



Iron Ore Holdings Completes Transaction with Rio Tinto

Key Points:

- IOH announces sale of its Koodaideri South tenement to Rio Tinto
- IOH to receive a \$32 million cash payment plus a 2% FOB royalty
- Discussions continue with interested parties on remaining satellite tenements

Iron Ore Holdings Limited (**IOH**) today announced the sale of its Koodaideri South tenement in the Pilbara region of Western Australia, to Hamersley Iron Pty Ltd, a wholly owned subsidiary of the Rio Tinto group (**Rio Tinto**), for \$32 million cash plus a 2% FOB royalty on ore mined from the tenements.

The transaction follows a 12-week strategic review of the Company's Central Satellite deposits during which IOH considered the optimum value creation options, including self-development, joint venture structures or divestment.

The Rio Tinto offer for Koodaideri South was selected from a number of proposals, and was accepted on the basis of it providing the best strategic value for IOH in terms of both the cash component and the future exposure to a production royalty.

Koodaideri South is one of five tenement groups comprising the Company's Central Satellite deposits and has three currently identified resources named Kurrajura, Fingers and Bight (see Figure 1 and 2), which jointly contain 106Mt of JORC Resource at an average 58.6% Fe (see Table 1).

IOH's Non-Executive Chairman, Mr Richard Court, said that IOH is pleased to be involved in this transaction with an industry leader like Rio Tinto who continues to recognise and realise the growth potential of their Pilbara operations.

IOH's Managing Director, Mr Alwyn Vorster, said the transaction has disproven some external theories that the IOH Central Satellite deposits are infrastructure stranded and too small to contribute much value to IOH. "The cash plus royalty value achieved for the Koodaideri tenement provides a benchmark for the Iron Valley and Bungaroo South deposits, which are both more valuable in terms of resource size and strategic location," he said.

Discussions continue with interested parties regarding commercialisation of the remaining Central Satellite tenements. Funds generated from the process will be applied to further exploration and project studies, potential new business opportunities and to potential capital management initiatives.

IOH is supported during the Central Satellite review process by PCF Capital Group (commercial advisor) and Gilbert & Tobin (legal advisor).

Figure 1: IOH's Pilbara Project location

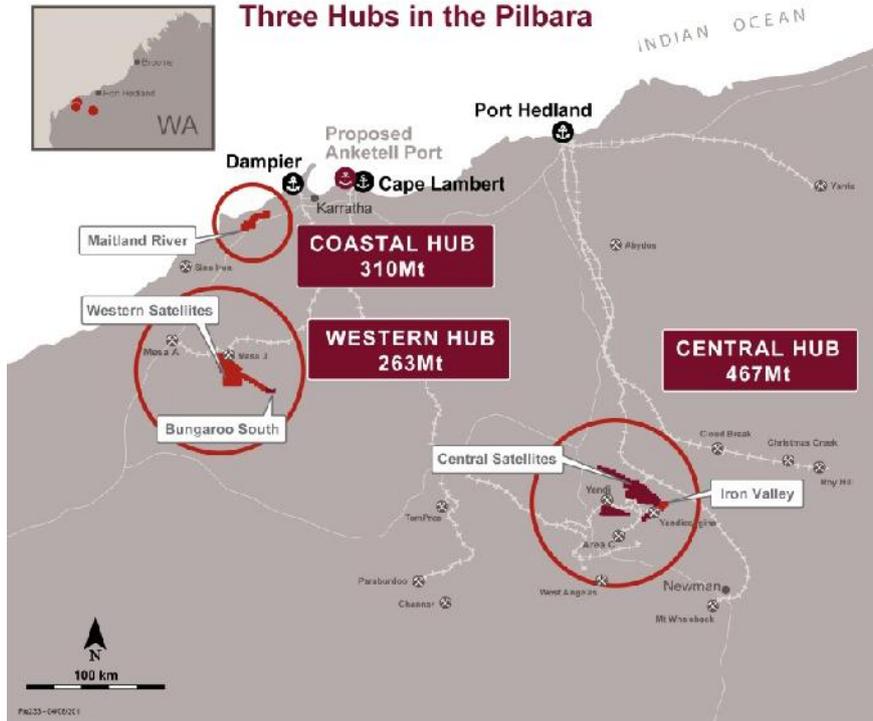
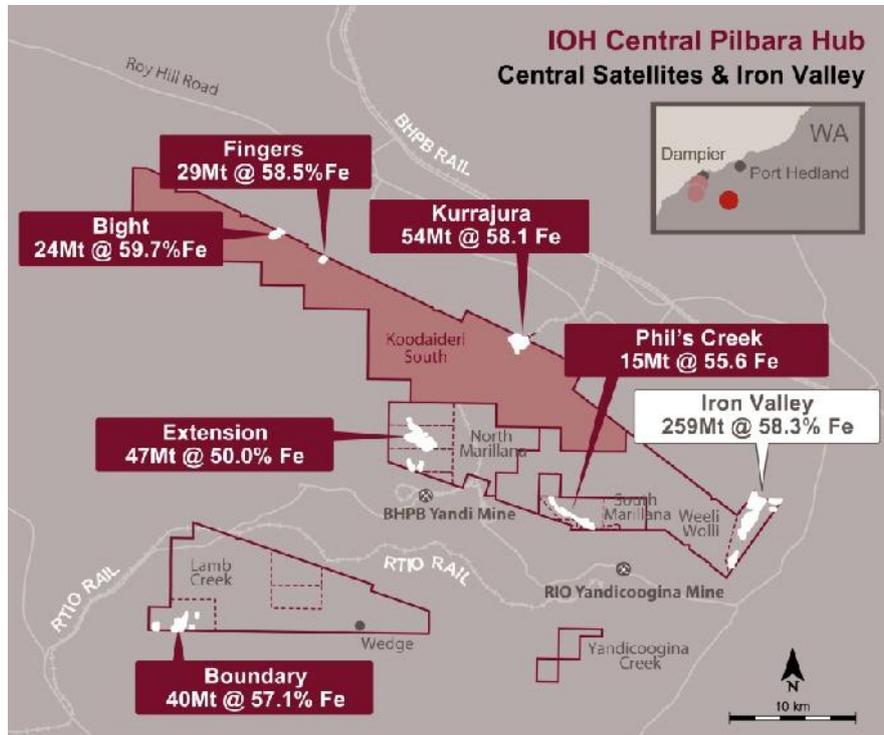


Figure 2: Central Satellite Project location



IOH Mineral Resources as at 27 September 2011

Table 1 – IOH JORC Mineral Resource within Central, Western and Coastal Hubs

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%	467.5Mt
			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%	
	North Marillana	46.8		50.0	55.8	9.5	7.7	0.05	10.4	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%	
	Koodaideri South		106.8	58.6	63.7	5.1	2.5	0.14	7.9	50%	
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	34.7	34.7	42.0	1.4	0.06	0.1	25%	310.0Mt
Total Mineral Resource		293.4	747.2	Total Resource (Indicated and Inferred)							1,040.6Mt

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About Iron Ore Holdings

Iron Ore Holdings Ltd (ASX: IOH) owns and manages a portfolio of high-quality 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 and highly experienced Board and senior management team.

Ordinary Shares on Issue: 166,087,005

Competent Persons Statement:

The information in this report that relates to exploration 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 Estimate based on data and geological information supplied by IOH. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Widenbar consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

