

Iron Valley Project - Results of Pre-Feasibility Study (PFS) Phase 1

HIGHLIGHTS

Mine Study

- Confirmed the basis of resource modelling and Mineral Resource inventory. [Currently, Mineral Resources have not been converted to Ore Reserves.]
- 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** period.
- 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 numerical flow model of the regional hydrogeological regime.
- Completed successful autumn baseline surveys for Flora and Vertebrate Fauna.
- Environmental Protection Agency (EPA) Referral document finalised with planned submission in August.

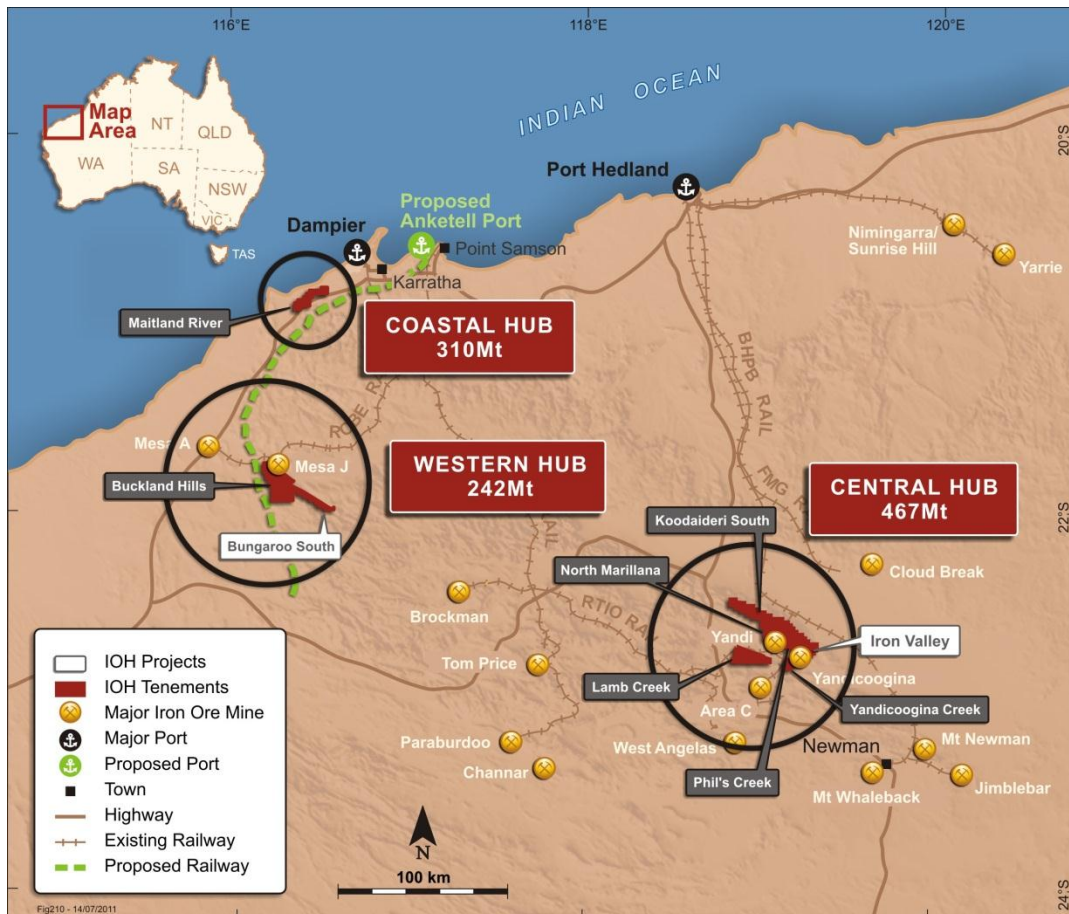
Next Steps

- 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.

1. Iron Valley Overview

Iron Ore Holdings Ltd (ASX Code: "IOH") is pleased to announce the following updated information on the Company's Iron Valley Project. Iron Valley is IOH's largest identified bedded iron deposit and already has Native Title agreements and a Mining Lease secured for the project. It is located within IOH's Central Pilbara Hub and is adjacent to tenements held by Rio Tinto, BHP Billiton and Fortescue Metals Group (FMG) (refer Figure 1).

Figure 1: Iron Ore Holdings – Pilbara tenement locations



The Iron Valley deposit now contains a JORC Mineral Resource of **259Mt**, which is summarised in Table 1. However, the PFS Phase 1 mine plan was developed based on the previous (May 2010) resource model with **240Mt** of JORC Resource.

Table 1 – JORC Mineral Resource at Iron Valley Project

Resource Classification	Tonnes	Fe	CaFe*	SiO ₂	Al ₂ O ₃	P	LOI	Cut-off
	Mt	(%)	(%)	(%)	(%)	(%)	(%)	Fe
Indicated	216.3	58.4	63.0	5.1	3.1	0.18	7.3	50%
Inferred	42.8	57.9	61.1	7.0	3.9	0.14	5.2	50%
Total	259.1	58.3	62.6	5.4	3.3	0.17	6.9	50%

CaFe* represents calcined Fe and is calculated by IOH using the formula $CaFe = Fe \% / (100 - LOI \%) * 100$.

2. Mine Planning Activities

2.1. Scope of Study

SRK Consulting (SRK) was engaged to undertake the following Pre-Feasibility Study (PFS) Phase 1 mine planning activities:

- a) Undertake a review of the May 2010 Iron Valley Resource Model prepared by IOH and external consultant Mr Lynn Widenbar.
- b) Undertake a mining geotechnical review focussing on potential risk issues. Prepare a scope for development of a detailed PFS Phase 2 geotechnical drilling program.
- c) Undertake mine planning to develop pit concepts, mining schedules and footprint areas for the likely mining pit and waste dumps.
- d) Undertake a preliminary waste material geochemical review and prepare a scope for development of a detailed geochemical program.

2.2. Results of Study

- The study work undertaken by SRK confirmed the basis of the current **IOH resource model and Mineral Resource** inventory. Despite 83% of the Mineral Resource being in the Indicated Category, the Company has not currently developed the economic modifying factors under the JORC Code sufficiently to convert Mineral Resource to Ore Reserves. Accordingly, the potential production rate and potential mine life mentioned in this report should not be used as a basis for investment decisions in the Company.
- The study did not identify any fatal flaws or high risk issues that are likely to impede development of a **conventional open cut mining operation** at Iron Valley.
- No problematic **geotechnical** concerns have been identified. A detailed geotechnical drilling program and laboratory test program will be implemented in the PFS Phase 2 period to confirm the design parameters for the mine pits.
- The **geochemical test program** on waste materials did not raise issues of concern. A more detailed program will be implemented for mine waste dump designs and environmental approvals requirements.
- A **four stage mine plan** (refer Figure 2) was developed and the indicative volume of technically recoverable resource was calculated for each stage as shown in Table 2.
- The total recoverable resource was determined to be **160Mt** with a potential increase of at least **13Mt** if an agreement was reached with FMG allowing recovery up to the FMG/IOH tenement boundary, and a further increase of up to **19Mt** if the additional JORC Resource announced in June 2011 is taken into account.

Figure 2: Iron Valley – Staged Mine Development

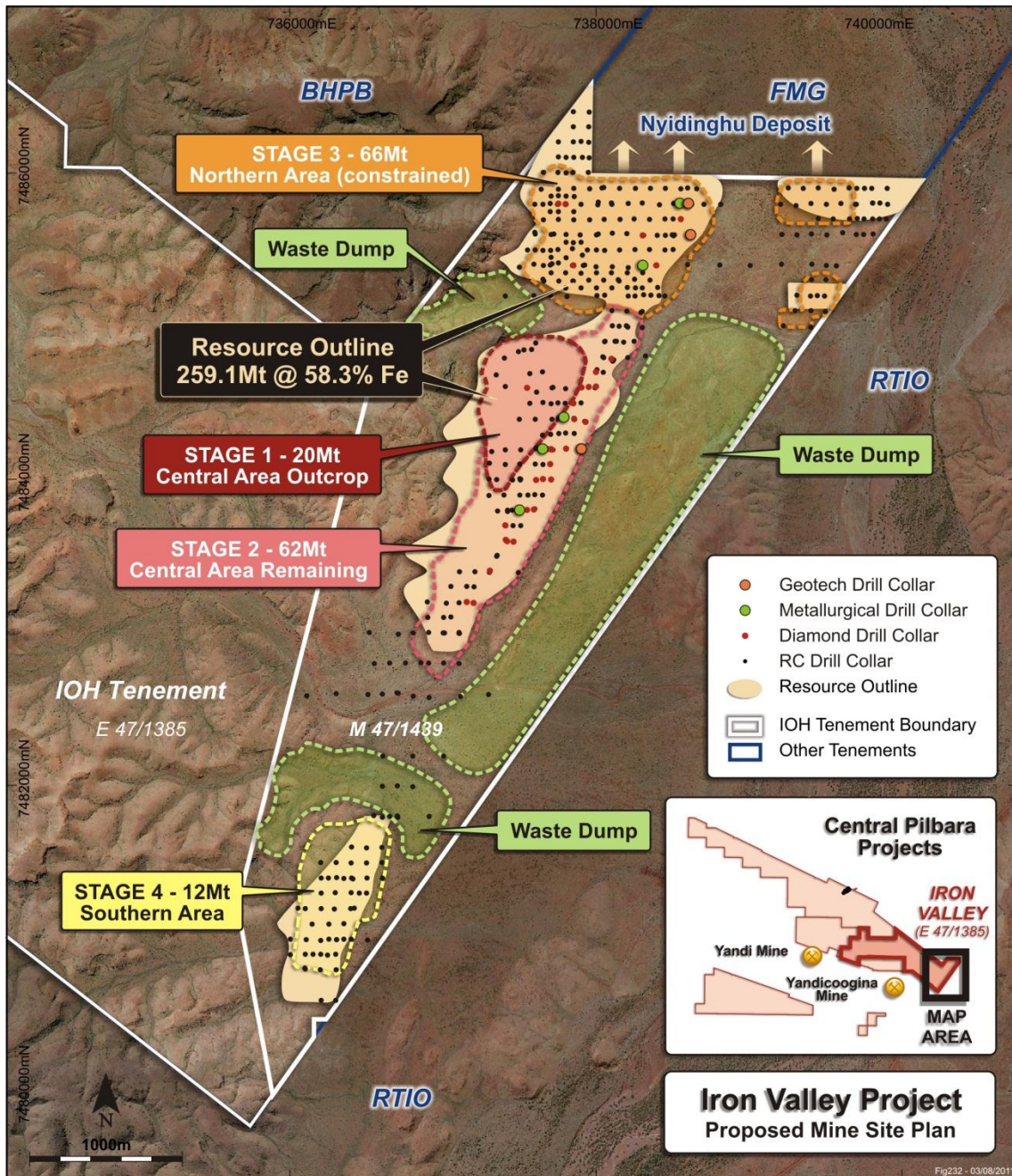


Table 2 – Recoverable Resources, with Proposed Staged Mine Design

50% Fe Cut-off	Total Tonnes (dry Mt)	Ore Tonnes (dry Mt)	Waste Tonnes (dry Mt)	Stripping Ratio	Fe Grade (%)	Potential Mine Life (yrs) (at 15Mtpa)
Stage 1 and 2	231	82	149	1.8	59.2	6
Stage 3	193	66	127	1.9	58.2	5
Stage 4	66	12	44	3.7	56.8	1
Total	480	160	320	2.0	58.6	12

- A mine development in Stage 1 & 2 will be able to deliver up to **15Mtpa** for a six year period recovering **82Mt** resource of higher than average quality.
- Approximately **20Mt** resource is outcropping and waste material movement is expected to be low during Stage 1 & 2 (refer Figure 2).
- The study indicates an option to produce a higher grade product of more than **100Mt** at an average grade of **60.2% Fe** during Stages 1 to 3.
- The mine planning study indicates that progressive **mine backfilling** with the excess waste material may be required.

3. Environmental and Water Study Activities

URS Australia Pty Ltd (URS) was engaged to undertake the following PFS Phase 1 Environmental and Water Study activities:

3.1. Surface Water

3.1.1. Scope of Study

- a) Undertake a surface water study to identify watercourses and quantify volumes that would require diversion for the mine development. Identify any project areas that would be at risk in a 1:50 and 1:100 year Annual Recurrence Interval (ARI) flood event.

3.1.2. Result of Study

- Some minor natural surface drainage will need to be diverted for the proposed mining pit but no major problems or risks have been identified in this regard.
- The flood zones of the adjacent Weeli Wolli Creek are not likely to impact on the project development for up to a 1:100 year ARI flood event, other than possible short duration road access constraints.

3.2. Ground Water

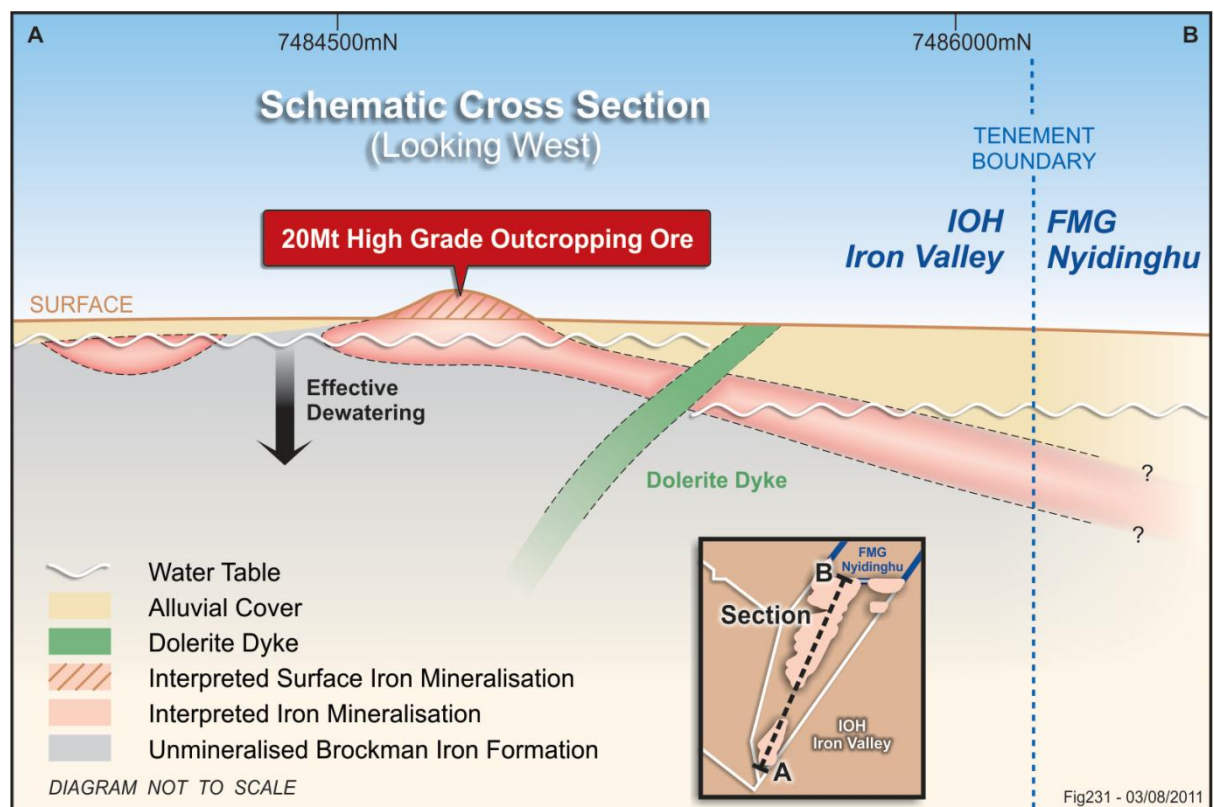
3.2.1. Scope of Study

- Undertake an investigation to identify ground water aquifer parameters required for the design of a mine dewatering operations plan and identify potential environmental impacts of mine dewatering operations.
- Prepare a scope for development of a hydrogeological drilling program and a detailed ground water flow model for the project to be implemented as part of PFS Phase 2 activities to commence in August 2011.

3.2.2. Results of Study

- A northeast/southwest striking dolerite dyke towards the north end of the proposed mine pit appears to separate the regional water table (refer figure 3). Therefore the dewatering of the southern two thirds of the proposed mine may be relatively simple to introduce and maintain.
- The water table in the pit at the northern end of the tenement will have larger areas of groundwater recharge from the north and may have a greater dewatering requirement.
- A hydrogeological drilling and test pumping program has been scoped for implementation to confirm the above assumptions and quantify the likely mine dewatering volumes.

Figure 3: Iron Valley – Cross Section



3.3. Environmental

3.3.1. Scope of Study

- a) Prepare an Environmental Referral document for submission to the EPA to enable the EPA to define the level of Environmental assessment to be undertaken for the Project.
- b) Continue progression of Flora and Vegetation, Vertebrate Fauna, Invertebrate Fauna and Subterranean Fauna environmental base line studies at the project site.

3.3.2. Results of Study

- Autumn surveys for Flora and Vegetation and Vertebrate Fauna were undertaken during April to May.
- Spring Flora and Vegetation and Vertebrate Fauna surveys have been scoped through August to September 2011 to complete the environmental baseline requirements.
- A targeted Short-range Endemic (SRE) Invertebrate Fauna was undertaken in May to provide further information to build on previous baseline studies.
- Scheduling of targeted Subterranean Fauna surveys in September to provide further information to build on previous studies

4. Conclusion

The Pre-Feasibility Study Phase 1 results for Iron Valley are highly encouraging and PFS Phase 2 studies are expected to confirm the mine economics and development potential. Completion of all PFS activities is targeted by June 2012.

Commencement of long lead Definitive Feasibility Study (DFS) level activities is planned for early 2012. Given the extensive scope of the PFS Phases it is expected that a relatively short DFS period will be required prior to development.

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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, 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.

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 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.