

IRON ORE HOLDINGS LTD



IRON ORE HOLDINGS LTD

ABN 17 107 492 517

Financial report for the half-year ended 31 December 2012



IRON ORE HOLDINGS LTD

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IRON ORE HOLDINGS LTD

CORPORATE DIRECTORY

REGISTERED and PRINCIPAL OFFICE

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DIRECTORS

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

COMPANY SECRETARY

Simon Robertson

SHARE REGISTRY

Security Transfer Registrars Pty Ltd

770 Canning Highway

Applecross WA 6153

AUDITORS

Deloitte Touche Tohmatsu

Level 14, 240 St Georges Terrace

Perth WA 6000

Iron Ore Holdings Ltd shares are listed on the Australian Securities Exchange (ASX) under the symbol "IOH".

DIRECTORS' REPORT

The directors of Iron Ore Holdings Ltd (IOH) submit herewith the financial report of IOH and its subsidiaries (the Group) for the half-year ended 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors of the company who held office during or since the end of the half-year are:

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

Result of Operations

The net loss of the Group after providing for income tax for the six months ended 31 December 2012 was \$12,264,513 (six months ended 31 December 2011 net profit \$28,839,625). The Group's cash position was \$91,560,862 as at 31 December 2012 (June 2012: \$109,692,325), which underpins a strong net position as at 31 December 2012.

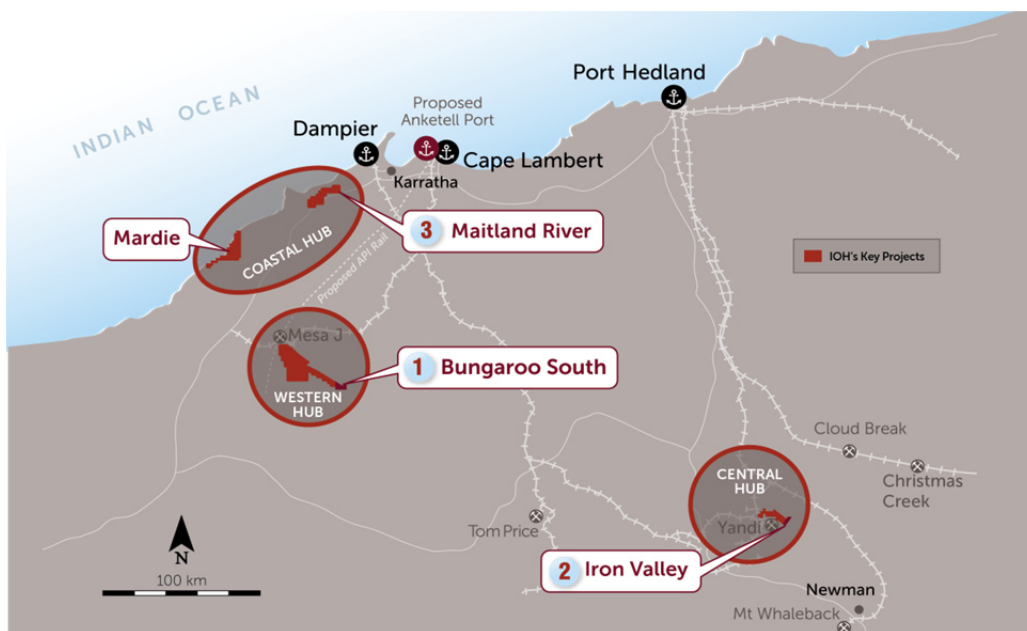
Review of Operations

It is recommended that the half-yearly financial statements be read in conjunction with the 30 June 2012 Annual Report and any public announcements made by the Group during the half-year.

In accordance with the continuous disclosure requirements, readers are referred to the announcements lodged with the Australian Securities Exchange regarding project development, exploration and other activities of the Group.

An overview of IOH's project locations is presented below in Figure 1:

Figure 1: IOH Project Location



ACTIVITIES

Major operational highlights for the half-year include:

Buckland Project

- Buckland Project Pre-Feasibility Study delivers positive results.
- Initial Ore Reserve at Bungaroo South of 92.4Mt at an average 57.6% Fe.
- Mining Lease secured for Bungaroo South.
- Non-Binding Memorandum of Understanding (MOU) signed for potential transhipment facility at Cape Preston East.
- Two Native Title Agreements signed.

Maitland River

- Positive Maitland River Concept Study completed.

Western Satellites

- Maiden Resource at Western Satellites deposit announced.

Buckland Project Pre-Feasibility Study delivers positive results

The Buckland Project covers all the activities associated with the potential development of a ~8 Mtpa Bungaroo South mine, a dedicated ~195 kilometre private haul road and a small scale transhipment facility at Cape Preston East on the Pilbara coast (see Figure 2).

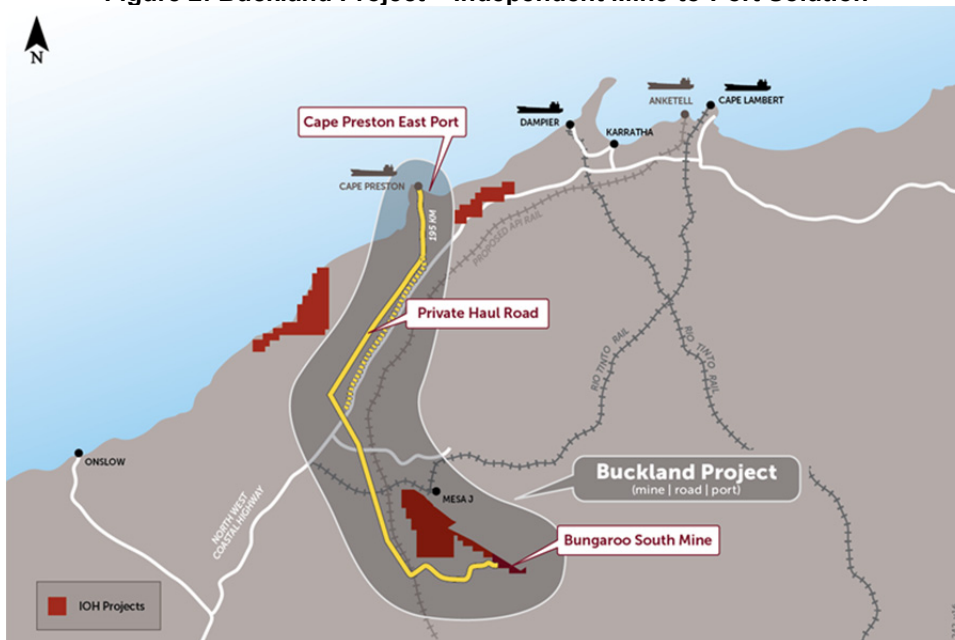
IOH has achieved a number of significant value enhancing milestones relating to the Buckland Project in the half year. All of these achievements are critical in developing a robust set of project credentials to support a final investment decision in calendar year 2013 (CY2013).

IOH completed a comprehensive Pre-Feasibility Study (PFS) on the Buckland Project during this six month period. This is the first mine-to-port PFS completed in IOH’s seven year history and is a significant milestone that should enable IOH to control its own development pathway and timing.

Key points of the PFS include:

- Confirmation of the technical and financial viability of a 4Mtpa to 8Mtpa mining operation from Bungaroo South, transport via private haul roads and shipping via a new transhipment facility at Cape Preston East.
- An initial 92Mt JORC Ore Reserve¹ to underpin the production of a 58% Fe Fines iron ore product for more than 15 years.
- Estimated Capital Cost of ~\$575 million (Direct) plus ~\$235 million (Indirect) – to reach 8Mtpa.
- Estimated Life of Mine Direct Operating Cash Cost of ~\$48 per tonne FOB.
- Potential Construction Start - Q4 CY13; Potential Production Start - Q1 CY15.

Figure 2: Buckland Project – Independent Mine-to-Port Solution

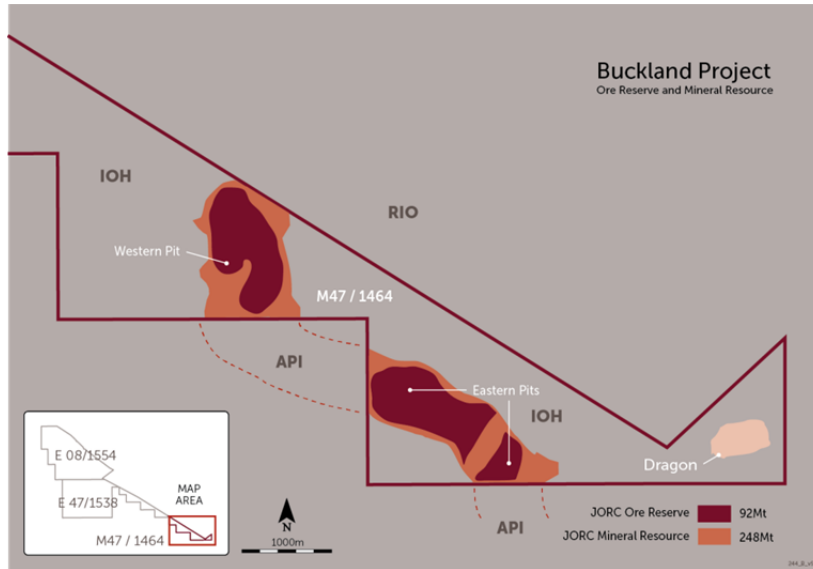


¹ Refer Table 1

Initial Ore Reserve at Bungaroo South of 92.4Mt at an average 57.6% Fe

IOH announced its maiden Probable Ore Reserve estimate of 92.4 million tonnes (Mt) at 57.6% Fe for the initial mining development of Bungaroo South, which will be the main source of ore for the Buckland Project (see Figure 3).

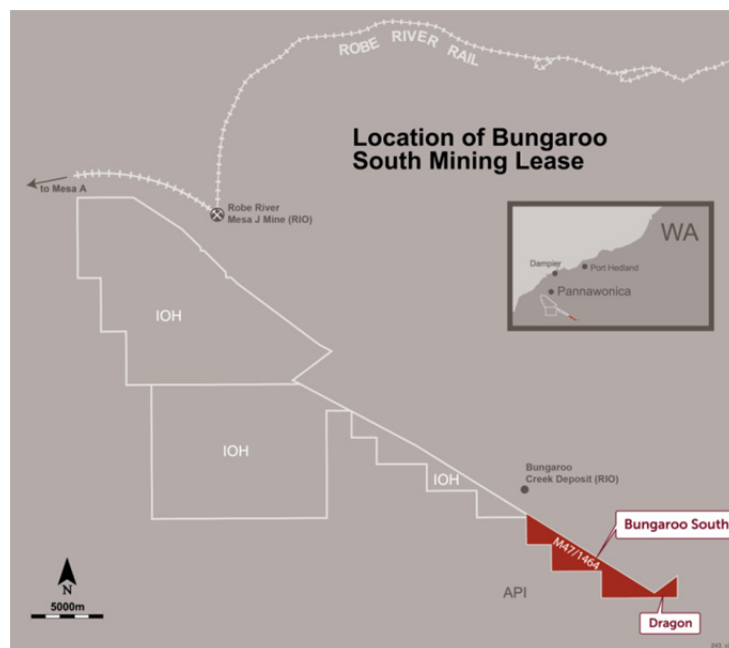
Figure 3: Bungaroo South Deposits – Ore Reserve and Mineral Resource Outlines



Mining Lease secured for Bungaroo South (mine component of the Buckland Project)

IOH secured Mining Lease M47/1464, covering the Bungaroo South and Dragon iron ore deposits within the Buckland Project (see Figure 4), which was granted by the Department of Mines and Petroleum. The two deposits contain 269.8Mt (as at the date of the ASX announcement on 15 February 2013) of JORC Mineral Resource of channel iron and bedded mineralisation.

Figure 4: Location of Mining Lease M47/1464



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Non-Binding MOU signed for potential Transshipment Facility at Cape Preston East

IOH entered into a non-binding MOU with the Dampier Port Authority defining principles for the location and potential development of a small scale transshipment facility at Cape Preston East on the Pilbara coast in Western Australia. The potential transshipment facility is an important element to support the development of the Buckland Project to enable the ore from the Bungaroo South mine to be exported.

Negotiations are continuing to convert the MOU to a binding agreement.

Two Native Title Land Access Agreements signed

IOH signed two separate Native Title Land Access Agreements during the half-year to 31 December 2012. The first with the Kuruma Marthudunera (KM) Native Title claimant group (see Figure 5) and the second with the Yaburara Mardudhunera (YM) Native Title claimant group (see Figure 6).

These agreements cover milestone and production payments, before and after mining commences. The agreements also provide for cross-cultural exchanges and employment opportunities, as well as consultation on Aboriginal heritage and environmental matters.

Figure 5: KM Claim Area

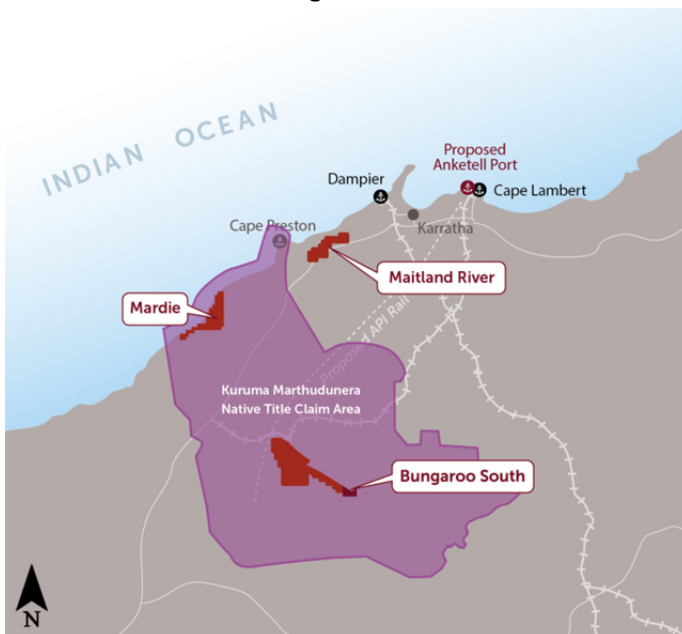
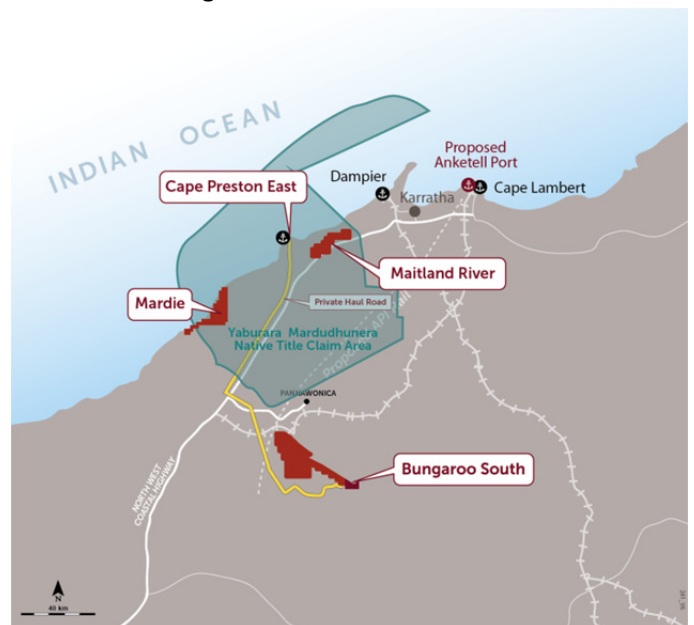


Figure 6: YM Claim Area

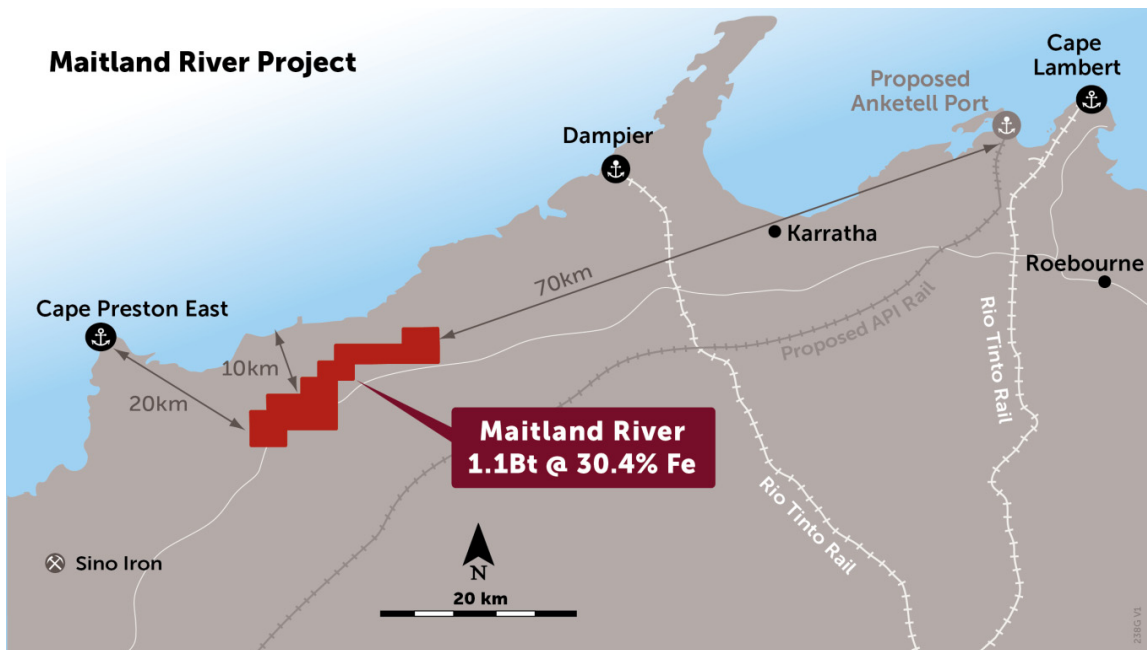


Positive Maitland River Concept Study completed

The completion of a Concept Study into the feasibility of the Maitland River magnetite project located 10km from the coast in the Pilbara region of Western Australia (see Figure 7), was another significant milestone completed in December. Maitland River currently has a total JORC Inferred Resource of 1.1 billion tonnes hosted in three deposit areas.

The Project area is within 5km of the North West Coastal Highway and the Bunbury to Dampier natural gas pipeline.

Figure 7: Maitland River Project Location



The Concept Study delivered positive results in a number of important areas and has identified the key aspects which require further focus during a Pre-Feasibility Study.

The Concept Study confirmed that mining could involve a relatively low stripping ratio of 1.5 tonnes of waste to 1 tonne of ore to deliver a 10Mtpa concentrate for a period up to 20 years.

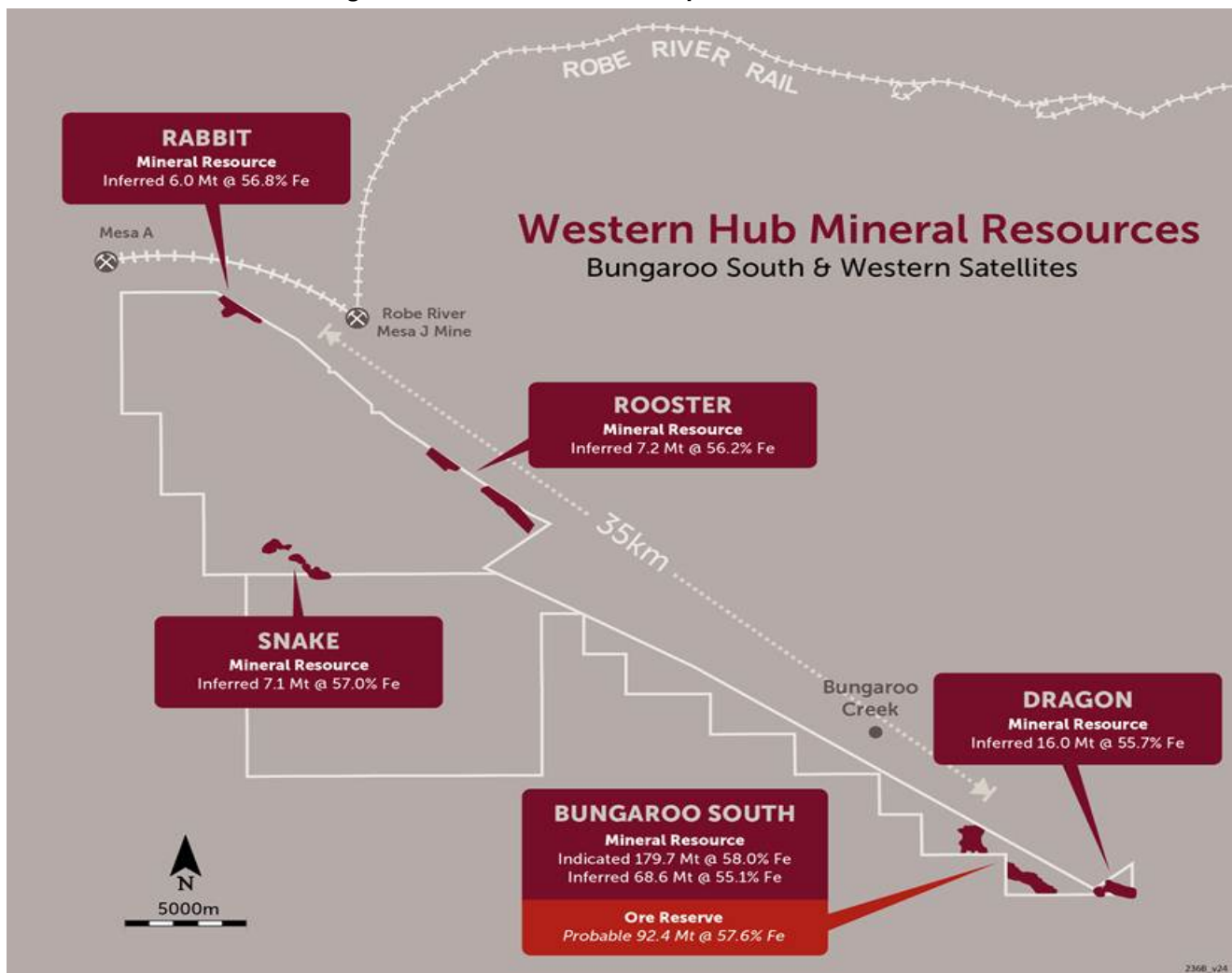
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Maiden Resource at Western Satellites Deposit

In August 2012, IOH announced the results of the drilling campaign within its Western Satellites area which delivered a total of 12.7Mt of maiden JORC Inferred Resources for the Rabbit and Rooster Deposits. This has subsequently been updated on 15 February 2013 for a total of 13.2 Mt (see Figure 8 and Table 1).

The exploration program on the smaller satellite deposits has mainly been undertaken to create future product blending flexibility with the larger Bungaroo South deposit.

Figure 8: Rabbit and Rooster Deposits – Resource Outline



Iron Valley Project

Fortescue Metals Group (FMG) continued its investigation into the feasibility of development of the deposit and IOH progressed regulatory and environmental approvals relating to the tenements during the half year to 31 December 2012.

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Mount Dempster

The 2012 exploration drilling campaign at Mount Dempster was completed during the half-year to 31 December 2012, with all of the drill samples logged and submitted for analysis. Due to the priority allocated to other projects, geological modelling and test work at Mount Dempster (based on the results from exploration drilling undertaken during 2012) has been temporarily suspended.

Tenement Application

During this six month period to 31 December 2012 IOH was granted Exploration Tenement E08/2178-I, which covers an area of 41 square kilometres in the Western Pilbara.

Safety

Additional Health, Safety and Environmental guidelines, designed to maintain and support the excellent safety record of the Company, were introduced during this period.

There were no serious injuries or major environmental incidents during this period.

Share Buy-Back

During this half-year to 31 December 2012 IOH purchased and cancelled a total of 156,089 shares through the Share Buy-Back process, at a cash cost of \$143,497.

The Share Buy Back was terminated on 26 November 2012. A total of 5,513,000 were purchased for a total of \$7,998,390 during this process.

JORC Resources

As at the date of this report, IOH had a total JORC (2004) Mineral Resource of 1,665.3 million tonnes, including a Magnetite Resource of 1.1 billion tonnes at Maitland River in the Coastal Pilbara, 274.7 million tonnes of Bedded Iron Deposits (BID) in the Central Pilbara and 284.6 million tonnes of BID and Channel Iron Deposits (CID) Resources in the Western Pilbara (see Table 1).

On 7 February 2013 and 15 February 2013, IOH announced a maiden Probable Ore Reserve of 134.7Mt @ 58.5% Fe at Iron Valley and an update to the Resource totals at the Snake, Rabbit and Dragon Deposits (respectively). As at the date of this report, IOH had 227.1 million tonnes of Probable Ore Reserves (see Table 2).

Events Subsequent to Reporting Date

As announced on 4 February 2013, Fortescue Metals Group (FMG) and IOH reached an agreement on the early termination of FMG's exclusive option on Iron Valley and the farm-in right over the Maitland River Project. The joint decision was primarily based on the current development focus of each company following recent market volatility and agreement that Iron Valley and Nyidinghu will not be developed as an integrated mine in the time frame as contemplated in the original transaction.

On 11 February 2013, IOH paid \$4 million (including GST) to FMG for the early termination of the Iron Valley option and the farm-in right over the Maitland River Project.

On 28 February 2013, IOH announced a mine gate sale with Mineral Resources Limited (MRL) over the Iron Valley project. Under this agreement MRL will develop the mine at MRL's cost, operate the mine and buy a minimum annual tonnage of ore from IOH at the Iron Valley mine gate. With a project commencement time of six months from both parties receiving their respective development approvals it is probable that IOH will earn cash flow from the sale of ore in the future.

Other than as noted above, there have been no matters or circumstances that have arisen since 31 December 2012 that has significantly affected or may significantly affect:

- the Consolidated Entity's operations in future years; or
- the results of those operations in future years; or
- the Consolidated Entity's state of affairs in future years.

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Table 1: IOH JORC (2004) Mineral Resource at 11 March 2013

Location	Project or Tenement	Cut off (% Fe)	JORC Indicated Resources (Mt)	JORC Inferred Resources (Mt)	Fe (%)	CaFe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)	Total (Mt)
Central Pilbara	Iron Valley	50	216.3 ^A	-	58.4	63.0	5.1	3.1	0.18	7.3	274.7
		50	-	42.8	57.9	61.1	7.0	3.9	0.14	5.2	
	North Marillana	53	15.6		54.0	60.2	6.0	5.7	0.05	10.3	
Western Pilbara	Bungaroo South	53	179.7 ^B	-	58.0	63.1	5.9	2.4	0.15	8.1	284.6
		53	-	68.6	55.1	60.0	9.6	2.6	0.14	8.2	
	Dragon	50	-	16.0	55.7	60.6	7.7	3.7	0.14	8.1	
	Rabbit	52	-	6.0	56.8	60.7	7.9	3.4	0.13	6.5	
	Rooster	52	-	7.2	56.2	60.6	6.5	4.8	0.08	7.2	
	Snake	50	-	7.1	57.0	62.6	5.8	2.8	0.15	9.0	
Coastal Pilbara	Maitland River (Magnetite)	26	-	1,106.0	30.4	30.8	44.0	2.3	0.06	1.2	1,106.0
Magnetite Total			-	1,106.0							
Total Mineral Resources			411.6	1,253.7	Total Resources (Indicated and Inferred)					1,665.3	

^A Includes Probable Ore Reserve of 134.7 Mt (see Table 2 below).

^B Includes Probable Ore Reserve of 92.4 Mt (see Table 2 below).

Table 2: IOH JORC (2004) Probable Ore Reserve at 11 March 2013

Location	Project or Tenement	Cut-off (% Fe)	JORC Proven Reserve (Mt)	JORC Probable Reserve (Mt)	Fe (%)	CaFe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)	Total (Mt)	
Central Pilbara	Iron Valley	53		134.7	58.5	63.0	4.9	3.2	0.17	7.2	134.7	
Western Pilbara	Bungaroo South	West	54	-	31.4	57.9	62.7	5.9	2.9	0.15	7.7	92.4
		East	54	-	61.0	57.5	62.3	6.5	2.3	0.15	8.3	
Total Ore Reserve				227.1							227.1	

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Competent Persons Statements:

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 estimates 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.

The information in this report that relates to Ore Reserve estimations for Bungaroo South Deposit is based on information compiled by Mr Alan G. Cooper, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Cooper is a full time employee of Snowden Mining Industry Consultants Pty Ltd. Mr Cooper 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 Cooper consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Disclaimer:

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Iron Ore Holdings Ltd's planned exploration program, commencement of exporting of iron ore, industry outlook and other statements that are not historical facts. When used in this document, the words such as "could," "target," "plan," "estimate," "intend," "may," "potential," "should," and similar expressions reflected in these forward-looking statements are reasonable, such as statements involving risks and uncertainties and no assurance can be given that actual results be consistent with these forward-looking statements.

IRON ORE HOLDINGS LTD

Auditor's Independence Declaration

The auditor's independence declaration for the half-year ended 31 December 2012 under section 307C of the *Corporations Act 2001* is set out on page 23.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Richard Court', written in a cursive style.

Hon. Richard Court AC
Chairman

Dated this 12th day of March 2013

IRON ORE HOLDINGS LTD

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

		<u>Consolidated</u>	
		<u>Half-year ended</u>	
	Note	31 Dec 2012	31 Dec 2011
		\$	\$
Revenue	2(a)	2,596,584	33,612,938
Employee benefits expenditure	2(b)	(4,874,454)	(2,987,113)
Administration expenditure		(634,650)	(714,652)
Corporate and business development expenditure		(1,145,812)	(976,847)
Transaction expenditure		-	(1,067,000)
Exploration and evaluation expenditure	2(c)	(12,492,792)	(6,252,146)
Impairment of receivable	2(d)	(2,272,727)	-
Depreciation expense		(310,008)	(294,504)
(Loss)/Profit before tax		(19,133,859)	21,320,676
Income tax benefit	3	6,869,346	7,518,949
(Loss)/Profit for the period from continuing operations		(12,264,513)	28,839,625
Other comprehensive income for the period		-	-
Total comprehensive (loss)/income for the period		(12,264,513)	28,839,625
(Loss)/Profit attributable to owners of the parent		(12,264,513)	28,839,625
Basic (loss)/earnings per share (cents)		(7.61)	17.40
Diluted (loss)/earnings cents per share (cents)		(7.61)	17.40

The accompanying condensed consolidated notes form part of these financial statements.

IRON ORE HOLDINGS LTD

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	<u>Consolidated</u>	
	31 Dec 2012	30 June 2012
Note	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	4 91,560,862	109,692,325
Trade and other receivables	983,488	3,847,998
Prepayments	76,792	178,362
TOTAL CURRENT ASSETS	<u>92,621,142</u>	<u>113,718,685</u>
NON-CURRENT ASSETS		
Trade and other receivables	455,319	433,598
Plant and equipment	808,533	893,710
Deferred mineral acquisition expenditure	1,948,441	1,948,441
Deferred tax asset	3 3,310,145	-
TOTAL NON-CURRENT ASSETS	<u>6,522,438</u>	<u>3,275,749</u>
TOTAL ASSETS	<u>99,143,580</u>	<u>116,994,434</u>
CURRENT LIABILITIES		
Trade and other payables	1,914,870	4,961,674
Deferred tax liability	-	653,553
Current tax liability	2,619,376	5,525,024
Provisions	193,200	159,956
TOTAL CURRENT LIABILITIES	<u>4,727,446</u>	<u>11,300,207</u>
TOTAL LIABILITIES	<u>4,727,446</u>	<u>11,300,207</u>
NET ASSETS	<u>94,416,134</u>	<u>105,694,227</u>
EQUITY		
Issued capital	5 85,647,898	85,791,395
Reserves	3,697,617	5,818,726
Retained earnings	5,070,619	14,084,106
TOTAL EQUITY	<u>94,416,134</u>	<u>105,694,227</u>

The accompanying condensed consolidated notes form part of these financial statements.

IRON ORE HOLDINGS LTD

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

Consolidated	Issued Capital	Option Reserve	Retained Earnings / (Accumulated Losses)	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2011	92,709,760	8,122,698	(56,467,984)	44,364,474
<i>Total Comprehensive Income</i>				
Profit attributable to members	-	-	28,839,625	28,839,625
Total comprehensive income for the period	-	-	28,839,625	28,839,625
Share based payments expense for the period	-	846,667	-	846,667
Balance at 31 December 2011	92,709,760	8,969,365	(27,628,359)	74,050,766
Balance at 1 July 2012	85,791,395	5,818,726	14,084,106	105,694,227
<i>Total Comprehensive Income</i>				
Profit/(Loss) attributable to members	-	-	(12,264,513)	(12,264,513)
Total comprehensive loss for the period	-	-	(12,264,513)	(12,264,513)
Shares bought back during the period	(143,497)	-	-	(143,497)
Options expense for the period	-	1,129,917	-	1,129,917
Transfer to retained earnings / (accumulated losses)	-	(3,251,026)	3,251,026	-
Balance at 31 December 2012	85,647,898	3,697,617	5,070,619	94,416,134

The accompanying condensed consolidated notes form part of these financial statements.

IRON ORE HOLDINGS LTD

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Consolidated Half-year ended	
	31 Dec 2012	31 Dec 2011
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	3,140,995	1,356,208
Payments to suppliers and employees	(3,820,890)	(2,898,082)
Payments for exploration and evaluation expenditure	(17,042,728)	(7,440,547)
Net cash used in operating activities	<u>(17,722,623)</u>	<u>(8,982,421)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant & equipment	(243,622)	(299,200)
Purchase of tenements	-	(225,000)
Receipt of refundable deposit	-	5,000,000
Payments for security deposits	(21,721)	-
Proceeds from sale of tenements, net of transaction costs	-	30,933,000
Net cash (used in)/provided by investing activities	<u>(265,343)</u>	<u>35,408,800</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for share buy back	(143,497)	-
Net cash used in financing activities	<u>(143,497)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(18,131,463)	26,426,379
Cash and cash equivalents at the beginning of the period	109,692,325	42,033,647
Cash and cash equivalents at the end of the period	<u>91,560,862</u>	<u>68,460,026</u>

The accompanying condensed consolidated notes form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report and any public announcements made by Iron Ore Holdings Ltd during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical costs. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Half Year Ended 31 Dec 2012 \$	Half Year Ended 31 Dec 2011 \$
Note 2: Results for the period		
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
(a) Revenue		
Interest received	2,596,584	1,612,505
Profit from disposal of assets	-	433
Proceeds from sale of tenements	-	32,000,000
	2,596,584	33,612,938
(b) Employee benefits expenditure		
Salary and wages	3,095,316	1,782,099
Superannuation	261,536	146,388
Share based payments	1,129,917	846,667
Other	387,685	211,959
	4,874,454	2,987,113
(c) Exploration and evaluation		
Exploration	4,218,354	3,045,461
Project Studies	7,611,515	2,723,228
Resource Management	662,923	483,458
	12,492,792	6,252,146
(d) Expenses		
Impairment of receivable from FMG in respect of GST on MOU	2,272,727	-

Note 3: Income Tax Benefit

Previously at 31 December 2011 IOH recognised a deferred tax asset arising from historical losses. As at 31 December 2012 IOH has recognised a deferred tax asset on current losses. Management has recognised deferred tax assets in accordance with AASB 112 Income Taxes on the basis that it is probable that future taxable profit will be available against which the tax losses can be utilised.

	Half Year Ended 31 Dec 2012 \$	Half Year Ended 30 June 2012 \$
Note 4: Cash and Cash Equivalents		
Cash at bank & on hand	1,060,862	3,692,325
Term deposits	90,500,000	106,000,000
	91,560,862	109,692,325
Note 5: Issued Capital		
161,174,005 (30 June 2012 : 161,330,094) Ordinary fully paid Shares	85,647,898	85,791,395
Movements in ordinary share capital		
Beginning of the half-year period	161,330,094	85,791,395
Share buyback	(156,089)	(143,497)
End of the half year period	161,174,005	85,647,898

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 6: Share-based payments

Employee Share Option Plan

The Group provides benefits to employees of the Group in the form of share-based payment transactions, whereby options to acquire ordinary shares are issued as an incentive to improve employee and shareholder goal congruence.

Options issued to Directors

The Group provides benefits to Directors of the Group in the form of share-based payment transactions, whereby options to acquire ordinary shares are issued as an incentive to improve Director and shareholder goal congruence. The issuance of options to directors is subject to shareholder approval.

During the half-year period 3,000,000 unlisted options (2011: 6,200,000) were granted to employees and Directors. Options to Directors were granted pursuant to shareholder approval on 14 November 2012.

The details of the options issued during the half-year ending 31 December 2012 are:

Employees	Directors	Total Number of Options	Grant date	Fair value at grant date	Exercise price	Vesting date
1,000,000	2,000,000	3,000,000	14 November 2012	\$0.213	\$1.40	14 November 2012

The details of the options issued during the half-year ending 31 December 2011 are:

Employees	Directors	Total Number of Options	Grant date	Fair value at grant date	Exercise price	Vesting date
725,000	1,000,000	1,725,000	23 November 2011	\$0.092	\$1.60	30 November 2011
1,175,000	1,150,000	2,325,000	23 November 2011	\$0.191	\$1.75	30 November 2012
1,000,000	1,150,000	2,150,000	23 November 2011	\$0.290	\$1.90	30 November 2013

The basis of measuring fair value is consistent with that disclosed in the Group's financial report as at and for the year ended 30 June 2012.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 7: Segment Reporting

The Consolidated Entity operates entirely in Australia and predominantly in the field of mineral exploration with particular emphasis on iron ore.

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of comprehensive income and statement of financial position.

Note 8: Contingent Liabilities and Contingent Assets

The Consolidated Entity's activities in Australia are subject to the Native Titles Act of the Commonwealth or State. The Consolidated Entity is not aware of any other matters that cannot be resolved through the normal legal process, should they arise.

The Consolidated Entity is not aware of any other matters that may impact upon its timely access to the land that comprises its project areas.

There has been no change in contingent liabilities since the last annual reporting date.

Note 9: Events Subsequent to Reporting Date

As announced on 4 February 2013, Fortescue Metals Group (FMG) and Iron Ore Holdings Ltd (IOH) reached an agreement on the early termination of Fortescue's exclusive option on Iron Valley and the farm-in right over the Maitland River Project. The joint decision was primarily based on the current development focus of each company following recent market volatility and agreement that Iron Valley and Nyidinghu will not be developed as an integrated mine in the time frame as contemplated in the original transaction.

On 11 February 2013, IOH paid \$4 million (including GST) to FMG for the early termination of the Iron Valley option and the farm-in right over the Maitland River Project.

On 28 February 2013, IOH announced a mine gate sale with Mineral Resources Limited (MRL) over the Iron Valley project. Under this agreement MRL will develop the mine at MRL's cost, operate the mine and buy a minimum annual tonnage of ore from IOH at the Iron Valley mine gate. With a project commencement time of six months from both parties receiving their respective development approvals it is probable that IOH will earn cash flow from the sale of ore in the future.

Other than as noted above, there have been no matters or circumstances that have arisen since 31 December 2012 that have significantly affected or may significantly affect:

- the Consolidated Entity's operations in future years; or
- the results of those operations in future years; or
- the Consolidated Entity's state of affairs in future years.

Note 10: Commitments

There have been no significant changes to the Company's exploration and expenditure commitments since 30 June 2012.

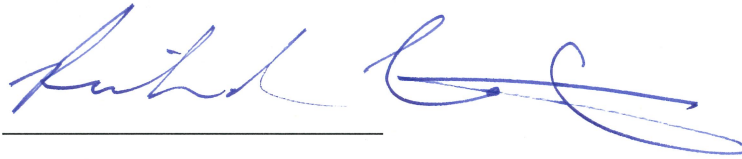
DIRECTORS' DECLARATION

The directors of the Consolidated Entity declare that:

1. The financial statements and notes, as set out on pages 12 to 19:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the Consolidated Entity's financial position as at 31 December 2012 and of its performance for the half year ended on that date.
2. The financial statements and notes also comply with International Financial Reporting
3. Standards.
In the directors' opinion there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director



Hon. Richard Court

Dated this 12th day of March 2013

Independent Auditor's Review Report to the Members of Iron Ore Holdings Ltd

We have reviewed the accompanying half-year financial report of Iron Ore Holdings Ltd, which comprises the condensed consolidated statement of financial position as at 31 December 2012, and the condensed consolidated statement of profit and loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 12 to 20.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Iron Ore Holdings Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Iron Ore Holdings Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Iron Ore Holdings Ltd is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Ross Jerrard
Partner
Chartered Accountants
Perth, 12 March 2013

12 March 2013

The Board of Directors
Iron Ore Holdings Ltd
1 Altona Street
West Perth WA 6005

Dear Board Members

Iron Ore Holdings Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Iron Ore Holdings Ltd.

As lead audit partner for the review of the financial statements of Iron Ore Holdings Ltd for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Ross Jerrard
Partner
Chartered Accountants