

IOH agrees transaction with Mineral Resources Ltd

Key Points:

- IOH announces sale of three Central Pilbara satellite tenement packages to a wholly owned subsidiary of Mineral Resources Ltd
- IOH to receive **\$42 million cash** over a 90 day period subject to agreed conditions
- At final completion of the MinRes transaction, IOH will retain 100% ownership of **878Mt** JORC Resource in the Pilbara.

Iron Ore Holdings Limited (**IOH**) is pleased to announce the sale of its Phil's Creek, Lamb Creek, and Yandicoogina Creek satellite tenement packages in the Pilbara region of Western Australia, to Process Minerals International (**PMI**), a wholly owned subsidiary of Mineral Resources Ltd (**MinRes**), an ASX listed mining and leading mining services company with a market capitalisation of around \$2.0 billion.

The transaction involves PMI paying a **\$5 million** deposit and the **\$37 million** balance in two further tranches over a 90 business day period. Key conditions for transaction completion are Ministerial consent to the transfer of the relevant tenements and the Department of Minerals & Petroleum approving the Phil's Creek "Mining Proposal" on terms reasonably acceptable to PMI. The parties have 45 business days to satisfy these conditions.

Phil's Creek, Lamb Creek and Yandicoogina Creek are 100% IOH owned satellite deposits within its Central Hub (see Figure 1 and 2) and currently have a total **54.8Mt** of combined Inferred and Indicated JORC Resource at an average grade of **56.7% Fe** (see Table 1), with further exploration upside. IOH currently has **933Mt** of JORC Resource in its Pilbara portfolio and following successful completion of the MinRes transaction, IOH will retain 100% ownership of **878Mt** of JORC Resource.

This is the second transaction announced by IOH within three weeks, and follows a strategic review of the Company's Central Satellite deposits during which IOH considered the optimum value creation options, including self-development, joint venture structures or divestment.

IOH's Non-Executive Chairman, Mr Richard Court, said that the IOH Board is very satisfied with the two high value transactions concluded on the Central Satellites in a short period with two industry leading companies (Rio Tinto and MinRes) despite challenging market conditions.

IOH's Managing Director, Mr Alwyn Vorster, said the value of \$1.35 per Fe tonne achieved in this transaction underscores the robust outlook by mining companies for the iron ore industry, and illustrates the attractiveness of strategically located resources. *"IOH is confident that its two larger, more advanced and strategically better located flagship deposits at Iron Valley and Bungaroo South will both add significantly higher value when commercialised"*, he said.

At completion of this second satellite transaction IOH's cash position will exceed \$100 million, which is more than 50% of the company's current market capitalisation. Funds generated from the satellite review process will be applied to further exploration, project studies and potential new business opportunities.

Discussions continue with interested parties regarding commercialisation of the remaining Central Satellite tenements (North Marillana and Weelli Wolli). Concurrently, IOH is progressing exploration, feasibility study and commercialisation activities at Iron Valley, Bungaroo South and Maitland River.

IOH is supported during the Central Satellite review process by PCF Capital Group (commercial advisor) and Gilbert + Tobin (legal advisor).

Figure 1: Location of IOH's Three Hubs and Five Projects

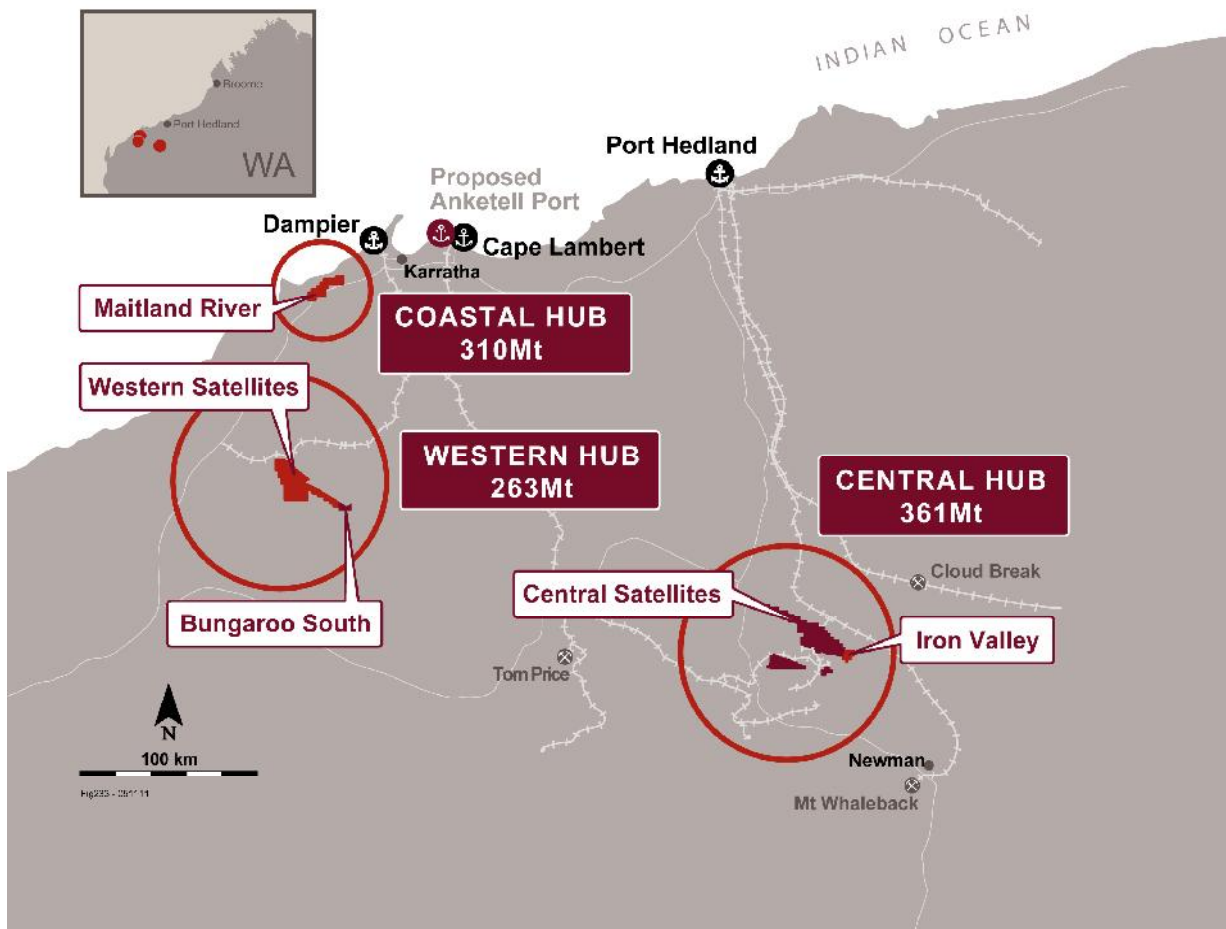


Figure 2: Central Satellite Project Location

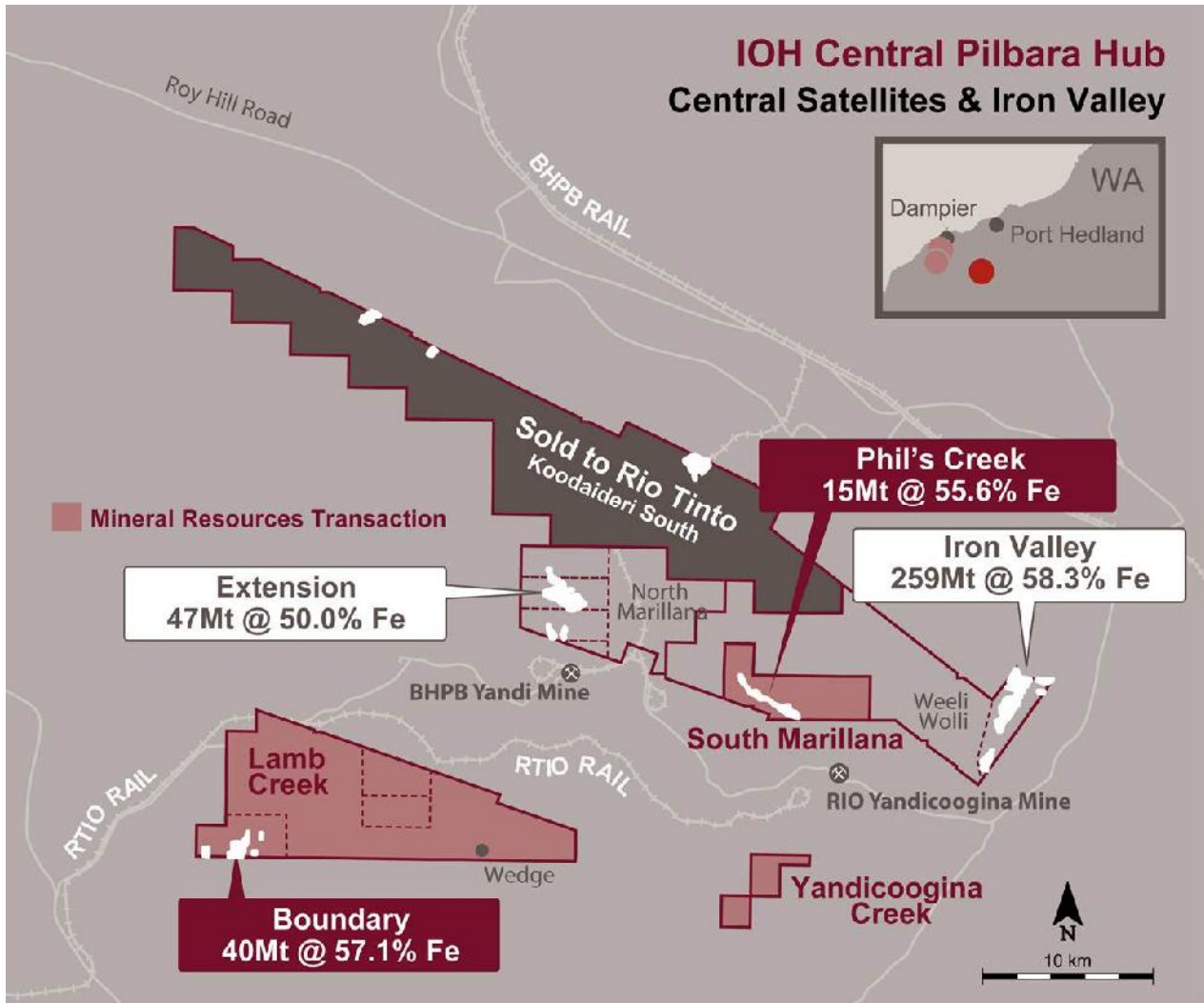


Table 1 – IOH JORC Mineral Resource at 10 October

Hub	Project or Tenement	JORC Indicated Resource	JORC Inferred Resource	Fe	CaFe	SiO ₂	Al ₂ O ₃	P	LOI	Cut-off	Total
				(%)	(%)	(%)	(%)	(%)	(%)	(Fe)	
Central Pilbara	Iron Valley	216.3		58.4	63.0	5.1	3.1	0.18	7.3	50%	360.7Mt
			42.8	57.9	61.1	7.0	3.9	0.14	5.2	50%	
	Phil's Creek	15.1		55.6	60.5	7.2	4.2	0.10	8.1	50%	
	Lamb Creek	15.2		60.6	64.5	4.4	2.2	0.13	6.0	50%	
			24.5	54.9	58.6	10.3	4.0	0.09	6.3	50%	
North Marillana	46.8		50.0	55.8	9.5	7.7	0.05	10.4	45%		
Western Pilbara	Bungaroo South		241.6	57.2	62.2	7.0	2.4	0.15	8.1	50%	263.1Mt
	Dragon		21.5	55.4	60.5	7.9	3.6	0.15	8.4	50%	
Coastal Pilbara	Maitland River -Magnetite		310.0	34.7	34.7	42.0	1.4	0.06	0.1	25%	310.0Mt
Total Mineral Resource		293.4	640.4	Total Resource (Indicated and Inferred)							933.8Mt

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About Iron Ore Holdings

Iron Ore Holdings Ltd (ASX: IOH) owns and manages a portfolio of iron ore tenements and projects within its Central, Western and Coastal hubs in the Pilbara region of Western Australia. The Company's projects are all strategically located within close proximity to existing and planned infrastructure. IOH has a stable share register and highly experienced Board and senior management team.

Ordinary Shares on Issue: 166,087,005

Cash at 30 September 2011: \$37.5 million

Competent Persons Statement:

The information in this report that relates to exploration and drilling results is based on information compiled by Mr Manohar Ghorpade, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Ghorpade 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 Ghorpade consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources has been compiled by Mr Lynn Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Widenbar 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.