

14 October 2010

OFFER OF ADDITIONAL SHARES TO OM HOLDINGS LIMITED ("OMH")

As previously announced, under the subscription agreement between Northern Iron Limited ("Company") and OMH, the Company is required to allow OMH to take up new shares if it is to be diluted by the issue of new shares by the Company, except in certain specified circumstances. Because of the expected dilutive effect on OMH of the proposed Share Purchase Plan, the Company has agreed to OMH taking additional shares in the Company at \$1.58 per share on the terms set out in the attached letter.

The total number of additional shares to be issued to OMH is dependent on SPP participation and will be advised once known. The shares will be issued under the Company's 15% placement capacity

NORTHERN IRON LIMITED



Alex Neuling
Company Secretary



13 October 2010

The Directors
OM Holdings Limited (**OMH**)
c/o Peter Toth

Dear Peter

Capital raising

As you know Northern Iron Limited (**Company**) has announced a proposed Share Purchase Plan (**SPP**). A copy of the draft Plan Rules is attached.

Under the SPP, shares will be issued for \$ 1.58 per Share.

Under clause 6 of the Share Subscription Agreement between the Company and OMH, the Company has certain obligations to allow OMH the opportunity to take up shares to maintain its percentage holding in the Company.

For this purpose, the Company will:

- (a) arrange for MBL and Euroz to place to OMH 100,000 Shares in the placement currently being undertaken at \$1.58 per share; and
- (b) once the take up under the SPP is known, allow OMH to subscribe for 15% of the number of shares allotted under the SPP at \$1.58 per share.

Settlement of the Shares allotted under (b) above will take place at a time arranged with you. Shares will rank equally with all ordinary shares on issue.

If you agree can you please sign and return this letter.

Yours faithfully,

NORTHERN IRON LIMITED

David Griffiths
Chairman

Accepted and agreed for and on behalf of OM Holdings Limited, by its duly authorised representative:

Office: **DIRECTOR**

Name: **PETER IVAN TOTH**

Date: **13 OCTOBER 2010**

A handwritten signature in black ink, appearing to read 'Peter Ivan Toth', is written on a light gray rectangular background.