



ASX ANNOUNCEMENT

6 July 2015
by e-lodgement

Sydvaranger Gruve AS – Update

Northern Iron Limited (“NFE” or “the Company”) is pleased to provide the following update in relation to developments affecting the Company and its wholly-owned Norwegian subsidiary, Sydvaranger Gruve AS (“SVG”).

As previously announced, continuous efforts have been made by the Board and management to engage with key stakeholders, including financiers, customers and suppliers to improve the Company’s financial position and ensure the continuation of the Group’s operations as a going concern.

Offers have been accepted from SVG’s financiers, DNB Bank and Innovation Norway, for continued support during the period 1 July through 31 October 2015. The supportive measures include the extension of waivers on servicing debt facility obligations and associated covenants.

SVG is also pleased to have accepted an offer from the Tschudi Group for a deferral of payment obligations associated with its port lease, office rental and land leases for the six months July through December 2015. The costs deferred during this period will only become payable after 2 years.

Furthermore, SVG has reached an agreement with its main offtake customer for a contract amendment covering the 1 July to 31 October 2015 period, after which the parties have an agreement to terminate the existing long term contractual arrangements without further obligations, but consider in good faith new arrangements for the future.

The NFE Board and management welcome the valued continuation of support from DNB Bank, Innovation Norway, the Tschudi group and SVG’s offtake customer. It is believed that the opportunity to optimise offtake arrangements for the Company’s high quality product provides a significant advantage in ongoing efforts by SVG to pursue options to restructure its debt and also consider new sources of capital with the objective of servicing debt obligations and ultimately establishing a profitable and sustainable business.

The combination of these agreements with SVG’s financiers and offtake partner are expected to sustain the Group’s financial position at a level sufficient to maintain normal operations and the activities of the business as a going concern for the immediate future as well as improving the outlook for enabling a longer-term solution to be implemented.

The Company acknowledges and thanks our stakeholders for their active and ongoing support, whose commitment to the sustained operations of SVG is greatly appreciated. The Company also recognizes and thanks our employees and the local Kirkenes community for their continuing support as we strive to further improve the robustness of the Sydvaranger operations.

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