

21 January 2010

**OM HOLDINGS LIMITED STRATEGIC INVESTMENT AND INSTITUTIONAL PLACEMENT  
TO RAISE MINIMUM GROSS PROCEEDS OF APPROXIMATELY \$54.3 MILLION**

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WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF APPLICABLE LAWS**

**OM Holdings Limited Strategic Investment**

Northern Iron Limited ("Northern Iron") is pleased to announce it has reached an agreement with ASX listed OM Holdings Limited ("OMH") for a strategic investment in Northern Iron of 28.25 million new ordinary shares at \$1.45 per share to raise approximately \$41 million ("OMH Placement").

OMH brings significant project development, rectification, operating and bulk commodity marketing expertise to Northern Iron and following completion of the OMH Placement will emerge as a 10% shareholder. As a result of the OMH Placement, OMH's Chief Executive Officer Peter Toth has been invited to join the board of Northern Iron as a Non-Executive Director. In addition, OMH and Northern Iron have agreed to enter into good faith negotiations for a marketing agreement over Northern Iron's uncommitted future Asian concentrate sales.

Under the terms of the OMH Placement agreement, OM Holdings will also have the additional right, whilst the holder of a 10% or greater interest in Northern Iron, to participate in future non pro-rata equity issues to the extent required to preserve that percentage holding.

Commenting on the OMH Placement, Neil Hamilton, the Chairman of Northern Iron noted:

"The Board of Northern Iron welcomes OM Holdings as a 10% shareholder. We look forward to the addition of OMH's Chief Executive Officer Peter Toth to the Board of Northern Iron as a Non-Executive Director and the valuable contribution he will make. We also look forward to the depth of marketing knowledge of bulk commodities into Asia that OMH can provide. The Board and management of Northern Iron are excited by OMH's commitment to the Sydvaranger iron ore project as we move towards full production on this long life independent iron ore asset."

**Institutional Offer**

In addition to the OMH Placement, Northern Iron today launched an offer of approximately 9.9 million new ordinary shares to sophisticated and professional investors to raise a minimum of approximately \$13.3 million ("Institutional Offer").

The Institutional Offer will be conducted by way of a bookbuild with a floor price of \$1.35 per share ("Institutional Floor Price").

OMH will participate in the Institutional Offer to maintain a minimum 10% shareholding and has committed to subscribe for any shortfall in the Institutional Offer.

New shares from both the OMH Placement and the Institutional Offer will rank equally with existing fully paid ordinary shares in Northern Iron from allotment.

Euroz Securities Limited and Macquarie Capital Advisors Limited are Joint Lead Managers and Bookrunners to the OMH Placement and the Institutional Offer.

## Company and Project Update

The Sydvaranger iron ore project has been commissioned and concentrate production has commenced.

Northern Iron's first shipment of concentrate sailed in late 2009 and the second vessel sailed in January 2010. Three more vessels are expected in the next four weeks.

Commissioning problems have affected product quality and volumes on these initial shipments however solutions to these problems have been identified and are being implemented. The performance issues have been caused by a combination of production bottlenecks, flow sheet design, mechanical failure and extreme weather, a number of which are not unusual in start-up operations involving a combination of old and new plant.

The OMH Placement and the Institutional Offer are intended to raise sufficient funds to undertake capital rectification work associated with the commissioning problems currently being experienced. Under the terms of the OMH Placement agreement, OMH and Northern Iron have agreed to a prescribed manner in which the OMH Placement funds are to be applied in relation to these capital rectification works and the on-going working capital requirements of the Company's Sydvaranger Iron Ore Project.

As a result of the commencement of these rectification works, significant quality improvements are expected in the short-term and name-plate production capacity is expected by July 2010.

Separately, Northern Iron Chairman, Neil Hamilton has informed the Northern Iron Board of his intention not to stand for re-election as a Director at the Company's next annual general meeting.

More detailed information on Northern Iron, the OMH Placement, the Institutional Offer and the Sydvaranger iron ore project is contained in the investor presentation and quarterly production report also released today.

For and on behalf of the Board.



John Sanderson  
Chief Executive Officer

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