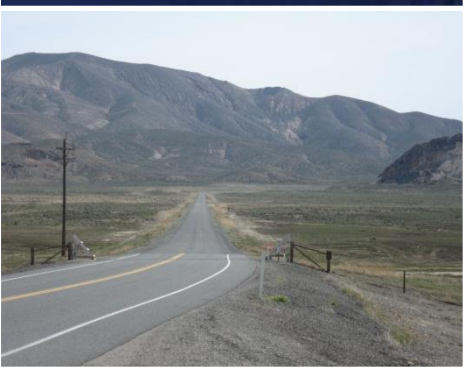

NEVADA IRON LTD

ABN 98 123 423 987

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HOLE 2BB INTERSECTS THICK, HIGHER GRADE MAGNETITE MINERALISATION AT SECTION 5 DEPOSIT INCLUDING 54.9M @ 31.8% TOTAL FE WITHIN 176.4M @ 28.1% TOTAL FE

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Perth, Western Australia: Emerging iron ore developer, Nevada Iron Ltd ("Nevada Iron" or "Company") (ASX: NVI) has received exceptional assay results for drill hole 2BB on Line 2 in the Section 5 deposit with thick zones of higher grade magnetite mineralisation that when combined bulks out to **176.4m @ 28.1% total Fe**.

This combined bulk mineralisation of 176.4m @ 28.1% total Fe is composed of three significant mineralised intercepts (Table 1):

- 54.9m @ 31.8% total Fe from 30.5m;
- 33.3m @ 31.0% total Fe from 102.1m; and
- 88.3m @ 24.3% total Fe from 141.3m.

Drilling at the Section 5 deposit on the Buena Vista Iron Project, Nevada, USA has encountered thick magnetite mineralisation in an oval shaped area of some 600 metres E-W by 50 to 400 metres N-S and to depths of 200 metres, where several holes were terminated in strong mineralisation. The mineralisation, in general, is close to the surface and lies beneath less than 20 metres of cover sediments.

LG Floor, 57 Havelock Street, West Perth Western Australia 6005 AUSTRALIA
Tel: +61 8 9481 2006 **Fax:** +61 8 9481 0052
www.nv-iron.com

Drill Results – Line 2

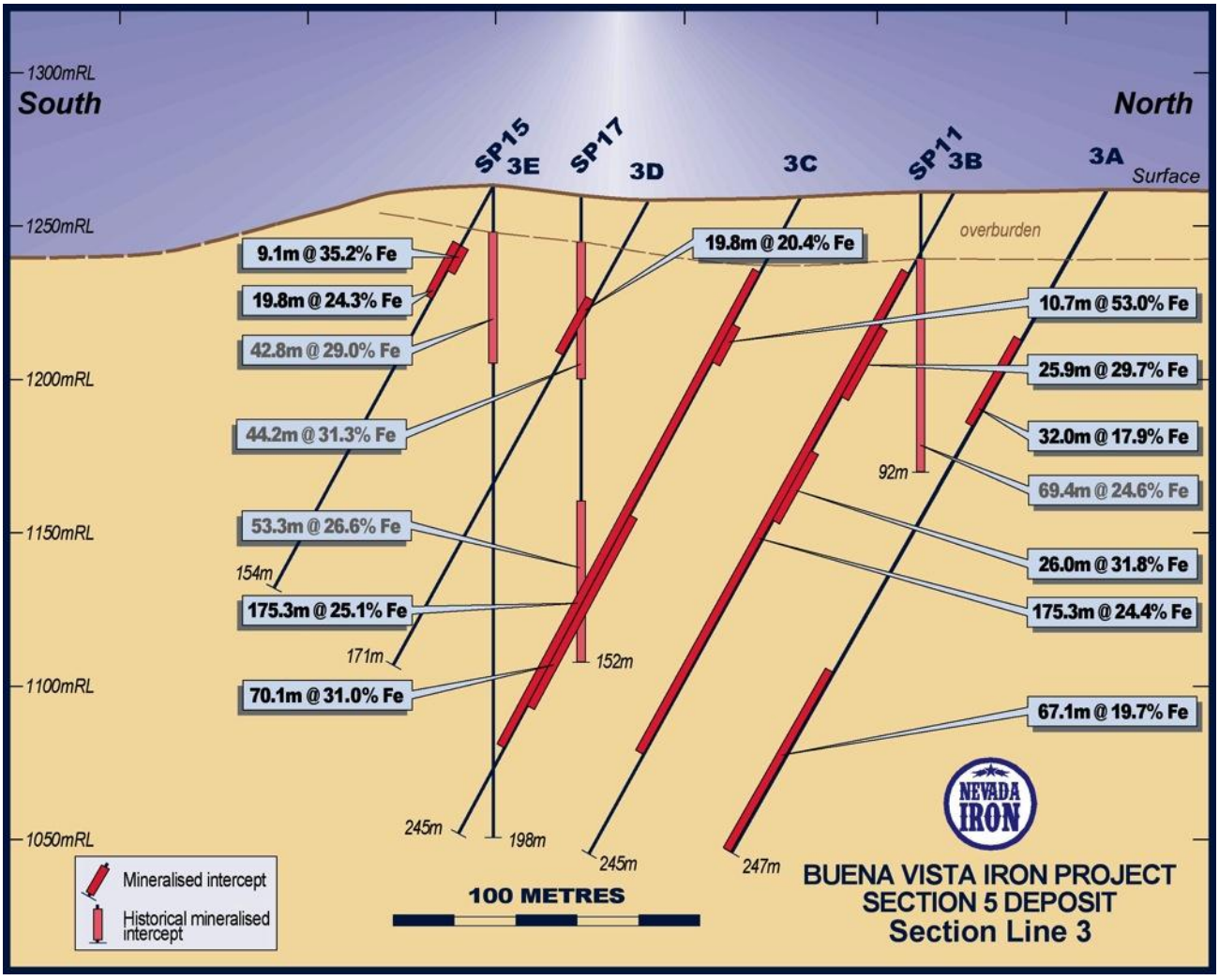
Line 2 is located almost on the western extremity of the Section 5 magnetic anomaly (Figure 2) and it is interpreted that the mineralisation in the Section 5 deposit is truncated about 50 metres to the west of Line 2 by major faults.

The higher grade mineralisation in hole 2BB trends at about 135 degrees to the east and is intersected on Line 3 (Figure 1) in holes 3B (175.3m @ 24.4% total Fe), 3C (175.3m @ 25.1% total Fe) & SP17 (44.2m @ 31.3% total Fe & 53.3m @ 26.6% total Fe).

This very thick, higher grade zone of mineralisation continues through Lines 4 and 5. The high grade zone is approximately 250 metres long x average of 100 metres wide x average of 150 metres thick, which grades over 25% total Fe.

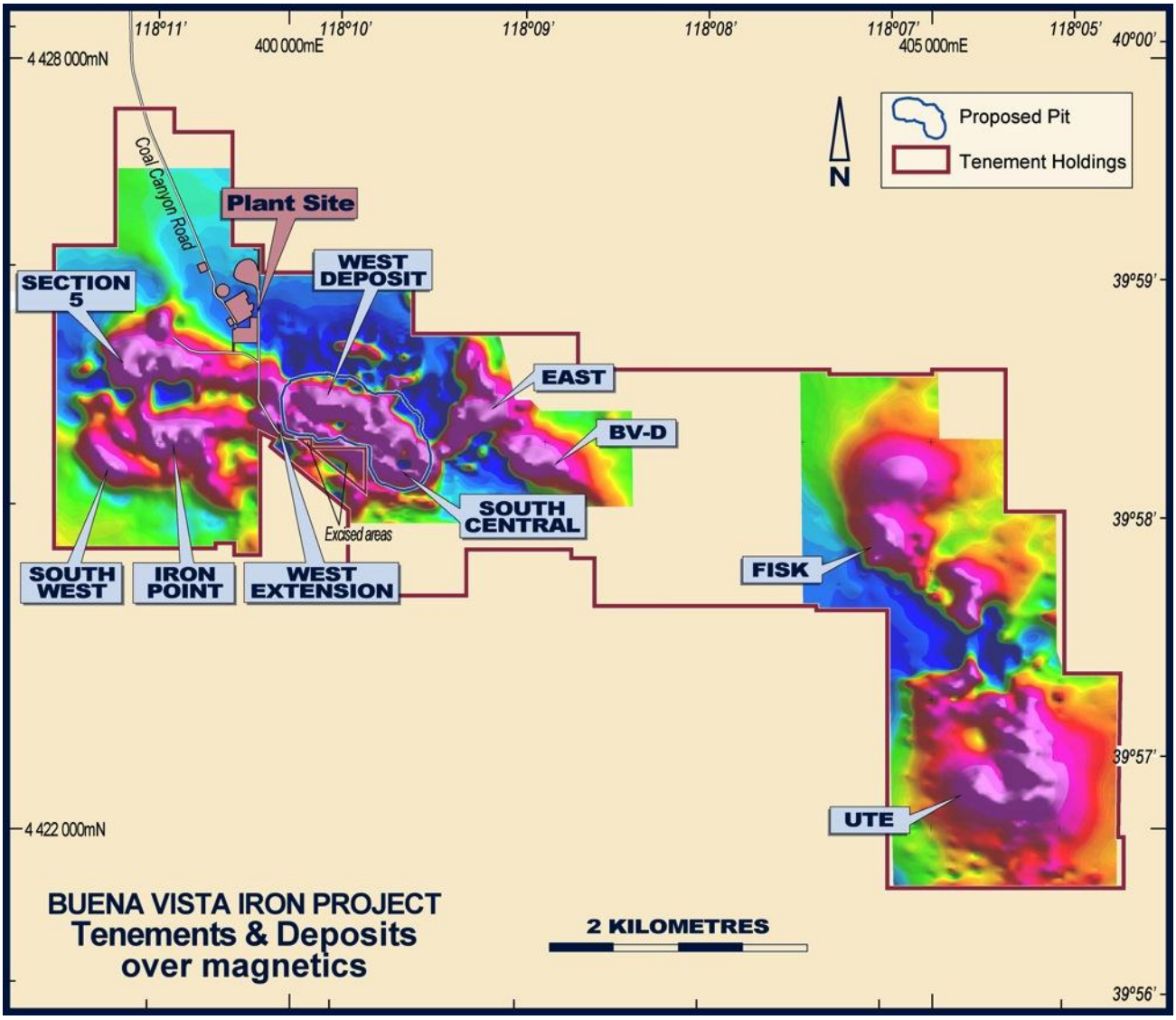
Further east of Line 5 the high grade zone is represented by narrower, more discrete zones of higher grade mineralisation such as in hole 8C, which returned 61.0m @ 27.7% total Fe from 6 metres.

Figure 1 – Section 5 Deposit, Line 3 Cross Section



The magnetic image of the Buena Vista Project (Figure 2) shows the proximity of Section 5 and several other deposits and prospects to the proposed processing plant site. The Section 5 deposit, with an Exploration Target[1] of 12-18 Mt grading 18-26% total Fe, and other nearby deposits/prospects (Tables 2 & 3) could potentially provide multiple sources of mineralisation for both increased production and greater operational flexibility during the initial years of mining operations.

Figure 2 – Buena Vista Project Magnetic Anomalies



The ground magnetic survey also highlights the substantial geophysical targets at the Fisk and Ute prospects (refer Figure 2 and Table 2). Based on the geophysical signatures of both these prospects, considerable exploration upside exists at Buena Vista, especially when these signatures are compared to that at the West Deposit which contains a mineral resource of 100.2 Mt @ 20.3% total Fe (Refer Figure 2 and Table 3).

The Project's currently identified JORC Exploration Targets[1] provide for an additional 195 Mt to 268 Mt of exploration potential (Refer Table 2). Significant potential, therefore, exists to expand the scale of the Project through additional exploration of, in particular, higher grade magnetite mineralisation at these prospects.

The recent drill programme was designed to facilitate the project's optimisation plan of:

- increasing Phase 1 plant throughput from 4.8 Mtpa to a minimum of 6.0 Mtpa (and potentially higher);
- scheduling the mining of other deposits, in addition to the West Deposit, in the initial years to increase concentrate production to levels of up to 2.4 Mtpa; and
- investigating the potential to develop a Phase 2 project after a few years of operation, to produce in the order of 4 to 5 Mtpa of concentrate.

The Buena Vista mineralisation has proven to be significantly different to other magnetite mineralisation in that the iron readily upgrades without the need for expensive fine grinding. The Company's metallurgical test work proving that the Buena Vista mineralisation upgrades, at a significantly coarser grind than typical BIF (taconite) magnetite mineralisation, to produce high quality clean concentrate grading 67.5-69% Fe.

A number of assays are still pending for Section 5 and further results from the drill programme are expected in the near term.

For and on behalf of the Board

Mick McMullen

Mick McMullen
Executive Chairman

For further information please visit www.nv-iron.com or contact:

Mick McMullen
Executive Chairman
Nevada Iron
Tel: +61(0)8 9481 2006
Email: mick.mcmullen@nv-iron.com

Max Nind
Managing Director
Nevada Iron
Tel: +61(0)8 9481 2006
Email: max.nind@nv-iron.com

Competent Persons Statements

The information in this announcement that relates to, resources and resource potential is based on information compiled by Dr Vernon Stocklmayer who is a Member of the Australian Institute of Geoscientists. Dr Stocklmayer is an independent consultant to Nevada Iron Ltd. All other discussion is based on information compiled by Mr Max Nind; who is a Member of the Australian Institute of Geoscientists; and Mr Thomas Duckworth; who is a Fellow of both the Australasian Institute of Mining and Metallurgy and Institute of Materials, Minerals and Mining, London. Mr Nind, Managing Director, and Mr Duckworth, Director, are representatives of Nevada Iron Ltd. Dr Stocklmayer, Mr Nind and Mr Duckworth have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity to which they are undertaking to qualify as Competent persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Stocklmayer, Mr Nind and Mr Duckworth consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Table 1 – Significant Results Drill Line 2, Section 5 deposit

Hole No.	N (m)	E (m)	Dip	Az	From (m)	To (m)	Interval (m)	Total Fe (%)
2AA	4425977	398537	-60°	188°	40.5	52.1	11.6	21.0
					58.5	77.1	18.6	24.6
2BB	4425928	398529	-60°	188°	30.5	85.4	54.9	31.8
					102.1	135.4	33.3	31.0
includes					114.3	123.5	9.2	51.4
					141.3	229.6	88.3	24.6
includes					141.3	154.9	13.6	38.6
includes					160.1	229.6	69.5	23.1

Note: 15% total Fe cut off and includes up to 10 feet of sub grade material between 10% - 15% total Fe

Table 2 – Exploration Targets [1]

Prospect	Tonnes	% Total Fe
Section 5	12-18,000,000	18-26
Iron Point	10-15,000,000	18-23
Southwest	12-15,000,000	20-25
BV-D	10-18,000,000	19-24
Ute (A5-1) Anomaly	80-110,000,000	15-20
Fisk (A-10) Anomaly	70-90,000,000	15-20
Iron Horse	1-2,000,000	59-68
Total	**195-268,000,000**	**16-22**

1. The potential quantity and grade of the exploration targets are conceptual in nature and there has been insufficient exploration to define a JORC compliant Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Table 3 - Mineral Resource Estimates at a 10% total Fe Cut off grade

Deposit	Category	Tonnes	Total Fe %	Contained Fe (Mt)
West	Indicated	100.2	20.3	20.3
South Central	Inferred	18.0	21.3	3.7
East	Inferred	19.0	21.5	4.0
Total		**137**	**20.4**	**28**