

Another Major Milestone for IOH

Iron Valley Transaction with Mineral Resources Limited

Highlights

- **Mine Gate Sale Agreement executed with Mineral Resources Limited (MIN)**
- **MIN to develop and operate the Iron Valley mine at MIN cost**
- **IOH to obtain statutory approvals to facilitate development**
- **MIN to purchase a minimum annual tonnage at the mine gate from early 2014 target date**
- **Transaction has potential to deliver significant annual Revenue and EBITDA to IOH**

Iron Valley Transaction

Iron Ore Holdings Ltd (ASX:**IOH**) is pleased to announce that it has executed a binding formal agreement with Mineral Resources Limited (ASX:**MIN**) which will result in the early development of its Iron Valley Project and the mine gate sale to MIN of ore extracted from the mine.

MIN is a \$2.1 billion market capitalisation, integrated mining services company that owns and manages numerous mine operations in Western Australia and provides mining related services to multiple large mining companies.

MIN has a proven record of safely delivering fast tracked mine to port projects as evidenced by its Carina and Phil's Creek projects. Under the agreement MIN will apply its experience and expertise to commence production from Iron Valley in the shortest possible time frame, thereby creating the best possible opportunity to export iron ore and benefit from favourable near term price expectations.

The mine gate sale transaction includes the following key terms:

- MIN developing the mine at MIN cost within 6-months from IOH securing final mining approvals which are expected in early Q3 2013.
- MIN operating the mine and buying a minimum annual tonnage of product from IOH at the Iron Valley mine gate.
- The mine gate payment price and the minimum tonnage purchase obligations are each structured in a manner that provides appropriate protection to the parties against agreed operational and economic conditions, while ensuring the parties also share in the upside of higher iron ore prices.
- IOH remains the tenement owner and will make statutory payments to third parties including the State Government.
- A joint Iron Valley Consultation Committee to be established by MIN and IOH that will discuss matters relating to the mine development and operations.
- MIN to use road solutions for the transport of ore and shipment of product from port facilities in the Port Hedland area, while also investigating the potential of lower cost mine to port transport solutions.
- The term of the arrangement with MIN, subject to extension by agreement, is the lesser of 20 years or 200 million tonnes of product purchased by MIN.

The Board has considered the valuation and risks associated with the transaction and concluded that the transaction presents compelling value at relative low risk to IOH and that the proposed development concept represents a unique opportunity to bring Iron Valley into production in the shortest possible timeframe.

The detailed terms of the mine gate purchase price and minimum annual tonnes remain confidential between the parties.

As an indication of potential value, assuming long term average iron ore prices between US\$90/t and US\$110/t for the Iron Valley product, an exchange rate of A\$1.00 = US\$0.90, and production from 4 million tonnes per annum to 6 million tonnes per annum, the potential earnings that could flow to IOH range from an average annual EBITDA of \$20 million to \$75 million, with a pre-tax NPV at 10% discount rate of between \$180 million to \$500 million.

Forecast earnings for the transaction are particularly sensitive to key variables such as future iron ore prices, foreign exchange rates and the production tonnages achieved from the Iron Valley mine, and as such there is upside potential but also risk to the downside. Naturally, IOH cannot control or guarantee the key variables used in the earnings model stated above therefore if there are variations it will have an impact on the potential earnings.

Managing Director, Alwyn Vorster, said that the transaction is aligned with IOH's well-articulated business strategy of limiting its capital cost exposure and adding value through the de-risking of quality projects.

"We are delighted to have finalised this agreement with such a reputable operator as Mineral Resources Limited that has a proven track record of delivering projects," he said.

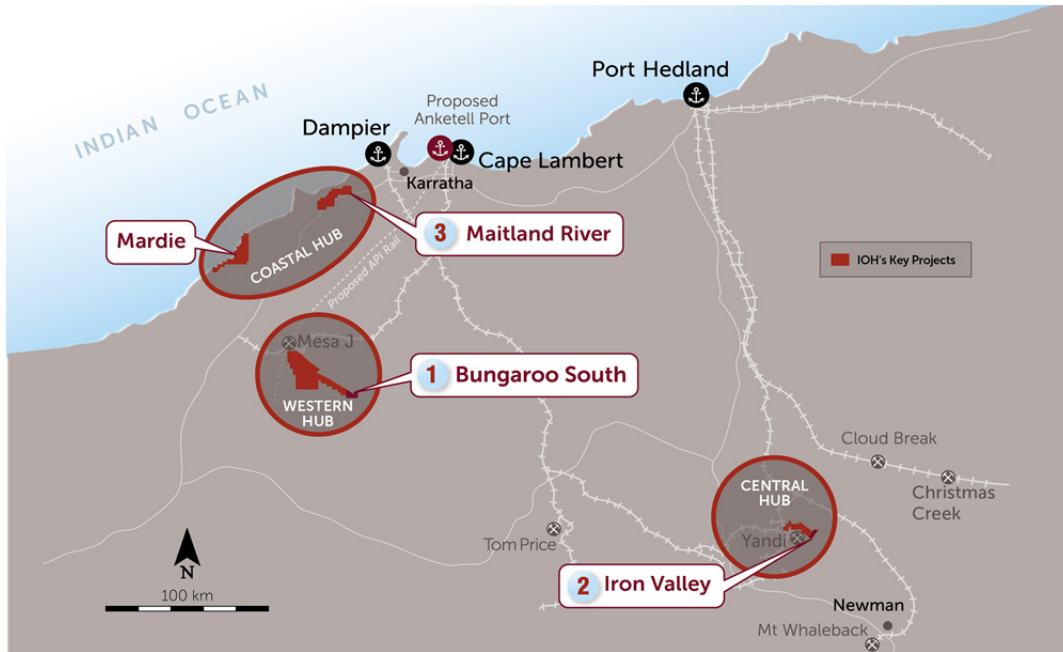
"The Iron Valley commercialisation result is another major milestone for IOH and the transaction validates the Company's long held assessment that the Iron Valley project, by itself, has a higher asset value than the value attributed to our entire company by the market in recent times.

"We are also of the view that our other flagship asset, the Buckland Project, will deliver significantly higher value upside to IOH when the port lease is secured and the actual potential of an independent mine to port solution at relatively low capital cost is recognised by the market," Mr Vorster said.

Iron Valley Information

The Iron Valley Project is strategically located in the eastern part of IOH's Central Pilbara Hub within close proximity to existing infrastructure and is bordered by tenements owned by Fortescue Metals Group, Rio Tinto and BHPB (see Figure 1).

Figure 1: IOH Project Location



Iron Valley has a JORC (2004) Probable Ore Reserve of 134 Mt at an average 58.5% Fe (based on a cut-off grade of 53% Fe), based on a JORC (2004) Mineral Resource of 259 Mt (see Figure 2). Importantly the recent mining study indicated that within the Probable Ore Reserve category approximately 90 million tonnes have an average grade above 60% Fe, which will allow a high grade mining approach if required.

Figure 2: Iron Valley - Resources and Reserves

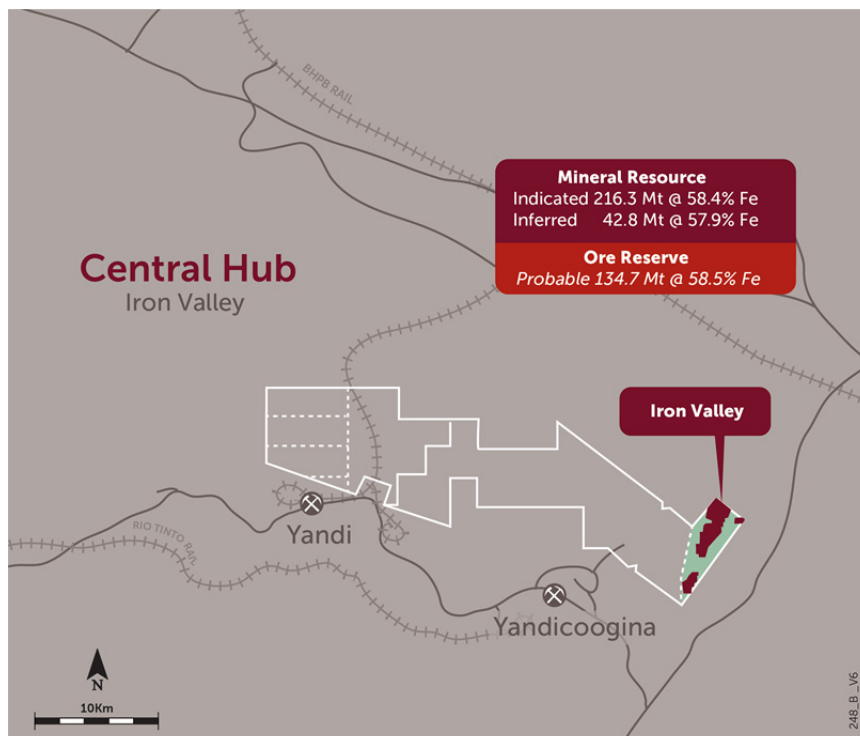
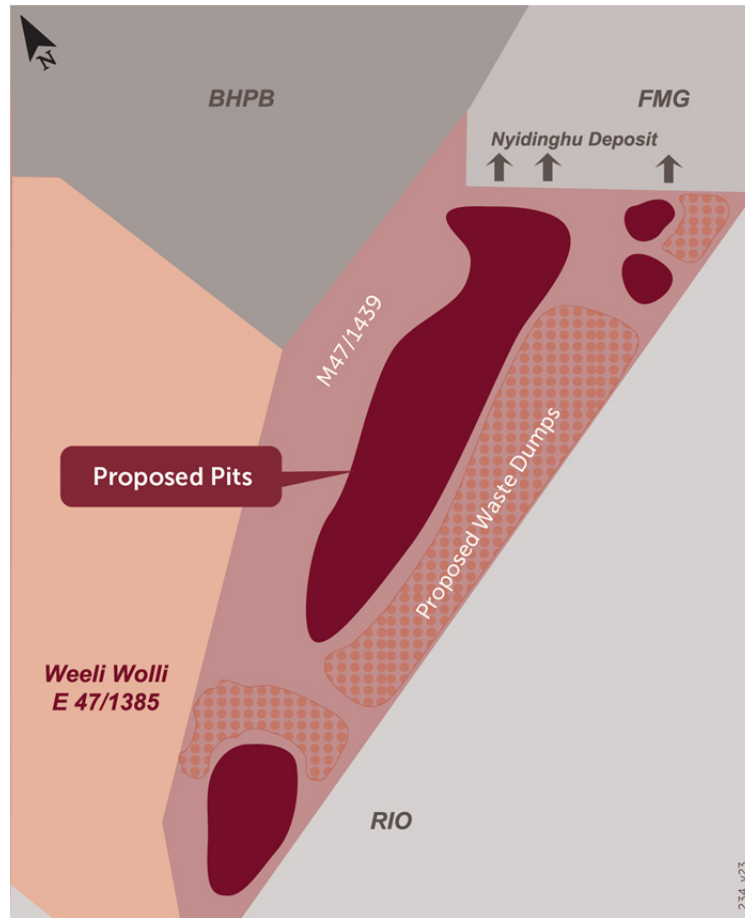


Figure 3 presents a schematic view of the potential mine plan layout from the recently completed Iron Valley study. MIN will review the mine planning as part of its preparation for mining the deposit.

Figure 3: Iron Valley Mining Lease Area



A key native title agreement is in place with the Nyiyaparli Group covering the Iron Valley area, and a Mining Lease was granted in early 2011.

Federal Government environmental approval for the Project was received in August 2012, and the WA State Government recently approved the IOH application for above water table mining of 5 Mtpa from Iron Valley. IOH will now commence the application process for mining below the water table which will be required in the future for a high tonnage production scenario.

Applications for secondary approvals including the Department of Mines and Petroleum mining proposal, the Department of Environment and Conservation works approvals and the Department of Water licences have commenced. These approvals are targeted for completion by the third quarter of 2013.

APPENDIX A

Table 1: IOH JORC (2004) Mineral Resource at 28 February 2013

Location	Project or Tenement	Cut off (% Fe)	JORC Indicated Resources (Mt)	JORC Inferred Resources (Mt)	Fe (%)	CaFe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)	Total (Mt)
Central Pilbara	Iron Valley	50	216.3 ^A	-	58.4	63.0	5.1	3.1	0.18	7.3	274.7
		50	-	42.8	57.9	61.1	7.0	3.9	0.14	5.2	
	North Marillana	53	15.6		54.0	60.2	6.0	5.7	0.05	10.3	
Western Pilbara	Bungaroo South	53	179.7 ^B	-	58.0	63.1	5.9	2.4	0.15	8.1	284.6
		53	-	68.6	55.1	60.0	9.6	2.6	0.14	8.2	
	Dragon	50	-	16.0	55.7	60.6	7.7	3.7	0.14	8.1	
	Rabbit	52	-	6.0	56.8	60.7	7.9	3.4	0.13	6.5	
	Rooster	52	-	7.2	56.2	60.6	6.5	4.8	0.08	7.2	
	Snake	50	-	7.1	57.0	62.6	5.8	2.8	0.15	9.0	
Coastal Pilbara	Maitland River (Magnetite)	26	-	1,106.0	30.4	30.8	44.0	2.3	0.06	1.2	1,106.0
Magnetite Total			-	1,106.0							
Total Mineral Resources			411.6	1,253.7	Total Resources (Indicated and Inferred)					1,665.3	

^A Includes Probable Ore Reserve of 134.7 Mt (see Table 2 below).

^B Includes Probable Ore Reserve of 92.4 Mt (see Table 2 below).

Table 2: IOH JORC (2004) Probable Ore Reserve at 28 February 2013

Location	Project or Tenement	Cut-off (% Fe)	JORC Proven Reserve (Mt)	JORC Probable Reserve (Mt)	Fe (%)	CaFe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)	Total (Mt)	
Central Pilbara	Iron Valley	53		134.7	58.5	63.0	4.9	3.2	0.17	7.2	134.7	
Western Pilbara	Bungaroo South	West	54	-	31.4	57.9	62.7	5.9	2.9	0.15	7.7	92.4
		East	54	-	61.0	57.5	62.3	6.5	2.3	0.15	8.3	
Total Ore Reserve				227.1							227.1	

Competent Persons Statements:

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

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

The information in this report that relates to Ore Reserve estimations for Bungaroo South and Iron Valley Deposits is based on information compiled by Mr Alan G. Cooper, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Cooper is a full time employee of Snowden Mining Industry Consultants Pty Ltd. Mr Cooper has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cooper consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Disclaimer:

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Iron Ore Holdings Ltd's planned exploration program, commencement of exporting of iron ore, industry outlook and other statements that are not historical facts. When used in this document, the words such as "could," "target," "plan," "estimate," "intend," "may," "potential," "should," and similar expressions reflected in these forward-looking statements are reasonable, such as statements involving risks and uncertainties and no assurance can be given that actual results be consistent with these forward-looking statements.

Corporate Profile (as at 28 February 2013)

Iron Ore Holdings Ltd (ASX: IOH) owns and manages a portfolio of bedded hematite, channel iron and magnetite iron ore tenements and projects within its Central, Western and Coastal hubs in the Pilbara region of Western Australia. The Company's projects are all strategically located within close proximity to existing and planned infrastructure. IOH has a stable share register, as well as an experienced Board and senior management team.

Ordinary Shares on Issue: 161,174,005

Board of Directors:

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

Company Secretary:

Simon Robertson

Executive Team:

Alwyn Vorster	Managing Director
Christian Johnstone	Chief Financial Officer
Brett Hazelden	GM Project Development
Zen Davison	GM Business Development
Manohar Ghorpade	Chief Geologist

Share Registry:

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

Registered Office:

Level 1
1 Altona Street
West Perth WA 6005

Major Shareholders:

Wroxby Pty Ltd	52.7 %
Sumisho Iron	4.3 %

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