

Clarifying Statement – Mine Concept Study Bungaroo South Project

On 17 May 2011 Iron Ore Holdings Limited (IOH or Company) announced that Steffen Robertson Kirsten (SRK) has completed the Mine Concept Study on the Bungaroo South project which commenced earlier in 2011.

The purpose of the Mine Concept Study was to provide the Company with sufficient confidence to progress the project into the next stage of pre-feasibility study activities thereby decreasing risk and adding value to the commercial options.

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. 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# (%)	SiO₂ (%)	Al₂O₃ (%)	P (%)
Inferred	241.6	57.2	62.2	7.0	2.4	0.15

* at a 50% cut-off grade

$Fe\% / ((100 - LOI\%) / 100)$

The Mine Concept Study which indicated a mine life of 15 years at a rate of 15 million tonnes production per annum at peak production (Production Target), was based on Inferred Resource as noted in Table 1 above. IOH is of the opinion that the Inferred Resource at the Bungaroo South project has a reasonable prospect of eventual economic extraction. Under the JORC Code, this is the level of confidence that is required to estimate a Mineral Resource as opposed to an Ore Reserve. Under the JORC Code, an Ore Reserve is the economically minable part of an Indicated or Measured Mineral Resource, as at the date of reporting, taking into account mining, metallurgical, economic, marketing, legal, social, and governmental factors (Modifying Factors).

At this stage the company has not yet estimated an Indicated Resource and progressed the Modifying Factors sufficiently. As such there is a concern that the Company does not yet have a reasonable basis for the Production Target. Accordingly the Production Target should not be used as a basis for investment decisions about shares in the Company.

Having concluded the positive Mine Concept Study the Company plans to undertake pre-feasibility level studies in a staged approach which will include further work to upgrade the Mineral Resource classification from its current Inferred status.





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

Alwyn Vorster

Managing Director

For more information regarding Iron Ore Holdings Ltd please contact:

Alwyn Vorster
Managing Director

Ordinary Shares on Issue:
166,087,005

T: (08) 9483 2000

F: (08) 9321 0322

E: info@ironoreholdings.com

W: www.ironoreholdings.com

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.

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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.