

Large Magnetite Discovery at Mt Dempster

- **Magnetite discovery located at IOH's Mt Dempster Prospect in the Western Pilbara**
- **Located within 10km from API's planned railway to Anketell Port and 10km from Rio Tinto's Mesa J mine**
- **Five drill holes show >150m intersections of a near horizontal magnetic BIF zone with head grade of up to 32% Fe**
- **Based on the geological setting within the 6km x 2km drilling area, an exploration target of more than 2 billion tonnes¹ is estimated**
- **Initial metallurgical test work indicates a typical West Pilbara homogeneous, hard and fine grained magnetite**
- **IOH will commence an extensive drilling program in early 2012 to convert the exploration target to a mineral resource**

1. Mt Dempster Prospect

Iron Ore Holdings Ltd (ASX: **IOH**) is pleased to announce positive results from its recent drilling program at its Mt Dempster Prospect, which is located 30km north-west from the Company's Bungaroo South Project in the Western Pilbara Hub. It is also 70km from the Pilbara coast and within 10km of the Rio Tinto Mesa J mine and the planned API railway to Anketell Port (refer Figures 1 & 2).

¹ The potential quantity and grade of the exploration target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource

Figure 1: Three Hubs in the Pilbara

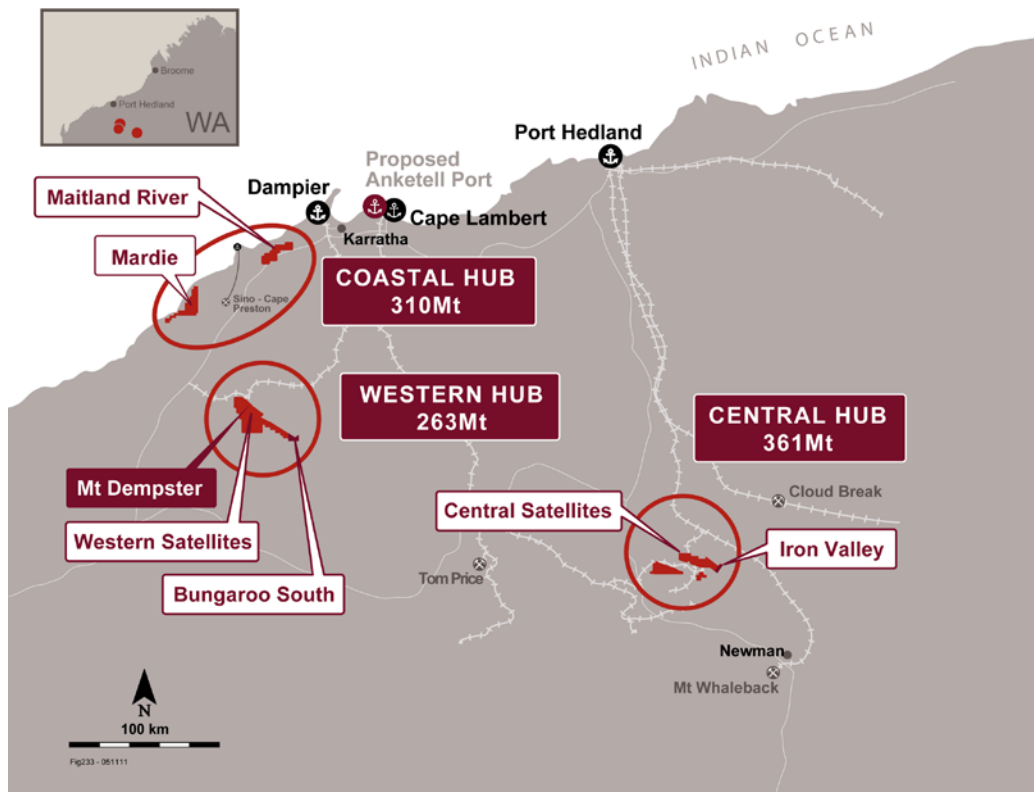
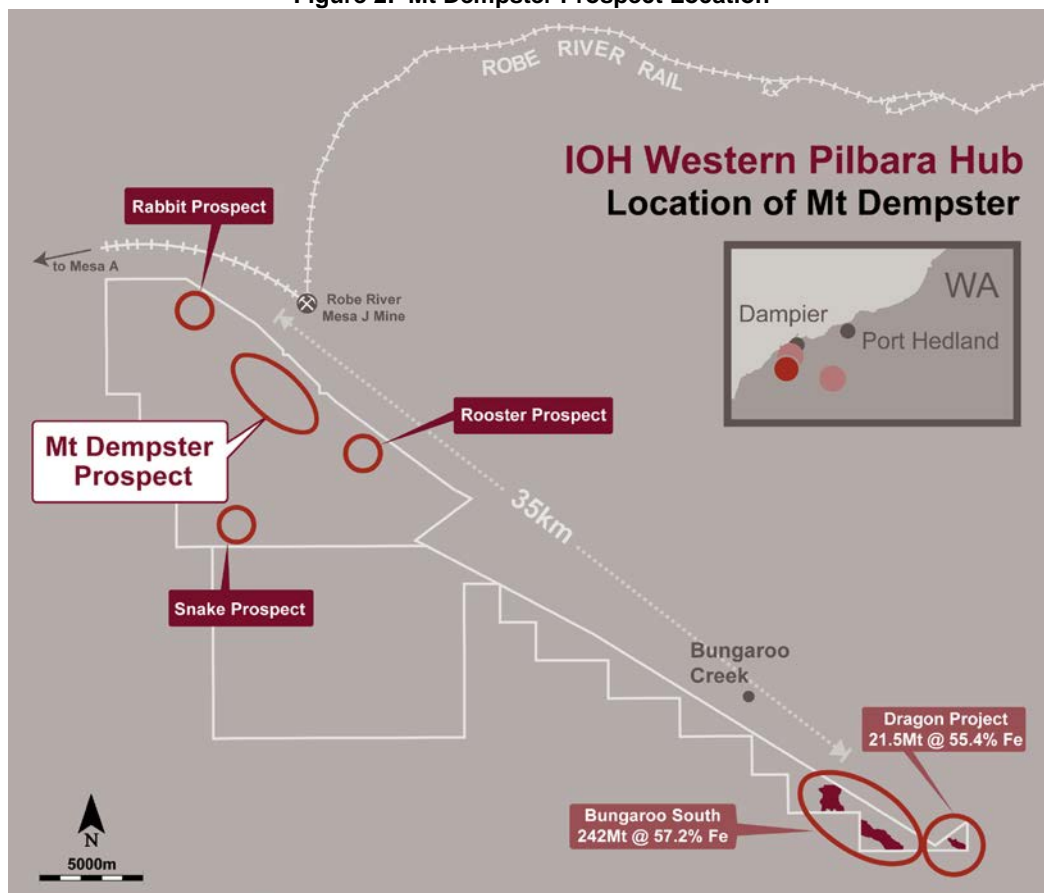


Figure 2: Mt Dempster Prospect Location

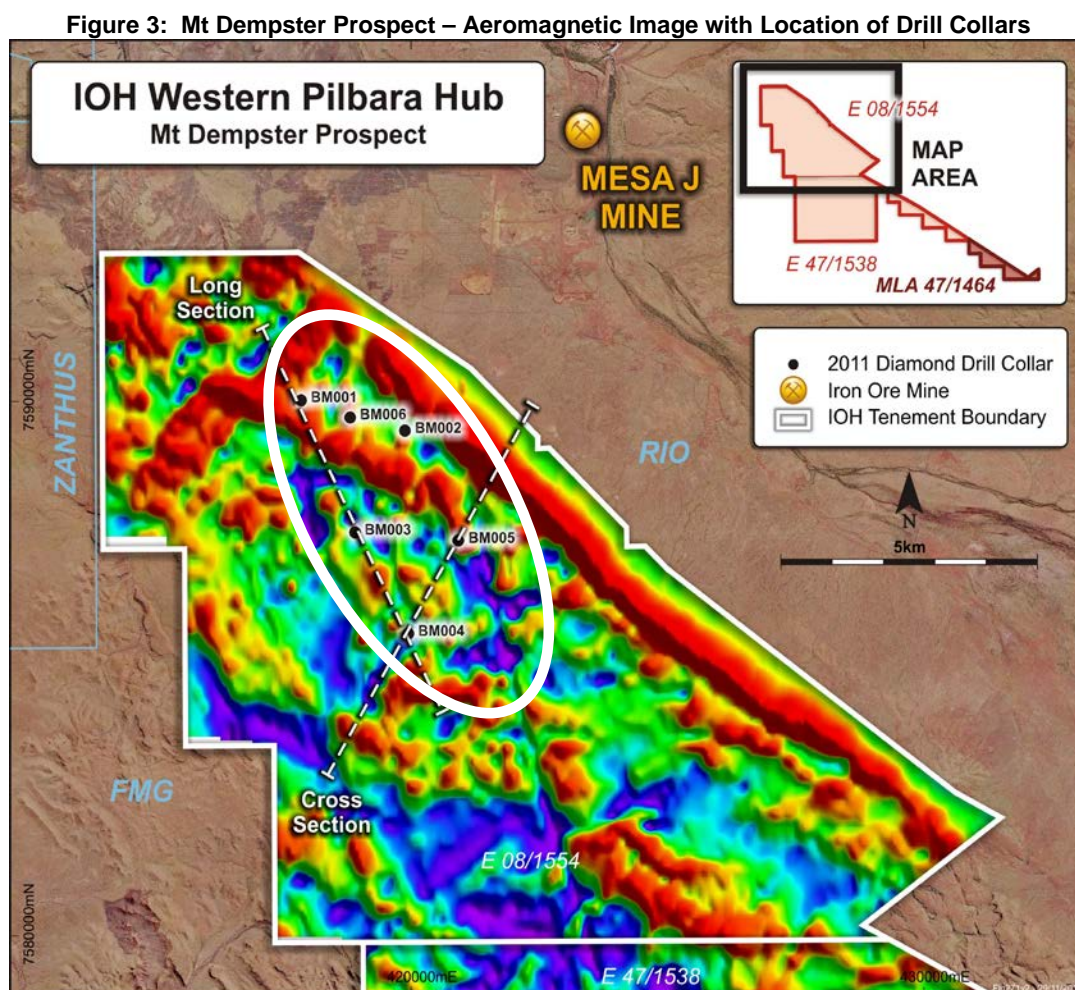


2. Geological Setting

Magnetite mineralisation at the Mt Dempster Prospect is hosted within the magnetite-bearing Banded Iron Formation (BIF) of the Brockman Iron Formation, in a similar stratigraphic location to the Sino Iron Project currently being developed at Cape Preston.

The Brockman Iron Formation consists of three magnetic BIF members: the Joffre Member; Whaleback Shale Member and Dales Gorge Member. Stage 1 drilling program was targeted to test the magnetic BIF within the Joffre Member. Magnetic readings on the core samples indicate that the Mt Dempster Prospect has a homogeneous and uniform magnetic response across the different stratigraphic domains.

Stage 1 drilling covered an overall strike length of 6km. The shallow dipping Joffre Member has an apparent thickness of 250m and has been drilled over a distance of approximately 2km across strike (refer Figure 3). Overburden layers appear to be approximately 30-40m, which indicates a potential low waste material component.



3. Stage 1 Drilling Results

The Stage 1 drilling campaign of six diamond core drill holes, conducted with helicopter transportable rigs, was completed in November 2011. A total of 1,527m was drilled within 2.5km spaced grid lines and an average of 2km spacing between holes.

The geological sequence varies from horizontal to shallow south dipping structures. The near horizontal magnetic BIF zone commences close to the surface and appears to be largely homogeneous across stratigraphic domains.

A generalised geological cross section and a long section are shown in Figures 4 & 5.

Figure 4: Mt Dempster Prospect – Geological Cross Section looking NW

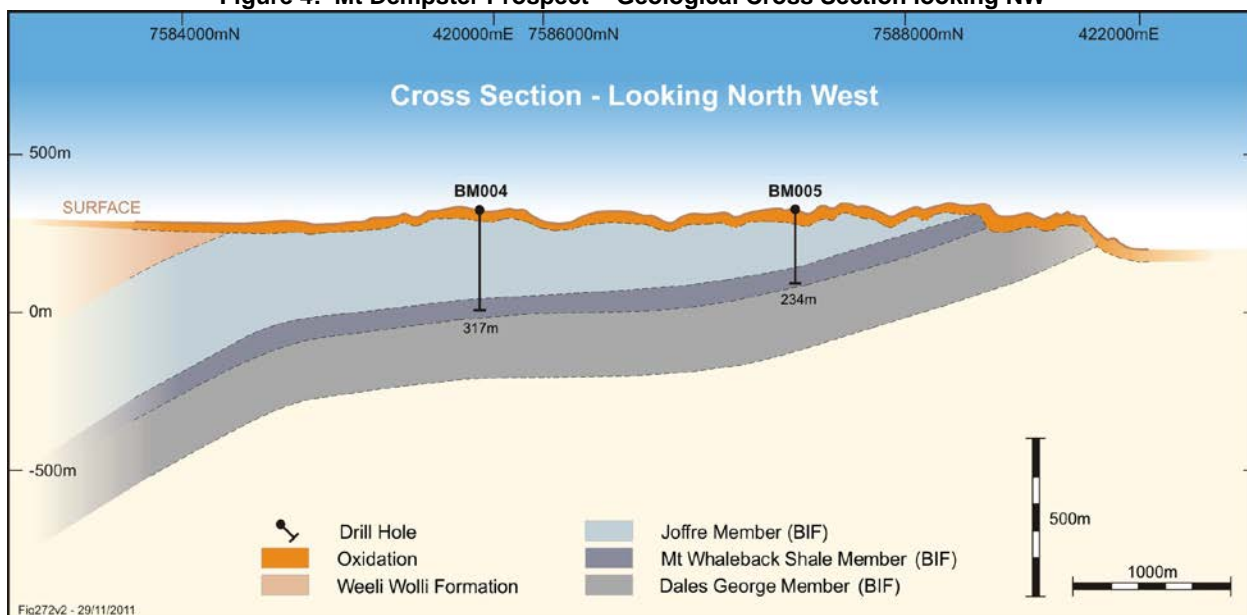
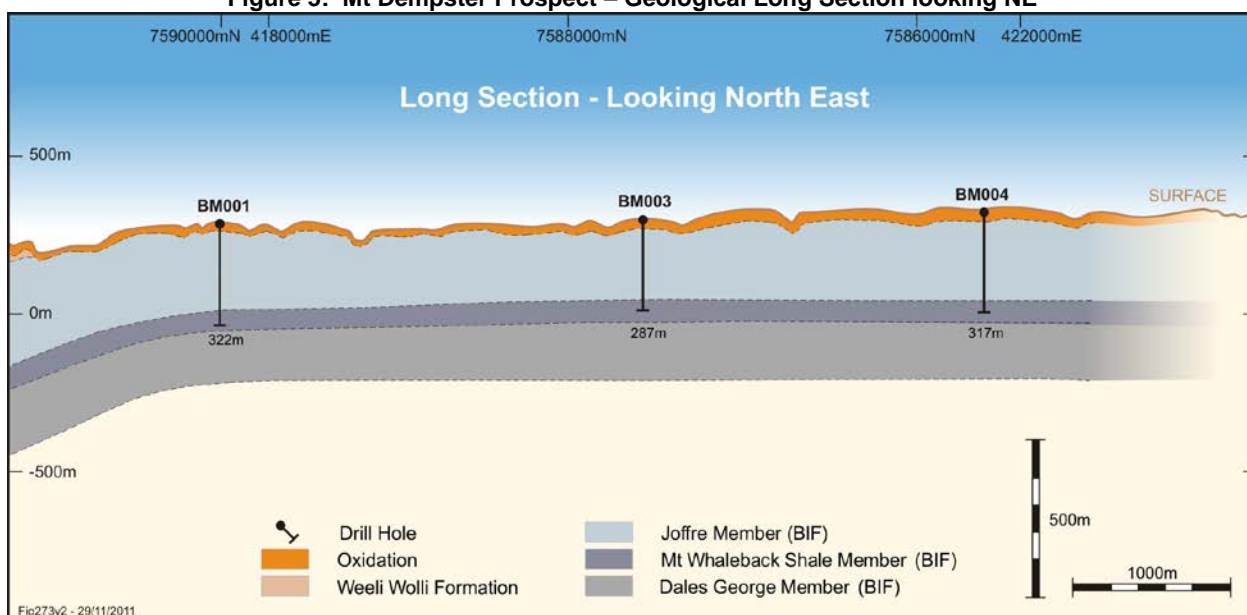


Figure 5: Mt Dempster Prospect – Geological Long Section looking NE



The different stratigraphic domains and thickness within the drill holes are summarised in Table 1.

Table 1: Magnetic BIF Intervals with Stratigraphic Domains

Drill Hole ID	Stratigraphic Domains	From	To	Thickness	Fe (%)
BM001	Oxidised Zone	0	30	30	32.6
	Joffre Member (Magnetic BIF)	30	282	252	31.0
	Whaleback Shale Member (Magnetic BIF)	282	322	40	25.5
BM002	Oxidised Zone	0	68	68	Test work in progress
	Joffre Member (Magnetic BIF)	68	85	17	
	Whaleback Shale Member (Magnetic BIF)	85	101	16	
BM003	Oxidised Zone	0	36	36	
	Joffre Member (Magnetic BIF)	36	258	222	
	Whaleback Shale Member (Magnetic BIF)	258	287	29	
BM004	Oxidised Zone	0	36	36	
	Joffre Member (Magnetic BIF)	36	280	244	
	Whaleback Shale Member (Magnetic BIF)	280	317	37	
BM005	Oxidised Zone	0	44	44	
	Joffre Member (Magnetic BIF)	44	182	138	
	Whaleback Shale Member (Magnetic BIF)	182	234	52	
BM006	Oxidised Zone	0	46	47	
	Joffre Member (Magnetic BIF)	47	165	118	
	Whaleback Shale Member (Magnetic BIF)	165	266	101	

The magnetic BIF core sample from drill hole BM004 is shown in Figure 6 below.

Figure 6: Magnetic BIF Core Sample from Drill Hole BM004



4. Exploration Potential

The following parameters were applied to determine the exploration potential of the current drilling area: Mineralized BIF zone has dimensions of ~6km by ~2km, the vertical continuity of the mineralized zone is 100m, and measurements of core samples show that the average density of the magnetic BIF is ~3.0 tonnes per cubic meter. Based on these parameters, there appears to be an exploration potential of between 2 to 3 billion tonnes² of magnetic BIF in the immediate drilling target area.

On the basis of the initial tenement mapping and aerial surveys, there may be further potential for magnetite mineralisation in the currently undrilled zones of the Mt Dempster Prospect.

5. Metallurgical Results

Head grade analysis of the first drill hole indicates iron values of 30% to 32% Fe². Stage 1 diamond core samples indicate that the magnetite is likely to have typical Balmoral-style hard and fine grain magnetite characteristics.

Important development parameters such as potential grind size and mass recovery will only be definitively known after detailed metallurgical test work. However, initial Davis Tube test work indicates that a blast furnace grade pellet feed concentrate at a grind size similar to other Pilbara magnetite projects will be technically possible.

6. Next Steps: Define Mineral Resource and Determine Metallurgical Properties

IOH is preparing for a Stage 2 drilling campaign with reverse circulation drilling in early 2012 to define the mineral resource. Planning of a Concept Study will also commence to determine detailed metallurgical properties of the magnetite and practical options for mining and infrastructure connections.

7. IOH Mineral Resources

IOH's total JORC Mineral Resource is currently 934Mt (refer Table 2). Additional exploration drilling is planned in 2012 at the Mt Dempster Prospect and other IOH locations at Maitland River, Western Satellites and Mardie.

² The potential quantity and grade of the exploration target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

Table 2: IOH JORC Mineral Resource at 1 December 2011

Hub	Project or Tenement	JORC Indicated Resource	JORC Inferred Resource	Fe	CaFe	SiO ₂	Al ₂ O ₃	P	LOI	Cut-off	Total
				(%)	(%)	(%)	(%)	(%)	(%)	(Fe)	
Central Pilbara	Iron Valley	216.3		58.4	63.0	5.1	3.1	0.18	7.3	50%	360.7Mt
			42.8	57.9	61.1	7.0	3.9	0.14	5.2	50%	
	Phil's Creek	15.1		55.6	60.5	7.2	4.2	0.10	8.1	50%	
	Lamb Creek	15.2		60.6	64.5	4.4	2.2	0.13	6.0	50%	
			24.5	54.9	58.6	10.3	4.0	0.09	6.3	50%	
	North Marillana	46.8		50.0	55.8	9.5	7.7	0.05	10.4	45%	
Western Pilbara	Bungaroo South		241.6	57.2	62.2	7.0	2.4	0.15	8.1	50%	263.1Mt
	Dragon		21.5	55.4	60.5	7.9	3.6	0.15	8.4	50%	
Coastal Pilbara	Maitland River (Magnetite)		310.0	34.7	34.7	42.0	1.4	0.06	0.1	25%	310.0Mt
Total Mineral Resource		293.4	640.4	Total Resource (Indicated and Inferred)							933.8Mt

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About Iron Ore Holdings

Iron Ore Holdings Ltd (ASX: IOH) owns and manages a portfolio of iron ore tenements and projects in the Pilbara region of Western Australia. The projects are all strategically located within close proximity to existing and planned mines and infrastructure. IOH has a stable share register and a highly experienced Board and senior management team.

Ordinary Shares on Issue: 166,087,005

Cash at 30 November 2011: \$70.5 million

Competent Persons Statement:

The information in this report that relates to exploration, exploration targets and drilling results is based on information compiled by Mr Manohar Ghorpade, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Ghorpade is a full time employee of Iron Ore Holdings Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ghorpade consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources has been compiled by Mr Lynn Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Widenbar is a full time employee of Widenbar and Associates and produced the Mineral Resource Estimates based on data and geological information supplied by IOH. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Widenbar consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.