NORTHERN IRON LIMITED

ABN 71 125 264 575

INTERIM FINANCIAL REPORT

30 JUNE 2015

CORPORATE DIRECTORY

Directors
PR Bilbe (Chairman)
A Beckmand (Managing Director)
A Mehra (Non-Executive Director)
FH Tschudi (Non-Executive Director)
PS Larsen (Alternate Director for FH Tschudi)

Company Secretary
AJ Neuling

Auditors
HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000, Australia

Bankers
DNB NOR Bank ASA
Innovasjon Norge
Westpac Banking Group Limited

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Share Registry
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Securities Exchange Listing
Securities of Northern Iron Limited are listed on the ASX
ASX Code: NFE - Ordinary shares
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
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Shareholder and Participant Enquiries: 131 279 (within Australia)
Shareholder and Participant Enquiries: +61 2 9338 0000 (outside Australia)
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DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report for the half-year ended 30 June 2015 of Northern Iron Limited ("Northern Iron" or the "Company"), and the independent auditor's review report thereon.

Directors

The Directors of the Company in office at any time during or since the end of the half-year and up to the date of this report are as follows:

PR Bilbe	Chairman
A Beckmand	Managing Director
A Mehra	Non-Executive Director
FH Tschudi	Non-Executive Director
PS Larsen	Alternate Director for FH Tschudi
PC Church	former Non-Executive Director (resigned 17 April 2015)

The above named Directors held office during and since the end of the half-year, unless otherwise stated.

Review of operations

Operations

Northern Iron's wholly owned subsidiary, Sydvaranger Gruve AS, located in Northern Norway, was established in 2007 and recommenced iron ore mining and processing activities in 2009. As of 30 June 2015, a total of 10.2 million dry metric tonnes (DMT) had been shipped to customers in China, Europe and the Middle East since restart. Sales for the first six months of 2015 have been 969,588 DMT.

Mining activities during the first half of 2015 have focused on supplying ore from Bjørnevatn, and three of the satellite pits, Kjellmannsåsen, Fisketind and Bjørnfjell, with consistent efforts applied to advancement of mining at low strip ratios to minimise operational costs. The average strip ratio for first half 2015 was 1.49 (waste: ore). To secure sustainable quality of ore feed to the Primary Mill, the ore sources are blended. The ore mined during the period has however been characterised by lower magnetic iron grades when compared to prior periods, lowering the concentrate production for the six month period to 984,034 DMT. The Company continues to evaluate mine plan options to optimise ore feed grade whilst minimising operational costs across the production chain.

Northern Iron has continued to work actively on further reducing costs during the first half-year, terminating some of its key operational contracts for outsourced activities, including the mobile equipment maintenance contract, tyre services contract and laboratory services contract. After careful and rigorous evaluation of potential benefits and risks, the preparation of detailed transition plans, the decision to in-source these activities was carried out resulting in a reduction to fixed costs. This, combined with favourable movements in the USD:NOK exchange rate and electricity prices, as well as the implementation of further cost improvement initiatives has resulted in a C1 cash unit operating cost of US$58 per dry metric tonne for the first half-year.

DIRECTORS' REPORT (continued)

The first half of 2015 has seen a continued decline in the world market price of iron ore. While actions have been successfully implemented to reduce costs and mitigate strains on liquidity, stabilising the financial position has also been reliant on the continued support of the Company's financiers. During the half-year financiers have extended their support for the deferral of debt service obligations as well as providing short term restructuring of debt facilities and the establishment of a new loan facility to accommodate the close out of the 2015 foreign exchange hedge position. The current arrangements with financiers are in place until 31 October 2015.

The Company also been constructively engaged with its main offtake customer during the first half-year to reach agreements on amending pricing and payment terms of the offtake contract. At the end of the half-year, the parties ultimately agreed to a fixed price sales arrangement of approximately US$54/dmt FOB Kirkenes, extending until 31 October 2015, after which the parties would terminate the long-term contractual arrangements without further obligations and consider new arrangements for the future.

Financial result

The consolidated loss from continuing operations before tax for the half-year was US$34.361 million (2014: US$4.211 million loss) and reflects:

- US$44.237 million of sales revenue;
- US$63.205 million of site based mining and processing expenses, depreciation and amortisation expenses and administration expenses;
- US$2.546 million of net finance expenses;
- US$14.043 million net unrealised and realised hedging loses on foreign exchange and electricity contracts
- The consolidated loss after tax expense from continuing operations for the half-year was US$34.359 million.

Rounding of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the half-year financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

Auditor's Independence Declaration

The Auditor's Independence Declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 6 and forms part of this Directors' Report for the half-year ended 30 June 2015.

DIRECTORS' REPORT (continued)

Signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

A Beckmand	PR Bilbe
Managing Director	Chairman
Oslo, Norway	Perth, Western Australia
10 September 2015	10 September 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the interim financial report of Northern Iron Limited for the half-year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
10 September 2015

N G Neill
Partner, HLB Mann Judd

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 30 June 2015

	30 June 2015 US$000	30 June 2014 US$000
Continuing operations		
Revenue	44,237	108,392
Other operating income	1,088	72
Mining and processing expenses	(55,480)	(101,630)
Depreciation and amortisation expenses	(6,689)	(11,577)
Administrative expenses	(1,036)	(2,609)
Foreign exchange gain / (loss)	108	(1,409)
Hedging (loss) / gain	(14,043)	7,054
Share-based payments	-	(70)
Results from operating activities	**(31,815)**	**(1,777)**
Finance income	2	22
Finance expense	(2,548)	(2,456)
Net finance expense	(2,546)	(2,434)
Loss before income tax	**(34,361)**	**(4,211)**
Income tax benefit / (expense) (i)	2	(31,532)
Loss for the period from continuing operations	**(34,359)**	**(35,743)**
Other comprehensive income		
Items that may be classified to profit or loss		
Exchange differences arising on translation to presentation currency	(12,705)	13,058
Exchange differences arising on translation of loans to foreign subsidiaries	12,600	(12,679)
Other comprehensive income / (loss) for the period net of income tax	**(105)**	**379**
Total comprehensive loss for the period net of tax	**(34,464)**	**(35,364)**
Basic and diluted (loss) / earnings per share from continuing operations (cents per share)	(7.09)	(7.38)

(i) In the prior period, the deferred tax asset was de-recognised as a direct consequence of the falling iron ore prices and no longer meeting the requirements of AASB 112 Income Taxes.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the notes to the condensed financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Note	30 June 2015 US$000	31 December 2014 US$000
Current Assets			
Cash and cash equivalents		5,258	6,618
Trade and other receivables		2,653	20,655
Inventory		19,486	19,768
Prepayments		310	249
Total Current Assets		27,707	47,290
Non-Current Assets			
Trade and other receivables		1,417	1,505
Mine properties		38,828	39,537
Property, plant and equipment		151,839	157,411
Deferred tax asset		3	3
Total Non-Current Assets		192,087	198,456
Total Assets		219,794	245,746
Current Liabilities			
Trade and other payables		17,229	24,928
Derivative financial liabilities		19,192	40,612
Provisions		22,189	5,739
Current tax liabilities		-	129
Interest bearing loans and borrowings		73,678	37,949
Total Current Liabilities		132,288	109,357
Non-Current Liabilities			
Provisions		17,454	12,096
Interest bearing loans and borrowings		8,614	28,391
Total Non-Current Liabilities		26,068	40,487
Total Liabilities		158,356	149,844
Net Assets		61,438	95,902
Equity			
Issued capital	3	380,761	380,761
Reserves		16,617	16,722
Accumulated losses		(335,940)	(301,581)
Total Equity		61,438	95,902

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the notes to the condensed financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 30 June 2015

	Issued Capital US$000	Translation reserve US$000	Share based payments reserve US$000	Accumulated (losses) US$000	Total US$000
Balance at 1 January 2014	380,761	12,766	4,047	(120,886)	276,688
Loss for the period	-	-	-	(35,743)	(35,743)
Other comprehensive income for the period	-	379	-	-	379
Total comprehensive loss for the period	-	379	-	(35,743)	(35,364)
Share based payment expense	-	-	70	-	70
Balance at 30 June 2014	**380,761**	**13,145**	**4,117**	**(156,629)**	**241,394**
Balance at 1 January 2015	380,761	12,605	4,117	(301,581)	95,902
Loss for the period	-	-	-	(34,359)	(34,359)
Other comprehensive income for the period	-	(105)	-	-	(105)
Total comprehensive loss for the period	-	(105)	-	(34,359)	(34,464)
Share based payment expense	-	-	-	-	-
Balance at 30 June 2015	**380,761**	**12,500**	**4,117**	**(335,940)**	**61,438**

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the condensed financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 30 June 2015

	30 June 2015 US$000	30 June 2014 US$000
Cash flows from operating activities		
Receipts from customers	65,557	111,291
Payments to suppliers and employees	(81,896)	(97,795)
Finance income	2	22
Finance expense	(444)	(1,785)
Net cash flows provided by / (used in) operating activities	(17,081)	11,733
Cash flows from investing activities		
Payments for mine properties	(276)	(815)
Payments for property, plant and equipment	(615)	(1,754)
Net security deposits repaid / (lodged)	7	(318)
Net cash flows used in investing activities	(884)	(2,887)
Cash flows from financing activities		
Proceeds from interest bearing loans and borrowings	23,089	451
Repayments of interest bearing loans and borrowings	(6,162)	(8,401)
Net cash flows provided by / (used in) financing activities	16,927	(7,950)
Net increase / (decrease) in cash and cash equivalents	(1,038)	896
Cash and cash equivalents at beginning of the half-year	6,618	19,446
Foreign exchange effect on cash and cash equivalents	(322)	97
Cash and cash equivalents at end of the half-year	5,258	20,439

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the notes to the condensed financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half-year ended 30 June 2015

NOTE 1 REPORTING ENTITY

Northern Iron Limited is a company registered and domiciled in Australia.

The interim financial report of the Company for the half-year ended 30 June 2015 comprises the Company and its subsidiaries ("Group"). The interim report has been prepared on an accruals basis and is based on historical costs.

The interim financial report was authorised for issue by the Directors on 10 September 2015.

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The interim financial statements are a general-purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 *Interim Financial Reporting*.

This interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the annual financial report.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 31 December 2014 and any public announcements made by Northern Iron Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Basis of preparation

The interim financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in United States dollars (US$), unless otherwise noted.

For the purpose of preparing the interim financial report, the half-year has been treated as a discrete reporting period.

The Company is of a kind referred to in ASIC Class Order 98/100, and accordingly, amounts in the Directors' Report and the interim financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgements and key estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial report for the year ended 31 December 2014.

Going concern

The interim financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The economic environment in which the Group operates is both difficult and challenging, and the Group has recorded a loss after tax of US$34.359 million for the half-year. As at 30 June 2015, the Group had cash reserves of US$5.258 million and a net a working capital deficit of US$104.581 million. The net loss after tax includes non-cash items totalling US$20.732 million, including hedging losses of US$14.043 million and depreciation of property, plant and equipment and other non-current assets of US$6.689 million.

Significant efforts have been made to preserve cash, reduce costs and secure additional finance, however material uncertainties over the future cash flows exist. At the time of issuing the interim financial report, the Group has yet to negotiate a long term extension of the maturity of its debts, however a short term extension until the end of October 2015 has been agreed with all financiers.

The Group continues to engage with its financiers, stakeholders and potential new investors to raise additional working capital for the business and restructure its liabilities. During August 2015, Swedbank, a financial advisor in the Scandinavian market, was appointed by SVG to assist in strategic funding processes. These efforts are being closely coordinated with the Group's financiers.

In addition, the Group continues to focus efforts on improving liquidity through:

- the implementation of further cost improvement initiatives;
- optimising the mine plan to achieve maximum concentrate production at the lowest cost;
- continuation of voluntary payroll reductions at all levels of the organisation;
- further organisational restructuring;
- evaluating marketing opportunities for product sales in order to maximise revenues for the Group's high quality product.

In summary, the Group is actively working to streamline operations, cut costs further where possible, improve revenues, prolong the maturity of its debt, while working with current and potential investors to secure additional financing.

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A significant liquidity risk facing the Group is that it may be unsuccessful in implementing some or all of its improvement initiatives and that it may be unable to find a long term solution to the Group's debts maturing 31 October 2015 or to successfully raise additional financing. Other factors, including the potential for further weakness in the iron ore price and/or operational factors which may affect the production performance, also have the ability to impact negatively on the ability of the Group to continue as a going concern. Accordingly, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding this, the interim financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of business.

After considering the circumstances described above, and given the continuing efforts to secure additional funding and a long term solution, the Directors continue to adopt the going concern basis of accounting. However, should such a solution not be found, the Directors will need to reassess the Group's ability to continue as a going concern.

Adoption of new and revised Accounting Standards

In the half-year ended 30 June 2015, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for reporting periods beginning on or after 1 January 2015.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2015. As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

NOTE 3 ISSUED CAPITAL

	30 June 2015 US$000	31 December 2014 US$000
Ordinary shares		
Issued and fully paid	380,761	380,761

	Six Months Ended		Year Ended	
	30 June 2015		31 December 2014	
	Number of shares	US$000	Number of shares	US$000
Movement in ordinary shares				
Balance at beginning of period	484,405,314	380,761	484,405,314	380,761
Balance at end of the period	484,405,314	380,761	484,405,314	380,761

NOTE 4 SEGMENT INFORMATION

For management purposes, the Board of Directors of Northern Iron Limited has been defined as the Chief Operating Decision Maker. Segment information is presented in respect of the Group's business segments based on the Group's management and internal reporting structure.

The Group has three reporting segments, being Sydvaranger Iron Ore Project, marketing of ore concentrate, and corporate office. Intersegment pricing is determined on an arm's length basis.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The following table presents the financial information regarding these segments provided to the Board of Directors for the interim periods ended 30 June 2015 and 30 June 2014:

Information on business segments

30 June 2015	Sydvaranger Iron Ore Project US$000	Marketing US$000	Corporate US$000	Inter-segment eliminations US$000	Consolidated US$000
External revenue	45,320	5	-	-	45,325
Intersegment revenue	-	-	48	(48)	-
Segment revenue	45,320	5	48	(48)	45,325
Segment (loss)/profit before tax	(34,219)	(266)	12,596	(12,472)	(34,361)
Segment assets	216,783	3,592	1,874	(2,455)	219,794
Other segment information:					
Segment result before tax includes:					
Finance income	-	3	2	(3)	2
Finance expense	(2,551)	-	-	3	(2,548)
Depreciation and amortisation	(6,688)	-	(1)	-	(6,689)

NOTE 4 SEGMENT INFORMATION (continued)

30 June 2014	Sydvaranger Iron Ore Project US$000	Marketing US$000	Corporate US$000	Inter-segment eliminations US$000	Consolidated US$000
External revenue	71,031	37,433	-	-	108,464
Intersegment revenue	35,735	5,298	41	(41,074)	-
Segment revenue	106,766	42,731	41	(41,074)	108,464
Segment (loss)/profit before tax	(4,766)	1,486	(13,610)	12,679	(4,211)
Segment assets	346,288	15,519	7,967	(12,969)	356,805
Other segment information:					
Segment result before tax includes:					
Finance income	13	-	9	-	22
Finance expense	(2,455)	-	(1)	-	(2,456)
Depreciation and amortisation	(11,571)	-	(6)	-	(11,577)

The revenues reported above represent revenue generated from external customers. Intersegment revenues have been eliminated.

NOTE 5 PERFORMANCE RIGHTS

	30 June 2015 Number	31 December 2014 Number
Movement in performance rights (i)		
Balance at beginning of period	1,100,000	350,000
Lapsed	-	(250,000)
Issued (ii)	-	1,000,000
Balance at end of period	1,100,000	1,100,000

(i) The Northern Iron Limited Employee Performance Rights Plan was established to provide ongoing incentives to executives, key employees and consultants of the Company to deliver long–term shareholder returns. Under the plan, participants are issued performance rights which only vest should certain performance and vesting conditions be achieved. Participation in the plan is at the discretion of the Board of Northern Iron Limited and no individual has a contractual right to participate in the plan.

(ii) The number of shares issued at the end of the vesting periods depend on three key performance indicators ("KPI"). They are a share price KPI, a total shareholder return (%) KPI, and a production KPI. Once vested the performance rights will expire after a period of three months.

NOTE 6 SUBSEQUENT EVENTS

In July 2015, the Company reached agreements with DNB and Innovasjon Norge for the deferral of payments associated with its debt facilities and lease payments for the period from 1 July 2015 to 31 October 2015. Financial covenants associated with loan agreements were waived for the same period.

In July 2015, the Company reached an agreement with the Tschudi Group for a deferral of payment obligations associated with its port lease, office rental and land leases for the six months July through December 2015. The costs deferred during this period will only become payable after two years.

In July 2015, the Company reached an agreement with its main offtake customer for a contract amendment covering the 1 July to 31 October 2015 period, after which the parties have an agreement to terminate the existing long term contractual arrangements without further obligations, but consider in good faith new arrangements for the future. This contract amendment will also result in de-recognition of the provision for the onerous Tata sales contract which was recognised at 31 December 2014.

Other than this, no other matter or circumstance has arisen since 30 June 2015 that in the opinion of the Directors has significantly affected, or may significantly affect in future financial years:

(i) the Group's operations, or
(ii) the results of those operations, or
(iii) the consolidated state of affairs.

NOTE 7 CONTINGENT ASSETS

Under a previously reported insurance claim originating from a collision of two haul trucks in January 2014, the Company made a settlement with lead insurer AIG for US$3.9 million, of which US$1.0 million was received (net of US$1.0 million deductible and 35% share). The follow-market has contested the recommendation of the insurance consortium leader, and the Company is pursuing this matter legally.

Other than this, in the opinion of the Directors, there are no contingent assets, and no contingencies were incurred in the interval between balance date and the date of this financial report.

DIRECTORS' DECLARATION

In the opinion of the Directors of Northern Iron Limited (the "Company"):

1. the financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:

    a. complying with Accounting Standards, the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and

    b. giving a true and fair view of the financial position of the Group as at 30 June 2015 and of its performance for the half-year ended on that date; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

A Beckmand
Managing Director

Oslo, Norway
10 September 2015

PR Bilbe
Chairman

Perth, Western Australia
10 September 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Northern Iron Limited

Report on the Condensed Interim Financial Report

We have reviewed the accompanying interim financial report of Northern Iron Limited("the company") which comprises the condensed consolidated statement of financial position as at 30 June 2015, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim 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 half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Northern Iron Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which indicate that the Group will require additional funding, and the successful completion of the initiatives listed in Note 2 to enable the Group to continue to fund its operations. If the Group is unable to raise sufficient funding, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the interim financial report.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Norman Glenn

N G Neill
Partner

Perth, Western Australia
10 September 2015