



NORTHERN IRON LIMITED (ASX: "NFE")

Update on Engagement with Prominvest

03 August 2012

We refer to the company's announcement of 30 July 2012 regarding, among other things, the indicative, non-binding stage one proposal from Prominvest AG ("Prominvest").

NFE advises that following further engagement with Prominvest representatives, a revised proposal has been received by NFE ("Revised Prominvest Proposal"). Under the terms of the Revised Prominvest Proposal, Prominvest has withdrawn its request for exclusivity. The Board will now offer Prominvest detailed stage two due diligence including management meetings and site visits subject to agreement with Prominvest on appropriate terms to govern the process.

NFE notes that the Revised Prominvest Proposal assumes net debt of US\$93m, and is valid for a period of 25 days, subject to extension at the election of Prominvest.

NFE will continue to update shareholders in relation to this process as appropriate.

For and on behalf of the Board.



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