



Sydvaranger Gruve AS

INCREASED PRODUCTION & CHALLENGES IN SVG

October 2013



Ismo Haaparanta / CEO
Sydvaranger Gruve AS



NORTHERN IRON

NORTHERN IRON OVERVIEW

- Northern Iron Ltd (NFE) is 100% owner of the Sydvaranger iron ore mine, Norway
- NFE listed on the ASX in Dec 2007, mining commenced in May 2009 and the first shipment was in Nov 2009.

Corporate:

- ASX Code : NFE
- Ordinary Shares: 484.4m
- Market capitalisation @ A\$0.22 A\$107m
- Accumulated investments approx. since restart: US\$ 500m

Top 3 Shareholders (as of 30 August 2013) :

- Dalnor Assets Ltd ~15.0 %
- Tschudi Mining ~13.9 %
- OM Holdings Ltd ~10.8 %



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SVG OVERVIEW

- Operated from 1910 to 1997 (200Mt of ore mined)
- High quality magnetite concentrate (~ 68% Fe)
- Long term offtake contract with key European customer in place
- Long mine life expected

Safety (days without LTI)

- Mine: 90
- Process plant: 150
- Previous record in company: 157



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BEST INFRASTRUCTURE PACKAGE IN OUR SECTOR



Open Cut Mine - 25+ Year Mine Life



8km Railway - Owner and Sole User



Concentrator - High Quality Magnetite Concentrate



*Port - Efficient, Uncongested and Expandable
Located in close proximity to a key iron ore market.*



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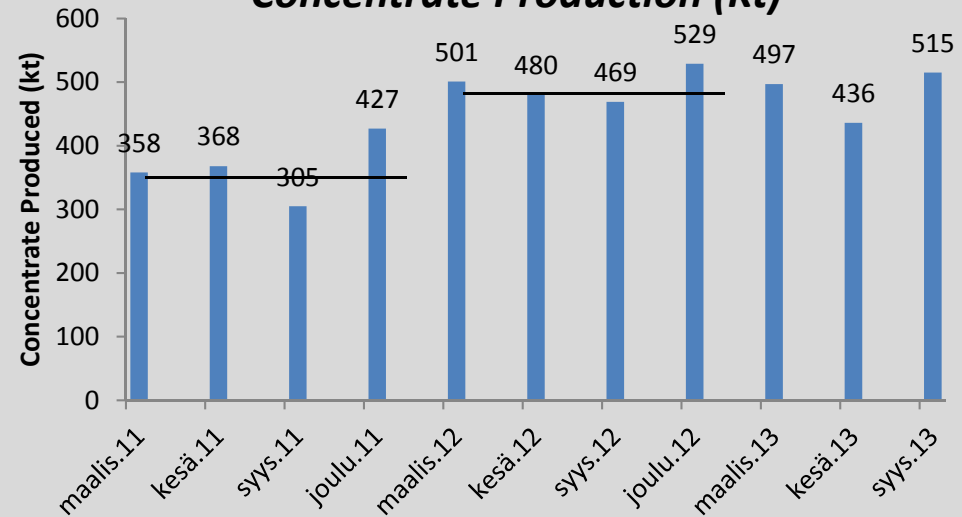


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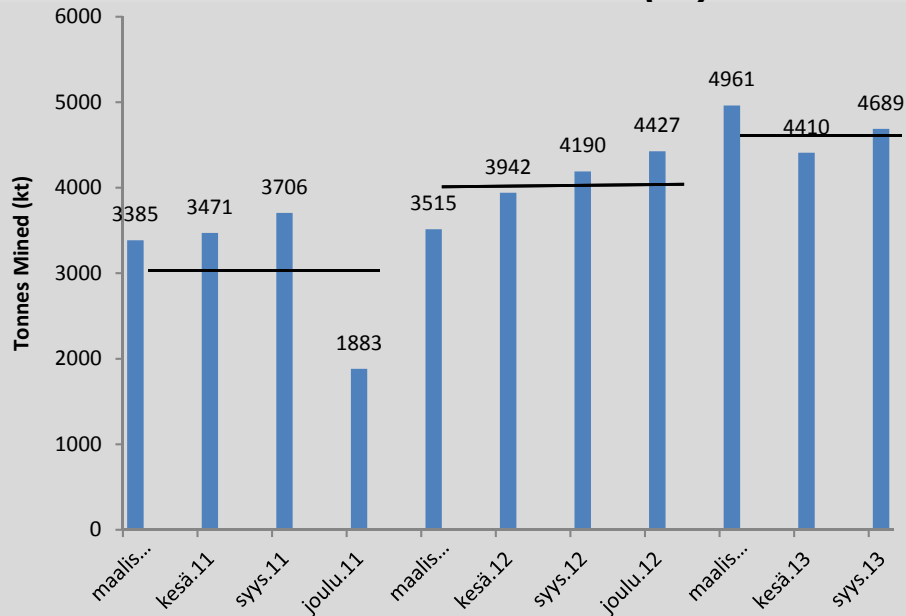
OPERATIONAL PERFORMANCE

- Production improved during 2012 (+36% vs. 2011)
- A new quarterly production record set in Q4 2012.
- Record months in Feb, Mar and July (201kt) 2013.
- A further improvement in product quality was realized at the start of the second quarter of 2012.
- The mine has steadily improved achieving significant quarter on quarter increases.

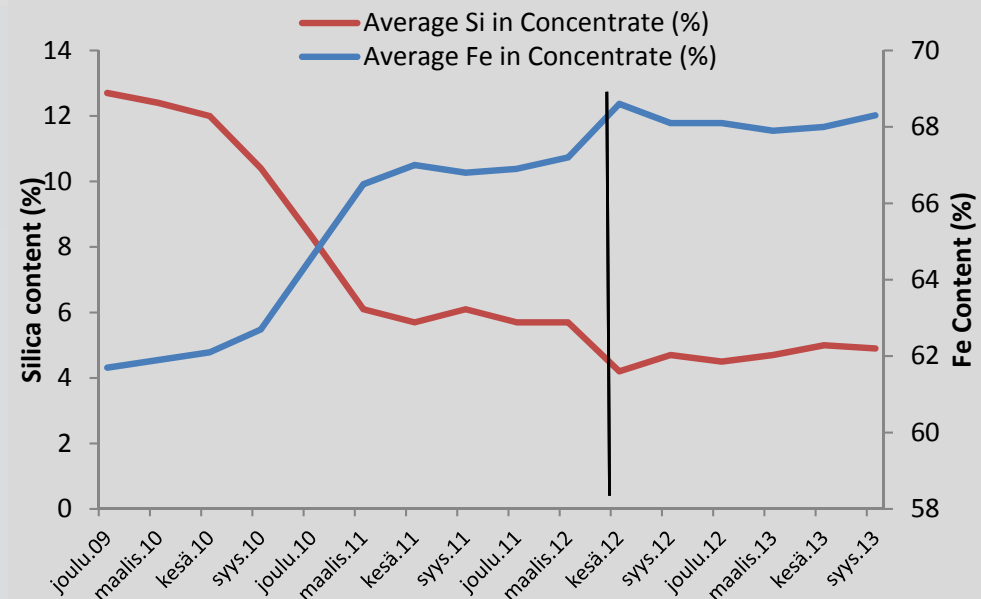
Concentrate Production (Kt)



Mine Production (Kt)



Concentrate Iron and Silica Content (%)

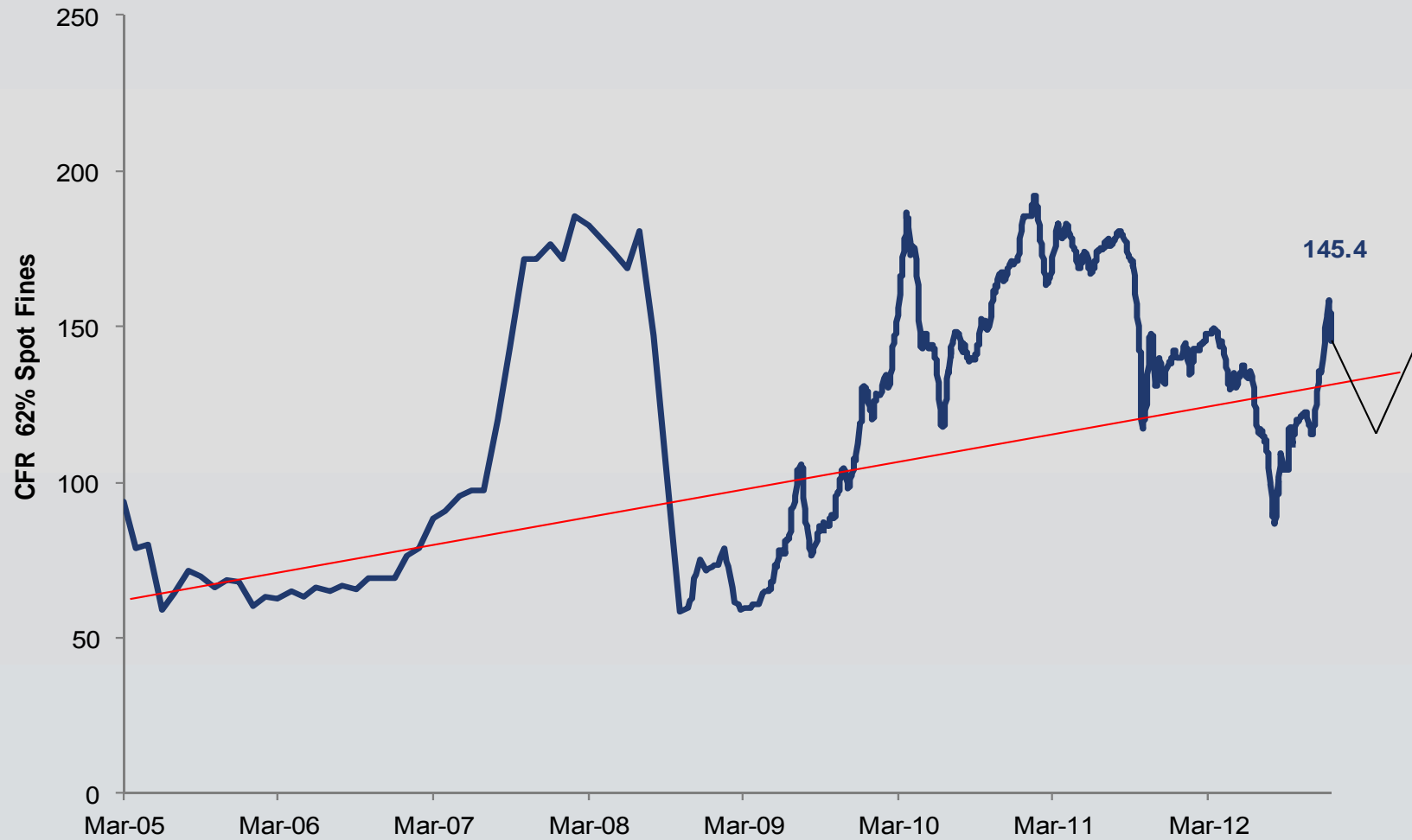


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CHALLENGES – IRON ORE PRICE PERFORMANCE



Source: Bloomberg, Goldman Sachs research as at 16-Jan-13

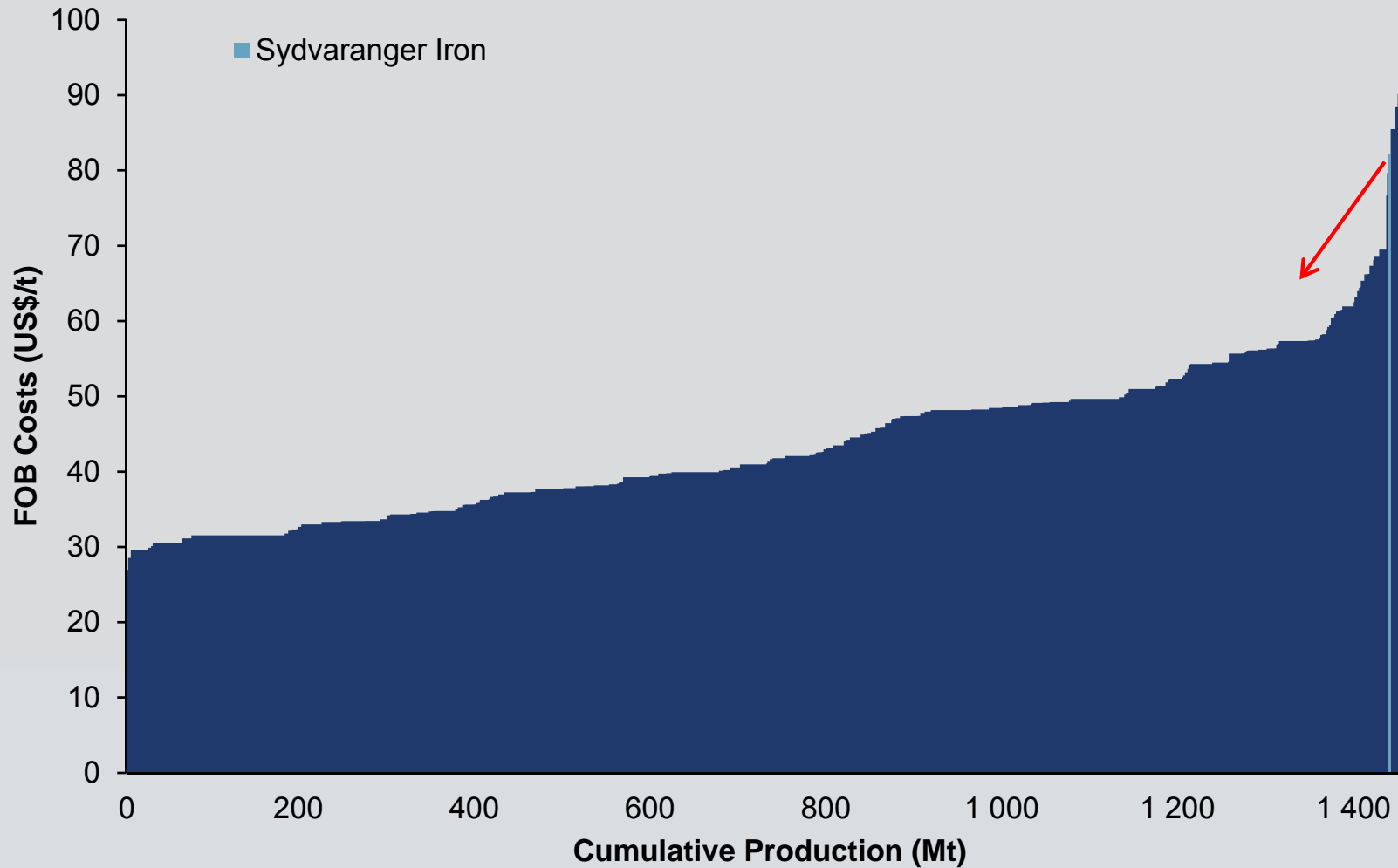


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CHALLENGES – GLOBAL IRON ORE COST CURVE



1. Source: AME



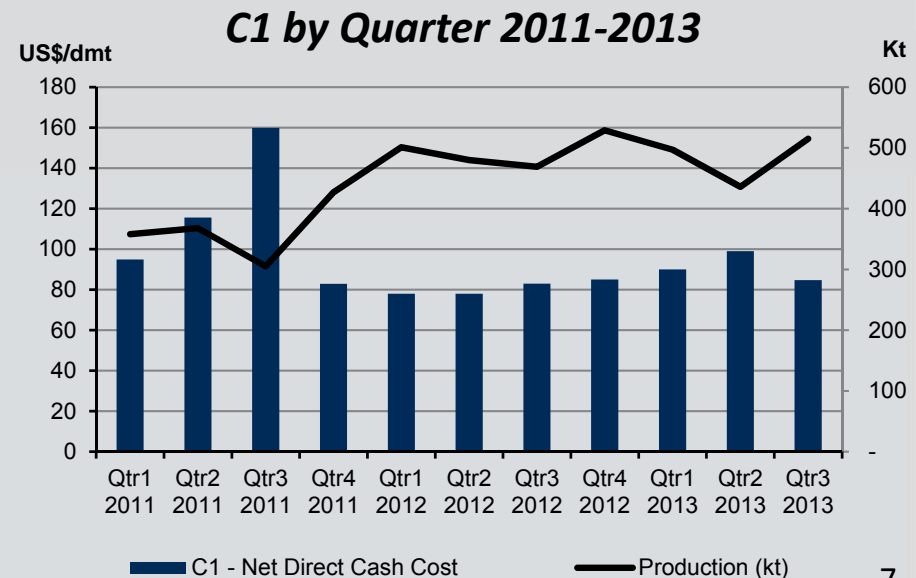
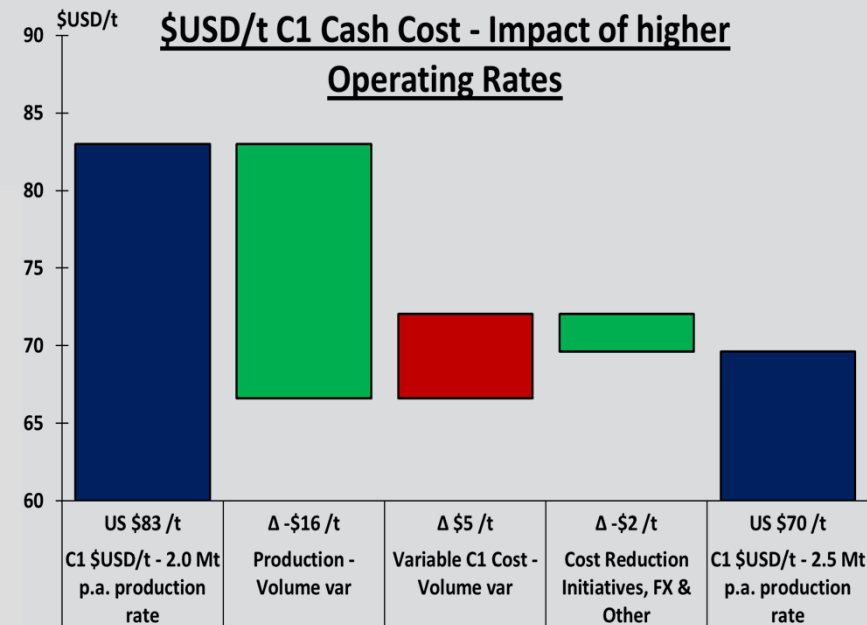
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OPERATING COST REDUCTION & CAPITAL DISCIPLINE

- Unit costs are strongly linked to production volumes and the Company expects unit cost reduction in line with increased production. In July 2013 Sydvaranger produced 201kt of concentrate at a C1 Cost of USD 70 / dry metric tonnes.
- In response to the decline in iron ore prices in 2H2012, the Company took steps to reduce costs, including reducing budgeted headcount by 5% and exercising restraint on capital expenditure.
- The Company remains focused on improving production costs and maintaining capital expenditure discipline.



CHALLENGES – OPTIMISING OUR ASSET

The Company has previously outlined a growth strategy focusing on improving realised FOB price and lower operating costs. The key elements of this strategy are:

- Improved product quality – lowering Silica.
- Lowering freight costs through sales to Europe or loading Cape size vessels.
- Doubling production volumes via a brownfields expansion of the Sydvaranger operation.

Spending on these projects has been heavily reduced during the last 6 months but some progress continues to be made:

- An improvement in quality with an expected 0.5-1.0% reduction in silica content expected in 2014.
- Work continues on the environmental critical path for the brownfields expansion project.
- The upgrading of the port is on hold while the company continues to pursue attractive European sales options.



THE 4 MOST CRITICAL ISSUES

Safety & Environment

- Highest priority – licence to operate
- Ambition is to move from good to great
- Have to convert all our employees into safety ambassadors
- Contractor management and follow up
- Credible monitoring and control procedure

Reliability

- Strong correlation between safety and reliability - knowledge and operational discipline is the key
- All managers are truly committed to “walking the extra mile”
- Special focus shall be given to shutdowns and preventive maintenance

Volumes & Quality

- Stabilize our operations at the maximum demonstrated rates
- Produce at the lowest cost
- A good quality working environment
- Maintain and improve the quality

Human Resources

- Our biggest asset – people get things done
- Talent management
- Talent sourcing and recruitment
- Training and competence





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ONE TEAM – ONE GOAL !



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