

Positive Concept Study for Bungaroo South Project

HIGHLIGHTS

- A Mine Concept Study conducted by Steffen Robertson Kirsten (SRK) on the Bungaroo South project has confirmed both the technical and financial viability of a mine development.
- The mine plan supports a 15 million tonnes per year operation with a mine life of 15 years, with production possible by 2015.
- The Study indicates a favourable life of mine stripping ratio of 1.2 : 1 (waste to ore) and a simple crush & screen process into a fines product, resulting in low mine operating cost.
- The Study supports investment in a next stage of pre-feasibility study level activities. IOH is assessing options in this regard.
- IOH has now established two flagship projects, i.e. Iron Valley in the Central Pilbara and Bungaroo South in the Western Pilbara, both with a resource of ~240Mt, which can be developed independently into 15 million tonnes per year operations and with each operation having a 15 year mine life.

Overview

Iron Ore Holdings (IOH) is pleased to announce that Steffen Robertson Kirsten (SRK) has completed the Mine Concept Study on the Bungaroo South project which commenced earlier in 2011. The Study has been completed on time and within budget. Bungaroo South is located within the Company's Western Hub on its large Buckland Hills tenement approximately 45 km south east of Pannawonica, 35 km from existing Robe rail infrastructure and 50 km from the proposed Australian Premium Iron (API) JV's planned rail infrastructure to Anketell port (see Figures 1 and 2). The Bungaroo South channel iron deposit currently contains 241 million tonnes of JORC Resource of average 57.2% Fe grade and is one of IOH's largest identified deposits (see Table 1).

Table 1: Bungaroo South Project - JORC Mineral Resource

JORC Resource Classification	Tonnes* Mt	Fe (%)	CaFe [#] (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Inferred	241.6	57.2	62.2	7.0	2.4	0.15

* at a 50% cut-off grade

[#] Fe% / ((100 - LOI%) / 100)



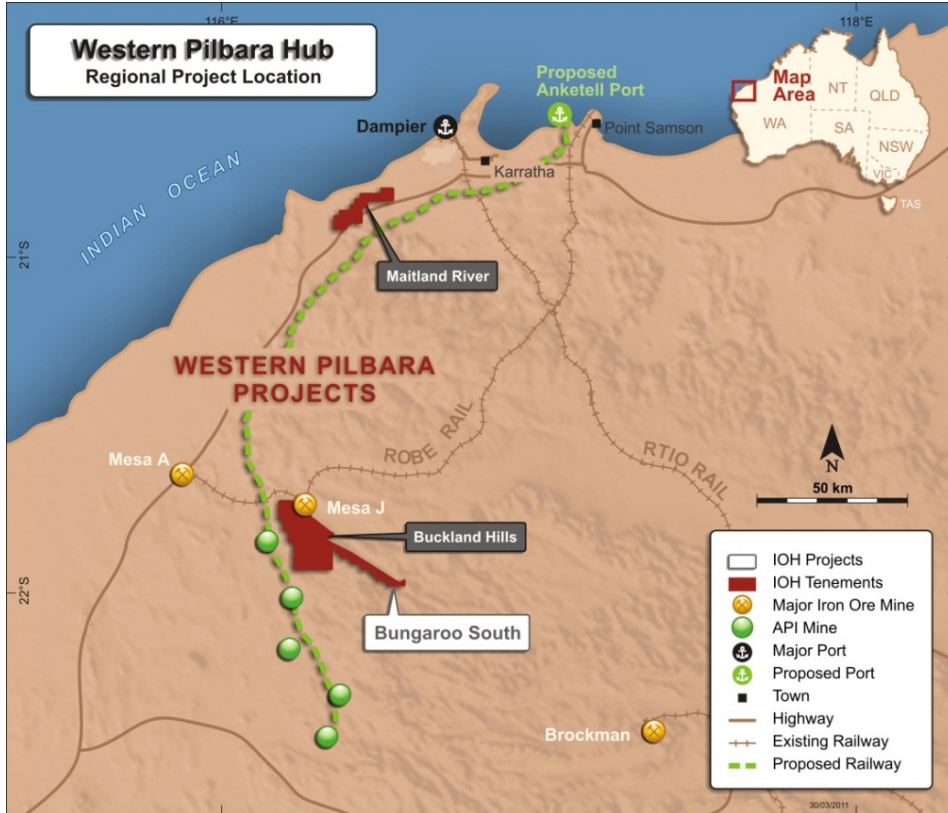


Figure 1: Western Pilbara regional map

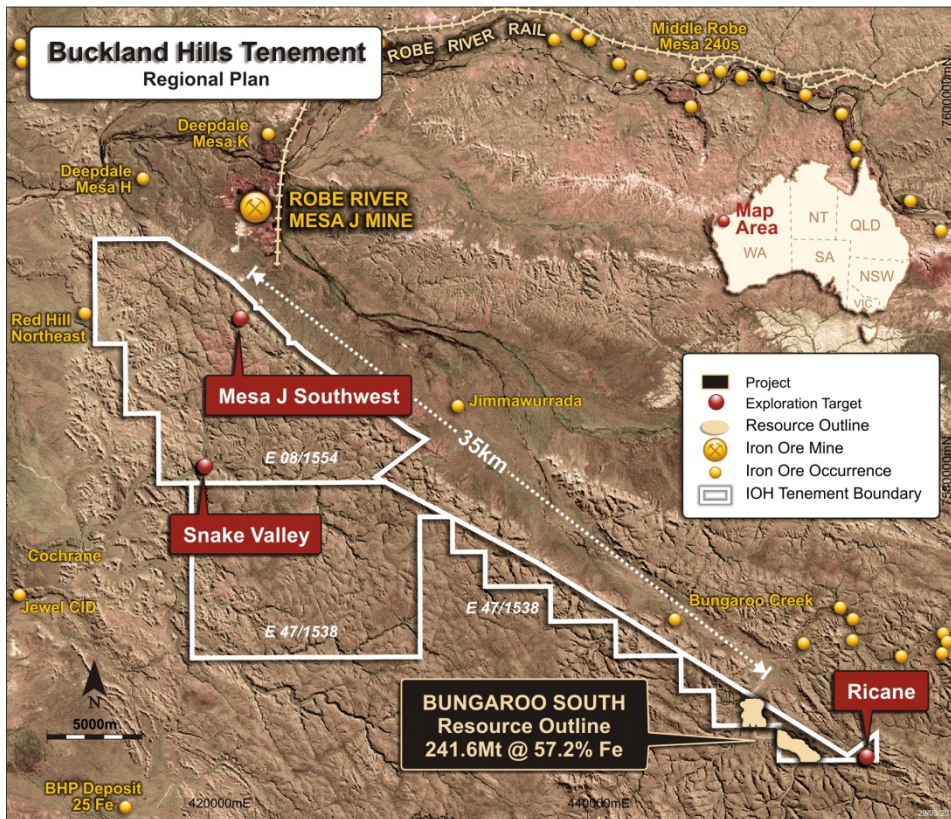


Figure 2: Bungaroo South Location Map



Mine Concept Study

The Study evaluated the Mineral Resource inventory, all key mining design concepts, surface water management, long lead development activities, and provided mine financial parameters. SRK did not identify any material matters that would prevent an economic mining operation from being developed at Bungaroo South. The study also highlighted significant technical and financial synergies for both IOH and API should the IOH deposit be co-developed with the adjoining API deposit.

SRK reviewed IOH's JORC Resource model and its resource quality assurance practices and concluded that the Resource category and supporting practices were appropriate.

A two staged mine development process was determined to be the most appropriate, allowing for the Western IOH deposit to be developed first with relatively simple and cost effective surface water management initiatives required to be undertaken. Development of the Eastern IOH deposit could occur following or during the development of the Western IOH deposit with additional surface water management initiatives required to support this stage of development. Optimum extraction of ore, efficient water management and cost savings are possible if the Eastern IOH deposit is mined in conjunction with the API deposit. Figure 3 illustrates the proposed surface water management concept plan.

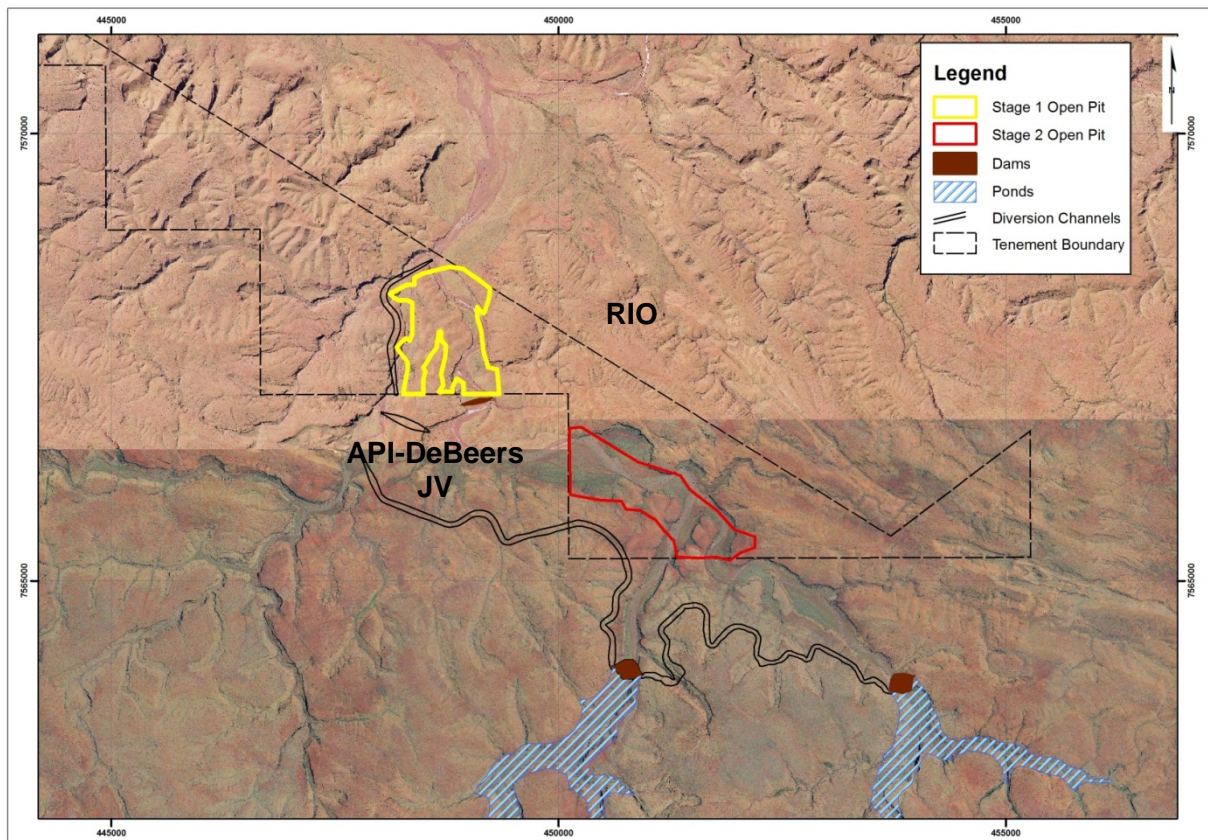


Figure 3: Proposed staged pit development and surface water diversion concepts



The Study indicates that a mine life of 15 years at a rate of 15 million tonnes of ore per annum at peak production, is feasible both technically and financially. A life of mine stripping ratio of 1.2 : 1 (waste to ore) and a simple crush & screen process to produce a good quality fines product, is likely to result in a relatively low mine operating cost estimate compared to the average operations in the Pilbara.

SRK recommended that further pre-feasibility study level work be undertaken to develop increased accuracy and confidence in the groundwater and geotechnical parameters, and to define the most suitable transport solution to link with existing infrastructure. The Mine Concept Study indicated that an environmental approval process of at least two years is likely, making approvals the critical path towards potential production in 2015. This timeline broadly aligns with the estimated commissioning timeline of the Anketell port facilities.

IOH's Managing Director, Alwyn Vorster, said: *"This positive Mine Concept Study confirms our internal view that a sizeable mine project is feasible at Bungaroo South and IOH will now consider taking the Project into the next stage of pre-feasibility study activities to decrease risk and add value to the commercial options. IOH will also continue engagement with the State Government and Dampier Port Authority on securing future capacity at Anketell Port. IOH has now established two projects, Iron Valley in the Central Pilbara and Bungaroo South in the Western Pilbara, both with a Resource of ~240Mt, which can be independently developed into 15 million tonnes per year operations."*

IOH's total JORC Resources remain at 689 million tonnes at present. An extensive drilling program at the Central Pilbara deposits and at the Maitland River magnetite deposit is underway and further announcements regarding the additional identified resources are expected to follow.

ON BEHALF OF THE BOARD OF DIRECTORS OF IRON ORE HOLDINGS LTD

Alwyn Vorster
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About Iron Ore Holdings

Iron Ore Holdings Ltd (“IOH”) is an ASX listed company which owns and manages a portfolio of high-quality iron ore tenements and projects within its Central and Western 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.

Visit: www.ironoreholdings.com

Competent Persons Statement:

The information in this report that relates to exploration and drilling results is based on information compiled by Mr Mark Strizek, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Strizek 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 Mark Strizek 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. 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.

