

IOH and Fortescue sign binding Memorandum of Understanding

Highlights of MOU:

- Fortescue has made a non-refundable \$25 million cash payment to IOH to obtain a 13-month exclusive Option on IOH's Iron Valley tenements in the Central Pilbara
- If the Option is exercised:
 - Fortescue will obtain a licence to develop the Iron Valley tenements, with IOH retaining ownership of the tenements
 - The consideration will be a \$20 million cash payment and a 2% to 5% royalty based on FOB Revenue realised by Fortescue
 - Fortescue will pay all costs associated with developing and operating a mine on the Iron Valley tenements
- If IOH elects to commercialise its Maitland River magnetite deposit, Fortescue has the right to farm-in to a 50% or greater interest on commercial terms to be agreed

Iron Ore Holdings Limited (IOH) is pleased to announce the signing of a binding Memorandum of Understanding (MOU) which, subject to completion of legal documentation, will provide the Fortescue Metals Group (FMG) with an exclusive Option until 31 March 2013 to obtain a licence to mine the Iron Valley and adjacent Weeli Wolli tenements in the Central Pilbara area of Western Australia (see Figure 1 and 2).

IOH's Board concluded that the transaction with FMG will provide fair value for the Iron Valley tenements and that there is a reasonable prospect that the Option will be exercised given FMG's commitment to make an upfront payment, the contiguous nature of the Iron Valley and FMG's Nyidinghu deposits, and FMG's track record with large scale developments.

Iron Valley has a JORC Mineral Resource of 260 Mt, of which more than 80% is already in the Indicated JORC category (See Table 1). A mine pre-feasibility study completed at Iron Valley has confirmed the technical viability of a conventional open pit mine development with a production rate of 12-15 Mtpa for up to 15 years. A mining lease, land access agreements and heritage agreements have all been secured and environmental approval is expected by late 2012.

Terms of the MOU are binding but the transaction remains subject to the finalisation of all relevant legal documentation.

Figure 1: Location of IOH's Three Hubs

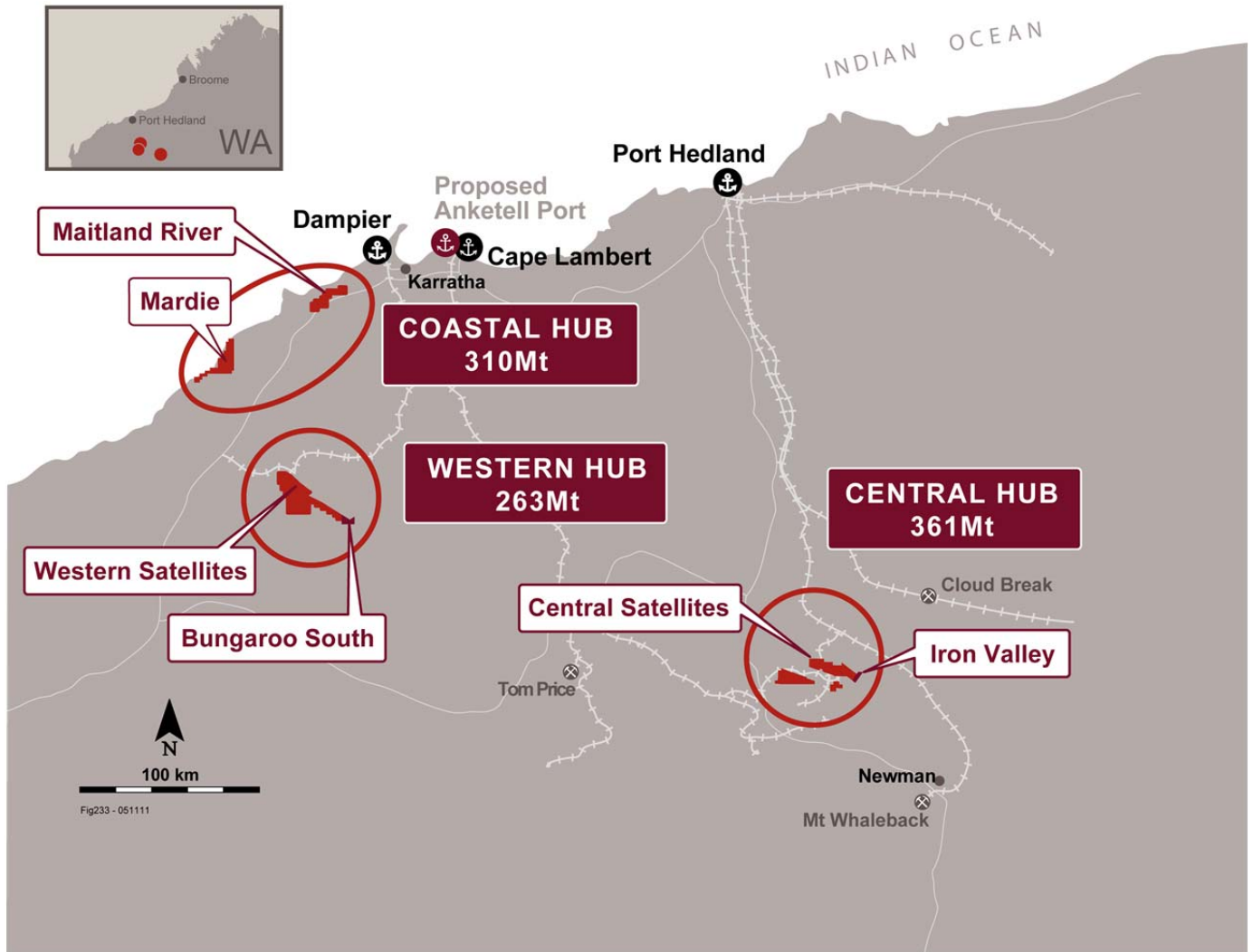


Figure 2: Location of Iron Valley and Weeli Wollie tenements

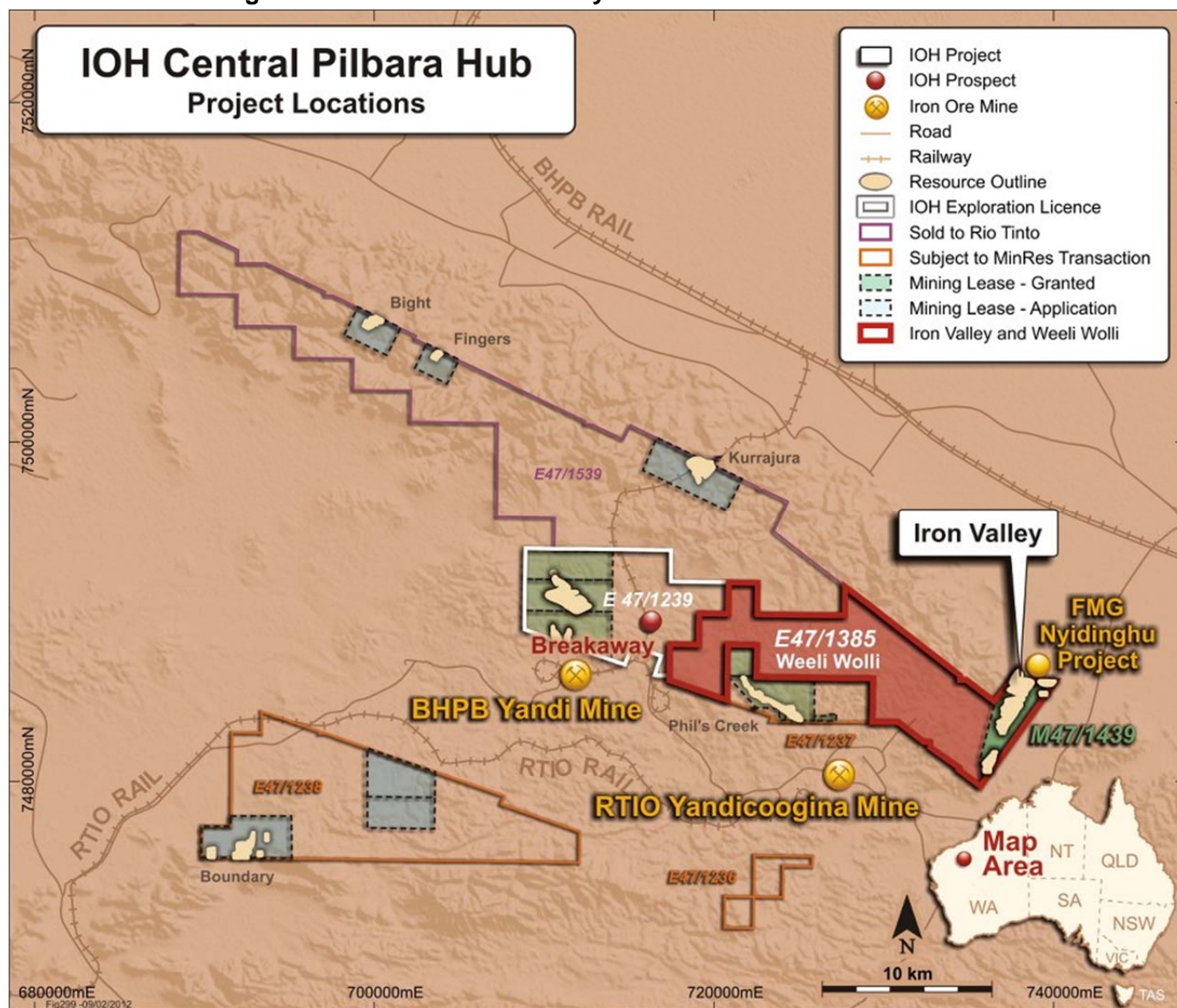


Table 1: Iron Valley JORC Mineral Resource

Iron Valley	Resource (Mt)	Fe (%)	Contained Fe (Mt)
Indicated	216.3	58.4	126.3
Inferred	42.8	57.9	24.8
Total	259.1	58.3	151.1

Appendix A: IOH JORC Mineral Resource at 1 February 2012

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

* Subject to FMG Transaction

Subject to MinRes Ltd Transaction

Competent Persons Statement:

The information in this report that relates to exploration, exploration targets 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 Estimates 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.

Corporate Profile (as at 1 February 2011)

Iron Ore Holdings Ltd (ASX: IOH) owns and manages a portfolio of hematite and magnetite 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, as well as an experienced Board and senior management team.

Ordinary Shares on Issue: 164,622,629

Cash Balance: \$64.7 million

Board of Directors:

Hon Richard Court AC	Non-Executive Chairman
Alwyn Vorster	Managing Director
Mal Randall	Non-Executive Director
Brian O'Donnell	Non-Executive Director
Ryan Stokes	Non-Executive Director

Company Secretary:

Simon Robertson

Executive Team:

Alwyn Vorster	Managing Director
Christian Johnstone	Chief Financial Officer
Brett Hazelden	GM Project Development
Zen Davison	GM Business Development
Manohar Ghorpade	Chief Geologist

Registered Office:

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Share Registry:

Security Transfer Registrars Pty Limited.
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Applecross, WA, 6153
www.securitytransfer.com.au

Major Shareholders:

Wroxby Pty Ltd	51.59 per cent
Sumisho Iron	4.25 per cent