

ASX
ANNOUNCEMENT
IOH

17 December 2009

Iron Ore Holdings Ltd
ABN 17 107 492 517

Ordinary Shares on Issue:
117,204,948
Listed Options:
12,728,303

For further information
regarding Iron Ore
Holdings Ltd contact:

Matt Rimes
Managing Director

or

Mal Randall
Non-Executive Chairman

Phone: +61 8 9483 2000
Fax: +61 8 9321 0322

Website:
www.ironoreholdings.com

Email:
info@ironoreholdings.com

Registered Office:
Level 1, 1 Altona Street
West Perth WA 6000

PO Box 1761
West Perth WA 6872



Emerging Junior Iron Ore Producer

IOH set for major transformation after signing key deals with Rio Tinto

- IOH and RIO sign off on mine gate sale deal
- IOH aims for late 2010 to commence mining
- 6 months Exclusivity period granted to Rio Tinto for Iron Valley negotiations

Further to its announcement of 24 November 2009, Iron Ore Holdings (ASX: IOH) announces today that negotiations with Rio Tinto have resulted in the signing of two historic, independent agreements:

1. An Iron Ore Sales Agreement between IOH and Rio Tinto's subsidiary, Hamersley Iron Pty Ltd for production from the Phil's Creek Project; and
2. A Relationship Agreement between IOH and Hamersley Iron relating to IOH's flagship Iron Valley deposit.

Mine Gate Sale

Phil's Creek is expected to be the first mine development to be undertaken based on a **cooperative ore sales arrangement** between a junior iron ore company and one of the major operating mining companies in the Pilbara.

This mine gate sale agreement represents an innovative approach to solving the infrastructure accessibility issues that face many of the Pilbara juniors, and is a further milestone for IOH in the Company's ongoing progress from explorer to iron ore producer.

Relationship Agreement

Under the Relationship Agreement, the parties will endeavour to negotiate the terms of an Acquisition Agreement for IOH's Iron Valley Project. IOH has granted to Hamersley Iron a 6 month exclusivity period for agreement to be reached. IOH has agreed to deal exclusively with Hamersley Iron in respect of Iron Valley, during this negotiating period.

Exploration Overview

In 2010 Iron Ore Holdings will continue its proposed drilling program on Iron Valley as well as its other prospects in the Pilbara. On 10 December IOH announced further drilling success at Iron Valley. Mineralisation has been identified at a depth of 100metres below the currently identified resource (191mt), and IOH is currently awaiting assay results from this drilling. The Company also anticipates a JORC resource announcement in the new year on its Lamb Creek Project. An additional new discovery was announced on 24 November 2009 at its West Pilbara Buckland Hills Project. This discovery provides an additional opportunity for the Company to expand its current resource inventory of JORC compliant DSO (Direct Shipping Ore) quality iron ore resources in the Pilbara region.



ASX Release

17 December 2009

ASX Code: IOH

Background - Phil's Creek

The Phil's Creek Project lies within the central portion of the Hamersley Ranges, 5km from Rio Tinto's HI Yandicoogina Mine and established mine service infrastructure in the Central Pilbara. IOH has entered into an arrangement with Rio Tinto for an annual mine gate sale of up to 1.5Mtpa of pisolite iron ore from Phil's Creek, with production targeted to commence by late 2010.

The commercial arrangements result in a net present value of the Phil's Creek project of approximately \$40 million to \$60 million based on projected iron ore pricing scenarios, and estimated capital and operating costs. IOH is investigating a number of funding options for capital expenditure (which is estimated to be in the vicinity of \$30m). The mining contractor tender process is already underway.

Native Title Agreements covering this project are in place, ensuring that mining tenure can now be granted.

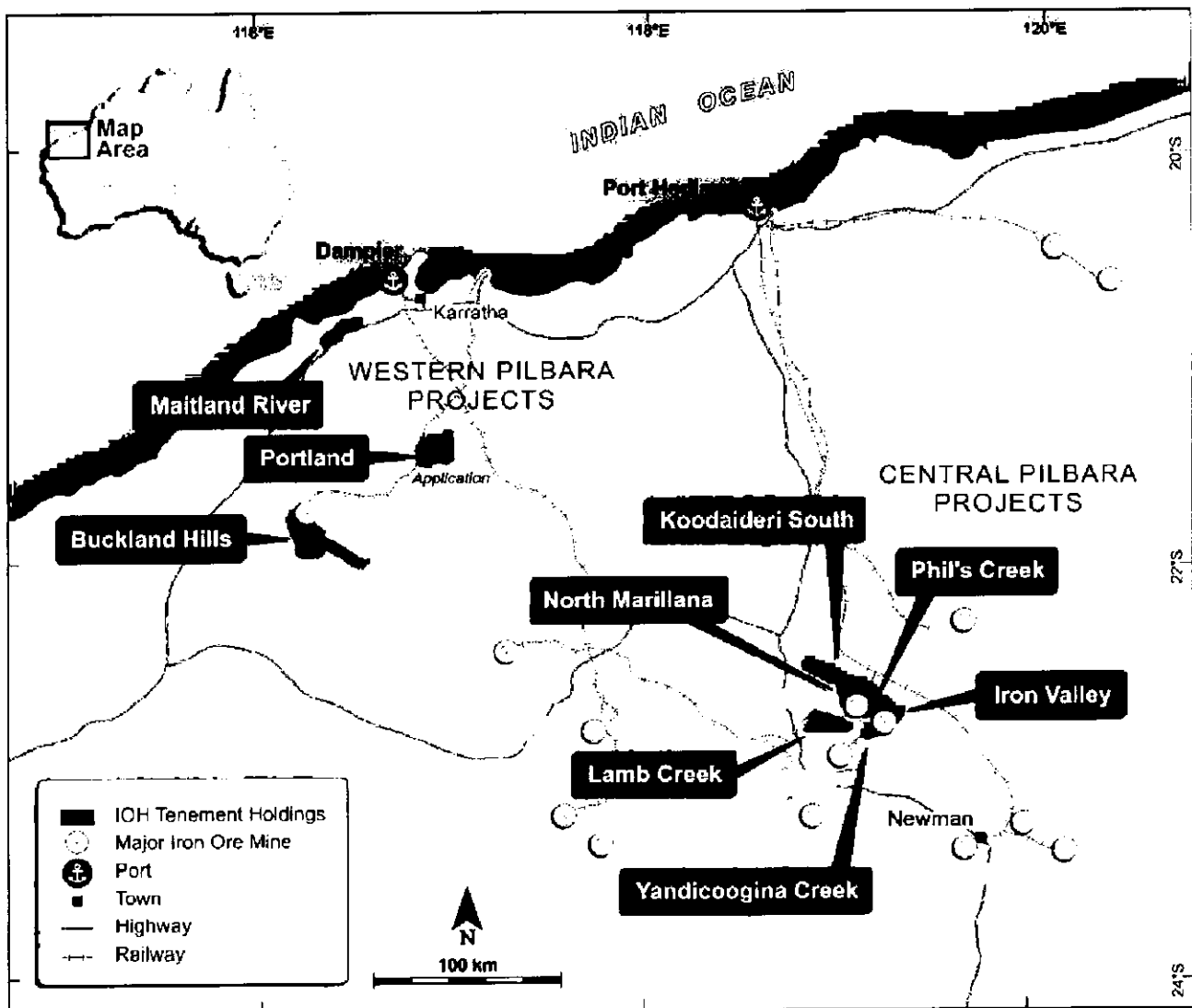


Figure 1: IOH Project Locations

The Phil's Creek Project area contains a JORC compliant Indicated Mineral Resource of **9.2Mt at 58% Fe¹**. Iron mineralisation within the Phil's Creek Project area is predominantly the Channel Iron Deposit (CID) style which is composed of oolites, pisolites and minor fossil wood fragments cemented by iron oxides, mainly Goethite.



ASX Release

17 December 2009

ASX Code: IOH

A Definitive Engineering Study (DES) completed during 2009 has determined the development and operational structure for the mining operation.

The deposit will be mined via a conventional open pit with a low strip ratio of 0.3:1 (waste: ore), with ore processed at an on-site facility to be constructed with appropriate infrastructure and mine services close to the south of the deposit, which will be developed first.

The operation is expected to ramp up to full production of 1.5Mtpa over 6 months.

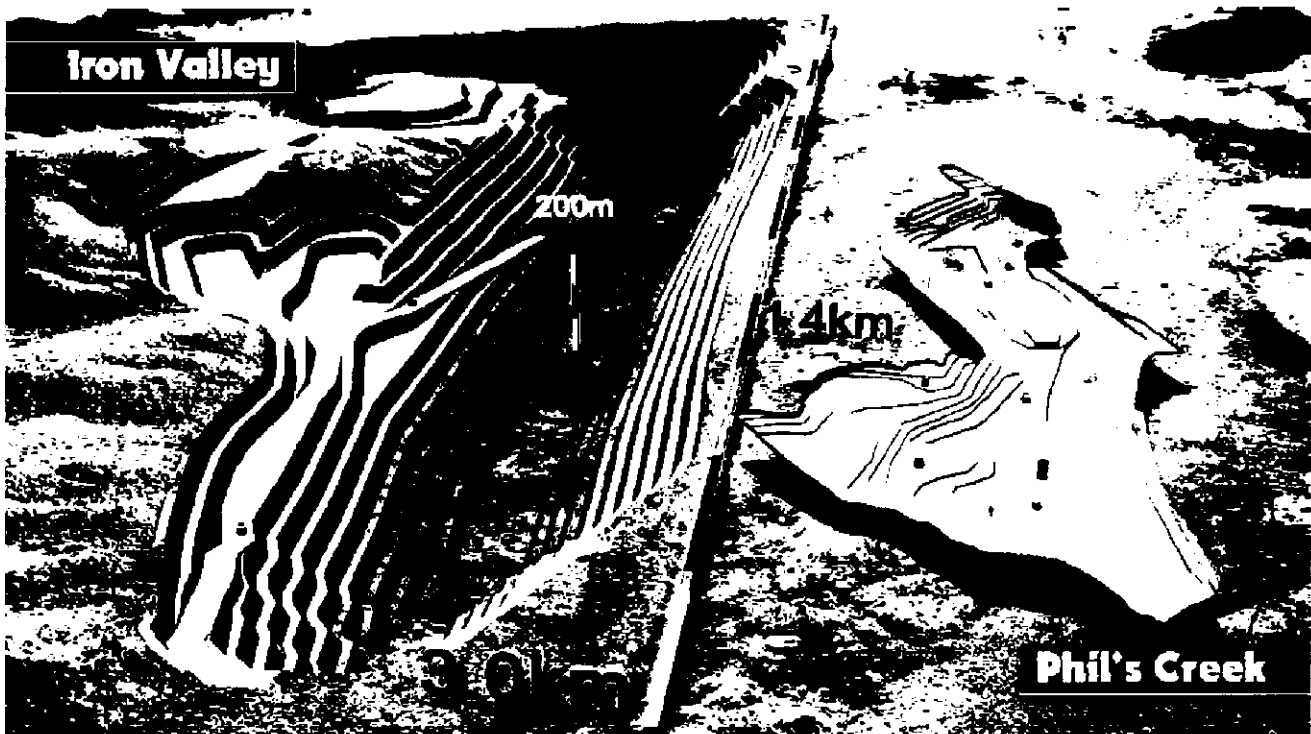


Figure 2: Phil's Creek/Iron Valley Conceptual Pit Designs – Comparison in Size

Mine Operations

The Phil's Creek Project will be a contract mining operation with all mobile equipment to be provided, operated and maintained by the Contractor over the life of the Project; and IOH providing geology, grade control, survey and mine planning functions. The Contractor will establish, construct and operate the open pit mine, process plant and road haulage systems.

Mining will be undertaken using conventional drill and blast mining techniques with loading of 100t capacity dump trucks by a 100t excavator.

Ore Transportation

Under the arrangement with RTIO, IOH will deliver the fines product from the Phil's Creek operation to a designated stockpile inside the Yandicoogina rail loop. Road trains will be loaded with a wheel loader at the Phil's Creek stockpile area before being weighed, and transported via a new 4.5km access road from the Phil's Creek Project area to the Yandicoogina access road. The haul route to the Yandicoogina rail loop will utilise a new unsealed road and floodway to minimise the interaction between the heavy haulage fleet and the general Yandicoogina site traffic.



Background - Iron Valley

The Iron Valley Project is located in the eastern part of IOH's extensive Central Pilbara tenement portfolio and is located immediately north east of BHP's Yandi Iron Ore Mine and Rio Tinto's Yandicoogina operations and is also bordered by FMG holdings. The subject of a successful exploration program over the past year, Iron Valley has progressed to become a flagship deposit for the Company with continued drilling revealing extensive mineralisation below the previously identified resource which remains open at depth (see figure 3).

The JORC-compliant resource estimate at Iron Valley now stands at 191 million tonnes grading 59% Fe. This includes a high-grade DSO component of 120 million tonnes at 61% Fe. Drilling at Iron Valley will recommence in early 2010.

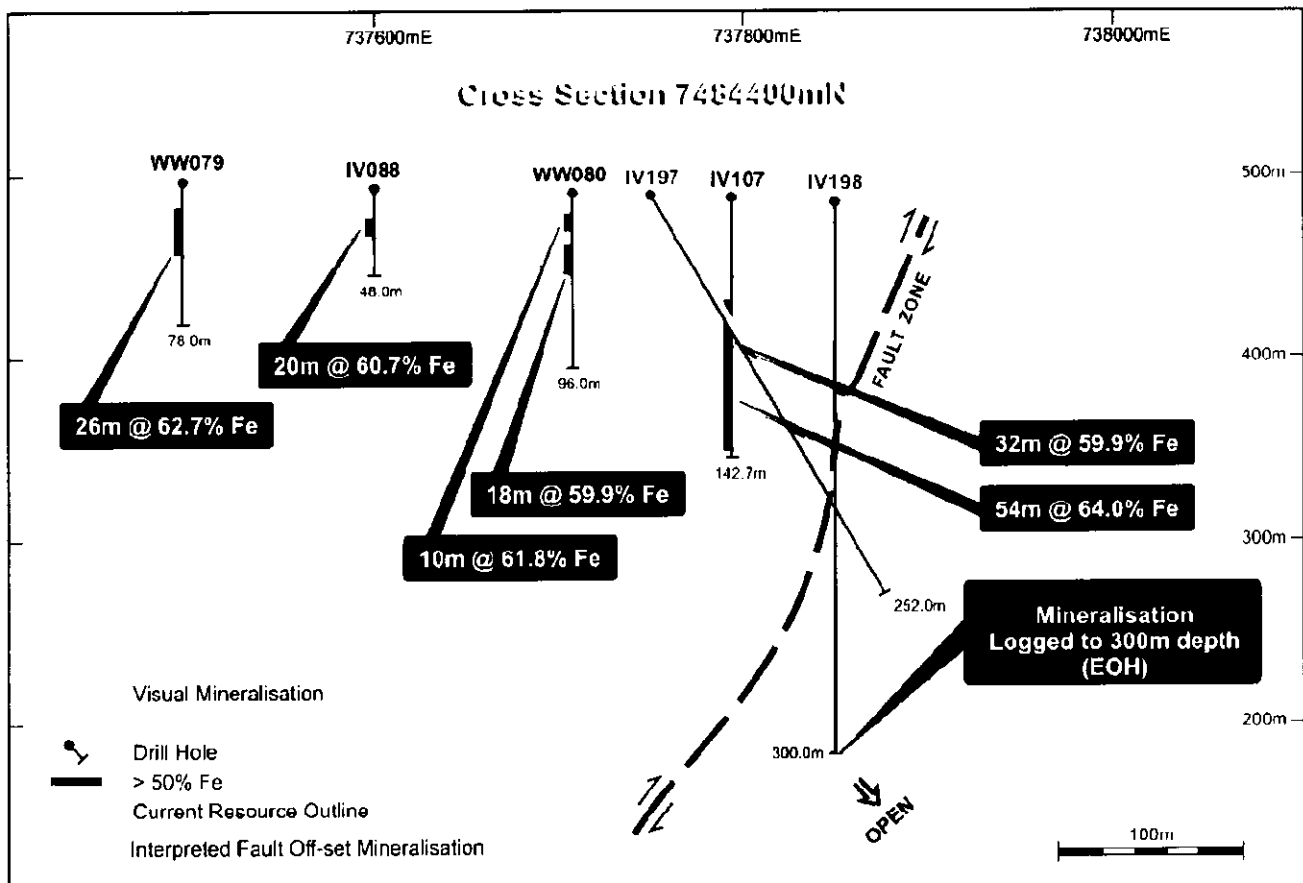


Figure 3: Iron Valley Cross Section

An initial Scoping Study has been prepared to provide a broad cost estimate for the construction and operation of the Project. Positive outcomes of the Scoping Study include the key recommendation that the Project progress into a pre-feasibility study. If it has not sold the deposit, IOH could commence development of the Project as early as second half 2013.



ASX Release

17 December 2009

ASX Code: IOH

About Iron Ore Holdings

Iron Ore Holdings Limited (ASX: IOH) is an emerging Western Australian iron ore company focused on the exploration and development of a portfolio of high-quality iron ore projects within its Central Pilbara, Buckland Hills and Maitland River tenements in the Pilbara region of Western Australia.

Successes to date include a formal mine gate sales agreement with Rio Tinto for up to 1.5Mtpa of ore from the Phil's Creek Project which is on target to commence production in late 2010. IOH has also entered an exclusive 6 month negotiating period with Rio Tinto for the possible sale of its Iron Valley deposit which has a JORC indicated and inferred resource of 191.5Mt. (111.7Mt Indicated and 79.8Mt Inferred)

The Company's total JORC resource currently stands at 253Mt (173.6Mt Indicated and 79.8Mt Inferred) with drilling programs ongoing.

ON BEHALF OF THE BOARD OF DIRECTORS OF IRON ORE HOLDINGS LTD

Matt Rimes
Managing Director

Compliance Statement

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 Tony Greenaway, who is a Member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy. Mr Greenaway 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 Greenaway consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.