

SUPPLEMENTARY PROSPECTUS

NORTHERN IRON LIMITED (A.B.N. 71 125 264 575)

19 October 2012

This supplementary prospectus ("**Supplementary Prospectus**") relates to the prospectus issued by Northern Iron Limited ("**Northern Iron**") dated 8 October 2012 ("**Prospectus**") relating to the accelerated, non-renounceable entitlement offer of fully paid ordinary shares in Northern Iron. This Supplementary Prospectus supplements, and should be read together with, the Prospectus.

If there is any inconsistency between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail. Words and expressions used in this Supplementary Prospectus have the meanings given to them in the Prospectus.

This Supplementary Prospectus is dated 19 October 2012 and was lodged with the Australian Securities & Investments Commission ("**ASIC**") on that date. Neither ASIC nor ASX Limited take any responsibility for the contents of this Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

This Supplementary Prospectus dated 19 October 2012 supplements, and should be read together with, the Prospectus dated 8 October 2012 issued by Northern Iron Limited.

SUPPLEMENTARY INFORMATION

1. UPDATE ON THE STRATEGIC REVIEW

On 4 October 2012, Northern Iron Limited (“NFE” or “the Company”) announced that Essel Mining (a wholly owned subsidiary of Aditya Birla Group) and Prominvest (the “Bidders”) were conducting detailed stage two due diligence on the Company having submitted highly conditional, non-binding indicative proposals in July 2012 to acquire all of the shares of NFE. The Company also announced that final binding offers were due to be submitted by mid-October, unless otherwise agreed.

Today the Company, after discussions with the Bidders, announces that it has agreed to provide both Bidders with an extension to the deadline for submission of final binding offers to enable them to complete their stage two due diligence. NFE now expects that final binding offers would be submitted in early November 2012.

NFE notes that there is no certainty that the Strategic Review will result in an offer to acquire all of the shares of NFE either at all or at the prices indicated in the indicative non-binding proposals submitted by the Bidders.

The Company will continue to update the market in relation to the process as appropriate.

2. WITHDRAWING YOUR ACCEPTANCE

In accordance with section 724(2) of the Corporations Act, the Company will give Shareholders who have applied for New Shares under the Prospectus a copy of this Supplementary Prospectus and 1 month from the date of this Supplementary Prospectus to withdraw their Application and to be repaid their Application Monies in full.

If a Shareholder who applied for Shares under the Prospectus applies to withdraw their Application, the Company will not pay interest on Application Monies refunded. Any Shareholder who wishes to obtain a refund should provide a written request to the Company at any of the addresses set out below by 5.00pm on 19 November 2012.

Northern Iron Limited
C/ Computershare Investor Services Pty Ltd
GPO Box 505
Melbourne VIC 3001
Australia

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with ASIC.