

**ASX ANNOUNCEMENT**

26 October 2012

CHANGE TO OPTION EXERCISE PRICE – LISTING RULE 6.22.2

Northern Iron Limited (the **Company**) announces that in accordance with Listing Rule 6.22.2 and the terms of the options over fully paid ordinary shares (**Options**) issued to Managing Director and C.E.O. of the Company, John Sanderson, the exercise price of the Options is being adjusted as set out below effective 6 November 2012.

Number of Options	Old exercise price (AUD)	New exercise price effective 6 November 2012 (AUD)
500,000	\$2.15	\$2.06
500,000	\$2.50	\$2.41
500,000	\$3.00	\$2.91

The exercise price of the Options is being adjusted as a result of the non-renounceable, pro-rata entitlement offer being conducted by the Company as announced on 4 October 2012.

The issue of the Options to Mr Sanderson was approved by a meeting of the Company's shareholders on 14 May 2010. All other terms of the Options, including their date of expiry on 24 August 2013, remain unchanged.

A copy of the letter sent to Mr Sanderson to notify him of the change is attached.

Yours faithfully

Alex Neuling

Company Secretary



26 October 2012

Dear John

Entitlement Offer

We refer to our letter to you dated 8 October 2012 regarding a change to the exercise price applying to the options you hold over fully paid ordinary shares in Northern Iron Limited (the **Options**).

In accordance with the terms of the Options and ASX Listing Rule 6.22.2, we are writing to advise you that the exercise price for the Options held by you are to be amended as follows, with effect from 6 November 2012.

Number of Options	Old exercise price (AUD)	New exercise price effective 6 November 2012 (AUD)
500,000	\$2.15	\$2.06
500,000	\$2.50	\$2.41
500,000	\$3.00	\$2.91

All other terms of the Options, including their date of expiry on 24 August 2013, remain as previously notified to you.

If you wish to discuss any of the above matters, please contact me.

Yours sincerely

NORTHERN IRON LIMITED

Alex Neuling
Company Secretary