IRON ORE HOLDINGS LTD
AND CONTROLLED ENTITIES

ABN: 17 107 492 517
Annual Financial Report for the Year Ended
30 June 2014

CONTENTS

Corporate Directory 3
Directors' Report 4
Remuneration Report 12
Auditor's Independence Declaration 21
Corporate Governance Statement 22
Consolidated Statement of Profit or Loss and Other Comprehensive Income 30
Consolidated Statement of Financial Position 31
Consolidated Statement of Changes in Equity 32
Consolidated Statement of Cash Flows 33
Notes to the Financial Statements 34
Directors' Declaration 58
Independent Auditor's Report 59

CORPORATE DIRECTORY

Head Company
Iron Ore Holdings Ltd

Directors
Hon. Richard Court AC – Non-Executive Chairman
Alwyn Vorster – Managing Director
Ryan Stokes – Non-Executive Director
Brian O'Donnell – Non-Executive Director
Malcolm Randall – 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
Deloitte Touche Tohmatsu
Level 14, 240 St Georges Terrace,
Perth WA 6000 Australia

Iron Ore Holdings Ltd (IOH or the Company) 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 2014.

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

Hon. Richard Court AC
Alwyn Vorster
Ryan Stokes
Brian O'Donnell
Malcolm Randall

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
(Non-Executive Director from November 2007 and Non-Executive Chairman from January 2011)

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, Bank West, Alinta Gas, Westrail Freight and the Dampier to Bunbury Natural Gas pipeline.

In addition to the directorships held in other listed entities detailed below, Mr Court is also Chairman of Resource Investment Strategy Consultants; a consultant to Australian Capital Equity Pty Ltd (ACE) and Trustee 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 - Chairman of National Hire Group Limited (appointed as Non-Executive Director in July 2008, appointed as Chairman in May 2010 and the Company was delisted in December 2011).

ALWYN VORSTER - MANAGING DIRECTOR
(Managing Director from January 2011)

Qualifications - BSc (Geology), MSc (Mineral Economics), MBA

Experience - Mr Vorster joined IOH in the position of Chief Executive Officer in November 2010 and was appointed Managing Director in January 2011. He has more than 28 years' experience in both technical and commercial roles with some of the world's leading mining companies. Prior to joining IOH, Mr Vorster held positions of CEO (acting) and General Manager Business Development of Oakajee Port and Rail, and prior to that was Rio Tinto's Regional Manager for iron ore sales into Asia. During his employment with Rio Tinto, he served on the management board of the Channar Joint Venture (between Rio Tinto and Sinosteel). The earlier part of his career included geological, business development and marketing roles with Kumba Resources (a subsidiary of Anglo American).

He is a member of the executive committee of the Australia China Business Council (ACBC) and is a Member of the Australian Institute of Company Directors (MAICD).

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

MALCOLM RANDALL- NON-EXECUTIVE DIRECTOR
(Non-Executive Chairman from May 2005 to December 2010 and Non-Executive Director from January 2011)

Qualifications - Dip Applied Chem, MAICD.

Experience - Mr Randall has had extensive experience in corporate, management and marketing in the resource sector including over 27 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. Mr Randall is a Member of the Australian Institute of Company Directors (MAICD).

Special Responsibilities - Audit and Risk Committee member.

Directorships held in other listed entities in the last 3 years - Current Director of Thundelarra Exploration Ltd, MZI Resources Ltd, Royal Resources Ltd and Summit Resources Ltd.

BRIAN O'DONNELL- NON-EXECUTIVE DIRECTOR
(Non-Executive Director from December 2008)

Qualifications - B.Comm (UWA), FCA

Experience - Mr O'Donnell has 30 years' experience in the finance and investment industry. He joined ACE as Group Treasurer in 1996, and was appointed to the Board in 2001. As Finance and Investments 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).

Mr O'Donnell has served on the Boards of several listed and unlisted public and private companies. Among other directorships, Mr O'Donnell is currently Non-Executive Chairman of the Landfill Gas & Power Holdings Pty Ltd Group and @www Pty Ltd, and a Non-Executive Director of Coates Group Holdings Limited and the Fremantle Football Club. Mr O'Donnell is a Member of the Australian Institute of Company Directors (MAICD).

Special Responsibilities - Audit and Risk Committee Chairman.

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

RYAN STOKES - NON-EXECUTIVE DIRECTOR
(Non-Executive Director from January 2011)

Qualifications - B.Comm (Curtin), FAIM

Experience – Mr Stokes is Chief Executive Officer of Australian Capital Equity Pty Limited (ACE) and Chief Operating Officer of the ASX listed Seven Group Holdings Limited (SVW). Mr Stokes was appointed an Executive Director of ACE in 2001 and CEO in April 2010. ACE is a private company. ACE holds a 68% interest in SVW. He has been an Executive of Seven Group Holdings Limited since February 2010 and was appointed Chief Operating Officer in 2012.

Mr Stokes is also a Director of WesTrac Pty Limited and has extensive experience in China, having developed relationships with various mining and media companies over the past 14 years. Mr Stokes is a Director of Seven West Media which owns the Seven Network, The West Australian Newspaper, Pacific Magazines and 50% of Yahoo7. He has been a Director of Seven Network Limited since 2005 and was Executive Director then Chairman of Pacific Magazines from 2004 until 2008 and previously a Director of Yahoo!7 from inception in 2005 until 2013.

Mr Stokes is Chairman of the National Library of Australia, a position he has held since July 2012 and is a Director of the Australian Strategic Policy Institute. Mr Stokes is also a member of the Prime Ministerial Advisory Council on Veterans Mental Health established 2014.

Mr Stokes is the former Chairman of Australia's National Youth Mental Health Foundation (Headspace), a Federal Government initiative established in 2006. Mr Stokes was also a former member of the International Olympic Committee's Radio and Television Commission.

Directorships held in other listed entities in the last 3 years – Current Executive Director of SGH (appointed as a Director in February 2010 and as Executive Director in April 2010) and Non-Executive Director of Seven West Media (appointed 21 August 2012), Director of Engin Limited (until the company delisted on 8 August 2011) and Consolidated Media Holdings (until the company delisted on 20 November 2012).

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 IOH were:

	Number of Ordinary Shares	Number of Options Over Ordinary Shares
Hon. Richard Court	1,181,817	-
Mr Alwyn Vorster	336,473	5,000,000
Mr Malcolm Randall	2,150,000	1,150,000
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 Governance Institute 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 $18,566,316 (2013: Loss of $32,849,612).

Review and results of Operations

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

A summary of the major operational highlights by major project are summarised below:

Health and Safety

- For the second consecutive year, IOH had zero Lost Time Injuries and for the ninth year running IOH is proud that no employee or contractor has been seriously injured in the course of duty.

Iron Valley Project

- Iron Valley is located in close proximity to large operating mines owned by BHPB and Rio Tinto and has a Probable Ore Reserve of 134.7 million tonnes (Mt) at an average of 58.5% Fe (based on a cut-off grade of 53%) for the initial mining development. The Iron Valley Project is the most advanced of IOH's major projects.
- In February 2013 IOH executed a binding formal agreement for a mine gate sale arrangement with Mineral Resources Limited (ASX:MIN). MIN, which commenced the construction of the infrastructure necessary for the operation of the mine at Iron Valley in March 2014, has continued to prepare the site and construct the required processing facilities to enable production to commence during Q3 of CY2014. IOH expects that commercial production from Iron Valley will commence in the quarter ending 30 September 2014 generating cashflow to IOH in the second half of CY2014. This will be a significant milestone in IOH's development and growth path.

- During the quarter to 30 June 2014, MIN successfully mined a bulk sample of Iron Valley ore for which a payment was made and recognised as income in the year ended 30 June 2014.

Buckland Project

- The Buckland Project comprises a new mine, road and port development. The mine is to be developed at the Bungaroo South iron ore deposits, where an Ore Reserve of 134 Mt in the Proven and Probable JORC categories, will underpin 8 million tonnes per annum (Mtpa) production for more than 15 years. The 196 kilometres (km) of new, sealed haul road is to be constructed from the mine to a new IOH managed transhipping port with a 20 Mtpa capacity at Cape Preston East (CPE) on the north-western Pilbara coast.
- On 4 June 2014 IOH announced that the Feasibility Study (FS), covering all technical and engineering aspects of the project to industry standards, had been successfully completed. Based on the FS assumptions and results, the Buckland Project business case is technically viable and commercially attractive.
- On 26 June 2014, IOH and the Dampier Port Authority (now the Pilbara Ports Authority) signed a number of port lease agreements for the CPE transhipment facility providing IOH with exclusive management rights over its leased area at CPE for an initial term of 20 years. IOH will have, subject to conditions, the right to extend the term and to expand its leased area.

Other Tenements

- IOH concluded a transaction for the sale to Maiden Iron Pty Ltd of the North Marillana group of satellite tenements in the Central Pilbara area of Western Australia for up to $7.75 million in cash payments and a royalty on the iron ore produced.

Table 1: IOH Mineral Resource at 30 June 2014

Location	Type	Project	Deposit	JORC Class	Cutoff (% Fe)	Tonnes[D] (Mt)	Density t/m^3	Fe (%)	CaFe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Central Pilbara	DSO[E]	**Iron Valley**[A+B]	Iron Valley	Indicated	50	216.3	2.9	58.4	63.0	5.1	3.1	0.18	7.2
				Inferred	50	42.8	3.0	57.9	61.1	7.0	3.9	0.14	5.2
Western Pilbara		**Buckland**[C]	Bungaroo South	Measured	50	30.9[C]	2.6	57.4	62.1	6.7	3.0	0.15	7.6
				Indicated	50	214.9[C]	2.5	56.6	61.6	7.8	2.4	0.15	8.1
			Dragon	Indicated	50	9.1	2.3	55.8	60.9	8.1	3.1	0.14	8.3
				Inferred	50	3.4	2.3	54.7	59.4	10.2	3.0	0.13	7.9
			Rabbit	Indicated	50	5.9	2.6	55.0	58.9	10.3	3.4	0.13	6.6
				Inferred	50	1.3	2.5	53.7	58.1	11.2	3.3	0.08	7.5
			Rooster	Indicated	50	5.2	2.6	55.8	60.2	7.2	4.6	0.08	7.3
				Inferred	50	5.4	2.5	52.1	56.8	9.6	6.3	0.06	8.3
			Snake	Inferred	50	7.1	2.6	57.0	62.6	5.8	2.8	0.15	9.0
Sub Total		Measured			50	30.9	2.6	57.4	62.1	6.7	3.0	0.15	7.6
		Indicated			50	451.4	2.7	57.4	62.2	6.5	2.8	0.16	7.7
		Inferred			50	60.0	2.9	57.0	60.7	7.3	3.9	0.13	6.1
Total						**542.3**	**2.7**	**57.4**	**62.0**	**6.6**	**2.9**	**0.16**	**7.5**
Coastal Pilbara	**BFO**[F]	**Maitland**	Maitland River[A]	Inferred	26	1,106.0[G]	3.25	30.4	30.8	44.0	2.3	0.06	1.2
Total						**1,106.0**	**3.25**	**30.4**	**30.8**	**44.0**	**2.3**	**0.06**	**1.2**

[A] This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported. All other resources classified and reported in accordance with JORC Code 2012 edition.

[B] Includes Probable Ore Reserve of 134.7 Mt (see Table 2 bellow) - JORC Code 2004 edition.

[C] Includes Proved and Probable Ore Reserves of 134.3 Mt (see Table 2 bellow) - JORC Code 2012 edition.

[D] Tonnages are dry metric tonnes and have been rounded, hence small differences may be present in the totals.

[E] DSO ("Direct Shipping Ore") is considered to be ore types which do not require significant beneficiation (upgrading) before it is usable as feedstock in the sinter or iron making processes.

[F] BFO ("Beneficiable Feed Ore") is comprised of ore types which require significant beneficiation (upgrading) before it is usable as feedstock in the sinter or iron making processes.

[G] Indicative Davis Tube Recovery (grind size, P80 25μ) testwork produced a magnetite concentrate with weight yields ranging from 13 - 28%.

Table 2: IOH Probable Ore Reserve at 30 June 2014

Project	Deposit	JORC Ore Reserve	Tonnes[B] (Mt)	Cut-off (% Fe)	Fe (%)	CaFe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Iron Valley	**Iron Valley[A]**	Proved	-	-	-	-	-	-	-	-
		Probable	134.7	53	58.5	63.0	4.9	3.2	0.17	7.2
Buckland	**Bungaroo South**	Proved	23.2	54	58.3	62.9	5.8	2.9	0.15	7.4
		Probable	106.7		57.5	62.6	6.6	2.3	0.15	8.1
	Dragon	Proved	-		-	-	-	-	-	-
		Probable	4.4		57.1	62.3	6.5	2.8	0.14	8.4
Total			**269.0**		**58.1**	**62.8**	**5.7**	**2.8**	**0.16**	**7.6**

[A] Reported in 2012 in accordance with JORC Code 2004 edition.

[B] Tonnages are dry metric tonnes and have been rounded, hence small differences may be present in the totals.

Competent Persons Statements:

The information in the report to which this statement is attached that relates to Exploration Targets, Exploration Results, is based on information compiled by Mr Roland Bartsch, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Bartsch is a full time contract employee of IOH and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bartsch consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

In respect of the Iron Valley and Maitland deposits 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 Mineral Resources at the Buckland Project is extracted from the ASX Announcement titled "Buckland Project – Mineral Resources Update" (dated 28 January 2014). This announcement is available to view at www.ironoreholdings.com. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

The information in this report that relates to Ore Reserve estimations for the Iron Valley Deposit 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.

The information in this report that relates to Ore Reserve estimations for Bungaroo South and Dragon 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 that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 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.

Financial Position and Significant Changes in the State of Affairs

The net assets of the consolidated group have decreased by $18 million from 30 June 2013 to $56 million as at 30 June 2014. This decrease resulted from expenditure on the continued exploration and project development of the consolidated group's tenements, offset by tenement sale totalling $2.5 million and $2.4 million from interest earned during the financial year.

Cash on hand at 30 June 2014 totalled approximately $51 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

On 11 August 2014 BC Iron Limited announced an off-market takeover offer for IOH. For detailed information please refer to ASX announcement on 11 August 2014. On 22 August 2014, BC Iron Limited lodged its Bidder's Statement with ASX and ASIC. On 28 August 2014, IOH lodged its Target's Statement with ASX and ASIC.

Apart from the above, there have been no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect:
(i) the consolidated entity's operations in future years; or
(ii) the results of those operations in future years; or
(iii) 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 or other monetisation 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, Environmental Protection Act (WA), Environment Protection and Biodiversity Conservation Act (Commonwealth). 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 IOH under option are as follows:

Grant Date	Expiry Date	Exercise Price	Number of Shares Under Option
23 November 11	22 November 2014	$1.900	1,900,000
10 May 12	22 November 2014	$1.900	50,000
12 November 12	13 November 2015	$1.400	2,900,000
25 November 2013	24 November 2016	$1.297	1,000,000
25 November 2013	24 November 2017	$1.547	1,000,000
25 November 2013	24 November 2018	$1.797	1,000,000

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

There were no unlisted options exercised during the financial year to acquire fully paid ordinary shares in the Company.

Indemnification and Insurance of Directors and Officers

During the financial year, the company paid a premium of $33,363 (2013: $31,482) exclusive of GST, in respect of a contract insuring the directors of the company, the company secretary and all executive officers of the Group against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

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	3	2
Mr A Vorster	8	8	-	-
Mr M Randall	8	7	3	3
Mr B O'Donnell	8	8	3	3
Mr R Stokes	8	7	-	-

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 21.

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. 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 the Chief Financial Officer, General Manager Geology, General Manager Project Development, General Manager Commercial and General Manager Corporate Affairs.

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 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 options, 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. Due to the present size of the Company, a remuneration consultant has not been used to make any remuneration recommendations.

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 $500,000 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. Members of Board committees will receive fees of $10,000 for the chairman and $5,000 for other members. In addition, 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.

The Company did not grant any options to Non-Executive Directors during the financial year ended 30 June 2014.

The remuneration of Non-Executive Directors for the years ended 30 June 2014 and 30 June 2013 are detailed in Table 2 and 3 respectively on pages 17 and 18 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 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.
- Ensure total remuneration is competitive by market standards.

Structure

Executive remuneration consists of both fixed and variable (at risk) 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 2014 and 30 June 2013 are detailed in Table 2 and 3 respectively on pages 17 and 18 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, cash bonuses, or share options granted directly or under the Employee Option Plan.

During the financial year ended 30 June 2014 the Company granted options to the Managing Director. The value of options granted is being expensed over the vesting period. Table 4 set out on page 19 of this report provides 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 was renewed for a further 3 years commencing 15 November 2013. The contract may be terminated by the Company in certain circumstances by giving 6 months-notice. If the contract is terminated, Mr Vorster will receive an equivalent of 6 months' salary.

Other Executives

The Chief Financial Officer, General Manager Project Development, General Manager Commercial , General Manager - Geology and General Manager – Corporate Affairs 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 one or two month's remuneration and as per the agreement any arrears including but not limited to accrued annual leave and long service leave.

Consolidated Entity's Performance for the five years ending 30 June 2014

	30 June 2014 $	30 June 2013 $	30 June 2012 $	30 June 2011 $	30 June 2010 $
Income	4,968,910	4,487,375	100,532,932	863,672	677,823
Net profit / (loss) before tax	(22,213,763)	(40,329,724)	73,227,727	(20,870,873)	(19,336,829)
Net profit / (loss) after tax	(18,566,316)	(32,849,612)	66,780,111	(20,870,873)	(19,336,829)

	30 June 2014 $	30 June 2013 $	30 June 2012 $	30 June 2011 $	30 June 2010 $
Share price at the start of the year	$0.73	$0.90	$1.30	$1.43	$0.82
Share price at the end of the year	$0.90	$0.73	$0.90	$1.30	$1.43
Interim and final dividend	-	-	-	-	-
Basic earnings per share	(11.52) cents	(20.38) cents	40.57 cents	(14.88) cents	(15.78) cents
Diluted earnings per share	(11.52) cents	(20.38) cents	40.48 cents	(14.88) cents	(15.78) cents

Key Management Personnel Remuneration

Table 2: Remuneration for the year ended 30 June 2014

	Short-term Employee Remuneration							Long-term Employee Remuneration		
Name	**Base Salary and Fees**	**Short Term Incentive Plan *1**	**Other *2**	**Non-Monetary Benefits**	**Post-Employment Benefits (Superannuation)**	**Sub-Total**	**% of Short-term Remuneration at Risk *3**	**Options *4**	**Total**	**Total % Value at Risk *5**
	$	$	$	$	$	$	%	$	$	%
Directors										
Executive directors										
A Vorster - Managing Director	502,727	66,875	150,000	4,279	25,000	748,882	29%	511,093	1,259,974	58%
Non-executive directors										
Hon R Court AC - Chairman	95,000	-	-	-	8,787	103,787	-	-	103,787	-
R Stokes	54,000	-	-	-	4,995	58,995	-	-	58,995	-
M Randall	59,000	-	-	4,279	5,457	68,736	-	6,064	74,800	8%
B O'Donnell	64,000	-	-	-	5,920	69,920	-	-	69,920	-
Other Key Management Personnel										
C Johnstone – Chief Financial Officer	317,125	55,000	15,000	4,279	29,334	420,738	17%	15,207	435,945	20%
B Hazelden - General Manager Project Development	324,500	40,000*6	120,000	4,279	30,016	518,795	31%	15,207	534,002	33%
Z Davison - General Manager Commercial	292,344	28,000*6	15,000	4,279	27,042	366,665	12%	15,207	381,872	15%
M Klvac – General Manager Corporate Affairs *7	275,000	28,000*6	70,000	4,279	25,438	402,717	24%	6,105	408,822	25%
R Bartsch – General Manager Geology *8	356,417	18,000	25,000	4,279	11,562	415,258	10%	-	415,258	10%
Total	**2,340,113**	**235,875**	**395,000**	**29,953**	**173,551**	**3,174,492**		**568,883**	**3,743,375**	

*1 Short Term Incentive Plan based on the achievement of annual operational targets encompassing safety, financial performance, exploration results and development of projects.

*2 Discretionary once off commercialisation and project development milestone payments for the Iron Valley and Buckland projects. There is the potential for bonuses of up to a further $525,000 to be earned as commercialisation and development milestones are met. As these milestones have not been met as at 30 June 2014 or at the date of this report these amounts are not reflected in the 30 June 2014 financial statements. At 30 June 2014 whilst these milestones were not achieved they are expected to be achieved in FY15 and if achieved will form part of the FY15 remuneration report.

*3 Short-term Remuneration at Risk consists of the amounts noted in the above table under Short Term Incentive Plan and Other as a percentage of the sub-total.
*4 Refer to Tables 4 and 5 for further details of option exercise price (which range from $1.297 to $1.40), vesting date and expiry date.
*5 Short-term Incentive Plan, Other and Options as a percentage of total remuneration. At the date of this report all options have an exercise price greater than the market price.
*6 A portion of the Short-term Incentive Plan was for FY13 paid on a delayed basis after the Iron Ore Holdings 2013 annual report was finalised.
*7 M Klvac commenced in the role as GM Corporate Affairs on 1 July 2013.
*8 R Bartsch commenced in the role as GM Geology on 1 July 2013 on a consulting basis and from 1 February 2014 as an employee. $231,417 of this total was paid as consulting fees to Bartsch Geoscience Pty Ltd.

Table 3: Remuneration for the year ended 30 June 2013

	Short-term Employee Remuneration							Long-term Employee Remuneration		
Name	Base Salary and Fees	Short Term Incentive Plan *1	Other *2	Non-Monetary Benefits	Post-Employment Benefits (Superannuation)	Sub-Total	% of Short-term Remuneration at Risk *4	Options	Total	Total % Value at Risk *5
	$	$	$	$	$	$	%	$	$	%
Directors										
Executive directors										
A Vorster - Managing Director *3	488,032	85,000	-	4,939	25,000	602,971	14%	533,807	1,136,778	54%
Non-executive directors										
Hon R Court AC - Chairman	98,000	-	-	-	8,820	106,820	-	-	106,820	-
M Randall	59,000	-	-	4,939	5,310	69,249	-	267,342	336,591	79%
B O'Donnell	59,000	-	45,767	-	9,543	114,310	-	-	114,310	-
R Stokes	59,000	-	-	-	5,310	64,310	-	-	64,310	-
Other Key Management Personnel										
C Johnstone – Chief Financial Officer *3	323,558	45,767	-	4,939	29,233	403,496	11%	108,720	512,216	30%
B Hazelden - General Manager Project Development *3	330,058	16,018	15,000	4,939	26,481	392,496	4%	108,621	501,117	25%
M Ghorpade – Chief Geologist	265,650	12,815	-	4,939	28,509	311,913	4%	106,683	418,596	29%
Z Davison - General Manager Business Development *3	303,078	13,730	-	4,939	26,270	348,017	4%	97,819	445,835	25%
Total	**1,985,376**	**173,330**	**60,767**	**29,634**	**164,476**	**2,413,582**		**1,222,992**	**3,636,573**	

*1 Short Term Incentive Plan based on the achievement of annual operational targets encompassing safety, financial performance, exploration results and development of project studies/commercial agreements.
*2 Discretionary once off payments in recognition of additional duties undertaken during the year.
*3 There is the potential for bonuses to be earned as commercialisation milestones are met. At 30 June 2013 these milestones were not achieved however they are expected to be achieved in FY14 and if achieved will form part of the FY14 remuneration report.
*4 Short-term Remuneration at Risk consists of the amounts noted in the above table under Short Term Incentive Plan as a percentage of the sub-total.
*5 Short Term Incentive Plan and Options as a percentage of total remuneration. At the date of this report all options have an exercise price greater than the market price.

Table 4: Compensation Options - granted and vested during the 2014 year

	Granted	Terms & Conditions for each Grant					Vested	Vested
	No.	Grant Date	Fair Value per Option at Grant Date $	Exercise Price per Option $	Expiry Date	Vesting Date	No.	%
Directors								
A Vorster	1,000,000	25-Nov-13	0.231	1.297	24-Nov-16	25-Nov-13	1,000,000	100
	1,000,000						**1,000,000**	

Table 5: Compensation Options - granted and vested during the 2013 year

	Granted	Terms & Conditions for each Grant					Vested	Vested
	No.	Grant Date	Fair Value per Option at Grant Date $	Exercise Price per Option $	Expiry Date	Vesting Date	No.	%
Directors								
A Vorster	1,000,000	14-Nov-12	0.213	1.40	13-Nov-15	14-Nov-12	1,000,000	100
M Randall	1,000,000	14-Nov-12	0.213	1.40	13-Nov-15	14-Nov-12	1,000,000	100
Other KMP								
B Hazelden	250,000	14-Nov-12	0.213	1.40	13-Nov-15	14-Nov-12	250,000	100
C Johnstone	250,000	14-Nov-12	0.213	1.40	13-Nov-15	14-Nov-12	250,000	100
Z Davison	200,000	14-Nov-12	0.213	1.40	13-Nov-15	14-Nov-12	200,000	100
M Ghorpade	100,000	14-Nov-12	0.213	1.40	13-Nov-15	14-Nov-12	100,000	100
	2,800,000						**2,800,000**	

Table 6: Value of Options Granted, Exercised, Cancelled and Lapsed during the 2014 year

	Value of Options Granted During the Year $	Value of Options Exercised During the Year $	Value of Options (at Grant Date) which have Lapsed during the Year*1 $	Value of Options (at Grant Date) which have been Cancelled during the Year $
Directors				
Executive directors				
A Vorster	729,000	-	683,500	-
Non-Executive Directors				
Hon. R Court AC	-	-	-	-
M Randall	-	-	14,400	-
B O'Donnell	-	-	-	-
R Stokes	-	-	-	-
Other Key Management Personnel				
B Hazelden	-	-	47,750	-
C Johnstone	-	-	47,750	-
M Ghorpade	-	-	-	119,550
Z Davison	-	-	47,750	-

*1 These option values have been included in prior year Remuneration reports. The value of these options at the date of lapse was nil.

For further details on the valuation of the options, including models and assumptions used, please refer to Note 19. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Table 7 - Option holdings of Key Management Personnel (Consolidated)

30 June 2014	Balance at Start of Period	Granted as Remuneration	Options Exercised	Net Change Other *4	Balance at End of Period	Vested at 30 June 2014: Options Vested During Year	Vested at 30 June 2014: Exercisable	Vested at 30 June 2014: Not Exercisable
Directors								
Hon. R Court AC	-	-	-	-	-	-	-	-
A Vorster	4,000,000	3,000,000	-	(2,000,000)	5,000,000	2,000,000	2,000,000	-
M Randall	1,300,000	-	-	(150,000)	1,150,000	150,000	1,150,000	-
B O'Donnell	-	-	-	-	-	-	-	-
R Stokes	-	-	-	-	-	-	-	-
Other Key Management Personnel								
B Hazelden	750,000	-	-	(250,000)	500,000	250,000	500,000	-
C Johnstone	750,000	-	-	(250,000)	500,000	250,000	500,000	-
Z Davison	700,000	-	-	(250,000)	450,000	250,000	450,000	-
M Klvac *1	50,000	-	-	-	50,000	-	50,000	-
R Bartsch *2	-	-		-	-	-	-	-
M Ghorpade *3	600,000	-	-	(600,000)	-	-	-	-
	8,150,000	**3,000,000**	**-**	**(3,500,000)**	**7,650,000**	**2,900,000**	**4,650,000**	**-**

*1 M Klvac was an employee of IOH as at 30 June 2013 however only became a key management person when he was appointed General Manager Corporate Affairs on 1 July 2014.
*2 R Bartsch commenced in the role as General Manager Geology on 15 July 2013.
*3 M Ghorpade's employment contract terminated on 15 July 2013.
*4 Net Change Other represents the cancelled or expired number of options during the year.

There have been no changes at the date of this report to the balances reflected in the above table as at the 30 June 2014.

30 June 2013	Balance at Start of Period	Granted as Remuner-ation	Options Exercised	Net Change Other*2	Balance at End of Period	Vested at 30 June 2013: Options Vested During Year	Vested at 30 June 2013: Exercisable	Vested at 30 June 2013: Not Exercisable
Directors								
Hon. R Court AC	-	-	-	-	-	-	-	-
A Vorster	4,000,000	1,000,000	-	(1,000,000)	4,000,000	2,000,000	3,000,000	-
M Randall	1,300,000	1,000,000	-	(1,000,000)	1,300,000	1,150,000	1,150,000	-
B O'Donnell	-	-	-	-	-	-	-	-
R Stokes	-	-	-	-	-	-	-	-
Other key management personnel								
B Hazelden	700,000	250,000	-	(200,000)	750,000	500,000	500,000	-
C Johnstone	700,000	250,000	-	(200,000)	750,000	500,000	500,000	-
M Ghorpade *1	800,000	100,000	-	(300,000)	600,000	350,000	350,000	-
Z Davison	700,000	200,000	-	(200,000)	700,000	450,000	450,000	-
	8,200,000	**2,800,000**	**-**	**(2,900,000)**	**8,100,000**	**4,950,000**	**5,950,000**	-

*1 M Ghorpade's employment contract terminated on 15 July 2013..
*2 Net Change Other represents the cancelled number of options during the year.

Table 8 - Shareholdings of Key Management Personnel

30 June 2014	Balance 1 July 13	Granted as Remuneration	On Exercise of Options	Net Change Other*1	Balance 30 June 14
Mr R Court	**1,181,817**	**-**	**-**	**-**	**1,181,817**
Mr A Vorster	**336,473**	**-**	**-**	**-**	**336,473**
Mr M Randall	**2,150,000**	**-**	**-**	**-**	**2,150,000**
Mr B O'Donnell	**59,090**	**-**	**-**	**-**	**59,090**
Mr R Stokes	**-**	**-**	**-**	**-**	**-**
Mr C Johnstone	**-**	**-**	**-**	**-**	**-**
Mr B Hazelden	**36,250**	**-**	**-**	**-**	**36,250**
Mr Z Davison	**-**	**-**	**-**	**-**	**-**
Mr M Klvac	**-**	**-**	**-**	**-**	**-**
Mr R Bartsch *2	**-**	**-**	**-**	**-**	**-**
	3,763,630	**-**	**-**	**-**	**3,763,630**

30 June 2013	Balance 1 July 12	Granted as Remuneration	On Exercise of Options	Net Change Other*1	Balance 30 June 13
Mr R Court	1,181,817	-	-	-	1,181,817
Mr A Vorster	105,000	-	-	231,473	336,473
Mr M Randall	2,150,000	-	-	-	2,150,000
Mr B O'Donnell	59,090	-	-	-	59,090
Mr R Stokes	-	-	-	-	-
Mr C Johnstone	-	-	-	-	-
Mr B Hazelden	36,250	-	-	-	36,250
Mr M Ghorpade *3	118,181	-	-	-	118,181
Mr Z Davison	-	-	-	-	-
	3,650,338	-	-	231,473	3,881,811

*1 Net Change Other represents on market shares purchased by Mr Vorster during the year.
*2 Mr R Bartsch commenced in the role as General Manager Geology on 15 July 2013**.**

Balances reflected in the above table as at the 30 June 2014 are the same as the date of this report.

Table 9: Share based payment arrangements in existence during the financial year

	Number Under Option	Grant Date	Expiry Date	Vesting Date	Exercise Price	Fair Value at Grant Date
Issued 12 October 2010	200,000	12/10/10	30/9/13	12/10/10	$2.475	$0.541
Issued 12 October 2010	500,000	12/10/10	11/10/13	12/10/10	$2.475	$0.545
Issued 8 April 2011	590,000	8/4/11	8/4/14	8/4/11	$2.725	$0.630
Issued 8 April 2011	110,000	8/4/11	8/4/14	8/4/12	$2.975	$0.587
Issued 23 November 2011	2,325,000	23/11/11	22/11/13	1/12/12	$1.750	$0.191
Issued 10 May 2012	50,000	10/5/12	22/11/13	1/12/12	$1.750	$0.254
Issued 23 November 2011	2,150,000	23/11/11	22/11/14	1/12/13	$1.900	$0.290
Issued 10 May 2012	50,000	10/5/12	22/11/14	1/12/13	$1.900	$0.378
Issued 14 November 2012	3,000,000	14/11/12	13/11/15	14/11/12	$1.400	$0.213
Issued 25 November 2013	1,000,000	25/11/13	24/11/16	25/11/13	$1.297	$0.231
Issued 25 November 2013	1,000,000	25/11/13	24/11/17	22/08/14	$1.547	$0.242
Issued 25 November 2013	1,000,000	25/11/13	24/11/18	22/08/14	$1.797	$0.256

Shares issued on exercise of compensation options

During the year ended 30 June 2014, there were no shares issued on exercise of compensation options to any key management personnel.

Signed in accordance with a resolution of the directors.

Hon. Richard Court AC
Chairman
3 September 2014

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 (0) 9365 7001
www.deloitte.com.au

The Board of Directors
Iron Ore Holdings Ltd
1 Altona Street
West Perth WA 6005

3 September 2014

Dear Board Members

Iron Ore Holdings Ltd

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 Ltd.

As lead audit partner for the audit of the financial statements of Iron Ore Holdings Ltd for the year ended 30 June 2014, 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 sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ross Jerrard
Partner
Chartered Accountants

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of IOH (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 ("recommendations"), 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 recommendations, 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 a recommendation, full disclosure of the nature of and reason for the departure is made in this statement.

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 23
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	Page 28
2.1	A majority of the Board should be independent directors.	No	Page 29
2.2	The chairperson should be an independent director.	No	Page 29
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	Yes	Page 24
2.4	The Board should establish a nomination committee.	No	Page 29
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	Yes	Page 28
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; and - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	Page 25
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of the policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	Yes	Page 28
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity for the Board in accordance with the diversity policy and progress to achieving them.	No	Page 29
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	Yes	Page 29
4.1	The Board should establish an audit committee.	Yes	Page 24
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 the chairperson of the Board; and - at least three members.	No	Page 29
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 27

	Recommendation	Comply Yes / No	Reference / Explanation
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 27
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 27
8.1	The Board should establish a remuneration committee.	No	Page 29
8.2	The remuneration committee should be structured so that it: - consists of a majority of independent directors; - is chaired by an independent chair; and - has at least 3 directors.	No	Page 29
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Yes	Page 12

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 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.

A summary of the Corporate Governance policies and procedures in place for the year ended 30 June 2014 is as follows:

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 IOH 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

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 twenty. 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 will be 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, is subject to reappointment by shareholders not later than the third anniversary following the directors last appointment. Subject to the requirements of the *Corporations Act 2001* and the constitution 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 Audit and Risk Committee.

The Audit and Risk Committee operates under a charter approved by the Board. The purpose of the Audit and Risk Committee is to assist the Board in the effective discharge of its responsibilities for financial reporting, risk management, internal controls, corporate governance and internal and external audit.

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

Mr Brian O'Donnell	Chairman
Mr Malcolm Randall	Non-executive Director
Hon. Richard Court AC	Non-executive Director

Qualifications of Audit and Risk Committee members

The Qualifications of Audit and Risk Committee members are set out in the Directors Report.

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 Employees.

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.
- Confidential information received by Employees in the course of their 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.
- 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 of 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 or Managing Director. 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 securities trading policy imposes trading restrictions on when Employees of the Company may deal in the Company securities. The securities trading policy prohibits employees from trading in the Company's securities if they have inside information.

'Inside information' is information that:

- is not generally available; and
- if it were generally available may have a material effect on the price or value of 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 should have reasonably known) that the other person(s) 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.

The securities trading policy provides prescribed closed periods during which Employees are prohibited from dealing in the Company's securities (subject to certain limited exceptions). In accordance with the policy, Directors must notify the Company Secretary as soon aspossible , but not later than 3 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 ASX, the Company, on behalf of the Directors, must advise 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 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 possible after they become aware of that information.

The Company must immediately notify the market (via an announcement to ASX) of any information concerning the Company which a reasonable person with experience in the minerals industry would expect to have a material effect on the price or value of the Company's securities.

Information need not be disclosed if:

(a) a reasonable person would not expect the information to be disclosed;

(b) the information is confidential; and

(c) one or more of the following applies:

- it would breach a law or regulation to disclose the information;
- the information concerns an incomplete proposal or negotiation;

- the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
- the information is generated for internal management purposes; and
- the information is a trade secret.

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 communication 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 and Activities Cash Flow Reports;
- Half Yearly Report;
- Annual Report;
- presentations at the Annual General Meeting/General Meetings; 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:

- the Audit and Risk Committee oversees the establishment and implementation of policies on risk oversight and management;
- periodic reporting to the Board in respect of operations and the financial position of the Company; and
- where appropriate the appointment of appropriately skilled consultants to provide independent assessment of operational results and proposals.

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 entities for the financial period 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 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 and variable 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.

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.

Diversity

The Company recognises the value contributed to the Company by employing people with varying skills, cultural backgrounds, ethnicity and experience. The Company believes its diverse workforce is the key to its continued growth, improved productivity and performance.

The Company has implemented a Diversity Policy which provides a framework for the Company to achieve:

(a) a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
(b) a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
(c) improved employment and career development opportunities for women;
(d) a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
(e) awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Managing Director is responsible for the ongoing implementation of the Diversity Policy.

As at 30 June 2014, the Company does not have any female Board Members (2013: Nil). At 30 June 2014 one member of the senior management team was female representing 17% of the senior management team (2013: 20%). Of the balance of the Company's employees, 45% are female (2013: 67%). As at 30 June 2014, 38% of the total workforce were female (2013: 33%).

Compliance with ASX Corporate Governance Recommendations

During the 2014 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	A majority of the Board are not independent directors.	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.
	2.2	The Chairperson is not an independent director.	
	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.
3	3.1 3.2	The Diversity Policy does not include measureable objectives for achieving gender diversity.	The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.
4	4.2	A majority of the Audit and Risk Committee are not independent directors.	Given the present size of the Company, the composition of the Audit and Risk 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 8.2	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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Note	Consolidated Group 2014 $	2013 $
Revenue	4	**40,000**	-
Other income	5	**4,928,910**	4,487,375
Employee benefits expense	6 (a)	**(7,473,803)**	(8,150,373)
Administration expenses		**(3,254,791)**	(4,940,234)
Exploration, evaluation and development expenses		**(15,819,410)**	(25,216,857)
Transaction expenditure		**(295,000)**	-
FMG option termination fee and write offs	6 (b)	**-**	(5,908,637)
Depreciation and amortisation expense		**(339,669)**	(600,998)
Loss before income tax		**(22,213,763)**	(40,329,724)
Income tax benefit	7	**3,647,447**	7,480,112
Loss from continuing operations		**(18,566,316)**	(32,849,612)
Other Comprehensive Income		**-**	-
Total Comprehensive Loss		**(18,566,316)**	(32,849,612)
Loss for the year attributable to members of the Parent entity		**(18,566,316)**	(32,849,612)
Total Comprehensive Loss for the year attributable to members of the Parent entity		**(18,566,316)**	(32,849,612)
Basic loss per share (cents per share)	8	**(11.52)**	(20.38)
Diluted loss per share (cents per share)	8	**(11.52)**	(20.38)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	Consolidated Group 2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents	10 (a)	**50,965,338**	74,651,500
Trade and other receivables	11	**822,124**	1,132,166
Prepayments		**110,803**	153,206
TOTAL CURRENT ASSETS		**51,898,265**	75,936,872
NON-CURRENT ASSETS			
Trade and other receivables	11	**363,564**	328,319
Plant and equipment	12	**366,357**	597,025
Deferred mineral acquisition expenditure	13	**1,888,981**	1,888,981
Deferred tax assets	7 (c)	**8,230,515**	4,583,068
TOTAL NON-CURRENT ASSETS		**10,849,417**	7,397,393
TOTAL ASSETS		**62,747,682**	83,334,265
CURRENT LIABILITIES			
Trade and other payables	14	**6,497,464**	9,073,557
Provisions	15	**287,468**	259,590
TOTAL CURRENT LIABILITIES		**6,784,932**	9,333,147
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		**-**	-
TOTAL LIABILITIES		**6,784,932**	9,333,147
NET ASSETS		**55,962,750**	74,001,118
SHAREHOLDERS' EQUITY			
Issued capital	16	**85,647,898**	85,647,898
Reserves	17	**1,624,323**	3,867,700
Accumulated losses		**(31,309,471)**	(15,514,480)
TOTAL SHAREHOLDERS' EQUITY		**55,962,750**	74,001,118

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Note	Issued Capital	Reserve	Accumulated (Losses) / Profits	Total Equity
Consolidated Group		**$**	**$**	**$**	**$**
Balance at 1 July 2012		**85,791,395**	**5,818,726**	**14,084,106**	**105,694,227**
Total Comprehensive Income					
Loss for the year		-	-	(32,849,612)	(32,849,612)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		-	-	(32,849,612)	(32,849,612)
Shares bought back during the year		(143,497)	-	-	(143,497)
Recognition of share based payments		-	1,300,000	-	1,300,000
Transfer to accumulated losses	17	-	(3,251,026)	3,251,026	-
Balance at 30 June 2013		**85,647,898**	**3,867,700**	**(15,514,480)**	**74,001,118**
Total Comprehensive Income					
Loss for the year		-	-	(18,566,316)	(18,566,316)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		-	-	**(18,566,316)**	**(18,566,316)**
Recognition of share based payments		-	527,948	-	527,948
Transfer to accumulated losses	17	-	(2,771,325)	2,771,325	-
Balance at 30 June 2014		**85,647,898**	**1,624,323**	**(31,309,471)**	**55,962,750**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		**2,621,083**	5,107,819
Proceeds from the sale of tenements		**2,500,000**	-
Payments to suppliers and employees		**(7,522,141)**	(11,129,984)
Payments for exploration and development expenditure		**(21,131,398)**	(25,385,267)
Income taxes paid		**-**	(3,281,533)
Net cash used in operating activities	10 (c)	**(23,532,456)**	(34,688,965)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		**(118,462)**	(313,642)
Payments for environmental bonds		**(35,244)**	(21,721)
Return of environmental bonds		**-**	127,000
Net cash used in investing activities		**(153,706)**	(208,363)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share buyback		**-**	(143,497)
Net cash used in financing activities		**-**	(143,497)
Net decrease in cash and cash equivalents		**(23,686,162)**	(35,040,825)
Cash and cash equivalents at beginning of financial year		**74,651,500**	109,692,325
Cash and cash equivalents at end of financial year	10 (b)	**50,965,338**	74,651,500

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

1. CORPORATE INFORMATION

The financial report of IOH for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 3 September 2014.

IOH is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The parent of IOH 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.

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, Accounting Standards and Interpretations and comply with other requirements of the law.

The financial report comprises the consolidated financial statements of IOH and its subsidiaries. For the purposes of preparing the consolidated financial report, the Company is a for-profit entity.

The financial report has been prepared on a historical cost basis. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

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

Compliance with IFRS

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

In the current year, the Group has applied a number of new and revised AASBs issued by the AASB that are mandatorily effective for an accounting period that begins on or after 1 January 2013 and therefore applicable for the 30 June 2014 financial year. Information of these new and revised Standards is presented below:

- AASB 10 'Consolidated Financial Statements'

AASB 10 Consolidated Financial Statements replaces parts of AASB 127 Consolidated and Separate Financial Statements that deal with consolidated financial statements. Under AASB 10 there is only one basis of consolidation, that is, control. In addition there is a new definition of control with regards to investees. This new standard has no impact on the amounts reported in the consolidated financial statements as the Group has 100% ownership and control of its subsidiaries.

- AASB 11 'Joint Arrangements'

AASB 11 replaces AASB 131 'Interests in Joint Ventures', and the guidance contained in a related interpretation, Interpretation 113 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers', AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements, firstly joint operations whereby the parties who have joint control have rights to the assets and obligations to the liabilities relating to the joint arrangement and the proportionate method of accounting is used and secondly joint ventures whereby the parties that have joint control have rights to the net assets relating to the joint arrangement and the equity method of accounting is used. As the Group does not have any joint arrangements this new standard has not impacted the consolidated financial statements.

- AASB 12 'Disclosure of Interests in Other Entities'

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests. This standard has not impacted in the consolidated financial statements.

- AASB 13 'Fair Value Measurement'

AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. The scope of AASB 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other Australian Accounting Standards require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in AASB 13 are more extensive than those required in the current standards. This standard has not impacted the consolidated financial statements.

- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 "Amendments to Australian Accounting Standards arising from AASB 119 (2011)'

The amendments to AASB 119 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The Group does not have any defined benefit plans and therefore the standard has not impacted the consolidated financial statements.

- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'

Amends AASB 7 Financial Instruments: Disclosures to require an entity to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. This standard has not impacted the consolidated financial statements.

- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'

This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures' As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. In the current year the individual key management personnel disclosure previously required by AASB 124 (note 17 (c) and 17(d) in the 30 June 2013 financial statements) is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

New Accounting Standards and Interpretations that are not yet mandatory

As at the date of authorisation of the financial statements, a number of Standards and Interpretations were in issue but not yet mandatory as listed in the below.

Standards and Interpretations	**Effective for Annual Reporting Periods Beginning on or After**	**Expected to be Initially Applied in the Financial Year Ending**
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
INT 21 'Levies'	1 January 2014	30 June 2015

Standards and Interpretations	Effective for Annual Reporting Periods Beginning on or After	Expected to be Initially Applied in the Financial Year Ending
AASB 2014-1 'Amendments to Australian Accounting Standards' - Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' - Part C: 'Materiality'	1 July 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part D: 'Consequential Amendments arising from AASB 14'	1 January 2016	30 June 2017
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments'	1 January 2015	30 June 2016
AASB 14 'Regulatory Deferral Accounts'	1 January 2016	30 June 2017
IFRS 15 Revenue from Contracts with Customers	1 January 2017	30 June 2018
IFRS 9 Financial Instruments (2014) and all related amendments	1 January 2018	30 June 2019

The reported results and position of the group will not change on adoption of these pronouncements as they do not result in any changes to the group's existing accounting policies. Adoption will, however, may result in changes to information currently disclosed in the financial statements. The group does not intend to adopt any of these pronouncements before their effective dates.

Adoption of new and revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period. The adoption of these amendments has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current period or prior periods.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of IOH and its controlled subsidiaries (as outlined in Note 20) as at 30 June each year (the Group).

Controlled subsidiaries are all those entities over which the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power to direct the activities of the investee. 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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 nature of the investments. 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 purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular 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.

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 assets 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 profit or loss 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 profit or loss in the period disposed.

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 acquisition costs are capitalised until the viability of the area of interest is determined.

Impairment of Assets

IOH 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 assets recoverable amount is calculated.

An impairment loss is recognised for the amount by which the assets carrying value exceeds its recoverable amount. Recoverable amount is the higher of an assets 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 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 a 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 managements 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 IOH 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 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 IOH (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 profit or loss is the product of:

(a) the grant date fair value of the award;
(b) 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
(c) the expired portion of the vesting period.

The charge to the profit or loss 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 IOH 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 IOH 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.

Issued Capital

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:

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 taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax is provided on all temporary differences at the 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.

Mineral Resource Rent Tax (MRRT)

The Federal Government introduced a Mineral Resource Rent Tax (MRRT) commencing on 1 July 2012 which applies to Australian iron ore and coal operations. IOH does not currently have any operating mines.

On 2 September 2014 the MRRT was repealed by the Minerals Resource Rent Tax Repeal and Other Measures Bill 2014.

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 are 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

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 and Ore Reserves impacts the accounting for asset carrying values. IOH estimates its Mineral Resources and Ore Reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mineral Resource and Ore Reserve for Iron Valley and Maitland River were prepared and first disclosed under the JORC Code 2004 edition. These have not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported. All other Mineral Resources and Ore Reserves are classified and reported in accordance with JORC Code 2012 edition. 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 in accordance with 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.

Recognition of deferred tax assets

Deferred income tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred income tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from and judgement about the application of existing tax laws in Australia. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred income tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in Australia could limit the ability of the Group to obtain tax deductions in future periods.

The carrying amount of deferred tax assets included in the consolidated statement of financial position at 30 June 2014 is $8.23 million (2013: $4.58 million).

Significant Accounting Estimates and Assumptions

Recognition of income

The Company enters into a number of transactions and when risk and rewards are transferred the Company recognises the associated consideration as income.

An assignment of rights for a fixed fee or non-refundable guarantee under a non-cancellable contract which permits the licensee to exploit those rights freely and where the licensor has no remaining obligations to perform is, in substance, a sale. In such instances the revenue is recognised at the time of the sale.

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 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.

	Consolidated Group	
	2014	2013
	$	$

4. Revenue

Sale of ore	**40,000**	-
	40,000	-

5. Other Income

Revenue from sale of the tenements	**2,500,000**	-
Interest income	**2,428,910**	4,487,375
	4,928,910	4,487,375

6. Loss for the Year

Loss for the year from continuing operations has been arrived at after charging:

(a) *Employee benefits expense*

Wages and salaries	**5,755,255**	6,144,532
Superannuation expense	**443,487**	218,926
Share based payments expense	**527,948**	1,300,000
Other benefits	**747,113**	486,915
	7,473,803	8,150,373

	Consolidated Group 2014 $	Consolidated Group 2013 $
(b) *FMG Termination fee and write offs*		
FMG termination fee Fee paid on the early termination of the Fortescue Metals Group Memorandum of Understanding on the Iron Valley Project	-	3,636,364
GST write off Write off GST receivable as a result of the early termination of the Fortescue Metals Group Memorandum of Understanding on the Iron Valley Project	-	2,272,273
	-	5,908,637

7. INCOME TAX

(a) Income tax expense recognised in the profit or loss:

	2014 $	2013 $
Current income tax		
Current income tax expense / (benefit)	**(6,364,514)**	(9,547,007)
Prior year under / over provision	**3,196,177**	(2,243,490)
	(3,168,337)	(11,790,497)
Deferred income tax		
Origination and reversal of temporary differences	**(4,409,993)**	(272,684)
Deferred tax assets not brought to account because their realisation is not regarded as probable	**3,930,883**	4,583,069
	(479,110)	4,310,385
Income tax benefit reported in the Statement of Comprehensive Income	**(3,647,447)**	(7,480,112)

(b) Reconciliation of effective tax rate:

	2014 $	2013 $
Loss excluding income tax	**(22,213,763)**	(40,329,724)
Income tax expense calculated at 30% (2013: 30%)	**(6,664,129)**	(12,098,917)
Non-deductible expenses	**160,865**	390,129
Deferred tax assets not brought to account because their realisation is not regarded as probable	**3,930,885**	4,583,069
Tax incentives – R&D	**(4,312,562)**	-
Change in unrecognised temporary differences under / (over) provided in prior periods	**3,237,494**	(354,393)
	(3,647,447)	(7,480,112)

(c) Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

2014	Opening Balance	Recognised in Profit or Loss	Recognised Directly in Equity	Closing Balance
Temporary Differences				
Deferred tax liabilities				
Accrued interest receivable	**(154,570)**	**57,652**	**-**	**(96,918)**
Prepayments	**(9,760)**	**2,991**	**-**	**(6,769)**
Exploration tenements	**(499,194)**	**-**	**-**	**(499,194)**
Capitalised exploration and evaluation expenditure	**(67,500)**	**-**	**-**	**(67,500)**
Inventory	**-**	**(10,805)**	**-**	**(10,806)**
Deferred tax assets				
Accruals	**3,600**	**(3,600)**	**-**	**-**
Provisions	**195,297**	**(19,057)**	**-**	**176,240**
Plant and equipment	**21,525**	**(2,968)**	**-**	**18,557**
Section 40-880 deductions	**118,963**	**73,868**	**-**	**192,831**
Superannuation payable	**10,769**	**(648)**	**-**	**10,121**
Unused tax losses				
Losses recognised to offset against future taxable income	**9,547,007**	**3,168,336**	**-**	**12,715,343**
Deferred tax asset not brought to account	**(4,583,069)**	**(1,774,603)**		**(6,357,672)**
Tax Incentives				
Research and Development	**-**	**4,312,562**		**4,312,562**
Deferred tax asset not brought to account	**-**	**(2,156,281)**		**(2,156,281)**
Net tax asset	**4,583,068**	**3,647,447**	**-**	**8,230,515**

2013	Opening Balance	Recognised in profit or loss	Recognised directly in equity	Closing Balance
Temporary Differences				
Deferred tax liabilities				
Accrued interest receivable	(340,703)	186,133	-	(154,570)
Prepayments	(5,713)	(4,047)	-	(9,760)
Exploration tenements	(499,194)	-	-	(499,194)
Capitalised exploration and evaluation expenditure	(85,338)	17,838	-	(67,500)
Deferred tax assets				
Accruals	8,400	(4,800)	-	3,600
Provisions	47,987	147,310	-	195,297
Plant and equipment	17,885	3,640	-	21,525
Section 40-880 deductions	186,784	(67,821)	-	118,963
Receivables	4,350	(4,350)	-	-
Superannuation payable	11,989	(1,220)	-	10,769
Unused tax losses				
Losses available to offset against future taxable income	-	4,963,938	-	4,963,938
Net tax asset / (liability)	**(653,553)**	**5,236,621**	**-**	**4,583,068**

	Consolidated Group 2014 $	Consolidated Group 2013 $

8. LOSS PER SHARE

Basic loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2014	2013
Net loss used in calculating the basic earnings per share	**(18,566,316)**	(32,849,612)
	No.	**No.**
Weighted average number of ordinary shares used in calculating basic loss per share	**161,174,005**	161,175,945

Diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of diluted loss per share are as follows.

	2014	2013
Net loss used in calculating the diluted earnings per share.	**(18,566,316)**	(32,849,612)
	No.	**No.**
The weighted average number of ordinary shares used in calculating diluted loss per share reconciles to the weighted number of ordinary shares used in calculating the basic loss per share as follows:		
Weighted average number of ordinary shares used in calculating basic loss per share	**161,174,005**	161,175,945
Shares deemed to be issued for no consideration in respect of: - employee options	**-**	-
Weighted average number of ordinary shares used in calculating diluted loss per share	**161,174,005**	161,175,945

For the year ending 30 June 2014, as all the options outstanding would reduce the loss per share from continuing operations on conversion, the potential ordinary shares are not considered dilutive. For the year ending 30 June 2013, as all the options outstanding would reduce the loss per share from continuing operations on conversion and are not considered dilutive.

9. Parent Entity – Iron Ore Holdings Ltd

	Parent Entity 2014 $	Parent Entity 2013 $
Assets		
Current assets	**145,933,561**	149,000,753
Non-current assets	**8,960,436**	5,508,412
Total Assets	**154,893,997**	154,509,165
Liabilities		
Current liabilities	**6,784,932**	9,333,147
Total Liabilities	**6,784,932**	9,333,147
Equity		
Issued capital	**85,647,898**	85,647,898
Reserves	**1,624,323**	3,867,700
Accumulated profits	**60,836,844**	55,660,420
Total Equity	**148,109,065**	145,176,018
Financial Performance		
Profit / (Loss) for the year	**5,176,424**	(4,910,896)
Other Comprehensive Income	**-**	-
Total Comprehensive Income	**5,176,424**	(4,910,896)

The Parent Company IOH has no contingent liabilities as at 30 June 2014.

Operating Lease Commitments

	2014 $	2013 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease payments		
Not later than 1 year	**234,769**	253,064
Later than 1 year but not later than 5 years	**48,591**	283,939
	283,360	537,003

Mineral Acquisition Exploration Tenements

	2014 $	2013 $
Minimum expenditure on exploration tenements payable		
Not later than 1 year	**380,384**	1,023,996
Later than 1 year but not later than 5 years	**1,024,241**	2,940,482
	1,404,625	3,964,478

Guarantees

The Parent Company IOH has deposited $134,564 (2013: $328,319) on interest bearing deposits held as security for long term tenements and rental bonds. The weighted average interest rate as at 30 June 2014 was 3.6% (2013: 4.1%).

	Consolidated Group 2014 $	2013 $
10. CASH AND CASH EQUIVALENTS		
(a) *Cash and cash equivalents in the Statement of Financial Position*		
Cash at bank and cash on hand	**1,605,740**	2,151,500
Short-term bank deposits	**49,359,598**	72,500,000
	50,965,338	74,651,500
(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:		
Cash and cash equivalents	**50,965,338**	74,651,500
(c) *Reconciliation of net loss after income tax to cash flows used in operations*		
Net loss after income tax	**(18,566,316)**	(32,849,612)
Non-cash adjustments		
Depreciation	**339,669**	600,998
Income tax benefit recognised in profit and loss	**(3,647,447)**	(10,761,645)
Write off of acquisition costs relating to tenement sales	**-**	2,332,187
Share-based payments	**527,948**	1,300,000
Changes in assets and liabilities		
Increase in receivables	**(42,845)**	(4,312)
Decrease in prepayments	**42,403**	25,156
Increase in employee entitlements	**27,877**	99,634
Decrease in interest receivable	**192,173**	620,443
(Decrease) / increase in payables	**(2,405,918)**	3,948,186
Net cash used in operations	**(23,532,456)**	(34,688,965)

11. TRADE AND OTHER RECEIVABLES

		Consolidated Group 2014 $	2013 $
Current			
Interest receivable		**323,060**	515,233
GST receivable		**417,275**	614,009
Other debtors	(i)	**81,789**	2,924
		822,124	1,132,166
Non-Current			
Interest bearing deposits	(ii)	**363,564**	328,319
		363,564	328,319

(i) All receivables are not impaired and are within initial trade terms. None of the receivables are past due.
(ii) Interest bearing deposits held as security for long term tenements and rental bonds. The weighted average interest rate as at 30 June 2014 was 3.4% (2013: 4%)

	Consolidated Group	
	2014 $	2013 $

12. Plant and Equipment

	2014 $	2013 $
At cost	**3,209,694**	3,100,693
Accumulated depreciation	**(2,843,337)**	(2,503,668)
Total Plant and Equipment	**366,357**	597,025

(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.

	2014 $	2013 $
Balance at the beginning of the year	**597,025**	893,710
Additions	**109,001**	304,313
Disposals	**-**	-
Accumulated depreciation of assets sold	**-**	-
Depreciation expense	**(339,669)**	(600,998)
Balance at the end of the year	**366,357**	597,025

13. Deferred Mineral Acquisition Expenditure

	2014 $	2013 $
Deferred exploration and evaluation expenditure	**1,888,981**	1,888,981

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.

14. Trade and Other Payables

Current

	2014 $	2013 $
Trade payables and accruals	**6,373,311**	8,706,071
Employee benefits	**124,153**	367,486
	6,497,464	9,073,557

Trade payables and accruals are non-interest bearing and normally settled within 30 day terms.
Employee benefits represents superannuation payable, PAYG payable and payroll tax payable which are non-interest bearing.

	Consolidated Group 2014 $	Consolidated Group 2013 $
15. PROVISIONS		
Current		
Provision for employee benefits	**287,468**	259,690
16. ISSUED CAPITAL		
(a) *Ordinary Shares*		
Issued and fully paid	**85,647,898**	85,647,898

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

		2014 No.	2014 $	2013 No.	2013 $
Movement in ordinary shares on issue					
At the beginning of reporting period		**161,174,005**	**85,647,898**	161,330,094	85,791,395
Share buyback	(i)	**-**	**-**	(156,089)	(143,497)
		161,174,005	**85,647,898**	161,174,005	85,647,898

Changes to the Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issue of shares do not have a par value.

(i) Shares bought back in the period have all been cancelled.

(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.

	Consolidated Group 2014 $	Consolidated Group 2013 $
17. RESERVES		
Share based payments reserve	**1,624,323**	3,867,700
Reconciliation of movement during the year		
Transfer to accumulated losses (i)	**(2,771,325)**	(3,251,026)
Options expensed during the year	**527,948**	1,300,000
	(2,243,377)	(1,951,026)

(i) $2,771,325 (2013: $3,251,026) relating to options that have either expired, been exercised or cancelled have been transferred to Retained Earnings.

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 19 for further details.

	Consolidated Group 2014 $	Consolidated Group 2013 $

18. KEY MANAGEMENT PERSONNEL

(a) *Details of Key Management Personnel*

The key management personnel (KMP) of IOH during the year were:
Hon. Richard Court AC - Non-Executive Chairman
Alwyn Vorster - Managing Director
Ryan Stokes - Non-Executive Director
Brian O'Donnell - Non-Executive Director
Malcolm Randall - Non-Executive Director
Christian Johnstone - Chief Financial Officer
Brett Hazelden - General Manager - Project Development
Michael Klvac – General Manager – Corporate Affairs (i)
Roland Bartsch – General Manager – Geology (ii)
Zen Davison - General Manager - Commercial
Manohar Ghorpade - Chief Geologist (iii)
(i) M Klvac commenced in the role as GM Corporate Affairs on 1 July 2013
(ii) R Bartsch commenced in the role as GM Geology on 15 July 2013
(iii) M Ghorpade's employment contract terminated on 15 July 2013

(b) *Compensation for Key Management Personnel*

	2014 $	2013 $
Short term employee benefits	**3,000,941**	2,249,104
Post-employment benefits	**173,551**	164,477
Share based payments	**568,883**	1,222,992
Total compensation	**3,743,375**	3,636,573

(c) *Loans to Key Management Personnel (Consolidated)*

There are no loans between the entity and KMP.

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $

19. SHARE BASED PAYMENTS

(a) Recognised share based payment expenses

	Note	2014 $	2013 $
The expense recognised for employee services received during the year is:			
Expense arising from equity-settled share based payment transactions	6	527,948	1,300,000

The share based payment plans are described below.

(b) Employee Share Option Plan (ESOP)

On 24 November 2009 Shareholders approved the IOH (ESOP). The purpose of the Plan 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, unlisted share options issued during the year:

	2014 No.	2014 WAEP	2013 No.	2013 WAEP
Outstanding at the beginning of the year	**8,975,000**	**$1.81**	11,350,000	$1.76
Granted during the year	**3,000,000**	**$1.55**	3,000,000	$1.40
Exercised during the year	**-**	**-**	-	-
Expired or cancelled during the year	**(4,125,000)**	**$2.05**	(5,375,000)	$1.49
Outstanding at the end of the year	**7,850,000**	**$1.58**	8,975,000	$1.81
Exercisable at the end of the year	**5,850,000**	**$1.55**	6,775,000	$1.77

(d) Weighted average remaining contractual life

The weighted average remaining contractual life of the share options outstanding as at 30 June 2014 is 1.91 years (2013: 1.32 years)

(e) Range of exercise prices

The range of exercise prices for options outstanding at the end of the year was $1.297 - $1.90 (2013: $1.40 - $2.975)

(f) Weighted average fair value

The weighted average fair value of options granted during the year was $0.24 (2013: $0.21)

(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 and 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 2014 and 30 June 2013:

	Consolidated Group 2014 $	Consolidated Group 2013 $
Dividend yield (%)	**0%**	0%
Expected volatility (%)	**50%**	60%
Risk free interest rate (%)	**3.23%**	2.65%
Expected life of the option (years)	**3.00**	3.00
Option exercise price ($)	**$1.297 - $1.797**	$1.40
Share price at grant date ($)	**$0.91**	$0.81

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.

(h) Share based payment arrangements in existence as at the end of the financial year

	Number Under Option	Grant Date	Expiry Date	Vesting Date*1	Exercise Price	Fair Value at Grant Date
Issued 23 November 2011	1,900,000	23/11/11	22/11/14	1/12/13	$1.900	$0.290
Issued 10 May 2012	50,000	10/5/12	22/11/14	1/12/13	$1.900	$0.378
Issued 12 November 2012	2,900,000	12/11/12	13/11/15	12/11/12	$1.400	$0.213
Issued 25 November 2013	1,000,000	25/11/13	24/11/16	25/11/13	$1.297	$0.231
Issued 25 November 2013	1,000,000	25/11/13	24/11/17	22/08/14	$1.547	$0.242
Issued 25 November 2013	1,000,000	25/11/13	24/11/18	22/08/14	$1.797	$0.256

*1. Each issue of options vest in accordance with the IOH Share Options Plan as approved by the Board. Under the terms of the Plan, if an employee leaves employment before the vesting date, the unvested options are cancelled and any vested options which are not exercised within 90 days are also cancelled.

20. Related Party Disclosure

(a) *Controlled Entities*

The consolidated financial statements include the financial statements of IOH and the following subsidiaries:

	Consolidated Group % Equity Interest 2014	Consolidated Group % Equity Interest 2013
PEL Iron Ore Pty Ltd (incorporated in Australia)	**100**	100
Bungaroo South Pty Ltd (incorporated in Australia)	**100**	100
Mal's Ridge Pty Ltd (incorporated in Australia)	**100**	100
Maitland River Pty Ltd (incorporated in Australia)	**100**	100
Iron Valley Pty Ltd (incorporated in Australia)	**100**	100
Metal Holdings Pty Ltd (incorporated in Australia)*4	**100**	100
Buckland Minerals Transport Pty Ltd (incorporated in Australia)*1	**100**	100
Cape Preston Logistics Pty Ltd (incorporated in Australia)*2	**100**	100
Mardie Minerals Pty Ltd (incorporated in Australia)*3	**100**	100

During the financial year unsecured loan advances were made between the parent entity (IOH) and its controlled entities. All such loans were interest free, unsecured and payable on demand. Intra entity loan balances have been eliminated in the financial report of the consolidated entity.

*1 North Marillana Pty Ltd changed its name to Buckland Minerals Transport Pty Ltd during FY2013 year.
*2 South Marillana Pty Ltd changed its name to Cape Preston Logistics Pty Ltd during FY2013 year.
*3 Yandi Coogina Pty Ltd changed its name to Mardie Minerals Pty Ltd during FY2013 year.
*4 Lamb Creek Pty Ltd changed its name to Metal Holdings Pty Ltd during FY2014 year.

(b) *Acquisition of Controlled Entities*

No new subsidiaries were acquired during the year.

(c) *Ultimate Parent*

IOH is the parent entity of the Group. The parent entity of IOH 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 $282,472 (2013: $282,472). All transactions were on normal commercial terms and conditions.

(d) *Key Management Personnel*

Details relating to KMP, including remuneration paid, are included in Note 18 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.

21. FINANCIAL INSTRUMENTS

(a) *Financial Risk Management*

The Group's principal financial instruments comprise cash and short term deposits.

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.

	Consolidated Group	
	2014	**2013**
	$	**$**
(b) Interest rate risk		
At balance date, the Group had the following financial assets exposed to interest rate risk:		
Cash and cash equivalents (i)	**50,965,338**	74,651,500
Receivables (ii)	**363,564**	328,319
	51,328,902	74,979,819

(i) The weighted average interest rate of cash and cash equivalents is 3.72% (2013: 4.39%).

(ii) Receivables are interest bearing deposits held as security for long term tenements and rental bonds. The weighted average interest rate as at 30 June 2014 was 3.39% (2013: 4%).

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.

The following table details the Group's expected maturity for its non-derivative financial assets.

	Weighted Average Effective Interest Rate	Less than 1 Month	1 to 3 Months	Greater than 12 Months	Total
	%	$	$	$	$
30 June 2014					
Variable interest rate investments	1.96	1,605,740	-	-	1,605,740
Fixed interest rate investments	3.77	33,032,000	16,327,598	-	49,359,598
Receivables	3.39	-	-	363,564	363,564
		34,637,740	**16,327,598**	**363,564**	**51,328,902**

(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 profit / (loss) and equity would have been affected as shown. The analysis has been performed on the same basis for 2014 and 2013.

30 June 2014	Carrying Amount	Interest Rate Risk -1%		Interest Rate Risk +1%	
	$	Net Profit $	Equity $	Net Profit $	Equity $
Financial assets					
Cash and cash equivalents	**50,965,338**	**(509,653)**	**(509,653)**	**509,653**	**509,653**
Receivables	**363,564**	**(3,636)**	**(3,636)**	**3,636**	**3,636**
	51,328,902	**(513,289)**	**(513,289)**	**513,289**	**513,289**

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

30 June 2013	Carrying Amount $	Interest Rate Risk -1% Net Loss $	Equity $	Interest Rate Risk +1% Net Loss $	Equity $
Financial assets					
Cash and cash equivalents	74,651,500	(746,515)	(746,515)	746,515	746,515
Receivables	328,319	(3,283)	(3,283)	3,283	3,283
	74,979,819	(749,798)	(749,798)	749,798	749,798

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

	Consolidated Group 2014 $	2013 $

22. Commitments

(a) *Operating Lease Commitments*

	2014 $	2013 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
- not later than 1 year	**234,769**	253,064
- later than 1 year but not later than 5 years	**48,591**	283,939
	283,360	537,003

The office lease is for the period 22 September 2013 to 21 September 2015, with rent payable monthly in advance. The lease allows for subletting of all lease areas with the consent of the lessor.

The warehouse lease is for the period 4 January 2013 to 3 January 2015, with rent payable monthly in advance. The lease allows for subletting of all lease areas with the consent of the lessor.

(b) *Mineral Acquisition Exploration Tenements*

	2014 $	2013 $
Minimum expenditure on exploration tenements		
Payable:		
- not later than 1 year	**1,319,430**	1,023,996
- later than 1 year but not later than 5 years	**3,009,397**	2,940,482
	4,328,827	3,964,478

23. Contingent Liabilities

There are no contingent liabilities as at 30 June 2014.

24. Segment Reporting

The Group operates entirely in Australia and predominantly in the field of mineral exploration and development with particular emphasis on iron ore. For management purposes the Group is organised into one main operating segment which involves the exploration and development 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.

25. Subsequent Events

On 11 August 2014 BC Iron Limited announced an off-market takeover offer for IOH. For detailed information please refer to ASX announcement on 11 August 2014. On 22 August 2014, BC Iron Limited lodged its Bidder's Statement with ASX and ASIC. On 28 August 2014, IOH lodged its Target's Statement with ASX and ASIC.

Apart from the above, there have been no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect:

(i) the consolidated entity's operations in future years; or
(ii) the results of those operations in future years; or
(iii) the consolidated entity's state of affairs in future years.

26. Auditors' Remuneration

	Consolidated Group 2014 $	Consolidated Group 2013 $
The auditor of IOH for the year ended 30 June 2014 and 2013 is Deloitte Touche Tohmatsu		
Amounts received or due and receivable by Deloitte Touche Tohmatsu for June 2014 and June 2013 for:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	**42,500**	37,500
Internal control review, Buckland project tender package review and joint venture advisory	**32,617**	47,093
	75,117	84,593

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity;

2 In the directors' opinion the attached financial statements also complies with International Financial Reporting Standards, as stated in Note 2 to the financial statements;

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; and

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 2014.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to section 295(50 of the Corporations Act 2001.

On behalf of the Directors

Hon. Richard Court AC
Chairman
3 September 2014

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 (0) 9365 7001
www.deloitte.com.au

Independent Auditor's Report to the Members of Iron Ore Holdings Ltd

Report on the Financial Report

We have audited the accompanying financial report of Iron Ore Holdings Ltd, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, 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 as set out on pages 30 to 58.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard *AASB 101 Presentation of Financial Statements*, that the consolidated financial statements comply 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. Those 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 company's preparation of the financial report that gives a true and fair view, 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 company'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.

Deloitte.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Iron Ore Holdings Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion, the financial report of Iron Ore Holdings Ltd is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 20 of the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion the Remuneration Report of Iron Ore Holdings Ltd for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ross Jerrard
Partner
Chartered Accountants
Perth, 3 September 2014