



NORTHERN IRON LIMITED (ASX: "NFE")

Strategic Review Conclusion and Operational Update

5 November 2012

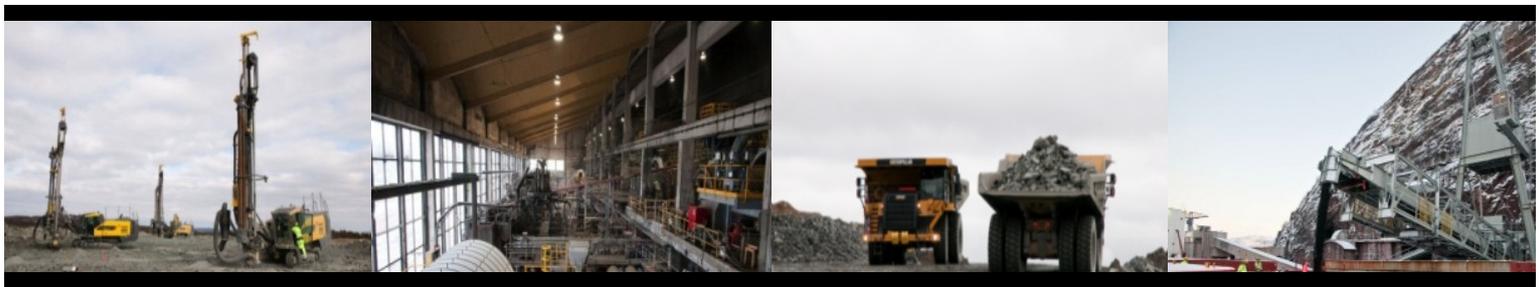
On 19 October 2012, Northern Iron Limited ("NFE" or the "Company") announced that Essel Mining (a wholly owned subsidiary of Aditya Birla Group) and Prominvest were continuing to conduct detailed stage two due diligence on the Company and that, following discussion with these parties, the deadline for submission of final binding offers to acquire all of the shares of NFE was extended to early November 2012 to allow the parties to complete their due diligence. Today the Company announces the conclusion of the strategic review of the Company's options announced in November 2011 ("Strategic Review").

Since early August 2012, the Company has facilitated a detailed stage two due diligence process including access to a detailed data room in respect of NFE, management meetings and Q&A, and the opportunity to attend site visits to the Company's operations in Norway.

On 3 November 2012, Essel Mining advised NFE that following its stage two detailed due diligence investigations it was not in a position to submit a stage two proposal at this time. Essel Mining stated that the reason for their decision is related to the continued variability in production at the Sydvaranger Project and the resultant impact on costs. Nevertheless, Essel Mining has advised the Company that it will continue to monitor NFE's progress with a view to assessing whether at an appropriate time, a level of interest may materialise.

On 2 November 2012, Prominvest advised NFE that it was continuing to work on a proposal but did not submit a final bid in accordance with the process timetable provided to the bidders by the Company.

The Board of NFE remains open to reviewing, and entertaining discussions in respect of, any attractive proposal that could deliver value to NFE shareholders. However, in light of the recent interaction with Essel Mining and Prominvest and after the lengthy stage two due diligence process, the Company has decided to conclude the Strategic Review.



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The Board believes that NFE has a sound future as an independent Company, and that following the recent Entitlement Offer, it is appropriately capitalised to pursue its near term objectives. In the medium term, a range of potential improvement and expansion opportunities lie ahead for the Company, and it remains committed to its value creation strategy.

As outlined in the quarterly report released on 31 October 2012, actual production performance for October has been negatively impacted by two main factors: a delay in dewatering the Bjørnevatn pit that required the mining of more difficult to process ore from Kjellmannsåsen, and the failure of a clutch on a secondary mill which has restricted throughput rates. Both these issues have been rectified and the Company has recorded a marked improvement in production levels in the last week compared to the daily average achieved in October. The Company now expects to produce between 560 – 600kt of dry concentrate for Q4, resulting in expected cash costs of between US\$70/t and US\$76/t.

The Company reminds shareholders that allotment of shares under the retail component of the Company's Entitlement Offer (as set out in the Company's Prospectus dated 8 October 2012) ("Retail Entitlement Offer") is scheduled to occur on Tuesday, 6 November 2012. Notwithstanding the allotment of those shares, in accordance with the Company's Second Supplementary Prospectus expected to be dated 5 November 2012, retail shareholders will have a right to withdraw their acceptances under the Retail Entitlement Offer until 5 December 2012.

This update contains some references to forward looking statements, assumptions, estimates and outcomes. These are uncertain by nature and no assurance can be given by Northern Iron Limited that they will be achieved.

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