



## **ASX ANNOUNCEMENT**

26 March 2014  
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”).

Further to the Company’s previous disclosures, due to the continued low market price environment for iron ore, the Company’s working capital position has been negatively impacted across the March quarter. Significant effort has been made by the Board and Management to improve the financial position in order for the Group’s operations to continue as a going concern.

Supportive measures have now been agreed in respect of SVG’s short-term financing arrangements, subject to completion and execution of final documentation. DNB and Innovation Norway have offered waivers on servicing debt facility obligations and associated covenants for the period April to June 2015. Similar support to waive leasing obligations has also been made available to SVG by Tschudi Bulk Terminals for the same period.

In addition, to support the working capital requirements of the SVG operations, DNB has adjusted the borrowing base mechanism of the working capital facility for the June quarter to enable SVG to efficiently manage its liquidity position. Furthermore, DNB has undertaken to fund foreign exchange hedging losses that may be realised during the June quarter.

SVG has also reached an agreement with its largest customer to amend its offtake contract for the supply of iron ore concentrate. Under the terms of the amended agreement, payments for sales will be closely aligned to the timing of each shipment for the period from 1 April to 30 June 2015.

The combination of these arrangements with SVG’s financiers and offtake partner are expected to sustain the Group’s financial position during the June quarter at a level sufficient to maintain normal operations and the activities of the business. Further effort is required to pursue options to improve the financial position of the Company during the June quarter. This work has been initiated, but should such endeavors prove unsuccessful it is unlikely that SVG will be able to continue as a going concern in its present form beyond the end of the June quarter.

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