

4 June 2014

Buckland Project – Positive Feasibility Study Results

Highlights

- **Feasibility Study confirms the technical and financial viability of the project.**
- **8Mtpa production of 58% Fe fines product for more than 15 years.**
- **Capital cost of \$744 million to reach 8Mtpa production.**
- **C1 Cash Operating Cost of ~\$48.40/tonne (life of mine average).**
- **Net Present Value (NPV_{10 Real}) of ~\$990 million pre-tax on an ungeared basis.**
- **Average annual EBITDA of ~\$260 million.**
- **All primary approvals required for development have been secured.**
- **Potential Construction Start - Q4 CY14; Potential Production Start - Q3 CY16.**

Iron Ore Holdings Ltd (IOH) is pleased to announce that it has successfully completed the Buckland Project Feasibility Study (FS) within 18 months and at a cost of ~\$30 million. The FS was executed by IOH management with the support of external technical and commercial experts including SKM, Snowden, ANZ and Gilbert & Tobin. Based on the FS results, the Project business case is technically viable and commercially attractive.

The Buckland Project (see Figure 1) comprises a new mine, road and port development. The mine is to be developed at the Bungaroo South iron ore deposits, where a JORC Ore Reserve¹ of 134 million tonnes (Mt) will underpin 8 million tonnes per annum (Mtpa - dry) production for more than 15 years. A new 196km sealed haul road is to be constructed from the mine to a new IOH managed transshipping port with a 20 Mtpa capacity at Cape Preston East (CPE) on the north-western Pilbara coast.

The FS report estimates that the Buckland Project would have a Net Present Value (NPV_{10 Real}) of ~\$990 million pre-tax on an ungeared basis, a pre-tax internal rate of return (IRR) of 24% and an average annual EBITDA of ~\$260 million. It is estimated that more than \$1 billion will be paid in WA State Royalties during the life of the Buckland Project.

There is also significant potential for further financial upside through a range of initiatives, including value engineering studies to optimise capital and operating cost estimates, the development of Buckland satellite deposits, tolling of third parties' product on IOH haul roads and port facilities, as well as IOH purchasing ore on a "mine gate" or "port gate" basis.

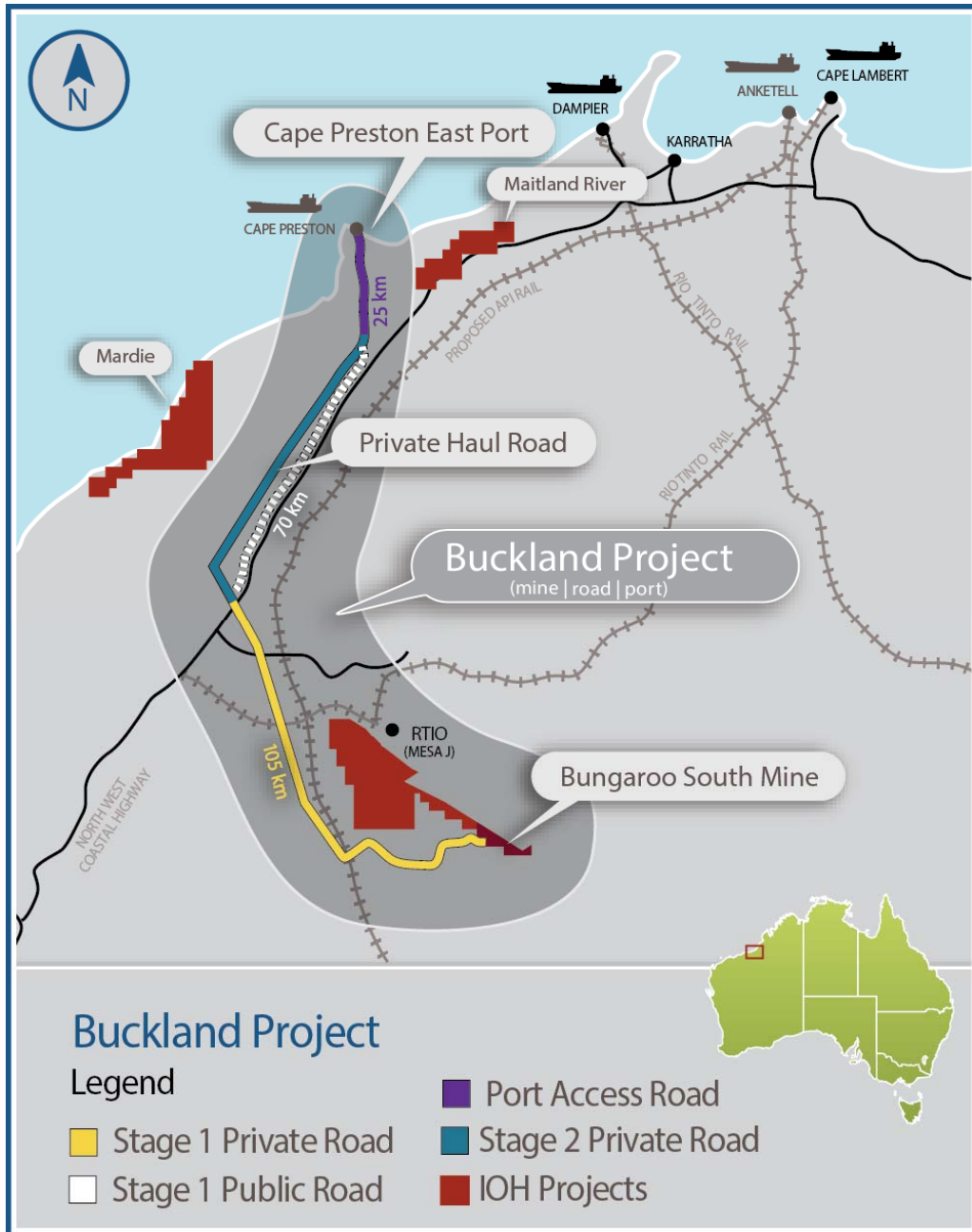
Subject to funding being secured, a potential construction start in the fourth quarter of calendar year 2014 (Q4 CY2014) could be achieved, leading to a potential production start by Q3 CY2016.

IOH Managing Director, Alwyn Vorster, said; *"The IOH Board has endorsed this positive Buckland Project feasibility study and approved IOH progressing activities towards the project investment stage.*

"IOH's key focus will now be on advancing equity and debt funding solutions, exploring the opportunities for further project upside and then making a final decision on developing this independent mine to ship supply chain solution," he said.

1 – See ASX Announcement Buckland Project Updated Ore Reserve 4 June 2014

Figure 1: Buckland Project Footprint



The key results of the FS are set out below:

Item	FS Results and Comments
JORC Mineral Resources¹	258 million tonnes (Channel Iron Deposit and Bedded Iron Deposit)
JORC Ore Reserve²	134 million tonnes
Life of Mine (LOM)	Greater than 15 years from three pit areas (see Figure 2)
Strip Ratio (LOM average)	1 tonne waste : 1 tonne ore
Product	Iron Ore Fines with nominal size <12mm
Projected Product Quality (LOM average) (see Table 1)	Fe: 58.0%; SiO ₂ : 5.8%; Al ₂ O ₃ : 2.4%; P: 0.15%
Production	<p>Ramp up to 8Mtpa (dry) by Production Year 2</p> <ul style="list-style-type: none"> ○ Stage 1 (Production Years 1-2): Production ramp-up to 8Mtpa (dry) utilising a conventional dry crushing and screening plant; Transportation on a combination of private and public roads from the mine to port. ○ Stage 2 (Production Year 3 onwards): Steady state production at 8Mtpa (dry) integrating a wet process plant with the existing dry plant (see Figure 3); Transportation on a 100% private road.
Road Haulage	<p>Production Years 1-2: 192km haul distance on Public and Private Roads; 115t payload trucks.</p> <p>Production Year 3 onwards: 196km haul distance on Private Road; 200t payload trucks (see Figure 1).</p>
Transshipment Facility	<p>A new scalable transshipment port facility at Cape Preston East. Landside facilities will include stockpiles, administration buildings, a desalination plant and power generation units (see Figure 4).</p> <p>Marine facilities will include a 1.4 km jetty conveyor structure, a shiploader and a self-propelled 15kt to 20kt oceangoing transshipment vessel (see Figures 4 and 5).</p>
Capital Cost (including owners cost, project management cost and contingencies) (see Table 2)	<p>Initial Capital Cost by Production Year 1: \$744 million</p> <p>Deferred Capital Cost by Production Year 3: \$133 million</p> <p>(The Capital expenditure estimate was assembled by SKM based on inputs from project consultants, contractor proposals, and vendor quotations. The FS work completed to form the basis of the capital cost estimate is of a standard that meets the requirements of the Association for the Advancement of Cost Engineering (AACE International) Class 3 capital estimate. The overall accuracy was assessed to be within the range of +15% and to a P70 level of Confidence.)</p>
C1 Cash Operating Cost (average LOM – including contingencies) (see Table 3)	<p>~\$48.40/tonne FOB</p> <p>(The key principles and assumptions of the estimate include a combination of vendor quotations, contractor proposals, labour rates from the industry accepted MacDonald survey, Snowden mine plans and the experience of IOH and its consultants from previous projects and studies. The overall accuracy was assessed to be within the range of +15% and to a P70 level of Confidence.)</p>

1 and 2 – See ASX Announcement Buckland Project - Updated Ore Reserve 4 June 2014

Item	FS Results and Comments
Financials (see Tables 4 and 5)	NPV _{10 Real} : ~\$990 million pre-tax on an ungeared (100% equity) basis IRR: 24% pre-tax EBITDA (average annual): ~\$260 million
Tenure	Mining Lease secured; Native Title Agreements and Heritage Clearance permits secured; all Environmental Primary Approvals secured. Miscellaneous Licences have been granted for the 196km proposed private road route. Subsequent to the granting of the 70km private road licences (refer IOH ASX announcement 21 May 2014), Mineralogy Pty Ltd lodged an application for judicial review with the Supreme Court of Western Australia. Port lease agreements have been negotiated which, once executed, will enable IOH to develop and operate a 20Mtpa capacity port for 20 years, as well as providing options for two 5 year term extensions and expansion provisions. The State Government is taking the necessary steps to vest the Cape Preston East land into the appropriate government agencies, in accordance with the port lease agreements.
Marketing	Arrangements with reputable end-users and traders for sale of 100% of the production from the first five years (non-binding letters of intent and memoranda of understanding to be converted to binding sales contracts).
Target Dates	Final Investment Decision (FID) Q4 CY14; First Ore Shipped Q3 CY16.
Development Model	For the purposes of the FS, IOH has adopted an operating strategy of "maximum outsourcing" involving third party contractors for engineering, construction and operation. This aligns with the IOH corporate strategy of striking an acceptable balance between owner capital investment, owner risk exposure and acceptable returns.
Project Expansion and Enhancement	Expansion beyond 8 Mtpa; expansion of port facilities with stackers and reclaimers, as well as potential production at IOH satellite deposits with timing subject to future separate investment evaluations and decisions.
Key FS contractors and advisors	Sinclair Knight Merz (SKM), Snowden Mining Consultants, RPS Aquaterra, CSL Transhipment, Widenbar & Associates, Shawmac, Wyntak Pty Ltd, ANZ and Gilbert & Tobin.

Table 1: Indicative Buckland Product Specifications

Resource Area	Fe (%)	Calcined Fe (%) ¹	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Dry Processed Product	58.1	62.8	5.7	2.9	0.145	7.6
Wet Processed Product	58.0	62.9	5.8	2.3	0.147	8.1

¹ Calcined Fe calculation: Natural Fe / (1-LOI%)*100

Table 2: Capital Cost Estimate¹

Area	Initial (\$M)
Mining and Processing	149
Haul Roads and Service Facilities	207
Transshipment Facility	208
Sub Total – Direct Costs	564
Indirect Costs (Contingency, EPC/M, Owners)	180
TOTAL INITIAL CAPITAL COST	744

Area	Deferred (\$M)
Stage 2 Road (inc. indirects)	105
Wet Process Plant (inc. indirects)	28
TOTAL DEFERRED CAPITAL COST	133

TOTAL INITIAL & DEFERRED CAPITAL COST	877
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1 - For the purposes of the FS base case, main contractor funded capital items include the process plant equipment, major mining equipment, road haul trucks, port mobile fleet, transshipment vessel and the accommodation villages (bulk earthworks for the process plant and accommodation villages are included in the Capital Cost estimate). Capital charges for these contractor funded items are included in the Operating Cost estimate.

Table 3: Operating Cost Estimate¹

Item	Life of Mine (LoM) Cost (\$/t)
Mining and Processing	18.36
Road Haulage	17.44
Transshipment Facility	7.07
Corporate and Administration	4.36
Contingency	1.17
C1 Operating Cash Cost (FOB)	48.40
Royalties, levies and marketing	8.63
C2 Operating Cash Cost (FOB)	57.03

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Table 4: Key Parameters of Financial Model

Product	FOB Price (Real 2013 US\$)						
	2015	2016	2017	2018	2019	2020	Long Term
Price: 62% Fe Basis ¹	85	80	84	87	86	90	90
FX: A\$:US\$ ¹	0.87	0.85	0.83	0.81	0.81	0.80	0.80

¹ Wood Mackenzie, Iron Ore Market Study, March 2014

Table 5: Results of Financial Evaluation

Area	Unit	FS Base Case
Project NPV _{10 Real} (Pre-Tax) (ungeared)	A\$M	990
IRR (Pre-Tax) (ungeared)	%	24
EBITDA per annum (average)	A\$M	260
EBITDA Margin (average)	%	37
LoM WAG Royalty	A\$M	1,009
LoM Revenue	A\$M	13,456
Payback from First Production	Years	5

Table 6: Financial Sensitivity

Area	Impact on A\$990M Base Case
LT Pricing ($\pm 10\%$)	\pm \$460M
LT FX ($\pm 10\%$)	\pm \$420M
WACC Rate ($\pm 2\%$)	\pm \$280M
Opex ($\pm 10\%$)	\pm \$280M
Capex ($\pm 10\%$)	\pm \$70M
Mining Inventory (± 10 Mt)	\pm \$60M

Figure 2: Bungaroo South Mine – Pit Layout

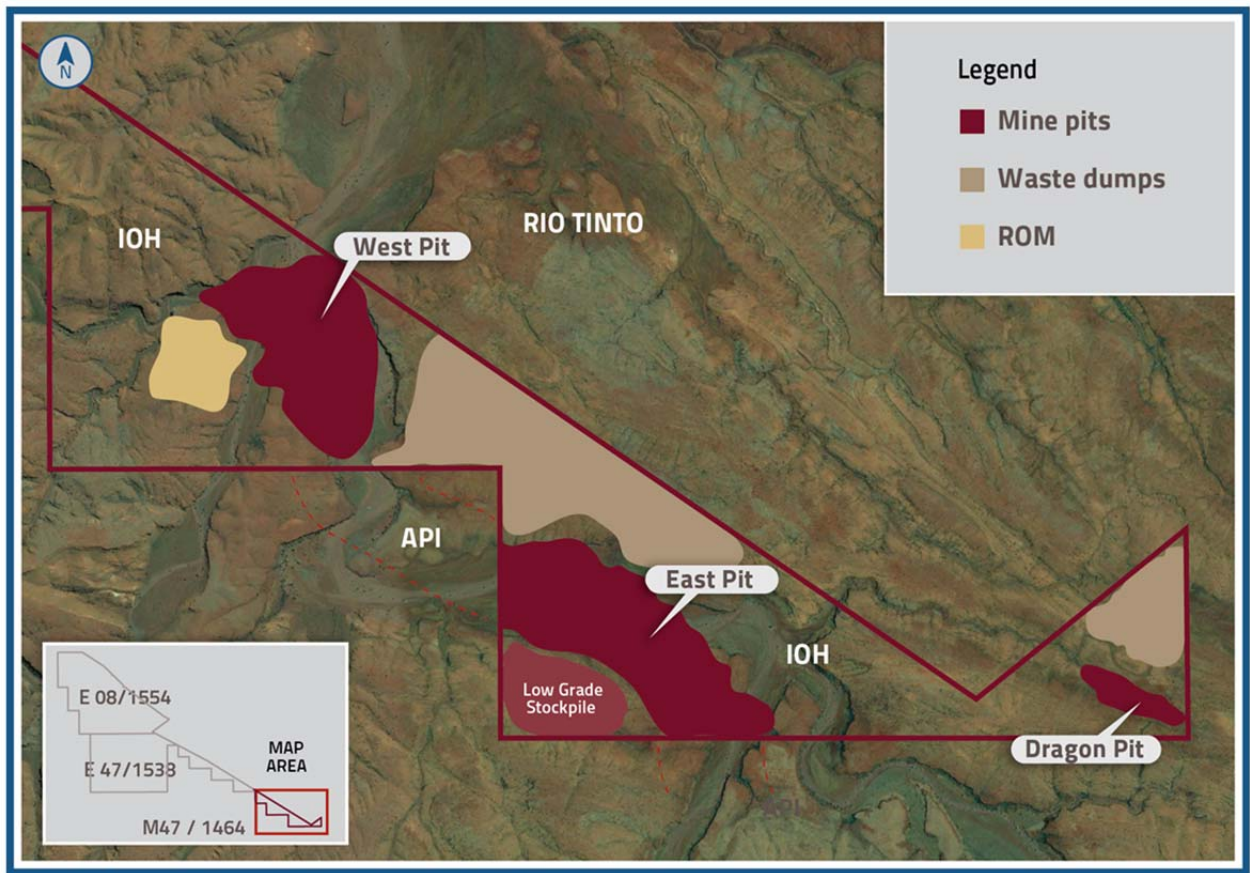


Figure 3: Process Plant Layout

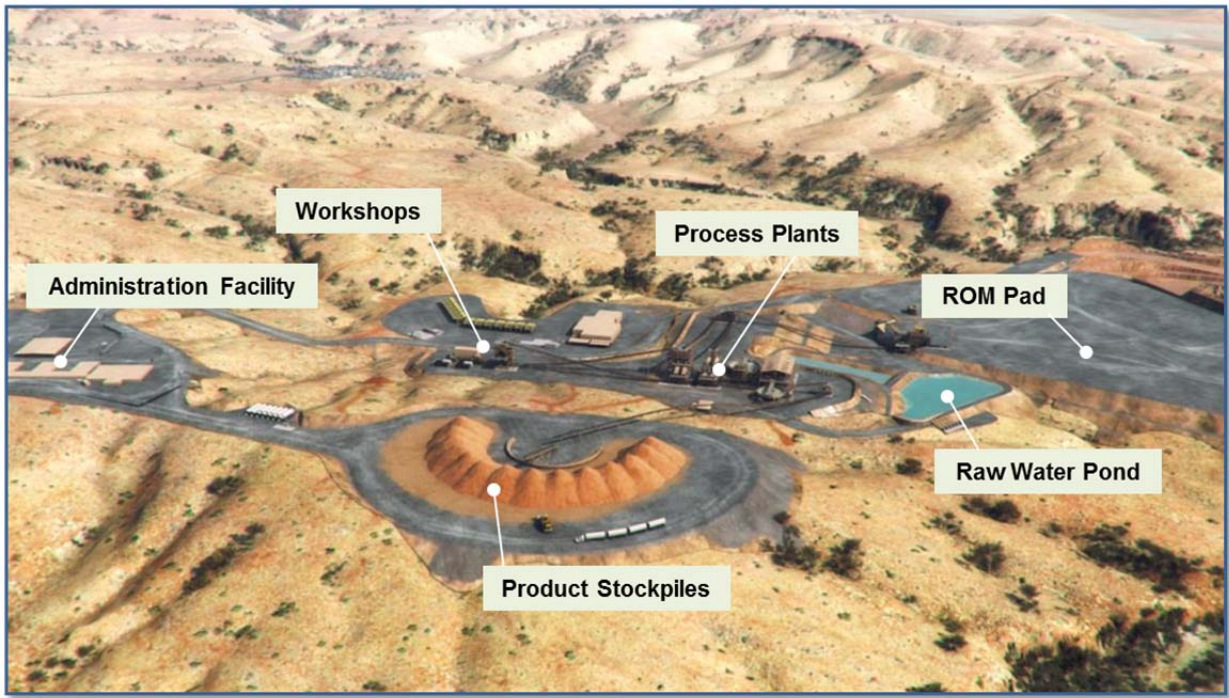


Figure 4: Cape Preston East Port



Figure 5: Proposed Transhipment Vessel



Competent Persons Statements:

The information in the report to which this statement is attached that relates to Exploration Targets, Exploration Results, is based on information compiled by Mr Roland Bartsch, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Bartsch is a full time contract employee of IOH and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bartsch 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 at the Buckland Project is extracted from the ASX Announcement titled "Buckland Project – Mineral Resources Update" (dated 28 January 2014). This announcement is available to view at www.ironoreholdings.com. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

The information in this report that relates to Ore Reserve estimates at the Buckland Project is extracted from the ASX Announcement titled "Buckland Project – Updated Ore Reserve" (dated 4 June 2014). This announcement is available to view at www.ironoreholdings.com. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

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.

Corporate Profile (as at 4 June 2014)

Iron Ore Holdings Ltd (ASX: IOH) owns and manages a portfolio of bedded hematite, channel iron 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: 161,174,005

Board of Directors:

Hon. Richard Court AC	Non-Executive Chairman
Alwyn Vorster	Managing Director
Ryan Stokes	Non-Executive Director
Mal Randall	Non-Executive Director
Brian O'Donnell	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 Commercial
Roland Bartsch	GM Geology
Michael Kivac	GM Corporate Affairs

Share Registry:

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
www.securitytransfer.com.au

Registered Office:

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West Perth WA 6005

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Major Shareholders:

Wroxby Pty Ltd	52.7 %
3 rd Wave Investors	5.4 %
Sumisho Iron	4.3 %