IRON ORE HOLDINGS LTD
AND CONTROLLED ENTITIES

ABN: 17 107 492 517
Annual Financial Report for the Year Ended 30 June 2011

CONTENTS

CORPORATE DIRECTORY

Head Company
Iron Ore Holdings Ltd

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

Company Secretary
Simon Robertson

Registered and Principal Office
Level 1,
1 Altona St,
West Perth WA 6005
Tel: +61 8 9483 2000
Fax: +61 8 9321 0322

Website
www.ironoreholdings.com

Share Register
Security Transfer Registrars Pty Ltd
Suite 1, 770 Canning Highway
Applecross WA 6153

Auditors
Stantons International
Level 1, 1 Havelock Street
West Perth WA 6005

Solicitors
Hardy Bowen Lawyers
Level 1, 28 Ord Street
West Perth WA 6005

Gilbert and Tobin Lawyers
1202 Hay Street
West Perth WA 6005

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

DIRECTORS' REPORT

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2011.

The names of directors in office at any time during or since the end of the year are:

Hon Richard Court AC
Alwyn Vorster (Appointed 1 January 2011)
Brian O'Donnell
Malcolm Randall
Ryan Stokes (Appointed 1 January 2011)
Matthew Rimes (Resigned 6 August 2010)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Qualifications, Experience and Special Responsibilities of Directors

HON. RICHARD COURT AC — NON-EXECUTIVE CHAIRMAN

Qualifications — B.Comm (UWA)

Experience — Mr Court was Premier and Treasurer of Western Australia from 1993 – 2001. He retired from Parliament after nineteen years as the Member for Nedlands. His Government led the LNG marketing push into new markets, the successful deregulation of the Western Australian gas markets and the successful privatisations of the SGIO, BankWest, AlintaGas, Westrail Freight and the DBNG pipeline.

In addition to the directorships held in other listed entities detailed below, Mr Court is also Chairman of Resource Investment Strategy Consultants [RISC]; a consultant to Australian Capital Equity Pty Ltd; Director of WesTrac Holdings Pty Ltd; and, Chairman of the Channel 7 Telethon Trust.

Mr Court was appointed Companion in the General Division of the Order of Australia in June 2003 for service to the Western Australian Parliament and to the community, particularly the indigenous community, and in the areas of child health research and cultural heritage and to economic development through negotiating major resource projects including new gas markets furthering the interests of the nation as a whole.

Special Responsibilities — Audit and Risk Committee member.

Directorships held in other listed entities in the last three years — Non-executive chairman of GRD Limited until 16 November 2009 and Non-executive director of National Hire Group Limited and Chairman of National Hire Group Limited.

ALWYN VORSTER — MANAGING DIRECTOR

Qualifications — BSC (Honours) in Geology, MSc (Mineral Economics) MBA AAICD

Experience — Mr Vorster joined Iron Ore Holdings Ltd in the position of Chief Executive Officer in November 2010 and was appointed Managing Director in January 2011. Mr Vorster has more than 25 years' experience in both technical and commercial roles with some of the world's leading mining companies. Most recently, he held the position of Director Business Development of Oakajee Port and Rail (OPR). Prior to that, Mr Vorster was Rio Tinto's Regional Manager for iron ore sales into Asia, where he also served on the management board of the Channar Joint Venture (between Rio Tinto and Sinosteel). The earlier part of his career included geological and business development roles with Kumba Resources (a subsidiary of Anglo American).

Directorships held in other listed entities in the last 3 years — None.

MALCOLM RANDALL— NON-EXECUTIVE DIRECTOR

Qualifications — Dip Applied Chem. MAICD

Experience — Mr Randall has had extensive experience in corporate, management and marketing in the resource sector including over 25 years with the Rio Tinto group of companies. His iron ore experience has included senior technical and commercial management roles in Hamersley Iron Pty Ltd and a commercial advisor to the Hope Downs Iron Ore project. Mr Randall is also a non-executive director of four other ASX listed resource companies as noted below.

Special Responsibilities — Audit and Risk Committee member.

Directorships held in other listed entities in the last 3 years — Current director of Thundelarra Exploration Ltd, Matilda Zircon Ltd, Royal Resources Ltd and Summit Resources Ltd. Previous Directorships: Olympia Resources Ltd (resigned 20 November 2008), Northern Mining Ltd (resigned 6 October 2008) and United Minerals Corporation NL (resigned 18 February 2010).

BRIAN O'DONNELL– NON-EXECUTIVE DIRECTOR

Qualifications – B Comm (UWA) FCA, MAICD

Experience – Mr O'Donnell has 26 years' experience in the finance and investment industry. He joined Australian Capital Equity (ACE) as Group Treasurer in 1996, and was appointed to the Board in 2001. As Finance Director for the ACE Group, Mr O'Donnell has overall responsibility for all finance facilities and lender relationships for the ACE Group, in addition to responsibility for investment assessment, execution and management.
Prior to joining ACE, Mr O'Donnell was employed by the Deutsche Bank Group (1991-1996), Challenge Bank (1988-1991) and Arthur Andersen (1985-1988).

He has served on the Boards of several listed and unlisted public and private companies. Among other directorships, Brian is currently Non-Executive Chairman of the Landfill Gas & Power Holdings Pty Ltd Group and @www Pty Ltd and a Non-Executive Director of the Fremantle Football Club.

Special Responsibilities — Audit and Risk Committee Chairman.

Directorships held in other listed entities in the last 3 years — None

RYAN STOKES — NON-EXECUTIVE DIRECTOR

Qualifications — B.Comm (Curtin)

Experience — Mr Stokes is an Executive Director of Seven Group Holdings Limited (Seven) and Chief Executive Officer of Australian Capital Equity Pty Ltd (ACE). Mr Stokes has been with ACE and the Seven Group for over 10 years, prior to that he worked for an investment bank in New York.

Mr Stokes is also a Director of WesTrac Pty Limited, Seven Media Group Pty Ltd (since December 2006 until May 2011), alternate Director of Seven West Media Limited (formerly West Australian Newspapers Holdings Limited); Chairman of Vividwireless Group Limited, Director of Yahoo7 Pty Ltd, Consolidated Media Holdings Limited, former Chairman of Pacific Magazines, Director of the Australian Institute of Management, the Perth International Arts Festival, the Victor Chang Cardiac Research Institute and the Australian Strategic Policy Institute Council.

Directorships held in other listed entities in the last 3 years — Executive Director of Seven Group Holdings (SGH) and Engin Limited (since October 2006, until the company delisted on 8 August 2011).

Interests in the shares and options of the Company

As at the date of this report, the interests of the directors in the shares and options of Iron Ore Holdings Ltd were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Hon. Richard Court	1,181,817	-
Mr Alwyn Vorster	55,000	3,000,000
Mr Malcolm Randall	2,150,000	1,300,000
Mr Brian O'Donnell	59,090	-
Mr Ryan Stokes	-	-

Company Secretary

SIMON ROBERTSON

Qualifications - B.Bus, CA, M Appl. Fin.

Mr Robertson gained a Bachelor of Business from Curtin University in Western Australia and Master of Applied Finance from Macquarie University in New South Wales. He is a member of the Institute of Chartered Accountants and the Chartered Secretaries of Australia. Mr Robertson currently holds the position of Company Secretary for a number of publically listed companies and has experience in corporate finance, accounting and administration, capital raisings and ASX compliance and regulatory requirements.

Principal Activities

The principal activity of the consolidated group during the financial year was the exploration, study and commercialisation of mineral tenements in Western Australia. There were no significant changes in the nature of the consolidated group's principal activities during the year.

Operating Results

The consolidated loss of the consolidated group after providing for income tax amounted to $20,870,873 (2010: $19,336,829).

Review and results of Operations

During the financial year the Company continued with exploration, project study and commercialisation activities on its mineral tenements within the Pilbara region of Western Australia.

Major operational highlights were:

- Total JORC Mineral Resource increased from 399Mt to 1,019Mt including a maiden Inferred JORC Mineral Resource at the Maitland River Magnetite Project of 310Mt as announced on 4 July 2011 (refer Table 1 below);
- Advanced status of Iron Valley Pre-Feasibility level studies including Mine, Environmental and Water Studies;
- Finalisation of a Mine concept study on Bungaroo South Project delivering positive results;
- Commencement of a strategic development review of the Company's Central Pilbara Satellite projects; and
- Progressing infrastructure and commercial options for all key IOH projects.

Table 1 : JORC Mineral Resources

Project/Tenement	JORC Indicated (Mt)	JORC Inferred (Mt)	Fe (%)	CaFe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)	Cut-off (Fe)
Iron Valley	216.3		58.4	63.0	5.1	3.1	0.18	7.3	50%
Iron Valley		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	0.1	8.1	50%
North Marillana	46.8		50	55.8	9.5	7.7	0.05	10.4	45%
Lamb Creek	15.2		60.6	64.5	4.4	2.2	0.13	6	50%
Lamb Creek		24.5	54.9	58.6	10.3	4	0.09	6.3	50%
Koodaideri South		106.8	58.6	63.7	5.1	2.5	0.14	7.9	50%
Buckland Hills		241.6	57.2	62.2	7.0	2.4	0.15	8.1	50%
Total Hematite Resource	293.4	415.7							709.1Mt
Maitland River		310.0	34.7	34.7	42.0	1.4	0.06	-0.09	25%
Total Magnetite Resource		310.0							310.0Mt
IOH Total Resource	293.4	725.7	**Total Resource (Indicated and Inferred)**						1,019.0Mt

The information in this report that relates to Mineral Resources has been compiled by Mr Lynn Widenbar.

Mr Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy, 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.

The information in this report that relates to mineralisation and exploration and drilling results is based on information compiled by Mr Manohar Ghorpade, who is a Member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy. Mr Manohar 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 Manohar Ghorpade consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Financial Position and Significant Changes in the State of Affairs

The net assets of the consolidated group have increased by $25,677,333 from 30 June 2010 to $44,364,474 at 30 June 2011. This increase resulted from the completion of a successful rights issue and the exercise of options during the year offset by expenditure on the continued exploration of the economic entity's tenements.

Cash on hand at 30 June 2011 totalled $42 million.

Dividends Paid or Recommended

No dividend has been declared or paid by the Company. The directors do not recommend the payment of a dividend.

After Balance Date Events

There have been no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect:

- the consolidated group'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.

Future Developments, Prospects and Business Strategies

The consolidated group's primary strategy is the discovery and commercialisation of iron ore deposits .

The Company intends to continue its current operations of mineral exploration and tenement acquisition with a view to the commercial development of discovered or acquired mineral resources.

The ability of the Company to achieve successful commercial developments will depend to a certain degree upon the success of its exploration and project development programs.

Environmental Regulation and Performance

The consolidated group's activities in Australia are subject to the Native Title Act of the Commonwealth or State. There have been no significant known breaches of the consolidated entity's obligations under these Acts. The consolidated group is not aware of any matters that cannot be resolved through the normal legal process, should they arise.

Share Options

Unissued shares

At the date of this report, the unissued ordinary shares of Iron Ore Holdings Ltd under option are as follows

Grant Date	Expiry Date	Exercise Price	Number under option
8 July 2009	1 July 2012	$1.125	450,000
24 November 2009	30 September 2012	$1.125	3,000,000
9 March 2010	31 August 2012	$2.975	300,000
11 Nov 10	24 June 2012	$0.975	50,000
12 Oct 10	30 September 2013	$2.475	500,000
12 Oct 10	11 October 2013	$2.475	500,000
25 Feb 11	25 February 2014	$2.725	300,000
25 Feb 11	25 February 2014	$2.975	500,000
8 Apr 11	8 April 2014	$2.725	615,000
8 Apr 11	8 April 2014	$2.975	2,435,000

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options

During the financial year 4,091,961 listed options to acquire ordinary shares in the Company were exercised at an exercise price of $1.00 per share and 564,290 listed options to acquire ordinary shares in the Company were exercised at an exercise price of $0.975 per share. During the financial year, current and former employees and executives have exercised 975,000 options to acquire fully paid ordinary shares in Iron Ore Holdings Ltd, at a weighted average exercise price of $1.05 per share.

Indemnification and Insurance of Directors and Officers

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was $21,499 exclusive of GST (2010: $11,529).

Meetings of Directors

The number of formal meetings of directors (including committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Directors' Meetings		Committee Meetings – Audit and Risk Committee	
	Number eligible to attend	**Number attended**	**Number eligible to attend**	**Number attended**
Hon R Court	8	8	2	2
Mr A Vorster *1	5	5	-	-
Mr M Randall	8	8	2	2
Mr B O'Donnell	8	8	2	2
Mr R Stokes*2	5	3	-	-
Mr M Rimes*3	-	-	-	-

*1 Mr Vorster was appointed a director on 1 January 2011
*2 Mr Stokes was appointed a director on 1 January 2011
*3 Mr Rimes resigned as a director on 6 August 2010

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 16.

REMUNERATION REPORT

(Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. It also provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 *Related Party Disclosures*, which have been transferred to the Remuneration Report in accordance with Corporations Regulation 2M.6.04. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes Chief Financial Officer, General Manager Exploration, General Manager Project Development and Chief Geologist.

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives
- Link executive rewards to shareholder value
- A portion of executive remuneration may be put 'at risk', dependent on meeting pre-determined performance benchmarks
- Where appropriate, establish performance hurdles in relation to variable executive remuneration

Due to the early stage of development which the Company is in, shareholder wealth is directly affected by the Company share price, as the Company is not in a position to pay dividends. By remunerating Directors and Executives in part by share based payments, the Company aims to align the interests of Directors and Executives with shareholder wealth, thus providing individual incentive to perform and thereby improving overall Company performance and associated value.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

NON-EXECUTIVE DIRECTOR REMUNERATION

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate directors' fees payable to non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. Shareholders' have approved aggregate non-executive directors' fees payable of $250,000 per year.

The amount of aggregate directors' fees sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board may consider advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each non-executive director receives a fee for being a director of the company. No additional fees are currently paid for directors sitting on Board committees. However, if a director performs extra or special services beyond their role as a director, the Board may resolve to provide additional remuneration for such services.

Fees for directors are not linked to the performance of the economic entity however, to align all directors' interests with shareholder interests, directors are encouraged to hold shares in the Company and may receive options. This effectively links directors' performance to the share price performance and therefore to the interests of shareholders. For this reason there are no performance conditions prior to grant, but instead an incentive to increase the value to all shareholders.

During the financial year ended 30 June 2011 the Company granted a total of 300,000 options to Non-Executive Directors. The value of options granted is being expensed over the vesting period. Refer table 3 set out on page 15 of this report for full details of the number, fair value and vesting conditions of these options.

The remuneration of non-executive directors for the years ended 30 June 2011 and 30 June 2010 are detailed in Table 1 and 2 respectively on pages 13 and 14 of this report.

EXECUTIVE REMUNERATION

Objective

The Company aims to reward executives (both directors and company executives) with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Attract and retain high quality individuals;
- Reward executives for Company performance;
- Align the interest of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

Structure

Executive remuneration consists of both fixed and variable elements.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually or upon renewal of fixed term contracts by the Board and the process consists of a review of Company and individual performance, relevant comparative remuneration in the market and internal policies and practices.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The remuneration of executive directors for the years ended 30 June 2011 and 30 June 2010 are detailed in Table 1 and 2 respectively on pages 13 and 14 of this report.

Variable Remuneration

Objective

The objective of variable remuneration provided is to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Structure

Variable remuneration may be delivered in the form of a short term incentive scheme or share options granted directly or under the Employee Share Option Plan.

During the financial year ended 30 June 2011 the Company granted options to the Managing Director and other Executives. The value of options granted is being expensed over the vesting period. Refer to Table 3 set out on page 15 of this report for full details of the number, fair value and vesting conditions of these options.

Employment Contracts

Managing Director

The employment conditions of the Managing Director Mr Vorster were formalised in a contract of employment for 3 years which commenced on 15 November 2010. The contract may be terminated by the Company in certain circumstances by giving 3 months' notice. If the contract is terminated, Mr Vorster will receive an equivalent of 3 months' salary.

The employment conditions of the previous Managing Director, Mr Rimes were formalised in a contract of employment for 3 years which commenced on 1 May 2007 and expired on 30 April 2010. From 1 May 2010, Mr Rimes was paid an equivalent monthly retainer up to and including the date of his resignation on the 6th August 2010.

Other Executives

The General Manager Exploration, General Manager Project Development, Chief Financial Officer and Chief Geologist are employed under contracts with no fixed term. The contracts of employment vary by employee but stipulate either a one or two month termination period. Where the employer terminates the employee in accordance with the Agreement for any reason other than the reasons set out in the Agreement, the employer will pay to the employee the equivalent month's remuneration and any arrears including but not limited to accrued annual leave and long service leave.

Key Management Personnel Remuneration

TABLE 1: REMUNERATION FOR THE YEAR ENDED 30 JUNE 2011

	Short Term Salary, Fees & Commissions	Post Employment Superannuation	Other	Share Based Payment Options	Total	Remuneration Consisting of Options
Executive Directors	**$**	**$**	**$**	**$**	**$**	**%**
A Vorster – Managing Director *1	280,900	25,156	44,718	890,957	1,241,731	72%
M Rimes – Managing Director *2	18,750	7,507	1,955	-	28,212	-
Non-Executive Directors						
Hon R Court AC -Chairman	60,000	5,400	1,955	-	67,355	-
M Randall	60,000	5,400	101,955	29,965	197,320	15%
B O'Donnell	45,000	4,050	26,955	-	76,005	-
R Stokes *3	22,500	2,025	1,954	-	26,479	-
Other key management personnel						
N McAuliffe – Chief Financial Officer *4	192,169	17,295	1,954	51,100	262,518	19%
A Greenaway – General Manager Exploration *5	45,261	5,089	1,954	-	52,304	-
M Strizek – General Manager Exploration *6	122,250	10,200	1,954	51,100	185,504	28%
P Rose - General Manager Project Development *7	111,791	9,240	1,954	51,100	174,085	29%
M Ghorpade - Chief Geologist	214,181	18,675	1,954	130,697	365,507	36%
Total	**1,172,802**	**110,037**	189,262	**1,204,919**	**2,677,020**	

*1 Mr Vorster commenced 15 November 2010.
*2 Mr Rimes resigned 6 August 2010.
*3 Mr Stokes commenced 1 January 2011.
*4 Mr McAuliffe commenced 9 December 2010 and resigned 16 June 2011.
*5 Mr Greenaway resigned 10 September 2010.
*6 Mr Strizek commenced 24 January 2011 and resigned 30 June 2011.
*7 Mr Rose commenced 7 February 2011 and resigned 30 June 2011.

TABLE 2: REMUNERATION FOR THE YEAR ENDED 30 JUNE 2010

	Short Term	Post Employment		Share Based Payment		
	Salary, Fees & Commissions	Superannuation	Other	Options	Total	Remuneration Consisting of Options
Executive Directors	$	$	$	$	$	%
M Rimes – Managing Director *1	301,153	25,200	1,647	1,950,127	2,278,127	86%
Non-Executive Directors						
M Randall – Chairman	75,000	6,750	1,647	975,063	1,058,460	92%
Hon R Court	45,000	4,050	1,647	-	50,697	-
B O'Donnell	45,000	4,050	1,647	-	50,697	-
Other key management personnel						
A Greenaway – General Manager Exploration	320,715	19,952	1,647	35,581	377,895	9%
M Ghorpade - General Manager Technical Services	60,654	4,746	549	306,930	372,879	82%
B Hodgins- General Manager Project Development *2	201,667	18,150	1,647	33,446	254,910	13%
A Duncan-Kemp –Phil's Creek Study Manager *3	127,292	10,800	1,098	14,197	153,387	9%
Total	**1,176,481**	**93,698**	**11,529**	**3,315,334**	**4,597,042**	

*1 Mr Rimes resigned 6 August 2010.
*2 Mr Hodgins resigned 28 May 2010
*3 Mr Duncan Kemp resigned 26 February 2010.

TABLE 3: COMPENSATION OPTIONS - GRANTED AND VESTED DURING THE YEAR (CONSOLIDATED)

2011	Granted			Terms & Conditions for each Grant				Vested	Vested
	No.	Grant Date	Fair value per option at grant date	Exercise price per option	Expiry date	First exercise date	Last exercise date	No.	%
Directors			$	$					
A Vorster	500,000	12-Oct-10	0.545	2.475	11-Oct-13	12-Oct-10	11-Oct-13	500,000	100
A Vorster	500,000	8-Apr-11	0.63	2.725	8-Apr-14	15-May-11	8-Apr-14	500,000	100
A Vorster	1,000,000	8-Apr-11	0.587	2.975	8-Apr-14	15-Nov-11	8-Apr-14	-	-
A Vorster	1,000,000	8-Apr-11	0.587	2.975	8-Apr-14	15-Nov-12	8-Apr-14	-	-
M Randall	150,000	8-Apr-11	0.587	2.975	8-Apr-14	5-Apr-12	8-Apr-14	-	-
M Randall	150,000	8-Apr-11	0.587	2.975	8-Apr-14	5-Apr-13	8-Apr-14	-	-
Other KMP									
N McAuliffe	100,000	25-Feb-11	0.511	2.725	25-Feb-14	25-Feb-11	25-Feb-14	100,000	100
N McAuliffe	150,000	25-Feb-11	0.511	2.725	25-Feb-14	25-Aug-11	25-Feb-14	-	-
N McAuliffe	250,000	25-Feb-11	0.47	2.975	25-Feb-14	25-Feb-12	25-Feb-14	-	-
N McAuliffe	250,000	25-Feb-11	0.47	2.975	25-Feb-14	25-Feb 13	25-Feb-14	-	-
M Strizek	100,000	25-Feb-11	0.511	2.725	25-Feb-14	25-Feb-11	25-Feb-14	100,000	100
M Strizek	150,000	25-Feb-11	0.511	2.725	25-Feb-14	25-Aug-11	25-Feb-14	-	-
M Strizek	250,000	25-Feb-11	0.47	2.975	25-Feb-14	25-Feb-12	25-Feb-14	-	-
M Strizek	250,000	25-Feb-11	0.47	2.975	25-Feb-14	25-Feb 13	25-Feb-14	-	-
P Rose	100,000	25-Feb-11	0.63	2.725	25-Feb-14	25-Feb-11	25-Feb-14	100,000	100
P Rose	150,000	25-Feb-11	0.63	2.725	25-Feb-14	25-Aug-11	25-Feb-14	-	-
P Rose	250,000	25-Feb-11	0.47	2.975	25-Feb-14	25-Feb-12	25-Feb-14	-	-
P Rose	250,000	25-Feb-11	0.47	2.975	25-Feb-14	25-Feb 13	25-Feb-14	-	-
M Ghorpade	250,000	25-Feb-11	0.47	2.975	25-Feb-14	25-Feb-12	25-Feb-14	-	-
M Ghorpade	250,000	25-Feb-11	0.47	2.975	25-Feb-14	25-Feb-13	25-Feb-14	-	-
	6,050,000							1,300,000	

2010	Granted			Terms & Conditions for each Grant				Vested	Vested
	No.	Grant Date	Fair value per option at grant date	Exercise price per option	Expiry date	First exercise date	Last exercise date	No.	%
Directors			$	$					
M Randall	1,000,000	24-Nov-09	0.975	1.15	30-Sep-12	24-Nov-09	30 Sep 12	1,000,000	100
M Rimes	2,000,000	24-Nov-09	0.975	1.15	30-Sep-12	24-Nov-09	30 Sep 12	2,000,000	100
Other KMP									
M Ghorpade	100,000	9-Mar-10	1.258	3.00	31-Aug-12	9-Mar-10	31 Aug 12	100,000	100
M Ghorpade	100,000	9-Mar-10	1.258	3.00	31-Aug-12	9-Sep-10	31 Aug 12	-	-
M Ghorpade	100,000	9-Mar-10	1.258	3.00	31-Aug-12	9-Mar-11	31 Aug 12	-	-
	3,300,000							3,100,000	

TABLE 4: VALUE OF OPTIONS AWARDED, EXERCISED AND LAPSED DURING THE YEAR

2011	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year %
DIRECTORS				
A Vorster	890,957	-	-	72%
M Randall	29,965	-	-	15%
OTHER KMP				
A Greenaway	-	150,000	-	-%
N McAuliffe	51,100	-	-	19%
M Strizek	51,100	-	-	28%
P Rose	51,100	-	-	29%
M Ghorpade	130,697	82,500	-	36%

2010	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year %
	$	$	$	
DIRECTORS				
M Randall	975,063	3,415,000	-	92%
M Rimes	1,950,127	3,990,000	-	86%
Hon RF Court	-	1,010,000	-	-
OTHER KMP				
A Greenaway	-	332,500	-	9%
B Hodgins	-	150,000	(239,019)	13%
A Duncan-Kemp	-	172,000	(151,651)	9%
M Ghorpade	377,295	-	-	82%

For details on the valuation of the options, including models and assumptions used, please refer to Note 18.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

SHARES ISSUED ON EXERCISE OF COMPENSATION OPTIONS (CONSOLIDATED)

During the year ended 30 June 2011, 250,000 and 100,000 fully paid ordinary shares were issued on the exercise of $1.00 unlisted options to A Greenaway and M Ghorpade respectively.

Signed in accordance with a resolution of the directors.

Hon Richard Court AC
Chairman
2 September 2011

Level 1, 1 Havelock St
West Perth WA 6005
Australia
PO Box 1908
West Perth WA 6872
Australia

t: +61 8 9481 3188
f: +61 8 9321 1204

w: www.stantons.com.au
e: info@stantons.com.au

Stantons International Audit and Consulting Pty Ltd
(ABN 84 144 581 519) trading as
Stantons International
Chartered Accountants and Consultants

02 September 2011

Board of Directors
Iron Ore Holdings Limited
Level 1, 1 Altona Street
WEST PERTH WA 6005

Dear Sirs

RE: IRON ORE HOLDINGS LIMITED

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 Limited.

As Audit Director for the audit of the financial statements of Iron Ore Holdings Limited for the year ended 3o June 2011, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

JP Van Dieren
Director

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Iron Ore Holdings Ltd (the "Company") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Since the introduction of the ASX Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines"), the Company has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Guidelines, the Company has followed each Recommendation where the Board has considered the Recommendation to be appropriate. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The table below summarises the Company's compliance with the Corporate Governance Council's Recommendations.

	Recommendation	Comply Yes / No	Reference / Explanation
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions .	Yes	Page 19
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	Page 24
2.1	A majority of the Board should be independent directors.	No	Page 25
2.2	The chairperson should be an independent director.	No	Page 25
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	Yes	Page 20
2.4	The Board should establish a nomination committee.	No	Page 25
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	Page 24
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: - the practices necessary to maintain confidence in the Company's integrity; - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	Page 21
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	Yes	Page 22
4.1	The Board should establish an audit committee.	Yes	Page 20
4.2	Structure the audit committee so that it consists of: - only non-executive directors; - a majority of independent directors; - an independent chairperson, who is not chairperson of the Board; - at least three members.	No	Page 25
4.3	The audit committee should have a formal charter.	Yes	Website
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	Website
6.1	Design and disclose a communications strategy to promote effective communications with shareholders and encourage effective participation at general meetings and disclose their policy or a summary of that policy.	Yes	Website
7.1	The Board or appropriate Board committee should establish policies on risk oversight and management.	Yes	Page 23
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Yes	Page 23
7.3	Disclose whether the Board has received assurance from the CEO and CFO that the declaration provided in accordance with CA section 295A is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Page 23
8.1	The Board should establish a remuneration committee.	No	Page 25

	Recommendation	Comply Yes / No	Reference / Explanation
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Yes	Page 24

The Company's corporate governance practices were in place throughout the year ended 30 June 2011.

Further information about the Company's corporate governance practices is set out on the Company's website at www.ironoreholdings.com. In accordance with the recommendations of the ASX, information published on the Company's website includes charters (for the Board and its sub-committees), codes of conduct and other policies and procedures relating to the Board and its responsibilities.

Board of Directors

Role of the Board and Management

The Board represents shareholders' interests in developing and then continuing a successful business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Group (being Iron Ore Holdings Ltd and its subsidiaries), is managed in such a way to best achieve this desired result. Given the early development stage of this business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Group.

The Board has sole responsibility for the following:

- Appointing, evaluating, rewarding and removing the Managing Director and Company Secretary;
- Determining the strategic direction and financial objectives of the Group and measuring performance of management against approved strategies and financial objectives;
- Reviewing the adequacy of resources for management to properly carry out approved strategies and business plans;
- Reviewing and approving management's development of corporate strategy and performance objectives;
- Approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Group's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Group's financial affairs;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Group's corporate governance practices are being continually reviewed and improved as the Group's business develops.

Composition of the Board and New Appointments

The Company currently has the following Board members:

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

The Company's Constitution provides that the number of Directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed and the optimum number of Directors required for the Board to properly perform its responsibilities and functions assigned.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of Directors (other than Managing Director, regardless of whether this is a joint or singular position) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the *Corporations Act 2001*, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

Committees of the Board

To assist the Board in carrying out its responsibilities, the Board has established the following committees:

- Audit and Risk Committee

The Audit and Risk Committee operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit and Risk Committee are non-executive directors.

The members of the Audit and Risk Committee during the year were:

Mr Brian O'Donnell	Chairman
Mr Malcolm Randall	
Hon. Richard Court AC	

Qualifications of Audit and Risk Committee members
Mr O'Donnell is a qualified chartered accountant, and is a Fellow of the Institute of Chartered Accountants of Australia. He has formerly been the chairman of Audit Committees of listed and unlisted public companies, and is the Finance Director of the Australian Capital Equity Pty Limited group of companies.

Mr Randall has had extensive experience in corporate, management and marketing in the resource sector including over 20 years with the Rio Tinto group of companies. This has included senior technical and commercial management roles in Hamersley Iron Pty Ltd and a commercial advisor to the Hope Downs Iron Ore project. Mr Randall is also a non-executive director of three ASX listed resource companies.

Hon. Richard Court AC was Premier and Treasurer of Western Australia from 1993 to 2001 and retired from Parliament after nineteen years as the Member for Nedlands. His Government achieved the successful privatisation of SGIO, BankWest, AlintaGas, Westrail Freight and Dampier to Bunbury natural gas pipeline. Hon. Court AC was actively involved with initiatives to expand the resources sector including the successful deregulation of the Western Australian gas market, the LNG marketing push into China and Korea, and infrastructure support for the mining and oil and gas sector – these interests are now being actively pursued through the private sector.

For details of the number of Audit and Risk Committee meetings held during the year and the attendees at those meetings, refer to the Directors' Report.

Conflicts of Interest

In accordance with the *Corporations Act 2001* and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

Ethical Standards

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Group.

Code of Conduct

The Board has adopted a Code of Conduct for Directors, officers, employees and contractors (collectively called Employees for the purposes of the Policy) to promote ethical and responsible decision-making by the Directors.
The principles of the code are:

- Employees must act honestly, in good faith and in the best interests of the Company as a whole.
- Employees have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- Employees must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
- Employees must not take advantage of their position for personal gain or the gain of their associates.
- Employees have an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by Employees in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- Employees have an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.
- All Employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

In addition to the above principles, the Code of Conduct outlines further principles applicable specifically to Directors. These principles are as follows:

- Directors have a fiduciary relationship with the shareholders of the Company. It is unlawful for directors to improperly use their position to gain advantage for themselves.
- A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A Director must not use information concerning the activities or proposed activities of the Company, which is not public and which could materially affect the Company's share price for any purpose other than valid Company requirements.

An employee that breaches the Code Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to the Chairman and Company Secretary. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

Dealings in Company Securities

The Company's share trading policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the Directors, Officers, Employees and Consultants of the Company.

'Inside information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information (eg. even if the employee or Director overhears it or is told in a social setting).

In addition to the above, Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

Interests of Other Stakeholders

The Groups objective is to develop and commercialise its exploration tenements to create wealth for shareholders and add value for other stakeholders.

To assist in meeting its objective, the Company conducts its business within the Code of Ethics and Conduct.

Disclosure of Information

Continuous Disclosure to ASX

The continuous disclosure policy requires all executives and Directors to inform the Managing Director or the Company Secretary when the Managing Director is not available, of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information is not material and need not be disclosed if:

(i) A reasonable person would not expect the information to be disclosed or is material but due to a specific valid commercial reason is not to be disclosed; and
(ii) The information is confidential; and
(iii) One of the following applies:
  (a) It would breach a law or regulation to disclose the information;
  (b) The information concerns an incomplete proposal or negotiation;
  (c) The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
  (d) The information is generated for internal management purposes;
  (e) The information is a trade secret;
  (f) It would breach a material term of an agreement, to which the Company is a party, to disclose the information;
  (g) The information is data that the release of which may benefit the Company's potential competitors.

The Managing Director is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

Communication with Shareholders

The Company places considerable importance on effective communications with shareholders.

The Group's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the Group is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- Half Yearly Report;
- Presentations at the Annual General Meeting/General Meetings;
- Annual Report; and
- Periodic presentations to investors.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Group's strategy and goals.

The Company also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

Risk Management

Identification of Risk

The Board is responsible for the oversight of the Group's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Group are highlighted in the Business Plan presented to the Board by the Managing Director each year.

Arrangements put in place by the Board to monitor risk management include:

- where appropriate the appointment of appropriately skilled consultants to provide independent assessment of operational results and proposals, and to oversee the Company's future operations and manage liaison with other industry participants;

- the Audit and Risk Committee oversees the establishment of policies on risk oversight and management; and
- periodic reporting to the Board in respect of operations and the financial position of the Company;

Integrity of Financial Reporting

The Company's Managing Director and Chief Financial Officer (or equivalent) report in writing to the Board that:

- the consolidated financial statements of the Company and its controlled entity for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Role of Auditor

The Company's auditor is invited to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Performance Review

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committee during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the Directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Company's executives include:

- a review by the Board of the Company's financial performance; and
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual.

Remuneration Arrangements

The Board has not established a Remuneration Committee responsible for making recommendations to the Board on remuneration arrangements for Directors and executives of the Company.

The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and executives with a remuneration package consisting of fixed components that reflect the person's responsibilities, duties and personal performance.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to Non-Executive Directors by other companies of similar size in the industry, and is subject to shareholder approval.

The aggregate amount payable to the Company's Non-Executive Directors for undertaking their duties as Directors must not exceed the maximum annual amount approved by the Company's shareholders (currently $250,000).

For a full discussion of the Company's remuneration philosophy and framework, and the remuneration received by directors and executives in the current period, please refer to the Remuneration Report, which is contained within the Directors' Report.

Compliance with ASX Corporate Governance Recommendations

During the Company's 2010/2011 financial year, the Company complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

Principle Reference	Recommendation Reference	Notification of Departure	Explanation for Departure
2	2.1 2.2	A majority of the Board are not independent directors The Chairperson is not an independent director.	Given the present size of the Company, the composition of the Board and its Chairperson is considered appropriate. The Board will consider the appointment of further independent directors as the Company increases in its size and complexity.
	2.4	The Board has not established a separate Nomination Committee.	The full Board carries out the role of a Nomination Committee in accordance with its Charter (which is disclosed on the Company's website). The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee.
4	4.2	A majority of the audit committee are not independent directors.	Given the present size of the Company, the composition of the Board and the Audit committee is considered appropriate. The Board will consider the appointment of further independent directors as the Company increases in its size and complexity.
8	8.1	The Board has not established a separate Remuneration Committee.	The full Board carries out the role of a Remuneration Committee in accordance with its Charter (which is disclosed on the Company's website). Due to the relatively small size of the Board, the Board considers that a separate Remuneration Committee would not add efficiency to the process of determining the level of remuneration for the directors and key executives. When considering matters of remuneration, the Board functions in accordance with the Remuneration Committee Charter which requires that shareholders approve the maximum aggregate remuneration for Non-Executive Directors (after the Board recommends the actual payments to directors) and that Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance, relevant comparative information and expert advice.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

		Consolidated Group	
		2011	2010
	Note	$	$
Revenue	4	828,821	677,823
Other income		34,851	-
Employee benefits expense	5(a)	(5,507,348)	(6,114,704)
Administration expenses		(1,699,393)	(925,489)
Exploration expenses		(13,860,756)	(12,547,962)
Depreciation and amortisation expense		(667,048)	(426,497)
Loss before income tax		(20,870,873)	(19,336,829)
Income tax expense (credit)	6	-	-
Loss from continuing operations		(20,870,873)	(19,336,829)
Other Comprehensive Income		-	-
Total Comprehensive Loss		(20,870,873)	(19,336,829)
Loss for the year attributable to members of the parent entity		(20,870,873)	(19,336,829)
Total Comprehensive Loss for the year attributable to members of the parent entity		(20,870,873)	(19,336,829)
Basic and diluted loss per share (cents per share)	7	(14.88)	(15.78)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
CURRENT ASSETS			
Cash and cash equivalents	9(a)	42,033,647	17,351,478
Trade and other receivables	10	839,481	904,497
Prepayments		118,329	53,907
TOTAL CURRENT ASSETS		42,991,457	18,309,882
NON-CURRENT ASSETS			
Trade and other receivables	10	321,598	269,000
Plant and equipment	11	1,069,295	1,444,609
Deferred mineral acquisition expenditure	12	2,684,460	2,684,460
TOTAL NON-CURRENT ASSETS		4,075,353	4,398,069
TOTAL ASSETS		47,066,810	22,707,951
CURRENT LIABILITIES			
Trade and other payables	13	2,632,598	3,757,266
Provisions	14	69,738	263,544
TOTAL CURRENT LIABILITIES		2,702,336	4,020,810
TOTAL LIABILITIES		2,702,336	4,020,810
NET ASSETS		44,364,474	18,687,141
SHAREHOLDERS' EQUITY			
Issued capital	15	92,709,760	47,818,717
Reserves	16	8,122,698	6,465,535
Accumulated losses		(56,467,984)	(35,597,111)
TOTAL SHAREHOLDERS' EQUITY		44,364,474	18,687,141

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	Issued Capital	Accumulated Losses	Option Reserve	Total
Consolidated Group	$	$	$	$
Balance at 1 July 2009	30,827,565	(16,260,282)	2,880,315	17,447,598
Total Comprehensive Income				
Loss attributable to members	-	(19,336,829)	-	(19,336,829)
Other Comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	(19,336,829)	-	(19,336,829)
Transactions with owners recorded directly into equity				
Contributions by and distributions to owners				
Shares issued during the year	16,991,152	-	-	16,991,152
Options expense for the year		-	3,585,220	3,585,220
Balance at 30 June 2010	47,818,717	(35,597,111)	6,465,535	18,687,141
Total Comprehensive Income				
Loss attributable to members	-	(20,870,873)	-	(20,870,873)
Other Comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	(20,870,873)	-	(20,870,873)
Transactions with owners recorded directly into equity				
Contributions by and distributions to owners				
Shares issued during the year	44,891,043	-	-	44,891,043
Options expense for the year	-	-	1,657,163	1,657,163
Balance at 30 June 2011	92,709,760	(56,467,984)	8,122,698	44,364,474

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2011

		Consolidated Group	
		2011	2010
	Note	$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		679,771	634,473
Research and Development Rebate		(450,155)	450,155
Payments to suppliers and employees		(5,671,098)	(3,411,171)
Payments for exploration expenditure		(14,408,560)	(10,579,849)
Net cash used in operating activities	9(c)	(19,850,042)	(12,906,392)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(326,583)	(1,206,018)
Proceeds on disposal of assets		20,351	-
Purchase of short term deposits		(52,599)	(76,273)
Net cash used in investing activities		(358,831)	(1,282,291)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		45,787,840	16,991,152
Share issue costs		(896,798)	-
Net cash provided by financing activities		44,891,042	16,991,152
Net increase in cash held		24,682,169	2,802,469
Cash at beginning of financial year		17,351,478	14,549,009
Cash at end of financial year	9(b)	42,033,647	17,351,478

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2011

1. CORPORATE INFORMATION

The financial report of Iron Ore Holdings Ltd (the Company) for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 2 September 2011.

Iron Ore Holdings Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The parent of Iron Ore Holdings Ltd is Wroxby Pty Ltd.

The nature of operations and principal activities of the Company and its subsidiaries (the Group) are described in the Directors' Report.

Separate Financial Statements for Iron Ore Holdings Ltd as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however, required financial information for Iron Ore Holdings Ltd as an individual entity is included in Note 8.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers the consolidated financial statements of Iron Ore Holdings Ltd and its subsidiary.

The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars unless otherwise stated.

Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

New Accounting Standards and Interpretations that are not yet mandatory

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013).

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard is not expected to impact on the Group's accounting for financial assets as it does not have any available for sale assets other than equity investments. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The Group has decided not to early adopt AASB 9.

(ii) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011).

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party. The Group will apply the amended standard from 1 July 2011. When the amendments are applied, the Group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

(iii) AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013).

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Iron Ore Holdings Ltd is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the entity.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of Iron Ore Holdings Ltd and its subsidiaries (as outlined in Note 19) as at 30 June each year (the Group).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether a group controls another entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings on the Statement of Financial Position.

Trade and Other Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

Collectability of receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable.

Investments and Other Financial Assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and Derecognition
All regular way purchases and sales of financial assets are recognised on trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases and sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or been transferred.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

Held-to-Maturity Investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation
Depreciation is calculated on either the straight-line basis or diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rate used for plant and equipment is 30%.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition
Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income.

Exploration and Evaluation Expenditure

Exploration and evaluation costs are expensed as incurred as an operating cost of the Group. Costs related to the acquisition of properties that contain mineral resources are allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined.

Impairment of Assets

Iron Ore Holdings Ltd conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee
Operating lease payments, where substantially all the risk and benefits remain with the lessor, are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Trade and Other Payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to balance date that are unpaid, and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

Provisions and Employee Benefits

Provisions are recognised when the Group has a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Share Based Payment Transactions

Equity settled transactions
The Group provides benefits to its employees, including key management personnel (KMP), in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions). This is achieved either directly or through the Iron Ore Holdings Ltd Employee Share Option Plan.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Company Secretary using a recognised option valuation model, further details of which are given in Note 18.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Iron Ore Holdings Ltd (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the Statement of Comprehensive Income is the product of:

(i) the grant date fair value of the award;
(ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
(iii) the expired portion of the vesting period.

The charge to the Statement of Comprehensive Income for the period is the cumulative amount as calculated above less the amounts already charged to previous periods. There is a corresponding entry to equity.

Equity-settled awards granted by Iron Ore Holdings Ltd to employees of its subsidiary are recognised in the parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. As a result, the expense recognised by Iron Ore Holdings Ltd in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for a cancelled award and designated as a replacement award on the date that it was granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(iv) Interest revenue
Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income Tax and Other Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at reporting date.

Deferred income tax is provided on all temporary differences at financial year end between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting or taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting or taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the amount of GST incurred on a purchase of goods or services is not recoverable from the Australian Tax Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Earnings per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Operating Segments

From July 1 2009, 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Significant accounting judgements

Determination of mineral resources

The determination of mineral resources impacts the accounting for asset carrying values. Iron Ore Holdings Ltd estimates its mineral resources in accordance with the *Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004* (the 'JORC' Code). The information on mineral resources was prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the mineral resources determined under the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources, and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in reserves being restated.

Significant accounting estimates and assumptions

Impairment of capitalised mineral acquisition expenditure

The future recoverability of capitalised mineral acquisition expenditure is dependent upon a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised mineral acquisition expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

In addition, mineral acquisition expenditure is capitalised if activities in an area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which the determination is made.

Share based payment transactions

The Group measures the cost of equity-settled share based payment transactions with employees by reference to the fair value of the equity instruments at the grant date. The fair value is determined by the Company Secretary using a recognised option valuation model, with the assumptions detailed in Note 18. The accounting estimates and assumptions relating to equity-settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

	Note	Consolidated Group	
		2011	2010
		$	$
4. REVENUE			
Interest revenue from other persons		828,821	677,823
5. LOSS FOR THE YEAR			
(a) Employee benefits expense			
Wages and salaries		3,616,637	2,336,350
Superannuation expense		233,548	193,134
Share based payments expense		1,657,163	3,585,220
		5,507,348	6,114,704
(b) Lease payments included in the Statement of Comprehensive Income			
Rental expense on operating leases			
— minimum lease payments		225,759	316,007

6. INCOME TAX

(a) The major components of income tax expense are:

	Note	Consolidate Group 2011 $	Consolidate Group 2010 $
Current income tax			
Current income tax benefit		(5,843,336)	(4,690,203)
Current income tax benefit not recognised		5,843,336	4,690,203
Research and Development rebate received			-
Deferred income tax			
Relating to the origination and reversal of temporary differences		(116,608)	(121,858)
Deferred tax assets not brought to account because their realisation is not regarded as probable		116,608	121,858
Income tax (benefit)/expense reported in the Statement of Comprehensive Income		-	-

(b) A reconciliation between tax expense and the product of accounting loss before tax multiplied by the Group's applicable income tax rate is as follows:

	2011	2010
Accounting loss before income tax	(20,870,873)	(19,336,829)
At the Group's statutory income tax rate of 30% (2010: 30%)	(6,261,262)	(5,801,049)
Share based payments	497,149	1,075,566
Other non-deductible items	37,385	502,780
Deferred tax assets not brought to account as their realisation is not regarded as probable	5,726,728	4,222,703
Income tax benefit reported in the Statement of Comprehensive Income	-	-

(c) Deferred income tax	Statement of Financial Position 2011	Statement of Financial Position 2010	Statement of Comprehensive Income 2011	Statement of Comprehensive Income 2010
Deferred income tax at 30 June relates to the following:				
Consolidated				
Deferred tax liabilities				
Accrued interest receivable	(73,038)	(28,323)	44,715	13,005
Plant and equipment	-	(18,159)	(18,159)	(20,405)
Capitalised exploration and evaluation expenditure	(17,838)	(17,838)	-	-
Recognition of losses to offset future taxable income	90,876	64,320	(26,556)	7,400
	-	-	-	-
Deferred tax assets				
Accruals	13,590	7,500	(6,090)	91,819
Provisions	20,921	79,063	58,142	(10,318)
Plant and equipment	55,657	-	(55,657)	-
Section 40-880 deductions	34,812	113,715	78,903	(8,219)
Losses available to offset against future taxable income	14,067,546	8,235,731	(5,831,815)	(4,200,932)
Recognition of losses to offset future taxable income	(90,876)	(64,320)	26,556	(7,400)
Deferred tax assets not brought to account as their realisation is not regarded as probable	(14,101,650)	(8,371,689)	5,729,960	4,135,050
	-	-	-	-

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
(d) Tax losses			
Tax losses arising in Australia	(i)	14,067,546	8,235,731

(i) Tax losses are available to carry forward indefinitely. The Group has recognised a deferred income tax asset in relation to these losses only to the extent that they offset deferred tax liabilities. Realisation of the balance of these losses is not regarded as probable.

(e) Tax consolidation

Iron Ore Holdings Ltd and its 100% owned Australian subsidiary have not formed a tax consolidated group.

7. Loss per Share

The following reflects income and share data used in the calculation of basic and diluted loss per share.

	2011	2010
Net loss	(20,870,873)	(19,336,829)
	No.	**No.**
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	140,298,323	122,574,680

As the options outstanding at reporting date would reduce the loss per share from continuing operations on conversion, the potential ordinary shares are not considered dilutive.

8. Parent Entity – Iron Ore Holdings Ltd

	2011	2010
Financial Position		
Current assets	42,991,457	18,309,882
Non-current assets	4,075,353	4,398,069
Total Assets	47,066,810	22,707,951
Current Liabilities	2,702,336	4,020,810
Total Liabilities	2,702,336	4,020,810
Shareholders' Equity		
Share Capital	92,709,760	47,818,717
Reserves	8,122,698	6,465,535
Accumulated losses	(56,467,984)	(35,597,111)
Total Shareholders' Equity	44,364,474	18,687,141
Financial Performance		
Loss for the year	20,870,873	19,336,829
Other Comprehensive Income	-	-
Total Comprehensive Income	20,870,873	19,336,829

	Note	Consolidated Group 2011 $	2010 $

8. Parent Entity – Iron Ore Holdings Ltd
CONTINUED

The Parent Company Iron Ore Holdings Ltd has no contingent liabilities as at 30 June 2011.

Operating Lease Commitments

Non-Cancellable Operating leases contracted for but not capitalised in the financial statements

Payable – minimum lease payments	Note	2011 $	2010 $
– Not later than 1 year		298,815	269,828
– Later than 1 year but not later than 5 years		704,296	637,975
		1,003,111	907,803

Mineral Acquisition Exploration Tenements

Minimum expenditure on exploration tenements payable	Note	2011 $	2010 $
– Not later than 1 year		1,131,156	280,275
– Later than 1 year but not later than 5 years		4,524,623	1,121,100
		5,655,779	1,401,375

Guarantees

The Parent Company Iron Ore Holdings Ltd has deposited $321,598 on interest bearing deposits held as security for long term tenements and rental bonds. The weighted average interest rate as at 30 June 2011 was 6.1%.

9. Cash and Cash Equivalents

(a) Cash and cash equivalents in the Statement of Financial Position	Note	2011 $	2010 $
Cash at bank and in hand		8,033,647	2,851,478
Short-term bank deposits		34,000,000	14,500,000
		42,033,647	17,351,478

(b) Reconciliation to the Statement of Cash Flows

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

	Note	2011 $	2010 $
Cash and cash equivalents		42,033,647	17,351,478

		Consolidated Group	
		2011 $	2010 $
(c) Reconciliation of net loss after income tax to cash flows used in operations			
Net loss after income tax		(20,870,873)	(19,336,829)
Non-cash adjustments			
Depreciation		667,048	426,497
Share-based payments		1,657,163	3,585,220
Changes in assets and liabilities			
(Increase) in receivables		79,515	(634,958)
(Increase) in prepayments		(64,422)	(28,830)
Increase/(decrease) in provisions		(193,806)	34,394
Increase/(decrease) in payables		(1,124,667)	3,048,114
Net cash used in operations		(19,850,042)	(12,906,392)

10. Trade and Other Receivables

CURRENT			
Interest receivable		243,461	94,411
GST receivable		511,265	730,381
Fuel Credits		70,255	79,705
Other debtors		14,500	-
		839,481	904,497
NON-CURRENT			
Interest bearing deposits	(i)	321,598	269,000
		321,598	269,000

(i) Interest bearing deposits held as security for long term tenements and rental bonds. The weighted average interest rate as at 30 June 2011 was 6.1% (2010: 4.95%).

(ii) None of the receivables are past due. Receivables are therefore not impaired and are within initial trade terms.

11. Plant and Equipment

At cost	2,312,169	2,127,463
Accumulated depreciation	(1,242,874)	(682,854)
Total Plant and Equipment	1,069,295	1,444,609

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

Balance at the beginning of the year	1,444,609	665,088
Additions	433,644	1,206,018
Disposals	(141,910)	-
Accumulated depreciation of assets sold		-
Depreciation expense	(667,048)	(426,497)
Balance at the end of the year	1,069,295	1,444,609

12. Deferred Mineral Acquisition Expenditure

Deferred exploration and evaluation expenditure	2,684,460	2,684,460

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

13. Trade and Other Payables

CURRENT			
Trade payables and accruals		2,632,598	3,757,266

14. Provisions

CURRENT			
Provision for employee benefits	(i)	69,738	128,094
Provision for stamp duty payable	(ii)	-	135,450
		69,738	263,544

(i) The measurement and recognition criteria relating to employee benefits have been included in Note 2 to this report.

(ii) The provision for stamp duty is measured as the estimated maximum amount payable. The stamp duty was paid during the year ended 30 June 2011.

15. Issued Capital

(a) Ordinary Shares			
Issued and fully paid		92,709,760	47,818,717

Fully paid ordinary shares carry one vote per share and carry the right to dividends

		2011		2010	
		No.	$	No.	$
Movement in ordinary shares on issue					
At the beginning of reporting period		135,374,850	47,818,717	116,429,948	30,827,565
Exercise of options	(i)	5,631,251	5,658,394	18,944,902	16,991,152
Capital raising		25,080,904	40,129,446		
Transaction costs		-	(896,797)	-	-
At reporting date		166,087,005	92,709,760	135,374,850	47,818,717

(i) 5,631,251 and 18,944,902 shares were issued for cash in 2011 and 2010 respectively upon exercise of options. See Note 18.

(b) Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

The Group is not subject to any externally imposed capital requirements.

16. Reserves

	Consolidated Group	
	2011 $	2010 $
Share based payments reserve	8,122,698	6,465,535

The share based payments reserve is used to record the value of share based payments provided to employees, including Key Management Personnel, as part of their remuneration. Refer to Note 17 for further details.

17. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

The key management personnel (KMP) of Iron Ore Holdings Ltd during the year were:

Court, Richard – Non-Executive Chairman
Vorster, Alwyn – Managing Director (appointed 1 January 2011)
Randall, Malcolm – Non-Executive Director
O'Donnell, Brian – Non-Executive Director
Stokes, Ryan – Non-Executive Director (appointed 1 January 2011)
Rimes, Matthew – Managing Director (resigned 6 August 2010)
Greenaway, Anthony – General Manager Exploration (resigned 10 September 2010)
Strizek, Mark - General Manager Exploration (resigned 30 June 2011)
Rose, Peter – General Manager Project Development (resigned 30 June 2011)
McAuliffe, Noel – Chief Financial Officer (resigned 16 June, 2011)
Ghorpade, Manohar – Chief Geologist

	Consolidated Group	
	2011 $	2010 $
(b) Compensation for Key Management Personnel		
Short term employee benefits	1,172,802	1,176,481
Post-employment benefits	110,037	93,698
Directors and Officers Insurance	21,499	11,529
Share based payments	1,204,919	3,315,334
Other fees	167,763	-
Total compensation	2,677,020	4,597,042

Iron Ore Holdings Ltd has applied the option to transfer KMP disclosures required by AASB 124 *Related Party Disclosures* paragraphs Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors' Report. These transferred disclosures have been audited.

17. KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Option holdings of Key Management Personnel (Consolidated)

30 June 2011	Balance at beginning of period	Granted as remuneration	Options exercised	Net change other*10	Balance at end of period	Vested at 30 June 2011 Total	Exercisable	Not exercisable
Directors								
Court, Richard	-	-	-	-	-	-	-	-
Vorster, Alwyn*1	-	3,000,000	-	-	3,000,000	3,000,000	1,000,000	2,000,000
Randall, Malcolm	1,017,500	300,000	(17,500)	-	1,300,000	1,300,000	1,000,000	300,000
O'Donnell, Brian	-	-	-	-	-	-	-	-
Stokes, Ryan*3	-	-	-	-	-	-	-	-
Rimes, Matthew*2	2,058,333			(2,058,333)	-	-	-	-
Other KMP								
Greenaway, Anthony *5	250,000	-	(250,000)	-	-	-	-	-
Strizek, Mark*6	-	750,000		(750,000)	-	-	-	-
McAuliffe, Noel*4	-	750,000		(750,000)	-	-	-	-
Rose, Peter*7	-	750,000		(750,000)				
Ghorpade, Manohar	300,000	500,000	-	-	800,000	800,000	300,000	500,000
	3,625,833	6,050,000	(267,500)	(4,308,333)	5,100,000	5,100,000	2,300,000	2,800,000

30 June 2010	Balance at beginning of period	Granted as remuneration	Options exercised	Net change other*10	Balance at end of period	Vested at 30 June 2010 Total	Exercisable	Not exercisable
Directors								
Randall, Malcolm	2,017,500	1,000,000	(2,000,000)	-	1,017,500	1,017,500	1,017,500	-
Rimes, Matthew*2	3,058,333	2,000,000	(3,000,000)	-	2,058,333	2,058,333	2,058,333	-
Court, Richard	1,000,000	-	(1,000,000)	-	-	-	-	-
O'Donnell, Brian	-	-	-	-	-	-	-	-
Other KMP								
Greenaway, Anthony	500,000	-	(250,000)	-	250,000	250,000	250,000	-
Hodgins, Brett *8	500,000	-	(300,000)	(200,000)	-	-	-	-
Duncan-Kemp, Alexander *9	300,000	-	(200,000)	(100,000)	-	-	-	-
Ghorpade, Manohar	-	300,000	-	-	300,000	300,000	100,000	200,000
	7,375,833	3,300,000	(6,750,000)	(300,000)	3,625,833	3,625,833	3,425,833	200,000

*1 Mr Vorster commenced 15 November 2010 and was appointed to the Board on 1 January 2011.
*2 Mr Rimes resigned 6 August 2010.
*3 Mr Stokes commenced 1 January 2011.
*4 Mr McAuliffe commenced 9 December 2010 and resigned 16 June 2011.
*5 Mr Greenaway resigned 10 September 2010.
*6 Mr Strizek commenced 24 January 2011 and resigned 30 June 2011.
*7 Mr Rose commenced 7 February 2011 and resigned 30 June 2011.
*8 Mr Hodgins resigned 28 May 2010
*9 Mr Duncan Kemp resigned 26 February 2010.
*10 Net Change Other represents the number of options held at the date of resignation.

17. Key Management Personnel (continued)

(d) Shareholdings of Key Management Personnel (Consolidated)

Ordinary shares held in Iron Ore Holdings Ltd (number)

30 June 2011	Balance 1 July 10	Granted as remuner-ation	On exercise of options	Net change other	Balance 30 June 11
Court, Richard	1,000,000	-	-	181,817	1,181,817
Vorster, Alwyn *	-			55,000	55,000
Randall, Malcolm	2,107,500	-	17,500	25,000	2,150,000
O'Donnell, Brian	50,000	-	-	9,090	59,090
Stokes, Ryan *	-	-	-	-	-
Rimes, Matthew **	3,605,000	-	-	(3,605,000)	-
	6,762,500	-	17,500	(3,334,093)	3,445,907

30 June 2010	Balance 1 July 09	Granted as remuner-ation	On exercise of options	Net change other	Balance 30 June 10
Randall, Malcolm	207,500	-	2,000,000	(100,000)	2,107,500
Rimes, Matthew **	705,000	-	3,000,000	(100,000)	3,605,000
Court, Richard	300,000	-	1,000,000	(300,000)	1,000,000
O'Donnell, Brian	-	-	-	50,000	50,000
	1,212,500	-	6,000,000	(450,000)	6,762,500

* Mr Vorster commenced 15 November 2010 and was appointed to the Board on 1 January 2011. Mr Stokes joined the Board on 1 January 2011.
** Mr Rimes resigned from the Board on 6 August 2010.

(e) Loans to Key Management Personnel

There are no loans between the entity and KMP.

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $

18. Share Based Payments

(a) Recognised share based payment expenses

	Note	2011 $	2010 $
The expense recognised for employee services received during the year is show in the table below:			
Expense arising from equity-settled share based payment transactions	5	1,657,163	3,585,220

The share based payment plans are described below.

(b) Employee Share Option Plan (ESOP)

On 24 November 2009 Shareholders approved the Iron Ore Holdings Ltd Employee Option Scheme. The purpose of the Scheme is to:

(i) recognise the ongoing ability of employees of the Company and their expected efforts and contribution in the long-term to the performance of the Company;

(ii) provide an incentive to the employees of the Company to remain in their employment in the long-term;

(iii) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees; and

(iv) provide employees of the Company with the opportunity to acquire Options, and ultimately shares in the Company, in accordance with these rules.

(c) Summary of options granted under ESOP and other arrangements

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

		2011 No.	2011 WAEP	2010 No.	2010 WAEP
Outstanding at the beginning of the year		4,975,000	$1.24	12,800,000	$0.87
Granted during the year		7,000,000	$2.86	3,950,000	$1.29
Exercised during the year	(i)	(975,000)	$1.05	(10,925,000)	$0.82
Expired during the year		(2,350,000)	$1.99	(850,000)	$1.19
Outstanding at the end of the year		8,650,000	$2.20	4,975,000	$1.24
Exercisable at the end of the year		6,215,000	$1.87	4,775,000	$1.16

(i) The weighted average share price at the date of exercise was $1.67 (2010: $2.07)

(d) Weighted average remaining contractual life

The weighted average remaining contractual life of the share options outstanding as at 30 June 2011 is 2.02 years (2010: 1.83 years)

(e) Range of exercise prices

The range of exercise prices for options outstanding at the end of the year was $0.975 - $2.975 (2010: $1.00 - $3.00)

(f) Weighted average fair value

The weighted average fair value of options granted during the year was $0.60 (2010: $0.90)

(g) Option pricing model

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black Scholes Model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the years ended 30 June 2011 and 30 June 2010:

	2011	2010
Dividend yield (%)	0%	0%
Expected volatility (%)	60%-69%	95%
Risk free interest rate (%)	4.89%-5.22%	5.22%
Expected life of the option (years)	2.12 – 3.00	2.48 – 2.98
Option exercise price ($)	$1.00 - $3.00	$1.15 - $3.00
Share price at grant date ($)	$1.53 - $1.92	$0.73 - $2.40

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

19. Related Party Disclosure

(a) Controlled Entities

The consolidated financial statements include the financial statements of Iron Ore Holdings Ltd and the following subsidiary:

	% Equity Interest		Investment	
	2011	2010	2011	2010
PEL Iron Ore Pty Ltd (incorporated in Australia)	100	100	2,625,000	2,625,000

The Company paid costs of $7,607,863 (2010: $990,287) on behalf of the subsidiary during the year. Included in the Company's non-current assets referred to in Note 8, is a loan to the subsidiary of $9,442,582 (2010: $1,834,719). The loan is non-interest bearing, unsecured and repayable on demand. In the current year the company made an allowance for impairment of the loan to the subsidiary of $9,442,582 (2010: $1,834,719). An allowance for impairment is recognised when the net assets of the controlled entity (excluding the loan payable to the Company) falls below the carrying value of the loan. An allowance for impairment is reversed when the net assets of the controlled entity (excluding the loan payable to the Company) exceed the carrying value of the loan.

(b) Acquisition of Controlled Entities

On 12 April 2007 the parent entity acquired 100% of PEL Iron Ore Pty Ltd, with Iron Ore Holdings Ltd entitled to all profits earned from 12 April 2007 for a purchase consideration of $2,625,000.

(c) Ultimate Parent

Iron Ore Holdings Ltd is the parent entity of the Group. The parent entity of Iron Ore Holdings Ltd is Wroxby Pty Ltd. The ultimate controlling entity of the Group is Clabon Pty Ltd.

During the year entities related to the Company's parent entity, Wroxby Pty Ltd provided the Company with rental of premises $251,580 (2010: $331,578), information technology services $Nil (2010: $10,608) and aircraft charter services $Nil (2010: $35,007). All transactions were on normal commercial terms and conditions.

(d) Key Management Personnel

Details relating to KMP, including remuneration paid, are included in Note 17 and the audited remuneration report section of the directors' report.

(e) Transactions with Other Related Parties

There were no transactions with other related parties during the current or previous financial year.

20. Financial Instruments

(a) Financial Risk Management

The Group's principal financial instruments comprise cash and short term deposits and investments held to maturity.

The main purpose of these financial instruments is to fund capital expenditure on the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. Being at an exploration stage, the Group has limited exposure to risks arising from its financial instruments.

Currently the Group does not have any exposure to commodity price risk or foreign currency risk. As the Group moves into development and production phases, exposure to commodity price risk, foreign currency risk and credit risk are expected to increase. The Board will set appropriate policies to manage these risks dependent on market conditions and requirements at that time.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 2.

	Note	Consolidated Group	
		2011	2010
		$	$
(b) Interest rate risk			
At balance date, the Group had the following financial assets exposed to interest rate risk:			
Cash and cash equivalents (i)		42,033,647	17,351,478
Receivables (ii)		321,598	269,000
		42,355,245	17,620,478

(i) The weighted average interest rate of cash and cash equivalents is 6.1% (2010:5.03%)
(ii) Receivables are non interest bearing.

None of the Group's financial liabilities are interest bearing.

(c) Credit Risk
Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposure to credit risk in relation to each class of financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

The Group has in place policies that aim to ensure that counterparties and cash transactions are limited to high credit quality financial institutions and that the amount of credit exposure to one financial institution is limited as far as is considered commercially appropriate.

Since the Group trades only with recognised third parties, there is no requirement for collateral.

(d) Liquidity Risk
The Group currently does not have major funding in place. However the Group continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

(e) Net Fair Values
The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2.

(f) Sensitivity Analysis
The following tables summarise the sensitivity of the Group's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax loss and equity would have been affected as shown. The analysis has been performed on the same basis for 2010 and 2009.

Consolidated Entity		**Interest Rate Risk**		**Interest Rate Risk**	
30 June 2011		**-1%**		**+1%**	
	Carrying Amount $	**Net Loss $**	**Equity $**	**Net Loss $**	**Equity $**
Financial assets					
Cash and cash equivalents	42,033,647	(420,366)	(420,366)	420,366	420,366
Receivables	321,598	(3,216)	(3,216)	3,216	3,216
	42,355,245	(423,552)	(423,552)	423,552	423,552

None of the Group's financial liabilities are interest bearing.

Consolidated Entity		**Interest Rate Risk**		**Interest Rate Risk**	
30 June 2010		**-1%**		**+1%**	
	Carrying Amount $	**Net Loss $**	**Equity $**	**Net Loss $**	**Equity $**
Financial assets					
Cash and cash equivalents	17,351,478	(173,514)	(173,514)	173,514	173,514
Receivables	269,000	(2,690)	(2,690)	2,690	2,690
	17,620,478	(176,204)	(176,204)	176,204	176,204

None of the Group's financial liabilities are interest bearing.

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $

21. Commitments

(a) Operating Lease Commitments

		2011 $	2010 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements			
Payable — minimum lease payments			
- not later than 1 year		298,815	269,828
- later than 1 year but not later than 5 years		704,296	637,975
		1,003,111	907,803

The property lease is for the period 22 September 2009 to 21 September 2013, with rent payable monthly in advance. The lease allows for subletting of all lease areas with the consent of the lessee.

(b) Mineral Acquisition Exploration Tenements

		2011 $	2010 $
Minimum expenditure on exploration tenements			
Payable:			
— not later than 1 year		1,455,183	560,111
— later than 1 year but not later than 5 years		5,820,732	2,240,444
		7,275,915	2,800,555

22. Contingent Liabilities

There are no contingent liabilities as at 30 June 2011.

23. Segment Reporting

The Group operates entirely in Australia and predominantly in the field of mineral exploration with particular emphasis on iron ore. For management purposes the Group is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

24. Events After the Statement of Financial Position Date

Apart from the abovementioned matters, there have been no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect:
a) the consolidated entity's operations in future years; or
b) the results of those operations in future years; or
c) the consolidated entity's state of affairs in future years.

25. Auditors' Remuneration

The auditor of Iron Ore Holdings Ltd for the year ended 30 June 2011 is Stantons International.

		2011 $	2010 $
Amounts received or due and receivable by Stantons International for:			
An audit or review of the financial report of the entity and any other entity in the consolidated group		33,851	37,750

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements, notes and additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

   (a) complying with Accounting Standards and the Corporations Regulations 2001; and

   (b) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date.

2 The financial report also complies with International Financial Reporting Standards.

3. 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.

4. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2011.

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

Chairman
Hon Richard Court AC

2 September 2011

Level 1, 1 Havelock St
West Perth WA 6005
Australia
PO Box 1908
West Perth WA 6872
Australia

t: +61 8 9481 3188
f: +61 8 9321 1204

w: www.stantons.com.au
e: info@stantons.com.au

Stantons International Audit and Consulting Pty Ltd
(ABN 84 144 581 519) trading as
Stantons International
Chartered Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
IRON ORE HOLDINGS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Iron Ore Holdings Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Iron Ore Holdings Limited is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the Remuneration Report

We have audited the remuneration report included in pages 10 to 16 of the directors' report for the year ended 30 June 2011. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion
In our opinion the remuneration report of Iron Ore Holdings Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001.*

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

J P Van Dieren
Director

West Perth, Western Australia
02 September 2011