

Quarterly Activities Report

For the period ending 30 September 2011

ASX : IOH



HIGHLIGHTS

Central Pilbara Hub

- The Company sold its Koodaideri South tenement to Hamersley Iron Pty Ltd, a wholly owned subsidiary of the Rio Tinto Group (Rio Tinto), for \$32 million cash plus a 2% FOB royalty on ore mined from the tenements.
- Progressing the status of the Pre-Feasibility Stage 1 study and Environmental Assessment of Iron Valley.
- Drilling and commercial developments are continuing in this area.

Western Pilbara Hub

- Announced a maiden JORC Mineral Resource at the Dragon Project of 21.5Mt @ 55.4% Fe.
- Drilling and commercial developments are continuing in this area.

Coastal Pilbara Hub

- The Company is preparing for a Stage 2 drilling program at Maitland River.
- Drilling and commercial developments are being progressed.

Issued Shares: 166,087,005
ASX Code: IOH
Cash position: ~\$37.5m at 30 September 2011

For further information regarding Iron Ore Holdings Ltd contact:

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1. Mineral Resource Update

During the quarter Iron Ore Holdings Limited (“IOH” or “the Company”) announced a maiden Mineral Resource at the Dragon Project (within the Western Hub) of **21.5Mt @ 55.4% Fe**. IOH increased its total JORC Mineral Resource to **1,040Mt**. Following settlement of the Koodaideri South transaction with Rio Tinto the total IOH JORC Mineral Resource totals **934Mt** (See Table 1 and Figure 1 below). IOH is continuing plans for a substantial exploration drilling programme for FY2012.

Table 1 – IOH JORC Mineral Resource within Central, Western and Coastal Pilbara Hub

| 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 | |
| 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 |

The Company now has a Central Hub Resource comprising bedded Hematite and Channel Iron Deposits (CID) of more than 361Mt within a 50km radius of existing rail infrastructure, a Western Hub Resource (CID) in excess of 263Mt and a Coastal Hub magnetite Resource of 310Mt located close to existing and planned infrastructure (as shown in Figure 1).

2. Exploration Overview

Central Pilbara Hub

- A total of 4,224 metres of RC drilling was completed at North Marillana, Yandicoogina Creek and Koodaideri South.

Western Pilbara Hub

- A total of 673 metres of diamond core drilling was carried out at the Mt Dempster Magnetite prospect with initial assay results expected in the December quarter.

Maitland River

- No drilling activity at the Maitland River Project was conducted during the quarter. Work focussed on gaining approvals to conduct further drilling, which is expected to commence in the December quarter.

Figure 1 – Pilbara Regional plan; location of IOH tenements and projects location



3. Central Pilbara Hub Update

3.1. Exploration

A total of 4,224 metres of RC drilling was completed at Breakaway (North Marillana), Yandicoogina Creek and Kurrajura (Koodaideri South).

Encouraging exploration results from the Wedge Prospect and the Kurrajura Project were announced on 12 August 2011. New high grade mineralisation was identified at the Wedge Prospect, including an intercept of **94 metres @ 61.2% Fe**.

3.2. Studies

During the quarter IOH announced results from the Pre-Feasibility Study (PFS) Phase 1 and the Environmental Assessment of the Iron Valley Project. These results have been summarised below:

Results from Pre-Feasibility Study – Stage 1

Mine Study

- Confirmed the basis of the resource modelling and Mineral Resource inventory.
- Confirmed technical viability of a staged development with a production rate of up to **15Mtpa** at an average grade of **58.6% Fe** for a **12-year** mine life.
- No high risk matters identified that are likely to impede development of a conventional open cut mining operation.

Water and Environmental Study

- Surface Water Study identified no major pit flood risks.
- Ground Water Study delivered a preliminary numerical flow model of the regional hydrogeological regime. A site hydrodrilling program will now be implemented to verify this mode.
- Completed successful autumn baseline surveys for Flora and Vertebrate Fauna.
- The Environmental Protection Agency (EPA) Referral document was finalised and submitted on 2 August. The EPA announced on 5 September that the level of assessment for the project would be set at “Assessment on proponent information” (API).
- A referral document is currently being prepared for the Commonwealth Department of Sustainability, Environment, Water, Population and Communities.

Next Steps

- PFS Phase 2 will optimise mine layouts and economics, and progress long lead project development elements.
- All PFS level activities targeted for completion by mid-2012 and long lead Definitive Feasibility Study (DFS) level activities to commence early 2012.
- Commercial discussions with potential project partners continue.

Iron Valley Environmental Assessment

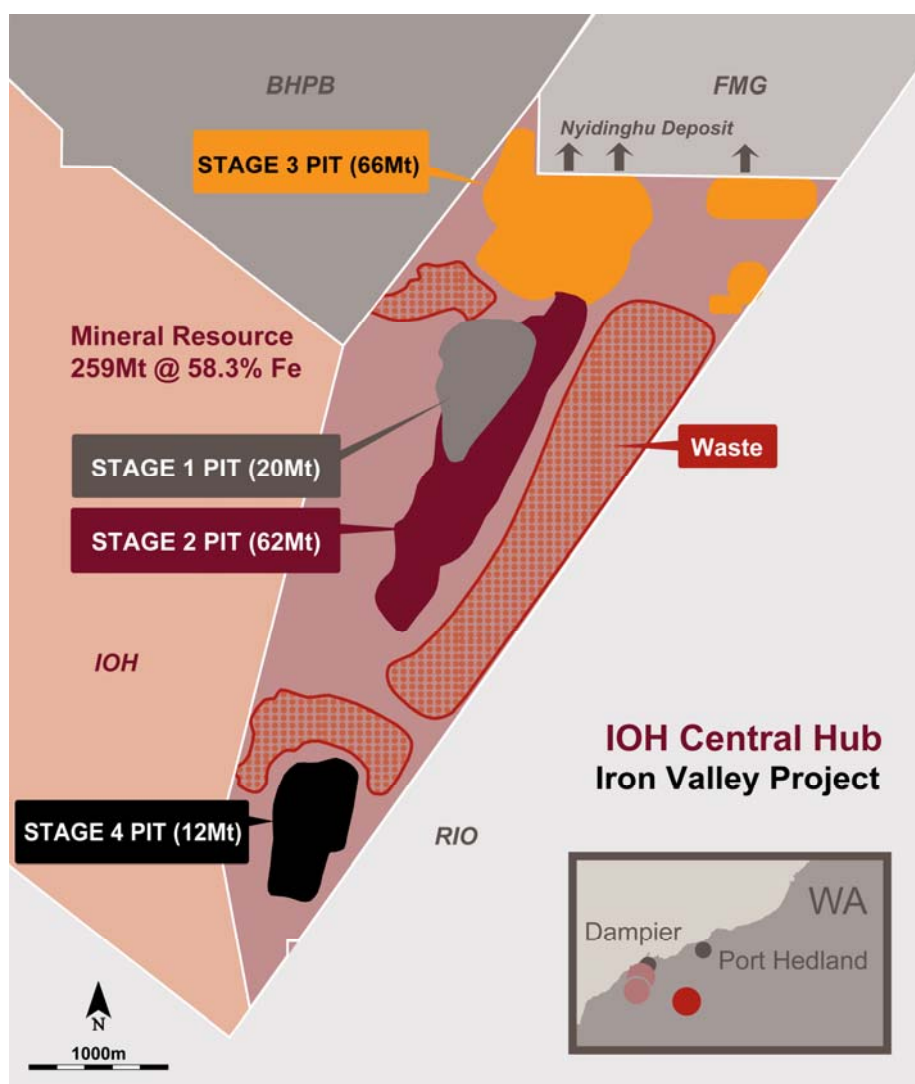
Required Level of Environmental Assessment Announced

- On 5 September 2011, the WA Government Environmental Protection Authority (EPA) had advised an “Assessment on Proponent Information” (API) level of environmental assessment for the Iron Valley (IV) Project.
- An API level of assessment normally concludes within a shorter timeline than a full “Public Environmental Review” (PER) which is normally required for large Pilbara projects.
- This lower level of assessment is an indication that there are likely to be no material environmental impediments to the development of IV.

Commitment to Key PFS and DFS Activities

- IOH have placed commitments with contractors to undertake two key long lead item technical drilling programs for the Iron Valley Project:
 - a geotechnical core drilling program to establish geotechnical design parameters for the detailed mine design activities; and
 - a hydrogeological drilling program including establishing mine design dewatering parameters.
- This drilling data is expected to support the completion of a full project PFS by the end of June 2012, and a DFS by the end of 2012.

Figure 2 – Iron Valley Mine Concept Plan



4. Western Pilbara Hub Update

4.1. Exploration

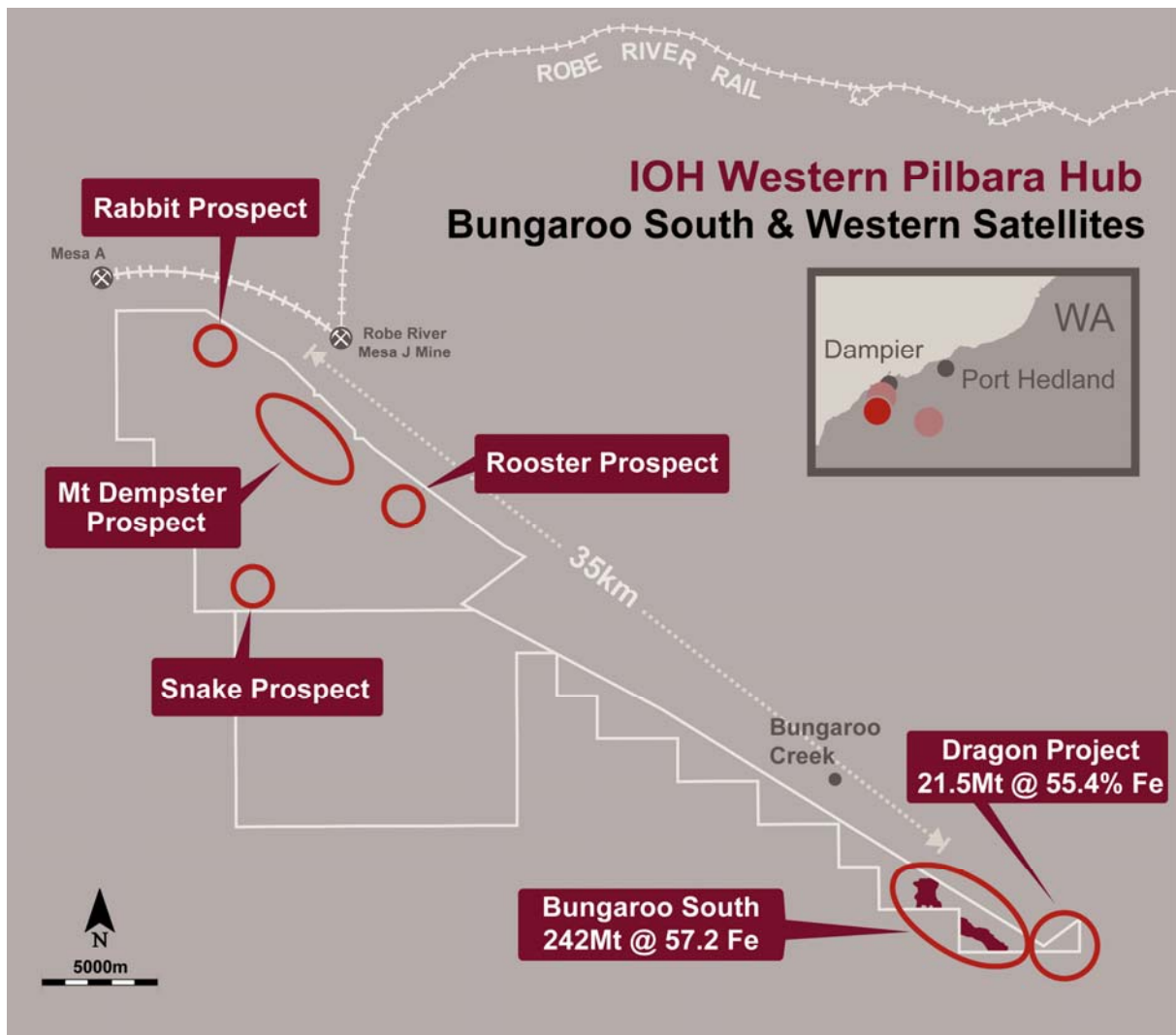
A total of 673 metres of diamond core drilling was carried out at the Mt Dempster magnetite prospect within IOH's Western Pilbara Hub with initial assay results expected in the December quarter.

Following a drilling program at Dragon (previously Ricane) IOH announced a maiden JORC Mineral Resource of **21.5Mt @ 55.4% Fe** (as shown in Figure 3). Dragon is one of four new exploration targets within the Western Pilbara Hub. This increased the Western Hub Mineral Resource by **9% to 263Mt** and increased the total IOH Mineral Resource to **1,040Mt** prior to the sale of Koodaideri South to Rio Tinto.

4.2. Studies

No study activities to be reported for the quarter.

Figure 3 – Western Pilbara Hub – Project and Prospect locations



5. Coastal Hub Update

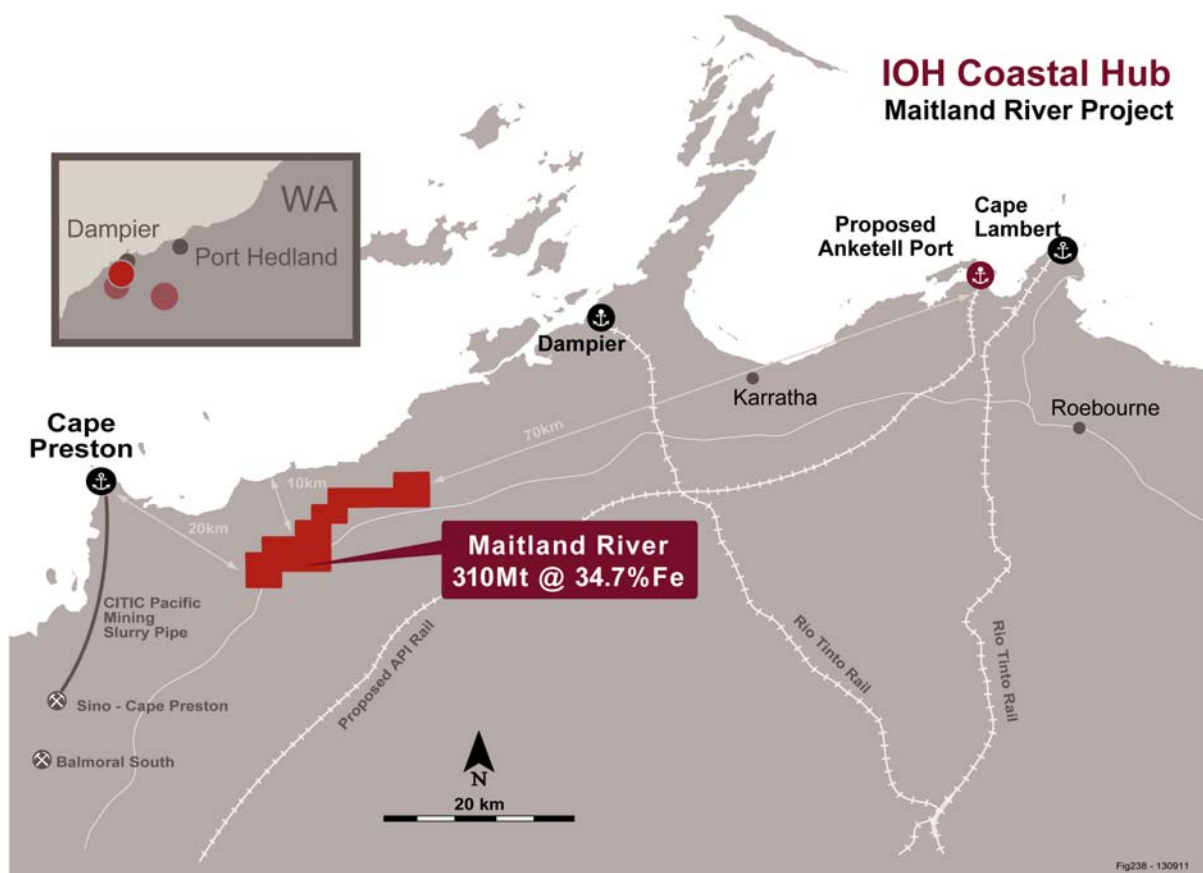
5.1. Exploration

No drilling activity took place during the quarter. A program of work was approved for the Stage 2 RC drill program (approximately 3,000 metres). Also drill site pegging has been completed and clearance approvals are being expedited to commence Stage 2 drilling in the latter part of the December 2011 quarter.

5.2. Studies

No study activities to be reported for the quarter.

Figure 4 – Coastal Hub – Maitland River



6. Commercial Update

6.1. Iron Valley

Discussions continue with potential project partners for the commercialisation and development of Iron Valley, IOH's flagship deposit in the Central Pilbara.

6.2. Central Satellites

IOH announced the sale of its Koodaideri South tenement to Hamersley Iron Pty Ltd, a wholly owned subsidiary of the Rio Tinto Group (Rio Tinto), for \$32 million cash plus a 2% FOB royalty on ore mined from the tenements.

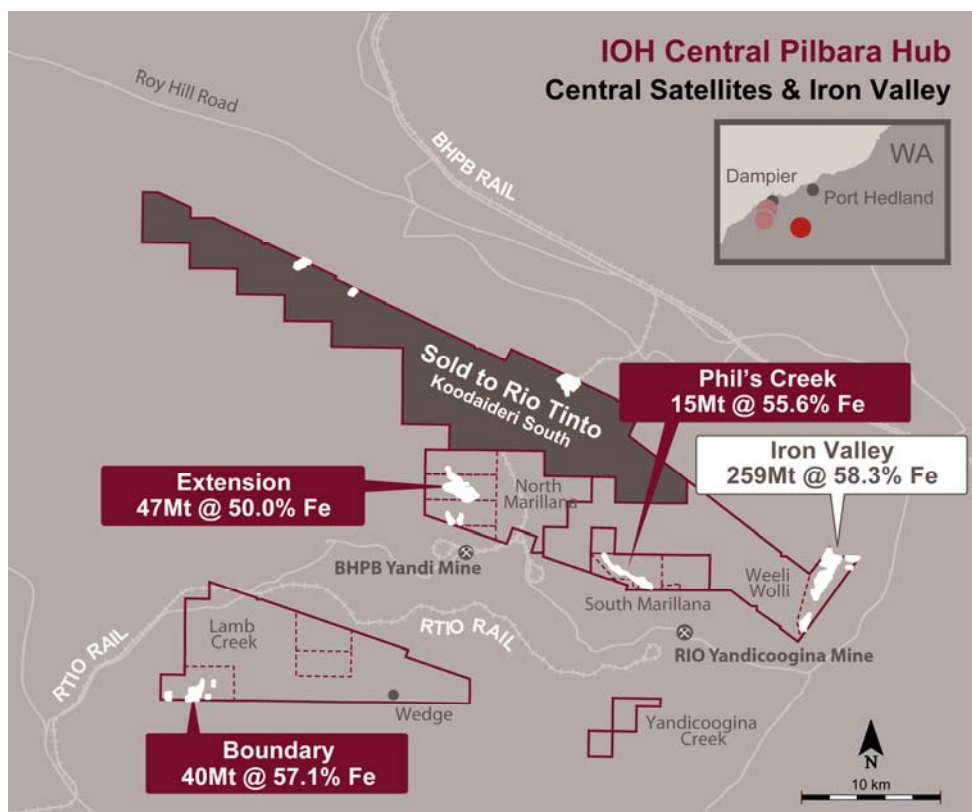
The transaction follows a 12-week strategic review of the Company's Central Satellite deposits during which IOH considered the optimum value creation options, including self-development, joint venture structures or divestment.

The Rio Tinto offer for Koodaideri South was selected from a number of proposals, and was accepted on the basis of it providing the best strategic value for IOH in terms of both the cash component and the future exposure to a production royalty.

Koodaideri South is one of five tenement groups comprising the Company's Central Satellite deposits and has three currently identified resources named Kurrajura, Fingers and Bight (see Figure 5 below), which jointly contain **106Mt** of JORC Resource at an average **58.6% Fe**.

Settlement of the Koodaideri South tenement transaction occurred on 7 October and the cash consideration of \$32 million has been received.

Figure 5 – Central Pilbara Hub; Koodaideri South transaction map





6.3. Bungaroo South

IOH is in discussions with potential project partners and other role players to develop solutions for mine, rail and port options for the Bungaroo South deposit.

7. Corporate Update

No shares were issued and no options were exercised during the quarter.

The Company's cash balance at the end of the September quarter was ~\$37.5m. On 7 October 2011, \$32m was received from Rio Tinto as part of the consideration for the sale of the Koodaideri South tenement.

For more information regarding Iron Ore Holdings Ltd please contact:

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Ordinary Shares on Issue:

166,087,005

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.