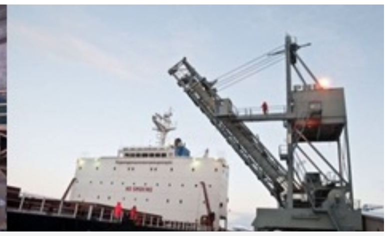


NORTHERN IRON LIMITED (ASX: “NFE”)

Interim Financial Results to 30 June 2015 and Company Update

Production Summary

Mining activities in 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 (waste : ore) for first half 2015 was 1.49 (first half 2014: 1.90). 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 dry kt (first half 2014: 1,179 dry kt).

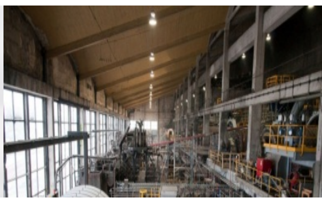
The Company has continued to work actively on further reducing costs during the first half-year, terminating some of its key operational contracts for outsourced activities, including the mobile equipment maintenance contract, tyre services contract and laboratory services contract. After careful and 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 six months ending June 2015, representing a 24% improvement over the six months ending June 2014.

Key Points: 2015 Interim Financial Report

Northern Iron Limited (NFE) presents its interim financial results for the half year ending 30th June 205. Key points for the six month period include;

- Sales of 970,000 dry metric tonnes of iron ore concentrate during the half year, a decrease of 19% to the comparative prior half year.
- Revenue of US$45.3 million, a decrease of 58% from US$108.4 million for the comparative prior half year.
- The average sales price for the first half of 2015 was approximately US$47/dmt FOB Kirkenes compared with US$ 86 in first half 2014.
- Unit cash operating costs (C1)[1] of approximately US$58/dmt, a 24% improvement over the comparative prior half year.
- Consolidated loss net of tax from continuing operations of US$33.9 million.
- Cash on hand of US$5.3 million as at 30 June 2015.






Interim Financial Results: 30 June 2015

Discussion of Interim Financial Results

Table 1 below provides a summary of the results for the six months ended 30 June 2015 including key physical drivers and financial results including the comparative prior half year.

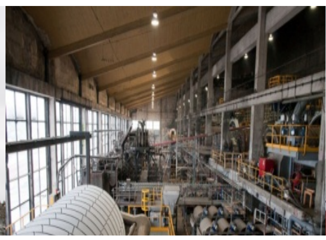
Physical drivers		6 months ended 30-Jun-15	6 months ended 30-Jun-14	% Change
Total Mined	Kt	**7,216**	**8,632**	(16%)
Strip ratio	waste:ore	**1.49**	**1.90**	22%
Ore Milled	Kt	**2,579**	**2,698**	4%
Concentrate produced	dry Kt	**984**	**1,179**	(14%)
Concentrate sales	dry Kt	**970**	**1,196**	(19%)
Financial results				
Average FOB sales price	US$/dmt	**47**	**86**	(45%)
Sales revenue	US$m	**45.3**	**108.4**	(58%)
Direct operating costs excluding freight	US$m	**(56.1)**	**(87.0)**	36%
Freight costs	US$m	**-**	**(5.4)**	
Administrative expenses	US$m	**(0.7)**	**(2.6)**	73%
Non-cash production expenses	US$m	**0.7**	**(9.2)**	108%
EBITDA [1]	**US$m**	**(10.8)**	**4.2**	(357%)
Depreciation and amortisation	US$m	**(6.7)**	**(11.6)**	42%
Hedging, foreign exchange and other costs	US$m	**(13.9)**	**5.6**	(348%)
Operating loss before interest & tax	**US$m**	**(31.4)**	**(1.8)**	(1644%)
Net finance expenses	US$m	**(2.5)**	**(2.4)**	(4%)
Tax benefit	US$m	**-**	**1.6**	
De-recognised deferred tax asset	US$m	**-**	**(33.1)**	
Net (loss) / profit after tax	**US$m**	**(33.9)**	**(35.7)**	5%
C1 Unit cash operating costs [1]	**US$/dmt**	**58**	**76**	24%

Table 1

Notes:

[1] *This is an unaudited non-IFRS measure that, in the opinion of the Northern Iron directors, is useful for investors to assist them with their understanding and assessment of the Company's underlying performance. EBITDA = Results from Operating Activities adjusted for non-cash production expenses, depreciation and amortisation expenses. C1 unit cash operating costs = direct operating costs and administrative expenses, excluding freight and non-cash production expenses.*






- The consolidated loss from operating activities was US$31.4 million, incorporating:
    - US$45.3 million of sales revenue;
    - US$62.8 million of operational expenses and administration costs, inclusive of US$6.7 million of depreciation and amortisation charges;
    - US$13.9 million hedging losses, mainly attributable to mark-to-market adjustments on future foreign exchange contracts.
- After including US$2.5 million of net finance expenses, NFE's consolidated loss from continuing operations for the half year ended 30 June 2015 was US$33.9 million (compared to a loss of US$35.7 million for the half year ended 30 June 2014).

Company Update

Key operational figures for the July and August period include concentrate production of 343 dry kt at a C1 unit operating cost of US$52/dmt, a further improvement of 11% over the first half 2015.

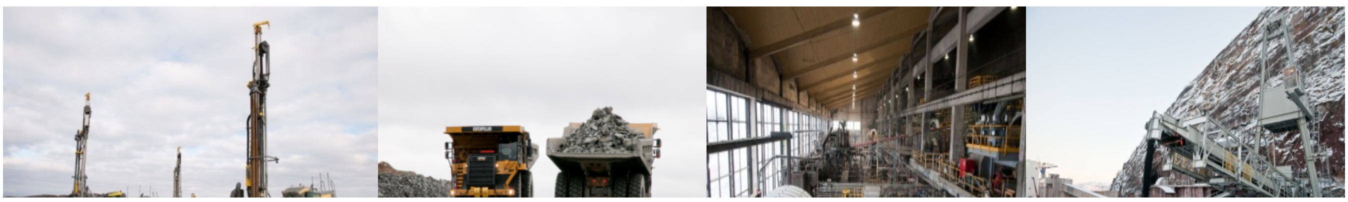
With the continuation of a low market price environment for iron ore, the Company has made significant efforts to preserve cash, reduce costs and secure financial support, however material uncertainties over the future cash flows exist. At the time of issuing the interim financial report, the Group has 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 Sydvaranger Gruve 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 and prolong the maturity of its debt, while working with current and potential investors to secure additional financing. As the ultimate success of these endeavours cannot yet be known or predicted, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.



For and on behalf of the board.

Antony Beckmand
Managing Director / CEO

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