SYDVARANGER GRUVE AS

Kirkeneskonferansen 2010

John Sanderson – Adm. Direktør

What have we found challenging ?

Key issues are technical and managerial

We have not been hindered by any issues related to location or community: Generally we have found:

- Excellent political support
- Strong local business support
- Openness to foreigners and the associated investment
- Supportive industrial relations system
- Stable political environment for investment
- Superb infrastructure for a mining project
  - Transportation
  - Medical facilities
  - Schools

Introduction

Sydvaranger Gruve AS

- 100% owned subsidiary of Northern Iron Limited (NIL), listed on the Australian Stock Exchange
- NIL is majority owned by Tschudi Mining AS (approx. 30%), and OMH Ltd (10%). The remainder is mainly institutional investors in Australia and Canada.
- NIL was formed in 2007 with the purpose of restarting the Sydvaranger iron mine.
- Invested more than 1,4 billion NOK
- 350 employees and contractors

Sydvaranger iron mine, Norway

- Operated in Norway from 1910 to 1997, recommenced in October 2009
- During that time over 200Mt of ore was mined
- Produced magnetite concentrate and pellets for the European market
- Well known, high quality product with low levels of impurities
- Mine closed after end of Cold War
- Investment and reconstruction commenced in 2008

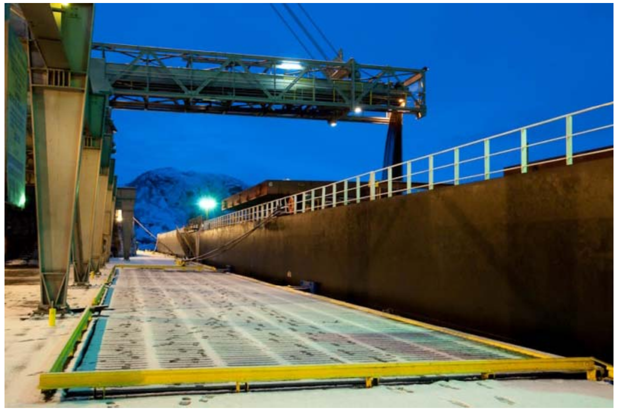
Project Performance

Criteria	Estimated Prospectus (2007)	Actual Achieved	Challenges Encountered
Construction Timeline (Completion date)	May 2009	October 2009	Scope change and Project Management
Construction Cost (USD M)	100.2	250+	“
Mining Commenced	March 2009	May 2009	Delayed to match plant commissioning
First Ore Produced	June 2009	October 2009	Construction delay
First Ore Shipped	July 2009	November 2009	“
Concentrate Quality (% Fe)	67.5 %	62.0 %	Flowsheet design errors
100% Nameplate Capacity Achieved	September 2009	Expected July 2010	”
Full employment of 350 SVG employees	August 2009	Expected July 2010	Changed mining schedule

Challenges

Discussed by different phases of the project:

- **Construction Challenges** (Jan 2008-Oct 2009)
  - Issues which hindered delivery of the project on time and budget
- **Operations Challenges** (Oct 2009 – Now)
  - Issues which are preventing us from achieving our tonnes and grade targets
- **Universal Challenges** (Jan 2008 – Now)
  - Issues which are generated by company activity, regardless of the construction or operations phase



Construction and operations

Scope of work

- Grew during the project
- Added additional cost and time

Cost

- Considerably more funding required due to growth in scope
- Delay in concentrate production required additional funding to cover fixed and operating expenses

Production

- Not all of the equipment at Kirkenes is working as expected.
- We need to install additional equipment
- These issues are impacting our throughput and will take us till July 2010 to rectify

Quality

- Insuffcient grinding capacity has impacted our quality
- To achieve our target quality screening will be installed and be operational by Feb 2011

Universal Challenges

Health and Safety

- The approach to managing health and safety in this part of the world is different to standard mining industry practice
- Centralised command and control approach has been generally replaced with a focus on providing education and encouraging personal and team responsibility
- Significant effort has gone into improving our health and safety performance, and trends are encouraging

Management

- Business communication – we come from Norway, Finland, Sweden, Iceland, Denmark, Australia, Britain, South Africa, EU.......
- Management approach – cultural differences that need to be resolved in an atmosphere of universal respect

Managing Expectations

- Community
- Employees
- Local Businesses
- Shareholders

Managing Expectations (1)

Community

- Local employment and commuting employees
- Corporate Philanthropy
- Realities of managing a mining operation:
  - Environmental impact
  - Noise
  - Dust
  - Demographics (male dominated)
- Excellent support from community leaders for the project so far
- Dissent and criticism is healthy and normal - very happy to see it

Employees

- Wages
- Training and advancement opportunities
- Unions

Managing Expectation (2)

Local Businesses

- Opportunities - but quality, price and service must be there
- We will be here for a long time, local businesses must structure their organisations and cost structure to recognise this to achieve competitive pricing
- We can and do source materials and services from North Norway, Sweden, Finland, Russia and from all over the world

Shareholders

- Project economics significantly less attractive than at the prospectus
- The project still delivers significant value over the long term, but some of the shine has gone
- Continue to support the business as the current challenges are overcome
- Hungry and eager for some good news

The Future

SVG has identified rectification works for known technical and operating challenges

- We expect to deliver on these in the second half of 2010

Community expectations will be addressed by

- Increasing our % of local employment (80% by end 2013)
- Being open and communicative about our plans and impacts
- Maximising our links with local businesses
- Taking an active role in supporting the community when our financial situation permits
- Securing a sustainable company

Expectations will be met by pursuing options to grow the business

- Options to produce high quality concentrates
- Doubling our production
- Growth through acquisition or merger

Thankyou