

Northern Iron Limited

ASX: NFE

Annual General Meeting

27 May 2015



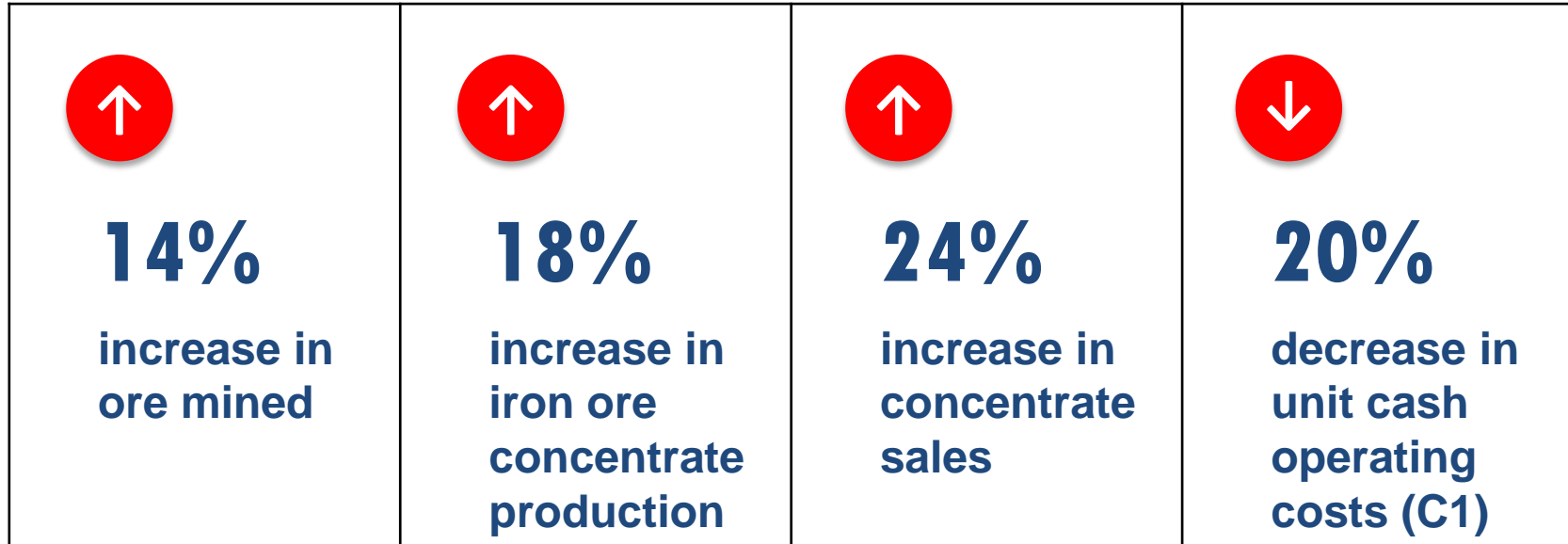
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2014 HIGHLIGHTS

Substantial improvements were realised



- Mine ore production achieved a record 6Mt in 2014, a 14% increase over 2013 with a lower strip ratio of 1.66 in 2014 versus 2.48 in 2013
- Fine crushing rates boosted through the use of mobile crushing, with ore milled increasing by 16%
- Operational gains realised through improved planning, practices and productivity of personnel
- Premium product quality of ~68% Fe maintained
- Cost reduction initiatives implemented to drive C1 operating costs lower
- Sales to Europe and Bahrain for pellet feed and sinter feed uses. Agreement reached in third quarter 2014 with main offtake customer to supply additional volumes with all tonnages priced similar to spot pricing arrangements

MINING

Operational efficiency to drive lower costs

Total material mined	2014	2013
Ore Mined (kt)	6,042	5,288
Waste Mined (kt)	10,020	13,138
Total Mined (kt)	16,062	18,426

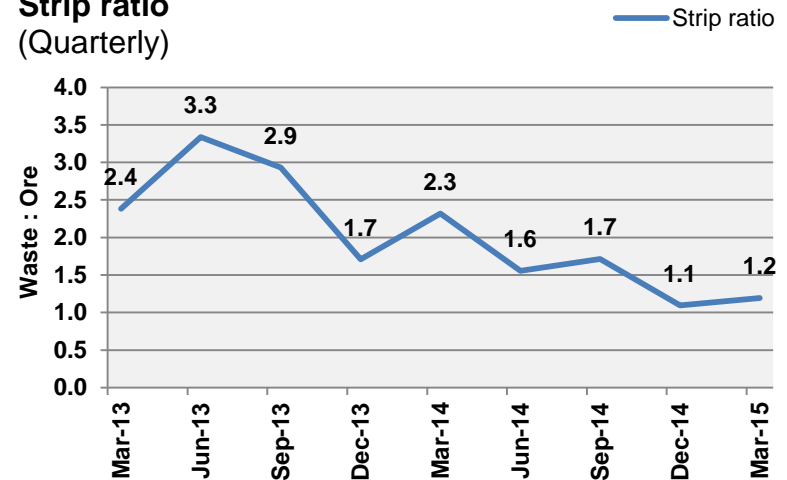
- 24% decrease in waste movement, short-intermediate term mine plan focused on lower stripping to reduce cost
 - 2014 strip of 1.66 vs 2013 strip of 2.48
- Mine production continues to match concentrator requirements
- Drilling and blasting activities outsourced to Orica mid-2014, transition completed by year-end
- 2015 – in-sourcing of mobile equipment maintenance, expected to deliver further significant cost reductions.

Ore Blend	2014 %	2013 %
Bjørnevatn	65	82
Kjellmannsåsen	22	14
Fisketind	10	4
Bjørnfjell	4	0



14% increase in ore mined year-on-year

Strip ratio
(Quarterly)



PROCESSING

Record production; quality maintained at 68% Fe

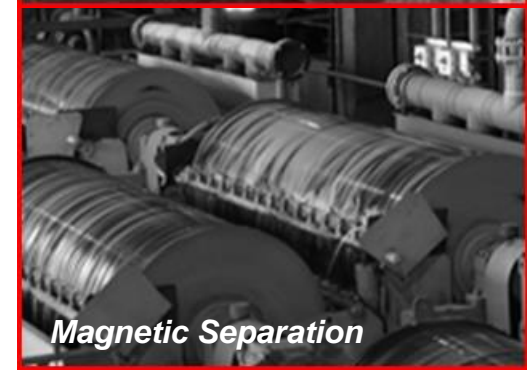
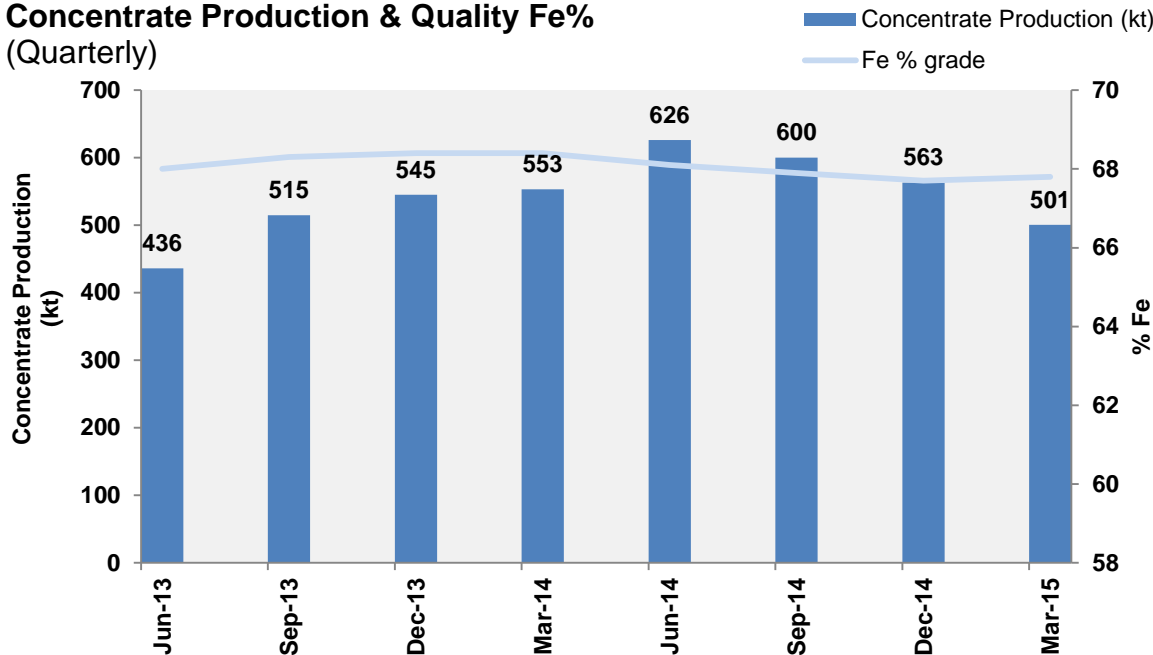
- Record production of ~2.3 Mt of iron ore
- Premium grade product quality of 68% Fe maintained throughout 2014.
- Operational reliability improved through improved practices, including introduction of more regular planned shuts



18% increase in concentrate production year-on-year

	2014	2013
Ore Milled (kt)	5,555	4,791
Concentrate Produced (Dry kt)	2,342	1,992
Total Shipped (Dry kt)	2,385	1,917

Concentrate Production & Quality Fe% (Quarterly)



SALES & COST PERFORMANCE

Improved product pricing and declining unit costs

- Record annual concentrate sales ~ 2.4 Mt
- Sales to Europe and Bahrain, for use as both pellet feed and sinter feed
- Agreement with main offtake customer for delivery of higher volumes on improved payment terms
- Improving C1 unit cash operating cost trend
 - 20% y-o-y improvement in 2014 to US\$ 72 / dmt
 - YTD Apr '15, 22% improvement to US\$ 56 / dmt

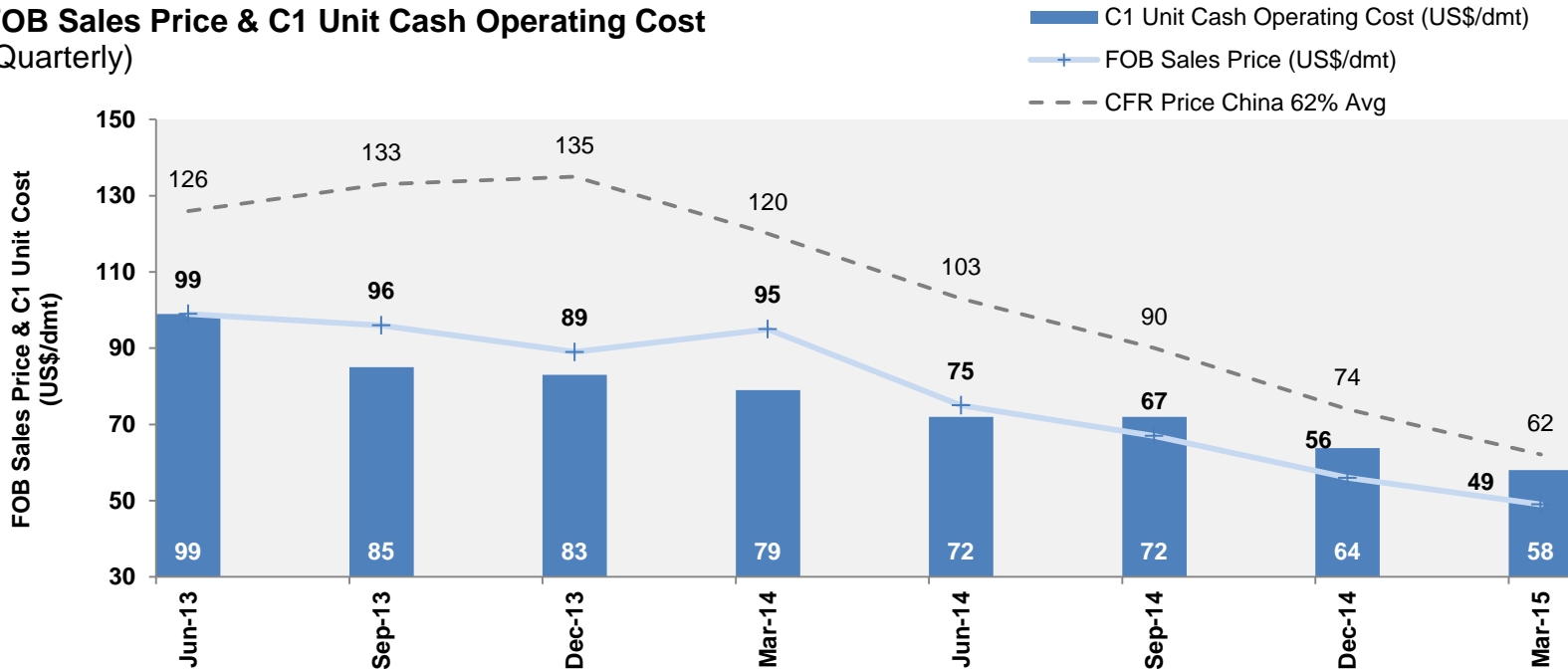


24% increase in concentrate sales
year-on-year



20% decrease in unit cash operating costs (C1)
year-on-year

FOB Sales Price & C1 Unit Cash Operating Cost (Quarterly)



FINANCIAL RESULTS 2014

Substantial progress has been made over the last 2 years to stabilise operations...and reduce cost.

		6 months ended 30-Jun-14	6 months ended 31-Dec-14	Year ended 31-Dec-14	Year ended 31-Dec- 13	Comments
Iron Ore Concentrate Sales	Tonnes (dry)	1,195	1,190	2,385	1,917	Record production (↑ 18%) Record sales (↑ 24%)
CFR China 62% Price Average	US\$/t	112	82	97	136	By Dec-14, market pricing fell by > 50% since the beginning of the year
Average FOB Sales Price	US\$/dmt	86	62	73	103	Lower market price
Revenue	US\$m	108.4	73.6	182.0	204.6	Higher volumes, lower price
Statutory Loss after tax	US\$m	(35.8)	(144.9)	(180.7)	(1.7)	Including USD 71.3m of impairment, USD 33.4m of hedging losses and USD 31.4m tax expense on de-recognition of tax assets
EBITDA	US\$m	4.2	(7.8)	(3.6)	21.9	Record production and sales Lower strip ratio Cost improvement initiatives
C1 Cash Operating Unit Cost	US\$/dmt	76	65	72	90	20% unit cost reduction in 2014

OUR PRODUCT – HIGH QUALITY MAGNETITE

A high quality, clean and energy efficient raw material for steel making

BENEFITS OF MAGNETITE CONCENTRATES

- Significant environmental and cost benefit relative to hematite feedstock
- Higher Fe grades than hematite - increases furnace productivity
- Produces half of the energy for needed pelletising – reduces fuel energy requirement from 850Mj / tonne with hematite to 350Mj / tonne with magnetite – this energy saving is not yet in the Fe price paid for magnetite, though is reflected in market index premiums.
- High quality / low impurities reduces slag volumes for disposal
- Value in Use (VIU) benefits in CO2 emissions to the steel maker of magnetite concentrate replacing hematite in the blast furnace is ~ 108 kg/tonne

SPECIFIC SYDVARANGER CONCENTRATE PROPERTIES

- 68% Fe – magnetite
- < 5.0 % Silica – the only significant gangue component. Silica content can be lowered to <4% with current technology (mag-sep's are on site)
- 0.09% Phosphorus – Low levels of impurity. High phosphorus levels are a detriment to steel quality
- 0.03% Sulphur - Low levels of sulphur important in controlling sulphur dioxide stack emissions
- Low metallic oxides (MnO / CaO / MgO) result in low furnace slag
- Low alkali content (Na2O / K2O) which are damaging to refractory materials and disrupt blast furnace flow
- Very low residual metal content (0-10 ppm). Trace elements such as Mercury, Cadmium, Vanadium must be removed in the steel making process

Magnetite concentrate & pellets



PRICING – MARKET DEVELOPMENTS

High grade magnetite pellet feed is in demand

MARKET REPORTS – HIGH GRADE IRON ORE CONCENTRATE

- Market reports indicate price premiums for high grade magnetite concentrate over hematite ore
- Lower domestic production of iron ore concentrate in China is supporting demand and pricing premiums

Mysteel Indices / Info	25 May 2015
Mysteel Iron Ore Index (Unit: CFR \$/dmt, Qingdao Port)	
65% Brazilian Fines	67
Concentrate & Pellet Index (Ukraine/Russia, Shandong Ports, CFR \$/dmt)	
65% Pellet Feed Concentrates	71 - 72

Indicated market price premium for 65% magnetite concentrate compared to hematite fines

PLATTS SBB STEEL MARKETS DAILY – 1 MAY, 2015

“Need for pellet feed

In China, pellet feed demand is still allowing for premiums over 65% indexes and iron content adjustment, a trader said. With lower domestic concentrate output, pellet feed and suitable sized concentrate is needed to help meet domestic pelletizing needs....indicated premiums of \$1-\$2/dmt through to \$10/dmt for material from Ukraine and South America, ranging from 66%-68% Fe with demand stronger for magnetite ore concentrate over itabirite and hematite.”

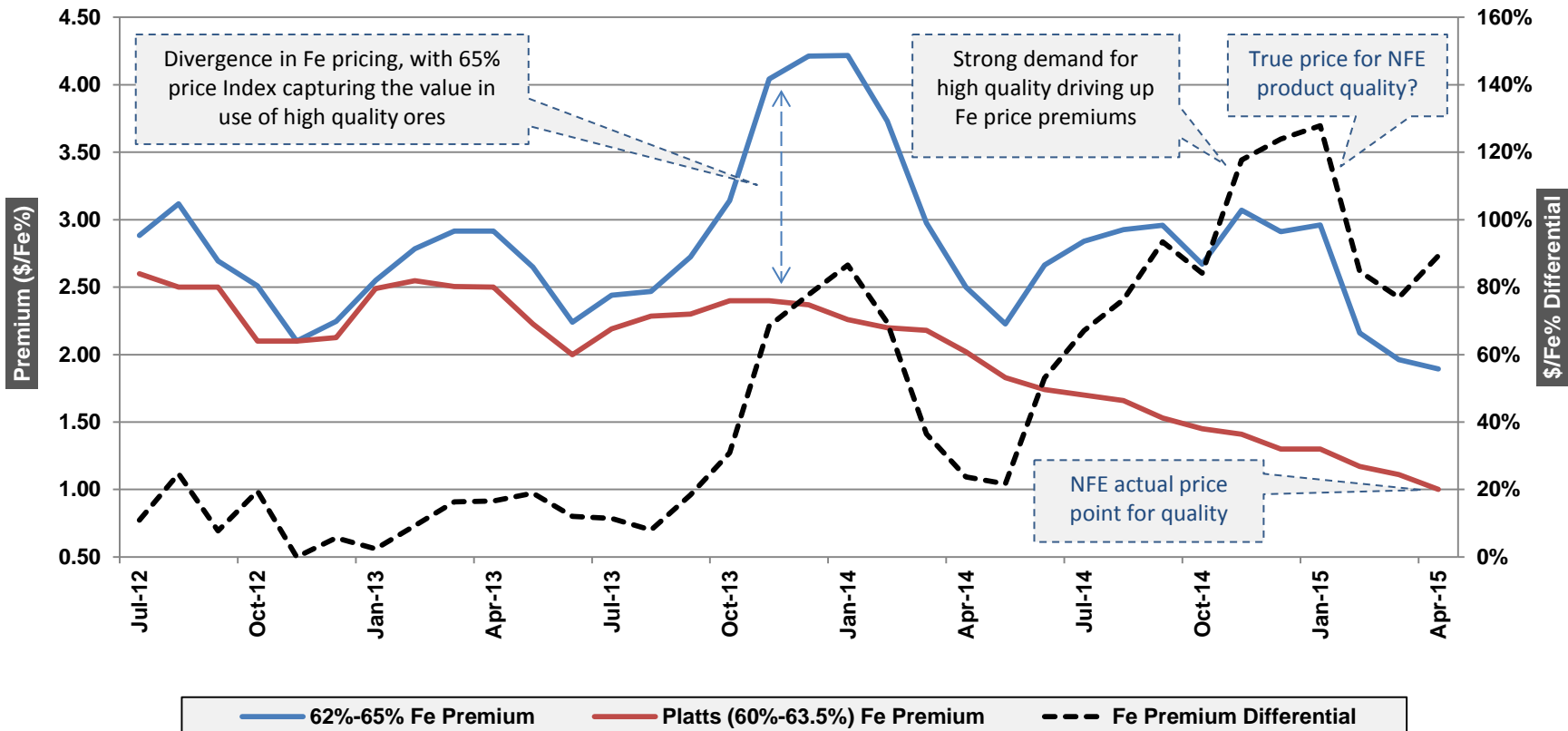
PRICING – MARKET DEVELOPMENTS

High grade magnetite iron ore pricing

PRODUCT PRICING OPPORTUNITY

- Sydvaranger Gruve produces a very high quality magnetite concentrate (68% Fe)
- Market pricing indicates products of similar or lesser quality are achieving a higher price and value in use (VIU) premiums

62-65% Fe premium versus Platts 1%Fe premium (60-63.5% Fe)



COST – IMPROVEMENT OPPORTUNITIES

Further cost improvements are being implemented

COST IMPROVEMENT

- Cost improvement initiatives that are being realised and implemented now include:
 - In-housing of various contracted services occurred in April '15, including mine mobile equipment maintenance, laboratory analysis and tyre maintenance
 - Organisational restructuring implemented in April '15, resulting in > 10% reduction in full time positions, including contractors
 - Voluntary payroll reductions across all levels of the organisation
 - Supplier solutions – working proactively with our business partners to reduce operational costs to contribute to long term sustainability
- C1 unit cash operating cost target of USD 50-55 / dmt on a sustainable basis at current production capacity of circa 2.2-2.4 Mtpa

Key Performance Indicators		Year-to-date Apr'15
Ore Mined	Kt	2,068
Waste Mined	Kt	2,650
Strip Ratio	Waste:Ore	1.28
Ore Milled	Kt	1,754
Concentrate Produced	Dry Kt	672
Concentrate Shipped	Dry Kt	690
No. of Shipments	#	10
Average FOB Sales Price	US\$/dmt	48
C1 unit operating cost	US\$/dmt	56

SYDVARANGER – ADDITIONAL OPPORTUNITIES

Further improvements on the horizon



Existing entrance to Underground Mine Infrastructure at Bjørnevatn

OPPORTUNITY FOR UNDERGROUND MINING ACTIVITY

- **Infrastructure in place**, ability to start production with minimum delay (six months from decision to stope production)
- **High grade resource** with well understood ore processability and expected ability to lower mining costs
- **Cost reduction** opportunity by less waste rock mining, extended mine life for open cut operations
- **Short term goal** to undertake a mining and processing plant trial with Bjørnevatn underground ore and refine the economic parameters and benefits of the opportunity

POSSIBLE INVESTMENT PROJECTS AND OPTIONS

- **Low risk, high return, quick payback** capital projects are identified to increase production and/or improve product quality
- **Cost reductions** for increased production to ~ 3 Mtpa could achieve ~US\$ 5 - 7/dmt reduction in C1 unit cash operating costs.
- **Optimisation** of mining through in-pit crushing and conveying from satellite ore bodies has potential to deliver ~US\$ 5/dmt reduction in C1 unit cash operating costs
- **Re-opening of the underground mine** is a potential to leverage off existing infrastructure and historical sunk development costs
- **Quality improvement** to ~69% Fe quality achievable through magnetic separation – units are on the shop floor ready to be installed, awaiting recognition of price premium for quality

OUTLOOK

Stakeholder engagement is ongoing

- Generally, the iron ore market continues to be challenged by fundamentally low prices
- Evidence indicates strong demand for high quality magnetite concentrate, particularly in China, attracting premiums beyond what NFE has been able to realise under current European offtake arrangements
- NFE's realised FOB prices under current offtake arrangements remain below operating costs, despite material improvements in cost performance realised to date and continuing to be implemented
- Cost reduction initiatives already realised and currently being implemented are expected to further lower C1 operating costs
- Offtake sales:
 - Amendments to the main offtake sales agreement since Jul-14 have reduced the discounts applied to the realisable FOB price of Sydvaranger high quality magnetite concentrate
 - Negotiations are ongoing on pricing arrangements through Q3'15 and beyond
- Financiers support:
 - Loan and lease repayment holidays in place for principal and interest until 30 June 2015 from Innovation Norway, DNB Bank and Tschudi Bulk Terminals
 - DNB Bank working capital overdraft facility fixed at USD 24.0 million until 30 June 2015
 - DNB loan facility in place to cover FX hedging losses for 2015 with no cash flow impact in the current year
 - Negotiations are ongoing for continued support through Q3'15 and beyond

FOCUS – SHORT / MEDIUM TERM

Achieving the short term goals are fundamental and critical to success.

SHORT TERM:



- Financing solutions beyond Jun '15
- Solution on offtake sales agreement
- Price – realise true value of Sydvaranger high quality magnetite concentrate product
- Safety – maintain strong focus on safety
- Cost – continue supplier engagement and cost improvement initiatives to positively influence the operating margin

MEDIUM TERM:



- Engineering studies to further define optimal growth plan and capital requirements / leasing options
- Underground mining – refine the economic parameters and potential of commencing underground operations
- Quality – potential for revenue improvement exists through increasing product quality – evaluate revenue trade off of higher quality vs. lower volume
- Efficiency and cost reduction – implement projects which increase efficiency, productivity and/or reduce costs (payback within 6 months)

ROADMAP TO SUSTAINABILITY

Optimising the potential of our asset underpins sustainability

GOALS:



- Positive margins and sustainability remain linked to growth, sustained low and competitive unit costs, product quality and realising full value for Sydvaranger's high quality product
- Finalise the environmental, social, impact assesment (ESIA) to continue progress toward permitting for expansion
- Optimise funding options for growth via business partnerships, leasing and/or financing by direct investment
- Implementation of value adding projects to optimise the potential of our asset.
- Underground mining potential to be evaluated



KEY POINTS SUMMARY



- **Financial Position** and outlook for the Company is closely tied to achieving further support of financiers and improving sales terms. Efforts are ongoing.
- **Operational improvement** initiatives continue to be implemented to reduce costs and optimise production whilst maintaining focus on safety.
- **Market** – strong demand for high quality magnetite iron ore concentrate is resulting in higher premiums in China and other markets.
- **Growth** – Projects are identified to deliver step-change volume uplift at levels of approximately 3 Mt p.a. with the ability to reduce operating cash unit costs. Expansion permitting remains an objective for achieving long term sustainability.
- **Opportunities** – existing underground infrastructure could be a catalyst to improve the head grade of ore supply and lower operating costs.

CORPORATE OVERVIEW

Corporate:

- ASX Code : NFE
- Ordinary Shares: 484.4m
- Market capitalisation @ A\$0.01: A\$4.8m

Board and Management:

Peter Bilbe
Chairman
Northern Iron
Ltd.



Joined NFE in Nov-2007; 40 years experience in senior operational and corporate roles, with significant experience as a mining engineer; Chairman of Independence Group, Sihayo Gold and former MD and CEO of Aztec Resources.

Antony Beckmann
Managing
Director / CEO



Joined NFE in Oct 2008, CFO of NFE from Jul-2009 until Jul-2013 and then appointed CEO / MD; 18 years experience in the mining sector, in site-based and corporate roles, including iron ore, minerals sands, base metals and gold.

Felix Tschudi
Non Executive
Director



Chairman and owner of Tschudi Shipping Company AS; Prior to entering shipping focused on trade finance and countertrade structures in Eastern Europe and the former Soviet Union; Joined NFE in Dec-2007

Ashwath Mehra
Non Executive
Director



CEO of Astor Management with interests in natural resources. Previously CEO and founder of the MRI Group, a commodities group with approx. \$3 billion turnover; 29 years experience in the minerals industry; Joined NFE in May-2007

Significant Shareholders:

- Dalnor Assets Ltd: ~ 19 %
- Tschudi Mining: ~ 14 %
- OM Holdings Ltd: ~ 11 %
- Banque Cramer & Cie ~ 7 %
- Prominvest AG: ~ 6 %

Peter Steiness Larsen
Chairman
Sydvaranger
Gruve AS



Director of NFE from Dec-2007 to Nov-2010 and Chairman of SVG since Mar-2010; Alternate director to Felix Tschudi and CFO of Tschudi Group; Economist with 24 years experience in shipping, energy and mining industries.

Ismo Haaparanta
CEO of
Sydvaranger
Gruve AS



Joined SVG in May-2012 from Yara International, formerly GM of a Finnish fertiliser mine, processing and port complex; Experienced Nordic mining professional, with a degree in Process Engineering and an EMBA from Turku University.

Luke Fitzgerald
General
Manager
Operations



Metallurgist with 15 years mining experience in business development, project development and operations management; Multiple commodity background with focus on iron ore and nickel; Joined SVG in Nov-2012 from BHP Billiton

Eric Evanson
General
Manager
Support
Functions



MBA & master black belt in business improvement; 20 years experience in operational, financial & business improvement leadership roles with BHP Billiton & Rio Tinto; Joined SVG Aug-2014



One Team - One Goal
Determined to Deliver

Resources – Infrastructure – Quality – People