

IRON ORE HOLDINGS LTD



IRON ORE HOLDINGS LTD

ABN 17 107 492 517

Financial report for the half-year ended 31 December 2013



IRON ORE HOLDINGS LTD

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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 Consolidated Entity) for the half-year ended 31 December 2013. 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

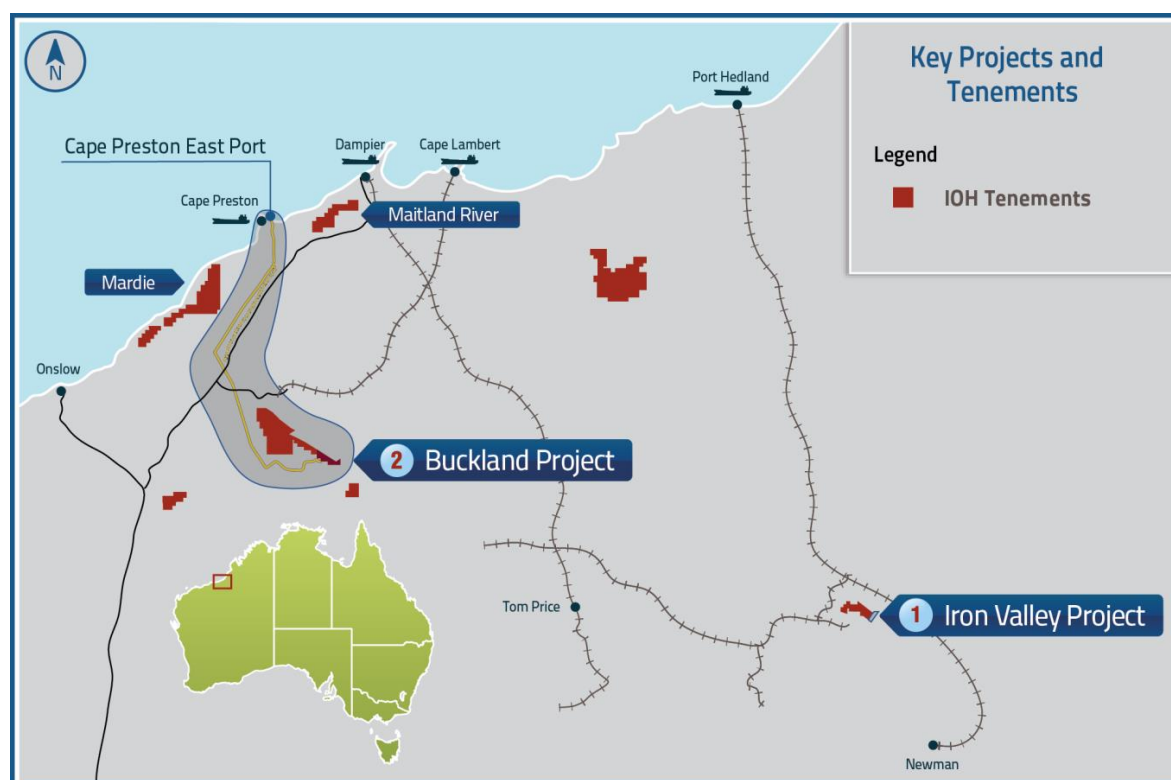
The net loss of the Group after providing for income tax for the six months ended 31 December 2013 was \$6,905,926 (six months ended 31 December 2012 net loss \$12,264,513). The Group's cash position was \$61,818,296 as at 31 December 2013 (June 2013: \$74,651,500), which underpins a strong net asset position as at 31 December 2013.

Review of Operations

It is recommended the half-year financial statements be read in conjunction with the 30 June 2013 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:

Divestment of North Marillana Tenements

- Transaction completed with Maiden Iron Pty Ltd including upfront cash payment of \$2.5 million.
- Additional payments (up to \$5.25 million) upon development milestones.
- FOB royalty of up to 2.5% on future production from the tenements.

Buckland Project

- Feasibility Study - key design activities 90% completed.
- Port lease negotiations with State Government advanced.
- Road licensing process advanced.
- Commercial and funding structure progressing.

Iron Valley Project

- WA Department of Mines and Petroleum approved Iron Valley Mining Proposal.
- Final Ministerial approval for land use under the Aboriginal Heritage Act.
- All IOH's obligations for initial development have been achieved.

Divestment of North Marillana Tenement

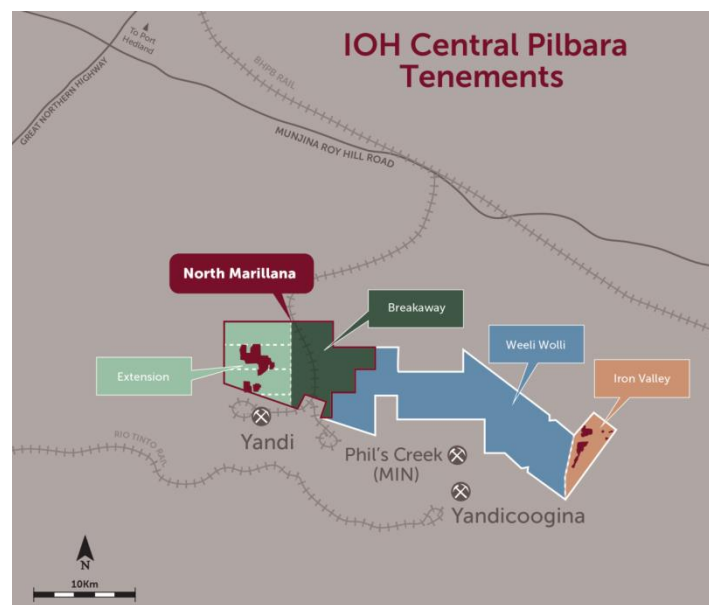
On 4 September 2013 IOH announced that it had concluded a transaction with Maiden Iron Pty Ltd (Maiden Iron) on the North Marillana group of satellite tenements (see Figure 2) for up to \$7.75 million in cash payments and a royalty on the iron ore produced.

The North Marillana satellite tenements are made up of four Mining Leases: M47/1353-I, M47/1354-I, M47/1355-I and M47/1356-I, referred to as the Extension tenements and two Exploration Licences, E47/1239-I and E47/2001-I, known as the Breakaway tenements. The Extension tenements contain a JORC (2004) Indicated Resource of 15.6Mt at 54.0% Fe (refer ASX announcement dated 15 February 2013).

Maiden Iron paid a cash amount of \$2.5 million to acquire the Extension tenements and to obtain a 12 month option over the Breakaway tenements. Further cash payments of \$1.75 million upon production commencing at Extension and \$3.5 million upon the Breakaway option being exercised within 12 months, for a total of \$5.25 million, will be made to IOH.

A royalty of up to 2.5% of the FOB iron ore price will be payable to IOH for iron ore produced from the tenements. Maiden Iron will meet all expenditure requirements during the Breakaway option period, and if the Breakaway option expires the Breakaway tenements will revert unencumbered to IOH.

Figure 2: Location of the North Marillana Tenements



Buckland Project

The Buckland Project concept (see Figure 3), includes an 8 million tonnes per annum (Mtpa) mine at Bungaroo South, potential additional production from Buckland satellite deposits, a new private 200km sealed haul road and a new 20Mtpa transshipping port at Cape Preston East. This project is currently at an advanced Feasibility Study (FS) stage, scheduled for completion in Quarter 2 of CY2014.

On 9 September 2013, the Western Australian Minister of Environment the Hon. Albert Jacob, approved the development of the Cape Preston East port facility proposal submitted to the Environmental Protection Authority (see Figure 4).

The proposed iron ore export facility at Cape Preston East is located 60 kilometres south-west of Dampier and 4 kilometres east of CITIC Pacific's Cape Preston port. It includes a landside stockpile area to hold approximately 2 million tonnes of iron ore product, material handling facilities and a 1.4 kilometre trestle jetty into the ocean.

IOH proposes to fund the development of a port facility with a capacity of up to 20Mtpa, which will facilitate export of product from Bungaroo South, IOH's satellite deposits and third party users. The proposed IOH facility will occupy a relatively small portion of the larger Cape Preston East area, which could be further developed by other parties.

Mr Jacob approved the implementation of the proposal subject to conditions that are consistent with other port approvals in WA and the recent approval by the Federal Government for Cape Preston East, as well as standard procedural and compliance obligations.

Figure 3: Buckland Project – Independent Mine-to-Port Solution

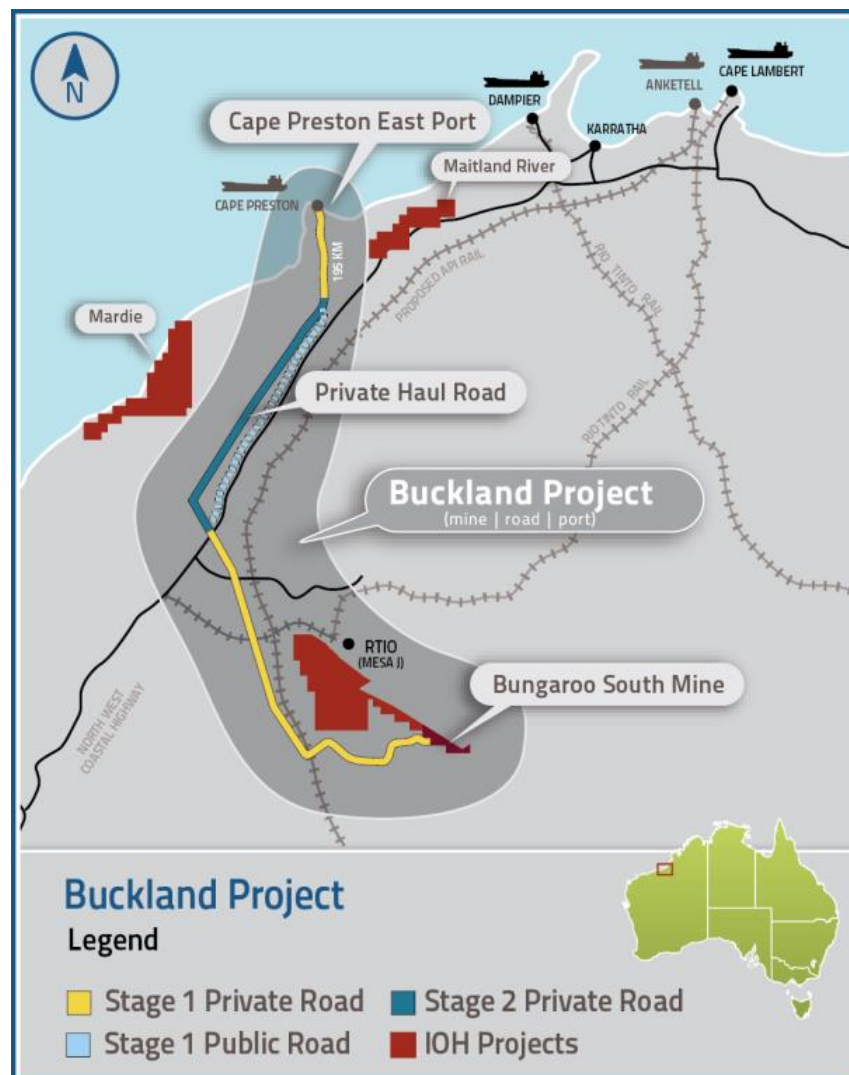
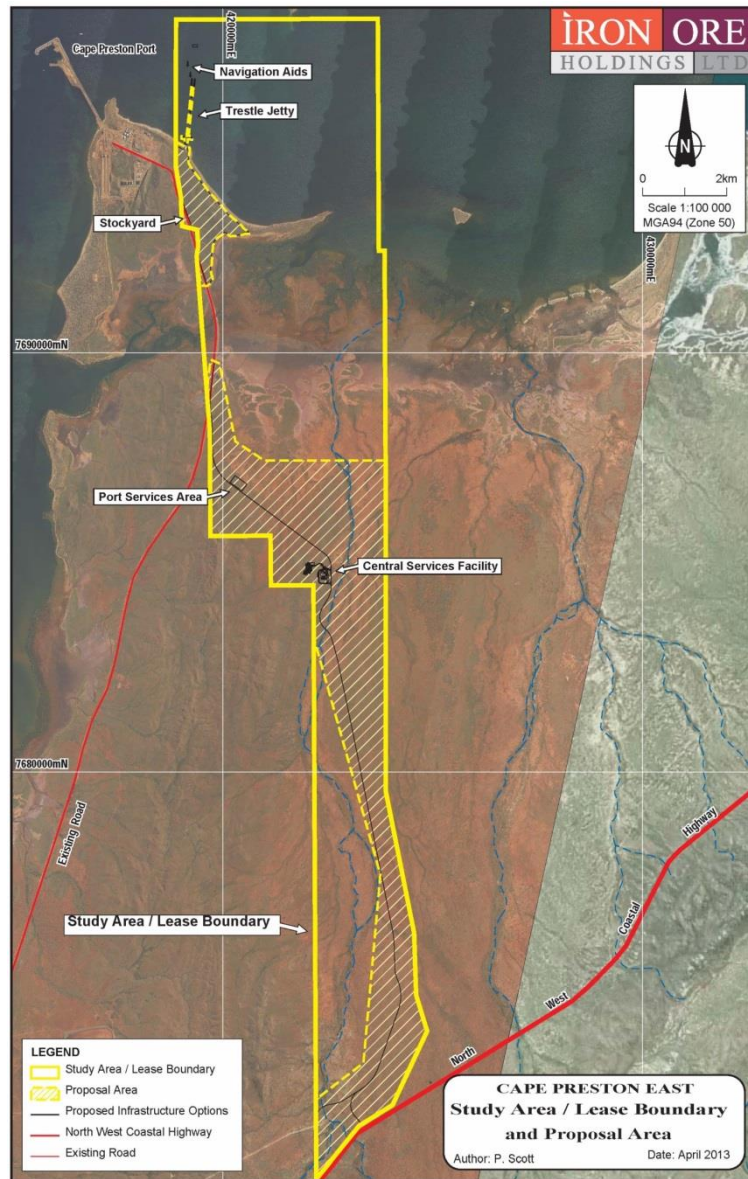


Figure 4: Location of Cape Preston East Multiuser Port Facility



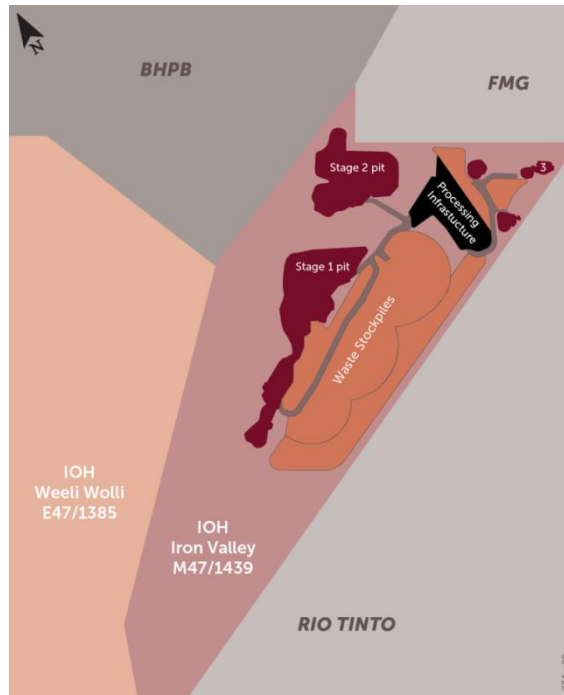
Iron Valley Project

Iron Valley is located in close proximity to large operating mines owned by BHPB and Rio Tinto (see Figure 5). With a Probable Ore Reserve of 134.7 million tonnes (Mt) at an average of 58.5% Fe (based on a cut-off grade of 53%) for the initial mining development, the Iron Valley Project is the most advanced of IOH's major projects.

In February 2013, IOH announced that it had executed a binding formal agreement for a mine gate sale arrangement with Mineral Resources Limited (ASX:MIN). Development is expected to commence within months resulting in IOH receiving cash inflows from the project in the current calendar year (CY2014), which will be a significant milestone in IOH's development and growth path.

The WA Department of Mines and Petroleum (DMP) approved the Mining Proposal for above water table mining at the Iron Valley Project on 31 July 2013. In addition, the WA Department of Water has on 31 July 2013 approved the water licence required for long term operations.

Figure 5: Iron Valley Proposed Development Layout



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.

Events Subsequent to Reporting Date

JORC Code 2012 Buckland Project Resource and Reserve Update

On 30 January 2014 IOH announced a new Ore Reserve estimate for the Buckland Project that included:

- Proven Ore Reserve of 23.2 Million tonnes @ 58.2% Fe at Bungaroo South;
- Probable Ore Reserve of 99.4 Million tonnes @ 57.5% Fe at Bungaroo South; and
- Probable Ore Reserve of 4.4 Million tonnes @ 57.1% Fe at Dragon.

The total Proven and Probable Ore Reserve estimate (at a 54% Fe cut-off grade) within the Buckland Project is now 127 Million tonnes @ 57.6% Fe.

IOH's total estimated Ore Reserve is now 261.7 Million tonnes @ 58.1% Fe, including the 134.7 Million tonnes @ 58.5% Fe at the Iron Valley Project (see Table 1). A study that will allow the inclusion of the Rabbit and Rooster Deposits in the Buckland Project Ore Reserve estimate is underway.

This Ore Reserve estimate is based on the recent Mineral Resource update (as per the IOH announcement on 28 January 2014). The total Measured, Indicated and Inferred Mineral Resource estimate (at a 50% cut-off grade) within the Buckland Project is 283.3 Million tonnes @ 56.5% Fe (see Table 2).

All Ore Reserve and Mineral Resource estimates for the Buckland Project are classified and prepared in accordance with JORC Code 2012 Edition guideline.

Buckland Project - Environmental Approval for Mine and Haul Road

On 14 February 2014 IOH announced that the Western Australian Minister for Environment the Hon. Albert Jacob MLA had, on 12 February 2014, approved the proposal submitted to the Environmental Protection Authority for the development and operation of a mine at Bungaroo South, including the associated infrastructure and haul roads, subject to conditions that are consistent with other mine and associated infrastructure developments in WA.

This approval by the WA State Government follows the mine environmental approval by the Federal Government in July 2013.

Other than as noted above, there have been no matters or circumstances that have arisen since 31 December 2013 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.

Table 1: IOH Total Ore Reserves at 30 January 2014

Project	Deposit	JORC Ore Reserve	Tonnes ^B (Mt)	Cut-off (% Fe)	Fe (%)	CaFe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)	
Iron Valley	Iron Valley ^A	Proven	-	-	-	-	-	-	-	-	
		Probable	134.7	53	58.5	63.0	4.9	3.2	0.17	7.2	
Buckland	Bungaroo South	Proven	23.2	54	58.2	62.9	5.7	2.9	0.15	7.4	
		Probable	99.4		57.5	62.6	6.6	2.3	0.15	8.1	
	Dragon	Proven	-		-	-	-	-	-	-	-
		Probable	4.4		57.1	62.3	6.5	2.8	0.14	8.4	
Total			261.7		58.1	62.8	5.6	2.8	0.16	7.6	

^A Reported in 2012 in accordance with JORC Code 2004 edition.

^B Tonnages are dry metric tonnes and have been rounded, hence small differences may be present in the totals.

Table 2: IOH Total Mineral Resource at 30 January 2014

Location	Type	Project	Deposit	JORC Class	Cutoff (% Fe)	Tonnes ^D (Mt)	Density t/m ³	Fe (%)	CaFe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Central Pilbara	DSO _E	Iron Valley ^{A+B}	Iron Valley	Indicated	50	216.3	2.9	58.4	63.0	5.1	3.1	0.18	7.2
				Inferred	50	42.8	3.0	57.9	61.1	7.0	3.9	0.14	5.2
Western Pilbara		Bungaroo South	Measured	50	30.9 ^C	2.6	57.4	62.1	6.7	3.0	0.15	7.6	
			Indicated	50	214.9 ^C	2.5	56.6	61.6	7.8	2.4	0.15	8.1	
			Dragon	Indicated	50	9.1	2.3	55.8	60.9	8.1	3.1	0.14	8.3
				Inferred	50	3.4	2.3	54.7	59.4	10.2	3.0	0.13	7.9
		Rabbit	Indicated	50	5.9	2.6	55.0	58.9	10.3	3.4	0.13	6.6	
			Inferred	50	1.3	2.5	53.7	58.1	11.2	3.3	0.08	7.5	
			Rooster	Indicated	50	5.2	2.6	55.8	60.2	7.2	4.6	0.08	7.3
				Inferred	50	5.4	2.5	52.1	56.8	9.6	6.3	0.06	8.3
		Snake	Inferred	50	7.1	2.6	57.0	62.6	5.8	2.8	0.15	9.0	
		Sub Total	Measured			50	30.9	2.6	57.4	62.1	6.7	3.0	0.15
Indicated				50	451.4	2.7	57.4	62.2	6.5	2.8	0.16	7.7	
Inferred				50	60.0	2.9	57.0	60.7	7.3	3.9	0.13	6.1	
Total					542.3	2.7	57.4	62.0	6.6	2.9	0.16	7.5	
Coastal Pilbara	BFO _F	Maitland	Maitland River ^A	Inferred	26	1,106.0 ^G	3.25	30.4	30.8	44.0	2.3	0.06	1.2
Total							1,106.0	3.25	30.4	30.8	44.0	2.3	0.06

^A This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported. All other resources classified and reported in accordance with JORC Code 2012 edition.

^B Includes Probable Ore Reserve of 134.7 Mt (see Table 3 below).

^C Includes Probable Ore Reserve of 92.4 Mt (see Table 3 below).

^D Tonnages are dry metric tonnes and have been rounded, hence small differences may be present in the totals.

^E DSO ("Direct Shipping Ore") is considered to be ore types which do not require significant beneficiation (upgrading) before it is usable as feedstock in the sinter or iron making processes.

^F BFO ("Beneficiable Feed Ore") is comprised of ore types which require significant beneficiation (upgrading) before it is usable as feedstock in the sinter or iron making processes.

^G Indicative Davis Tube Recovery (grind size, P80 25µ) testwork produced a magnetite concentrate with weight yields ranging from 13 - 28%.

Competent Persons Statements:

In respect of the Iron Valley, North Marillana and Maitland deposits, 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. This information was prepared and first disclosed under the JORC Code 2004. It has been not been updated to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to Mineral Resources in respect of the Bungaroo South, Dragon, Rabbit, Rooster and Snake deposits is extracted from the report entitled "Buckland Project – Mineral Resource Update" dated 28 January 2014 which is available to view on www.ironoreholdings.com. IOH confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. IOH confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to Ore Reserve estimations for the Iron Valley 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. This information was prepared and first disclosed under the JORC Code 2004. It has been not been updated to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to Ore Reserve estimations for Bungaroo South and Dragon Deposits is extracted from the report entitled "Buckland Project – Increased Ore Reserve" dated 30 January 2014 which is available to view on www.ironoreholdings.com. IOH confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. IOH confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Disclaimer:

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning IOH'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.

Auditor's Independence Declaration

The auditor's independence declaration for the half-year ended 31 December 2013 under section 307C of the *Corporations Act 2001* is set out on page 21.

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



Hon. Richard Court AC
Chairman

Dated this 5th day of March 2014

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	<u>Consolidated</u>		
	<u>Half-year ended</u>		
	Note	31 Dec 2013	
		\$	
		31 Dec 2012	
		\$	
Revenue	2(a)	3,881,144	2,596,584
Employee benefits expenditure	2(b)	(3,472,270)	(4,874,454)
Administration expenditure		(725,602)	(634,650)
Corporate and business development expenditure		(727,835)	(1,145,812)
Transaction expenditure		(195,000)	-
Exploration and evaluation expenditure	2(c)	(5,489,127)	(12,492,792)
Impairment of receivable	2(d)	-	(2,272,727)
Depreciation expense		(177,236)	(310,008)
Loss before tax		(6,905,926)	(19,133,859)
Income tax benefit		-	6,869,346
Loss for the period from continuing operations		(6,905,926)	(12,264,513)
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		(6,905,926)	(12,264,513)
Loss attributable to owners of the parent		(6,905,926)	(12,264,513)
Basic (loss)/earnings per share (cents)		(4.28)	(7.61)
Diluted (loss)/earnings cents per share (cents)		(4.28)	(7.61)

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

	Note	<u>Consolidated</u>	
		31 Dec 2013 \$	30 June 2013 \$
CURRENT ASSETS			
Cash and cash equivalents	3	61,818,296	74,651,500
Trade and other receivables		729,679	1,132,166
Inventories		26,878	-
Prepayments		88,106	153,206
TOTAL CURRENT ASSETS		62,662,959	75,936,872
NON-CURRENT ASSETS			
Trade and other receivables		312,506	328,319
Plant and equipment		464,468	597,025
Deferred mineral acquisition expenditure		1,888,981	1,888,981
Deferred tax asset		4,583,068	4,583,068
TOTAL NON-CURRENT ASSETS		7,249,023	7,397,393
TOTAL ASSETS		69,911,982	83,334,265
CURRENT LIABILITIES			
Trade and other payables		2,241,305	9,073,557
Provisions		231,017	259,590
TOTAL CURRENT LIABILITIES		2,472,322	9,333,147
TOTAL LIABILITIES		2,472,322	9,333,147
NET ASSETS		67,439,660	74,001,118
EQUITY			
Issued capital	4	85,647,898	85,647,898
Reserves		3,462,643	3,867,700
Accumulated losses		(21,670,881)	(15,514,480)
TOTAL EQUITY		67,439,660	74,001,118

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Issued Capital	Option Reserve	Retained Earnings / (Accumulated Losses)	Total Equity
Consolidated	\$	\$	\$	\$
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)
Share-based payments 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
Balance at 1 July 2013	85,647,898	3,867,700	(15,514,480)	74,001,118
<i>Total Comprehensive Income</i>				
Profit/(Loss) attributable to members	-	-	(6,905,926)	(6,905,926)
Total comprehensive loss for the period	-	-	(6,905,926)	(6,905,926)
Share-based payments expense for the period	-	344,468	-	344,468
Transfer to retained earnings / (accumulated losses)	-	(749,525)	749,525	-
Balance at 31 December 2013	85,647,898	3,462,643	(21,670,881)	67,439,660

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	<u>Consolidated Half-year ended</u>	
	31 Dec 2013	31 Dec 2012
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	1,246,997	3,140,995
Payments to suppliers and employees	(4,598,885)	(3,820,890)
Payments for exploration and evaluation expenditure	(12,186,504)	(17,042,728)
Net cash used in operating activities	<u>(15,538,392)</u>	<u>(17,722,623)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant & equipment	(54,140)	(243,622)
Purchase of tenements	(6,485)	-
Receipt of refundable deposit	15,813	-
Payments for security deposits	-	(21,721)
Proceeds from sale of tenements	2,750,000	-
Net cash provided by/(used in) investing activities	<u>2,705,188</u>	<u>(265,343)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for share buy back	-	(143,497)
Net cash used in financing activities	<u>-</u>	<u>(143,497)</u>
Net decrease in cash and cash equivalents	(12,833,204)	(18,131,463)
Cash and cash equivalents at the beginning of the period	74,651,500	109,692,325
Cash and cash equivalents at the end of the period	<u>61,818,296</u>	<u>91,560,862</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 cost. 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 2013 annual financial report for the financial year ended 30 June 2013, 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:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

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 or 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 2013 \$	Half Year Ended 31 Dec 2012 \$
Note 2: Results for the period		
The following revenue and expense items are relevant in explaining the Group's financial performance for the half-years under review:		
(a) Revenue		
Interest received	1,381,144	2,596,584
Proceeds from sale of tenements	2,500,000	-
	3,881,144	2,596,584
(b) Employee benefits expenditure		
Salary and wages	2,561,224	3,095,316
Superannuation	232,940	261,536
Share-based payments	344,468	1,129,917
Other	333,638	387,685
	3,472,270	4,874,454
(c) Exploration and evaluation		
Exploration and Resource Management	1,684,373	4,881,277
Project Studies	1,304,514	5,682,908
Environment, Heritage and Compliance	2,500,240	1,928,607
	5,489,127	12,492,792
(d) Expenses		
Impairment of receivable from FMG in respect of GST	-	2,272,727
	31 Dec 2013	30 Jun 2013
	\$	\$
Note 3: Cash and Cash Equivalents		
Cash at bank & on hand	990,698	2,151,500
Term deposits	60,827,598	72,500,000
	61,818,296	74,651,500
Note 4: Issued Capital		
161,174,005 (30 June 2013 : 161,174,005) Ordinary fully paid Shares	85,647,898	85,647,898

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 5: 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 3,000,000 unlisted options were granted to Directors. Options to Directors were granted pursuant to shareholder approval on 25 November 2013.

The details of the options issued during the half-year ending 31 December 2013 are:

Employees	Directors	Total Number of Options	Grant date	Fair value at grant date ¹	Exercise price	Vesting date ²
-	1,000,000	1,000,000	25 November 2013	\$0.213	\$1.297	25 November 2013
-	1,000,000	1,000,000	25 November 2013	\$0.242	\$1.547	25 November 2014
-	1,000,000	1,000,000	25 November 2013	\$0.256	\$1.797	25 November 2015

*1. 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 2013.

*2. Each issue of options vest in accordance with the Iron Ore Holdings Ltd Share Options Plan as approved by the Board. Under the terms of the Plan, if an employee leaves employment before the vesting date, the unvested options are cancelled and any vested options which are not exercised within 90 days are also cancelled.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 6: 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 profit or loss and other comprehensive income and statement of financial position.

Note 7: 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 8: Financial Instruments

At 31 December 2013 and 31 December 2012, the carrying amount of financial assets and financial liabilities for the Group is considered to approximate their fair values.

Note 9: Events Subsequent to Reporting Date

On 30 January 2014 IOH announced a new Ore Reserve estimate for the Buckland Project that included:

- Proven Ore Reserve of 23.2 Million tonnes @ 58.2% Fe at Bungaroo South;
- Probable Ore Reserve of 99.4 Million tonnes @ 57.5% Fe at Bungaroo South; and
- Probable Ore Reserve of 4.4 Million tonnes @ 57.1% Fe at Dragon.

On 14 February 2014 IOH announced that the Western Australian Minister for Environment the Hon. Albert Jacob MLA had, on 12 February 2014, approved the proposal submitted to the Environmental Protection Authority for the development and operation of a mine at Bungaroo South, including the associated infrastructure and haul roads, subject to conditions that are consistent with other mine and associated infrastructure developments in WA.

Other than as noted above, there have been no matters or circumstances that have arisen since 31 December 2013 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.

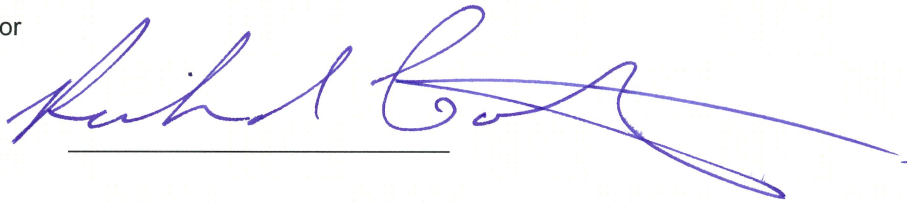
DIRECTORS' DECLARATION

The directors of the Consolidated Entity declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

Director



Hon. Richard Court AC

Dated this 5th day of March 2014

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

Report on the Half-Year Financial Report

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 2013, the condensed consolidated statement of profit or 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 10 to 18

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 gives a true and fair view and 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 Iron Ore Holdings financial position as at 31 December 2013 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

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that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 2013 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, 5 March 2014

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

5 March 2014

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 2013, 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