where the Options were issued during the preceding five years; and
 - (d) all other Shares issued pursuant to any employee incentive scheme during the preceding five years;but disregarding any offer made, Options or Shares issued by way of or as a result of:
 - (e) an offer to a person situated at the time of receipt of the offer outside Australia;
 - (f) an offer that was an excluded offer or invitation within the meaning of the Corporations Act as it stood prior to the commencement of schedule 1 of the Corporate Law Economic Reform Program Act 1999;
 - (g) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
 - (h) an offer under a disclosure document,would exceed 5% of the then current number of Shares on issue.
5. The Directors may, in their absolute discretion, offer to Eligible Employees Options under the Scheme, notwithstanding that it has previously issued more than the 5% limit in paragraph (d), up to a maximum of 10%, provided that the issue is made in accordance with the requirements of Chapter 6D of the Corporations Act.
6. Options will be issued free of charge to Eligible Employees. The exercise price of the Options shall be as the Directors in their absolute discretion determine, provided that it shall not be less than that amount which is equal to 80% of the average market price of the Shares in the 5 days in which sales in the Shares were recorded immediately preceding the day on which the Directors resolve to offer the Options.
7. Options may be issued with such Exercise Conditions as the Directors consider appropriate.

8. The Directors may limit the total number of Options which may be exercised under the Scheme in any year.
9. The Directors, in their absolute discretion, having regard to skills, experience, length of service with the Company, remuneration level and such other criteria as the Directors consider appropriate in the circumstances, shall determine criteria to establish the periods during which the Options may be exercised.
10. All Options with a common expiry date shall have the same exercise price and rights to participate in issues of securities by the Company.
11. Unless the Directors in their absolute discretion determine otherwise, Options shall lapse upon the earlier of:
 - (a) the expiry of the exercise date;
 - (b) the Option holder ceasing to be an Eligible Employee if the Exercise Conditions have not been met;
 - (c) If the Exercise Conditions have been met:
 - (i) the date 30 days after the Option holder ceasing to be an Eligible Employee by reason of dismissal, termination of employment, office or services as a result of breach of terms of appointment;
 - (ii) the date 90 days after the Option holder ceases to be an Eligible Employee by reason of retirement; or
 - (d) a determination by the Directors that the Option holder has acted fraudulently, dishonestly or in breach of his or her obligations to the Company or an Associated Body Corporate;
12. If an Eligible Employee accepts an offer from the Company to participate in the Scheme then the Company will evidence the issue of an Option to an Eligible Employee by issuing that Eligible Employee a Certificate for that Option.
13. Each Option entitles the holder to subscribe for and be issued with one Share.
14. Shares issued pursuant to the exercise of Options will in all respects, including bonus issues and new issues, rank equally and carry the same rights and entitlements as other Shares on issue.
15. There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
16. The Options will not be quoted on the ASX. However, application will be made to the ASX for official quotation of the Shares issued on the exercise of the Options if the Shares are listed on the ASX at that time.
17. An application to be issued Options may be made by Eligible Employees invited to participate in the Scheme in such form and on such terms and conditions concerning the closing date for applications as the Directors in their absolute discretion determine.
18. If at any time the issued capital of the Company is reconstructed, all rights of Option holders are to be changed in a manner consistent with the Listing Rules.
19. Subject to and in accordance with the Listing Rules (including any waiver issued under such Listings Rules), the Directors (without the necessity of obtaining the prior or subsequent consent of Shareholders of the Company in a general meeting) may from time to time amend (including

the power to revoke, add to or vary) all or any provisions of the Terms and Conditions in any respect whatsoever, by an instrument in writing, provided that rights or entitlements in respect of any Option issued before the date of amendment shall not be reduced or adversely affected unless prior written approval from the affected holder(s) is obtained.

20. At the absolute discretion of the Directors, the terms upon which Options will be issued may incorporate performance related factors. Such factors may reflect, inter alia, profitability levels, increases in production or decreases in production costs and may, subject to clause 19 above, be amended from time to time in a manner favourable to the Option holder. However such performance related factors, if included in the Option terms or so amended shall not act in any way to constitute a breach of the Terms and Conditions.
21. Notwithstanding the Terms and Conditions, upon the occurrence of a Trigger Event the Directors may determine:
 - (a) that the Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide so as to permit the holder to participate in any change of control arising from a Trigger Event provided that the Directors will forthwith advise in writing each holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or
 - (b) to use their reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Trigger Event in which case the Directors shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Options shall immediately become exercisable and if not exercised within 10 days, shall lapse.
22. An Option may not be transferred or assigned except that a legal personal representative of a holder of an Option who has died or whose estate is liable to be dealt with under laws relating to mental health will be entitled to be registered as the holder of that Option after the production to the Directors of such documents or other evidence as the Directors may reasonably require to establish that entitlement.
23. An Option is exercisable by the holder lodging with the Company a Notice of Exercise of Option together with a cheque for the exercise price of each Option to be exercised and the relevant Option Certificate. If not all of the holder's Options are being exercised, a holder must exercise Options in multiples of 1,000.
24. Neither participation in the Scheme by the Company or an Associated Body Corporate or any Eligible Employees or Option holders or anything contained in these Terms and Conditions shall in any way prejudice or affect the right of the Company or an Associated Body Corporate to dismiss any Eligible Employees or Option holder or to vary the terms of employment of any Eligible Employees or Option holder. Nor shall participation or the rights or benefits of an Eligible Employees or Option holder under the Terms and Conditions be relevant to or be used as grounds for granting or increasing damages in any action brought by an Eligible Employees or Option holder against the Company or an Associated Body Corporate whether in respect of any alleged wrongful dismissal or otherwise.
25. At all times during which Eligible Employees may subscribe for or purchase Shares upon exercise of an Option issued pursuant to the Scheme, the Company shall provide, within a reasonable period of a request by Eligible Employees, the current market price of the Shares. Contact the Company Secretary to obtain this information.
26. The Scheme shall be administered by the Directors who shall have power to:
 - (a) determine appropriate procedures for administration of the Scheme consistent with these Terms and Conditions;
 - (b) resolve conclusively all questions of fact or interpretation or dispute in connection with the Scheme and settle as the Directors in their absolute discretion determine expedient any difficulties or anomalies howsoever arising with or by reason of the operation of the Scheme;

- (c) delegate to any one or more persons for such period and on such conditions as it may determine the exercise of any of the Directors' powers or discretions arising under the Scheme; and
- (d) subject to the Listing Rules, waive strict compliance with, amend or add to the Terms and Conditions of the Scheme except for the provisions of clause 4, and where such actions are taken such actions shall be conclusive, final and binding on Option holders.

27. Definitions

In this Schedule the following terms shall bear the following meanings:

"Acceptance Form" means the Acceptance Form which will accompany the invitation to the Eligible Employee to participate in the Scheme.

"Associated Body Corporate" means:

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

"ASX" means ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

"Business Day" means those days other than a Saturday, Sunday, New Year's Day, Australia Day, Good Friday, Easter Monday, Anzac Day, Christmas Day, Boxing Day and any other day which the ASX shall declare and publish is not a business day.

"Certificate" means a certificate for any Option issued to Eligible Employees which will include all of the terms and conditions of the Option and the Notice of Exercise of Option or such other evidence of ownership that the Directors may in their absolute discretion determine from time to time.

"Company" means Iron Ore Holdings Limited.

"Company Group" means the Company and its Associated Bodies Corporate.

"Corporations Act" means the Corporations Act 2001 (Commonwealth).

"Directors" mean the directors from time to time of the Company.

"Eligible Employees" means any full or part time employees of the Company or its Associated Bodies Corporate excluding Directors.

Exercise Condition means in respect of an Option, any condition set out in the offer of Options to Eligible Employees which must be satisfied before that Option can be exercised or any other restriction on exercise of that Option specified in the offer or in these Terms and Conditions.

"Listing Rules" means the official listing rules of ASX as amended from time to time.

"Notice of Exercise of Option" means the Notice of Exercise of Option which will accompany the invitation to the Eligible Employee to participate in the Scheme.

"Offer Period" means the period referred to in the definition of that expression in Section 624 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of an off-market bidder's statement on the Company in relation to that takeover bid the Offer Period shall be deemed to have commenced at the time of that announcement.

"Option" means an option to acquire a Share issued in accordance with the Scheme.

"Scheme" means the Iron Ore Holdings Limited Employee Option Scheme in which Eligible Employees may be invited to participate in accordance with the Terms and Conditions.

"Share" means a fully paid ordinary share in the capital of the Company.

"Terms and Conditions" means the terms and conditions of the employee options plan in this Schedule 3, as amended from time to time.

"Trigger Event" means:

- (a) the despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act;
- (b) the service of a bidder's statement or a like document on the Company; or
- (c) the date upon which a person or a group of associated person becomes entitled, subsequent to the date of issue of the Option, to sufficient Shares to give it or them the ability, in general meeting to replace all, or allow a majority, of Directors in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

IRON ORE HOLDINGS LIMITED

ABN 17 107 492 517

PROXY FORM

The Company Secretary
Iron Ore Holdings Limited

For information on returning this proxy form please see instructions over the page.

I/We ¹ _____

of _____

being a Shareholder/Shareholders of the Company and entitled to _____

votes in the Company, hereby appoint ² _____

or failing such appointment the chairman of the annual general meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held Upstairs, Subiaco Hotel, 465 Hay Street Subiaco, Western Australia on Tuesday 24 November 2009 at 10am (WST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes of this proxy is authorised to exercise is * []% of the Shareholder's votes*/ [] of the Shareholder's votes.

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

IMPORTANT:

If the chairman of the Annual General Meeting is to be your proxy and you have not directed your proxy how to vote on Resolution 4 please tick this box. By marking this box you acknowledge that the chairman of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Resolution 4 and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the chairman of the Annual General Meeting will not cast your votes on Resolution 4 and your votes will not be counted in computing the required majority if a poll is called on this Resolution. The chairman of the Annual General Meeting intends to vote undirected proxies in favour of the Resolutions.

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr. Malcolm Randall as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr. Brian O'Donnell as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of grant of Options to Mr Malcolm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of grant of Options to Mr Matthew Rimes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Employee Share Option Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Authorised signature/s This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1	Shareholder 2	Shareholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary
<input type="text"/>	<input type="text"/>	<input type="text"/>
Contact Name	Contact Daytime Telephone	Date

¹Insert name and address of Shareholder ² Insert name and address of proxy *Omit if not applicable

Proxy Notes:

A Shareholder entitled to attend and vote at the annual general meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that annual general meeting. If the Shareholder is entitled to cast 2 or more votes at the annual general meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that annual general meeting, the representative of the body corporate to attend the annual general meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the annual general meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

Return of Proxy Forms

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Company's office as set out below not less than 48 hours prior to the time of commencement of the annual general meeting (WST).

Facsimile: +618 9321 0322

Post: PO Box 1761
WEST PERTH W.A .6872

Delivery: Level 1, 1 Altona Street
WEST PERTH W.A. 6005