NORTHERN IRON LIMITED

ABN 71 125 264 575

ANNUAL REPORT
31 DECEMBER 2013

CORPORATE DIRECTORY

Directors

PR Bilbe	Chairman
A Beckmand	Managing Director
A Mehra	Non-Executive Director
FH Tschudi	Non-Executive Director
PS Larsen	Alternate Director for FH Tschudi

Company Secretary
AJ Neuling

Auditors
HLB Mann Judd (WA Partnership)
Level 4
130 Stirling Street
Perth WA 6000

Bankers
DNB Bank ASA
Innovasjon Norge
Westpac Banking Group Limited

Registered Office and Principal Place of Business in Australia
Level 1
44 Ord Street
West Perth WA 6005

Telephone:	+61 8 9321 9334
Facsimile:	+61 8 9321 9335
Email:	info@northerniron.com.au
Website:	www.northerniron.com.au

Principal Place of Business
Sydvaranger Gruve AS
Post box 412
Sydvaranger Industriområde
N-9900 KIRKENES Norway

Telephone:	+47 928 09 900
Facsimile:	+47 78 97 78 00

Share Registry
Computershare Investor Services Pty Limited
Level 2
45 St Georges Terrace
Perth, WA 6000 Australia

Investor Enquiries:	1300 557 010 (within Australia)
Investor Enquiries:	+61 3 9415 4000 (outside Australia)
Facsimile:	+61 8 9323 2033

Stock Exchange Listing
Securities of Northern Iron Limited are listed on ASX Limited.

ASX Code:	NFE - ordinary shares

Solicitors
Clifford Chance
Level 7
190 St Georges Terrace
Perth WA 6000

CONTENTS

Dear Shareholder,

On behalf of the Board of Northern Iron Limited, I am pleased to present the annual report for the year ending 31 December 2013. I would like to thank our stakeholders, including the local Kirkenes community, employees, customers and business partners for their continuing support as we strive to build a sustainable and truly great Norwegian mining operation.

Since the restart of operations we have seen steady improvements in mine production, product quality and tonnage of iron ore concentrate. In 2013, the Company continued its focus on steadily increasing production by improving operational competency and maintenance management, managing and reducing costs and maximising our product price, with considerable progress made towards these aims.

Key operational highlights that demonstrate improvement include record tonnes mined and the achievement of successive monthly concentrate production records in February, March, July and December 2013, with a record quarterly result achieved in the fourth quarter of 2013. Throughout the year the premium grade quality of the iron ore concentrate was maintained.

These improvements are very encouraging, however, during the year the Company experienced periods where the operations were unable to sustain the improved levels of production due to one-off events which resulted in unscheduled downtime or abnormally slower production rates. While these interruptions are very frustrating our operations team have been carefully and systematically analysing the issues that arose and documenting how these interruptions can be avoided or minimised. External experts have been frequently used to ensure that preventative measures are correctly identified and captured for future planning.

During the year, the operation has demonstrated that it has the capacity to produce at higher rates and our goal now is to work together to systematically improve the operating and maintenance practices, continue to reduce unplanned downtime and further improve production and costs in 2014.

Significant accomplishments in 2013 included:

- 15% increase year-on-year in total tonnes mined;
- Consistent production of approximately 2.0 Mt of iron ore concentrate across two consecutive annual periods (2012 and 2013);
- A record quarterly production result of 545 kt of dry concentrate during the December 2013 quarter;
- Record monthly production in excess of 200kt of dry concentrate production in July and December 2013;
- Diversifying sales of Sydvaranger concentrate amongst a variety of customers including trial cargoes for sinter feed use in the European steel market.

Safety performance improved year-on-year with 9 Lost Time Injuries being experienced versus 16 in 2012. Whilst we are pleased with the improving trend, a continued and unrelenting focus on safety remains our goal. Good safety performance will also result in improving our reliability and assist in meeting our business targets. Significant time and resources have already been spent to investigate root causes of safety incidents in order to identify gaps in training and risk awareness. Continuing with the strategies and efforts required to demonstrate an improved performance requires our continued commitment and focus during the year ahead.

The financial results of the Company continue to be influenced by market price fluctuations over which we have little control. Whilst some hedging of the iron ore price has been undertaken throughout the year in order to minimise the potential short-term impact of extreme price volatility, the challenge remains to optimise all aspects of our operation. Only by doing this and by continued improvement in reliability and efficiency can we ensure a long-term healthy operation. In this regard we are pleased to notice the increasing community support for the proposed expansion project which, if approved and implemented, could contribute to securing a long term sustainable operation to the benefit of all stakeholders.

Sincerely

Peter Bilbe
Chairman

OPERATING REVIEW

The 2013 year demonstrated improved operational capability with various monthly and annual record results being set for quantities mined, blasted, crushed, milled and iron ore concentrate produced at Northern Iron's Sydvaranger project. Whilst some one-off downtime events were experienced particularly in the first half of the year, the operations were able to recover strongly and make further progress and gains during the second half. These achievements are encouraging as we plan work towards further improvements in 2014.

Safety Performance

Safety performance challenges from 2012 have improved significantly in 2013. The number of personnel injuries has decreased and Sydvaranger Gruve AS ("SVG") has a good understanding of the underlying aspects of the injuries. Table 1 summarises the number of injuries experienced in 2013 versus 2012.

	2013	2012
Lost Time Injury (LTI)	9	16
Restricted work cases (RWC)	1	12 (DI) (i)
Medical Treatments (MTC)	5	11
First Aid (FAC)	24	25
TRIFR (ii)	15	41 (iii)

Table 1

(i) Disabling Injuries (DI) have been treated as restricted work cases and are comparable to RWC.
(ii) TRIFR: Total Recordable Injuries Frequency Rate is the TRI divided per million annual actual work hours. TRI includes LTI, RWC and MTC (excludes FAC).
(iii) TRI rate of 41 is an approximate calculation for 2012.

In 2013 the Company implemented several proactive tools and measurements in order to follow the advice from the Safe Map survey. For example, the introduction of Walk Observe and Communicate (WOC) has been very helpful for changing the safety culture. Toolbox safety meetings and the implementation of a non-conformity system have also proven to be successful tools to improve underlying safety performance. Safety walks performed by safety representatives and line management have been enforced and corrective actions are coordinated in an active and acceptable way. Safety representatives have also contributed significantly to the safety improvement becoming important and active partners for the 24/7 safety in the business.

The Company introduced the TRIFR measuring in order to align with Scandinavian and European standards and set a target for 2013 to be less than 15 TRIFR for the year. The TRIFR improved substantially from 41 at the end of 2012 to 15 at the end of 2013. TRIFR rate improvement was positive in 2013 but it is still far from best practice. The Company will continue efforts to improve the rate with a new TRIFR target for 2014 of less than 10.

The Company undertakes root cause analysis for all personnel injuries and tripping/slipping has been identified as a major cause of LTI's and thus will continue to be a focus area. Near miss reporting is also encouraged by the Company with a "no name, no blame" approach. This is a proactive measure aimed at identifying safety hazards before incidents occur with follow up investigations and remediating actions. Over the course of 2013 it is pleasing to note there has been a decrease in the number of near misses reported.

In 2013 the Company established emergency response teams at all shifts both in Bjørnevatn and Kirkenes. The cooperation with the local fire brigade has been valuable and has extended to include rehearsals of potential emergency response events.

Working Environment Committee (WEC) meetings have been held regularly and the WEC continues to improve its function as the mandatory Health, Safety and Environment part of the business.

The cooperation with the local occupational health service has improved and several surveys have been performed according to the internal control regulations.

New targets have been set for 2014, one being to continue work with the "Critical 6" which is the most common causes of accidents that leads to fatality or major injuries world-wide. Mandatory certified and documented training as well as technical improvements have been performed in 2013 which will continue in order to minimise the risk within the "Critical 6". Awareness training for operators will also be enforced in 2014.

Environmental Performance

The Company continued to work towards and fulfil the ambitions of its environmental policy:

> *Sydvaranger Gruve will build a sustainable future for our employees, community, shareholders and business partners. Environmental sustainability will be achieved by fostering internal and external environmental awareness and exercising rigorous control and compliance over our business activities. This will only be possible by working closely with the local community, our employees, and by drawing on relevant knowledge gained by measuring and monitoring the world around us.*

SVG's environmental policy focuses on the three main goals of: awareness, monitoring and control.

Awareness

The community liaison group which meets quarterly, had a total of four meetings in 2013. Key topics of interest were: environmental monitoring; the toxicity testing of the flocculants; noise generation; dust from the mining operation; backfilling of Hyttemalmen, and the plans for expanding production. Three new members joined the group: a representative for the reindeer herders in the area; a local representative for the Norwegian Food Safety Authority and Tschudi Kirkenes AS.

Monitoring

The Company's permanent monitoring program for discharges and runoff from the mining areas revealed no breaches of the criteria for operation specified in the emission permit given by the Norwegian Environmental Protection Agency (EPA). Monitoring of Langfjorden in April revealed elevated levels of nitrogen where the water from the Bjørnevatn pits enters the fjord. Samples taken in May showed that the levels had dropped significantly and all were within the range of the environment classification "good" or "very good". This trend was confirmed by results from late August.

In 2013 noise maps for the areas of operation were recalculated to include backfilling of Hyttemalmen and that mining activities had shifted more to the north. The new maps did not reveal any breaches of noise limits to the public.

Warm weather and wind from the south contributed to increased dust problems in Bjørnevatn during spring and summer. It was necessary to intensify the watering of rock piles when loading stone and roads, especially near the community in Bjørnevatn.

In 2012 control measurements of the tailings pipeline in the fjord revealed a minor non-conformance relating to the length of the pipeline. The pipeline was prolonged during the summer period to ensure it was of the required length. Sonar mapping of the tailings deposit area in Bøkfjorden shows that the tailings are flowing downwards away from the emission point, following the thalweg.

The investigation into the long-term toxicity on marine organisms from flocculants as well as degradation and leaching of flocculants in sediments, according to requirements in the emission permit, commenced in 2013. The studies are carried out by two Norwegian research institutions: Norwegian Institute for Water Research (NIVA), and The Foundation for Scientific and Industrial Research SINTEF. Results are expected later this year.

A plan to establish a fund to finance post-closure monitoring of re-established marine life in the tailings deposit area of the fjord was accepted by the EPA and contributions to this fund have commenced.

Together with several other Norwegian mines the Company has been taking part in a research program, ImpTail – Improved Submarine Tailings Placement in Norwegian Fjords. The aim of this research program was to identify innovative strategies to improve and accelerate the rehabilitation of subsea areas impacted by tailing disposal in Norway. Surveys were completed in late 2013 and final reports and results are expected in 2014.

Control

In 2013, the Company worked on further strengthening of internal control systems. An online Non-Conformity Management System was implemented to report, record, treat and close non-conformities. Opportunities to improve are also included in the system.

Internal audit is part of a program to keep the internal control system up to date and in line with laws and regulations. In November the Company conducted an internal audit of all aspects of chemical handling in the company. The audit found considerable and visible progress in many aspects of the Company's performance, however work programmes continue to be ongoing and target further improvement.

Due to warm weather and lack of rain during 2013, the Company's allocated fresh water reserves were very low at the end of the summer period. An application was sent to the Norwegian Water Resources and Energy Directorate (NVE) to obtain a temporary permit to lower water levels in the Kirkenes lakes. The Company was granted a limited license to drain Første and Andrevann down 0.75 m below the pre-existing limit up until 15 April 2014.

Norwegian law requires that companies continuously seek to substitute current chemical use with less occupational hazardous and more environmentally friendly alternatives. The Company has an ongoing test program for substitution of chemicals and during 2013 several process chemicals were tested in bench trials. Of those one was found suitable for a full-scale plant trial, however it was revealed that the tested chemical was not a sufficient alternative to the current flocculant to enable a substitution.

In December 2013 the Company was granted a temporary permit from the Norwegian EPA to use up to an additional 2.5 tonnes of the water treatment chemical PolyDADMAC. The Company applied for this extension as a precaution because of the changes in ore blend due to the wall slip at the Bjørnevatn pit in September (refer to Mining section on page 7 for further details). Nevertheless, due to careful monitoring of the process and chemical dosing the Company managed to stay under the original emission limit of 10 tonnes for 2013.

Community Relations

In May 2013, the Sør-Varanger municipality approved the scope of work for the Environmental and Social Impact Assessment (ESIA) which clears the way for the Company to complete the necessary works and submit applications for permits required for expanding the production capacity at Sydvaranger. This is an indication that the relationship between the Company and the local community continues to develop. This is also illustrated by annual polls pointing in the same direction. A good and mutually beneficial relationship is in many ways our licence to operate in an industry which is highly visible in all aspects.

The percentage of Company employees who live in the Sør-Varanger municipality exceeded 70% by the year-end. The Company's objective is to build a long term sustainable business and this goal is supported by ensuring an adequate proportion of the workforce employed is locally based skilled employees. It is however, made challenging by a very low unemployment rate in the municipality, and strong growth in other types of business such as oil and gas activities. A good cooperation with the local community and municipality is a pre-requisite to succeed and the Company is continuing to focus on this.

Presently the Company is still relying on many commuting employees to meet its requirement for skilled people of all categories, including technicians. To source more of these skills locally, during the year the Company continued its policy to engage local apprentices in what is a long term commitment to develop these skills in the local workforce. To date the program has been successful and the Company has been fortunate to have some of Norway's best apprentices graduate and continue working for Sydvaranger. The Company will continue to renew its ability to expand this program further in the coming years. The Company also supports and participates in a number of local projects to stimulate new housing and educational programs for the region.

The Company was active in supporting local and regional cultural development and sporting events in 2013. In February the Company sponsored the annual arts festival, the Barents Spektakel, by providing accommodation to performers and festival workers in Company barracks. The Company also provided support for the annual Kirkenes conference. During the year the Company entered into a new sponsor agreement with Bjørnevatn IL, the local sports and football club, and the agreement is such that particular focus will be given to work with children and youth. The Company also continued its cooperation with "Finnmarksløpet" which is one of the largest dog sled events in the world.

A number of minor sporting and cultural events were also supported by the Company during the year. The Company is also participating actively in Kirkenes Næringshage and other corner stone events and forums in the municipality, regionally and at a national level. The Company will endeavour to continue to support various cultural, business and other events taking place in the region in the years to come.

Mining

Mining during the year remained focused on the Bjørnevatn deposit. The mine was able to demonstrate flexibility in managing unplanned events during the year, including downtime events in the processing plant during quarter 2 and the wall failure event that occurred in Bjørnevatn in early September, which resulted in operations in that area of the mine being suspended until such time as the failure can be remediated. The wall has remained stable during the December quarter and continues to be monitored for any further movement. In coordination with its geotechnical advisors the Company commenced extensive investigations into evaluating remediation alternatives available. This work will continue with a decision on remediation to follow thereafter. The current short to medium mine plan is not dependent on swift remediation and indicates there is sufficient ore available to meet the concentrator requirements.

Following the wall failure and in order to maintain safe and continuous ore supply, the production teams were able to change the mining schedule and continue ore production from Fisketind East, whilst increasing the production rate at Kjellmannsåsen and continuing to mine at the northern pit of Bjørnevatn. This effort resulted in the continuation of mining without a material impact on ore production or waste movement during the third quarter. Total material mined from the three pits in the period 2010-2013 is summarised in Table 2:

	Actual 2013	Actual 2012	Actual 2011	Actual 2010
Ore Mined (kt)	5,288	4,239	4,214	3,722
Waste Mined (kt)	13,138	11,833	8,230	8,067
Total Mined (kt)	**18,426**	**16,071**	**12,444**	**11,789**

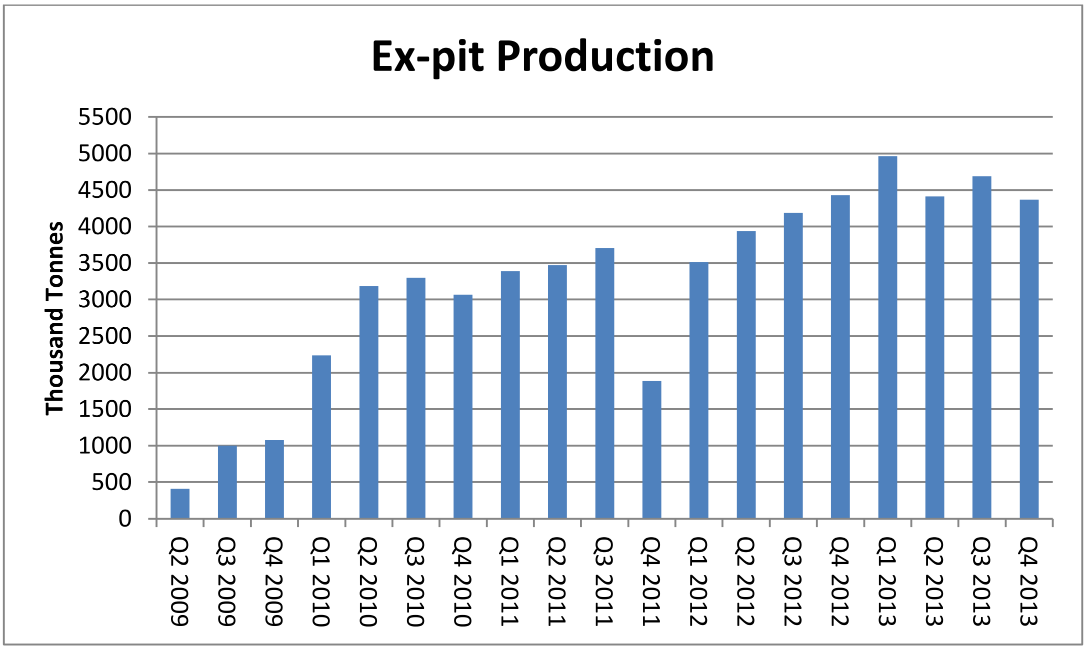
Table 2

Bjørnevatn supplied 82% of the ore feed from for the year, mainly from the Western wall ore zone. Ore was mined also from the saddle area, the southern tunnels area and the north end of West pit at the end of the year. The longer-term infrastructure development work in the pit was also progressed with the realignment of the Bjørnevatn main access ramp which was moved to the East side of the saddle area. Percentage of ore feed supplied by pit is summarised in Table 3:

Ore Blend	Actual 2013 (%)
Bjørnevatn	82
Kjellmannsåsen	14
Fisketind	4

Table 3

Graph 1 below shows production levels by quarter since commencing mine operations:



Graph 1

The mine improvement strategy is an ongoing program aimed at delivering continuous improvement in operational efficiency. The success of the program to date is demonstrated by the increased and sustained production levels shown in Graph 1.

Resource and Reserve Statement

During 2013 the Company continued the work of verifying historical data, chiefly consisting of re-assaying historical pulps. This work was completed for Bjørnevatn and Tverdalen and the results will be used for future mineral resource updates. In 2013 the resource models for Fisketind Øst, Bjørnfjell and Oskarsmalmen were updated with Fe (Mag)(Magnetic iron content).

To achieve a better understanding of Sulfide content in final concentrate from different ore sources, the resource models were also updated with S-DTR (Sulfide in Davis tube concentrate). This work has been carried out by employees of the Company and GeoVista AB. In 2014 the plan is to update the block models for Bjørnevatn, Oskarsmalmen and others, based on additional drilling as well as on verification of historical data.

A life of mine study carried out by Mining Engineering Consultants Pty Ltd, in 2013, indicates a + 25 year mine life at consistent production of 2.5 Mtpa concentrate product. The life of mine study contains an economic assessment that is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as mineral reserves, and there is no certainty that the preliminary assessment will ever be realised, in whole or in part.

The ore reserves have been depleted by mining during the year and the reported reserves have been adjusted for this by subtracting material down to the surveyed pit floors. The areas where mining has been carried out are Bjørnevatn, Kjellmannsåsen and Fisketind Øst. A total of 5.4 Mt has been weighted in at the crusher during the year. Mining takes place principally in material that have been classified as mineral reserves, however, some material derives from inferred resources, or even outside of the modelled volumes, which have thus not been reported as reserves earlier.

Total project Mineral Resources as of 1 February 2014 are shown in Table 4 below:

Mineral Resource Summary as at 1 February 2014 (at 15% Fe total cut-off grade)									
Prospect	***Indicated* (Mt)**	**Fe(Tot) %**	**Fe(Mag) %**	***Inferred* (Mt)**	**Fe(Tot) %**	**Fe(Mag) %**	**Total Tonnes (Mt)**	**Fe(Tot) %**	**Fe(Mag) %**
Bjørnevatn	140.6	31.9	29.2	136.7	30	27	277.4	31	28
Kjellmannsåsen	9.6	33	27.5	2.9	31	25	12.6	33	27
Tverdalen	20.4	32	23.0	26.4	31	20	46.8	31	21
Fisketind Øst	29.2	31	21	22	30	22	51.4	31	21
Oskarsmalmen	18.2	33	30	14.1	31	28	32.2	32	29
Bjørnefjell	17.7	30	25	4.2	30	N/A	21.9	30	N/A
Jerntoppen	-			17	31	24	17	31	24
Søstervann	-			4.7	37	31	4.7	37	31
Grundtjern	-			2.9	34	32	2.9	34	32
Total	**235.7**	**32**	**27**	**230.9**	**30**	**25**	**466.9**	**31**	**25**

Table 4

The mineral resources are reported inclusive of the ore reserves. During the period from February 1, 2013 to February 1, 2014, the total mineral resources have been depleted from 474.4 Mton at 31% Fe(tot) to 466.9 Mton with 31% Fe(tot).

Ore reserve summary as at 1 February 2014 are shown in Table 5 below:

Ore Reserve Summary as at 1 February 2014 (at 15% Fe total cut-off grade)		
Prospect	**Probable Reserve (Mt)**	**Fe(Tot) %**
Bjørnevatn	130.8	32
Tverrdalen	11.2	31
Fisketind Øst (*)	6.2	31
Kjellmannsåsen	6.9	35
Total	**155.1**	**32**

Table 5

(*) These reserves are based on a mineral resource estimate from 2008 and do not reflect the update reported in 2012.

During the period from February 1, 2013 to February 1, 2014, the total ore reserves have been depleted, from 162.8 Mton with 32% Fe(tot) down to 151.5 Mton with 32% Fe(tot).

Note:

The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Thomas Lindholm, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Thomas Lindholm is employed full time by GeoVista AB. Thomas Lindholm has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Thomas Lindholm consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Concentrate Production

The 2013 production result was a modest improvement over the prior year as shown in Table 6 despite the unplanned production interruptions experienced during the second quarter:

	Actual 2013	Actual 2012
Ore Milled (kt)	4,791	4,725
Concentrate Produced (Dry kt)	1,992	1,980
Tonnes Shipped (Dry kt)	1,917	1,928

Table 6

The focus during 2013 on continuing to improve plant reliability and stabilise operations at increased volumes was rewarded with several record production achievements during 2013. Notably, the production performance in December 2013 resulted in new daily, monthly, quarterly, half-yearly and annual production records being set. Concentrate production for the December quarter was 545 dry kt and this record quarterly result followed the September 2013 quarter result of 515 dry kt which was the highest production quarter in which a planned primary mill relines occurs. The stability of the operations across the second half of 2013 supported increased crushing and milling volumes, yielding a 14% increase in concentrate production over the first half of 2013. The improved production performance across the second half of the year demonstrates the steady improvement that continues to be delivered and reinforces the embedded improvements in the operational systems and equipment reliability that have been achieved.

Table 7 below shows the sustained product quality that continued to be delivered during 2013 in conjunction with steady and increased production volumes.

	Iron (%)	Silica (%)	Alumina (%)	Phos (%)	Sulphur (%)	Manganese (%)
2013	68.15	4.77	0.20	0.01	0.03	0.06
2012	68.01	4.78	0.21	0.01	0.01	0.06
2011	66.90	5.75	0.22	0.01	0.01	0.05
2010	62.92	10.74	0.45	0.01	0.02	0.05

Table 7

Sales and Marketing

The Company shipped a total amount of 1,917,000 tonnes of dry concentrate during the year with 1,797,000 tonnes shipped to Europe and 120,000 tonnes shipped to Bahrain. The average sale price achieved for the year was US$103 per dry metric tonne, FOB Kirkenes.

During the second half of 2013 the Company successfully diversified its sales amongst a variety of customers. New customers included ThyssenKrupp Steel and ArcelorMittal, while previous customer Bahrain Steel (formerly GIIC) resumed purchases of concentrate. An important development has been the trialling of Sydvaranger concentrate at a number of sinter plants throughout Europe. The Company will monitor the results and feedback from these trial cargoes and will seek to further its discussions with the various offtake parties, focusing on the potential for a longer-term offtake agreement. Sales to Europe during 2013 resulted in optimal FOB pricing due to the lower freight costs associated with shipping from Norway to Europe compared to more distant markets.

Expansion Study

The expansion project to increase production at Sydvaranger, is expected to significantly help secure a competitive and long term sustainable operation to the benefit of all stakeholders.

In 2012 the Company completed the scoping study for the expansion project including updated assumptions regarding the required processing flow-sheet, construction and operating costs in a Nordic environment, and to examine alternative options for tailings disposal. The engineering scoping study was done by two experienced magnetite engineering and processing firms Noramco Engineering Corporation and Barr Engineering, both located in USA. Second opinions on local cost and concept was provided by major Norwegian engineering consultancy firm Multiconsult and SRK Consulting (UK). The study examined three possible plant concepts to double the Company's total concentrate production as well as three different tailings disposal options.

The cost of the expansion was estimated between US$280 million to US$360 million depending upon the final option chosen and subject to the usual caveats about early stage cost estimates.

The most critical path for the expansion project continues to be the permitting process. The Company requires two key authority approvals to proceed with the expansion, a land use approval from the local Sør-Varanger municipality, and a permit for increased waste emissions from Miljødirektoratet (The Directorate for the Environment). In order to obtain both approvals an Environmental and Social Impact Assessment study (ESIA) must be completed. During 2013 the Company finalised the scope of work for the study in close cooperation with the major Norwegian consulting company Norconsult, the Sør-Varanger municipality and other key stake holders both at a local, regional and national level. A final public hearing was done in the spring of 2013, and Sør-Varanger municipality approved the scope of work in late May.

The approved scope of work is quite comprehensive, and particularly some of the marine monitoring activities require an all season approach to monitor and collect sufficient data. Some of these activities that are considered to be on the critical time line were initiated in the fall of 2013 following approval of the budget by the Company Board of Directors. All the remaining activities will be initiated in the early part of 2014 together with a separate work stream for the technical expansion study.

The Company is targeting completion of the ESIA fieldwork in 2014. The applications to the local and national regulators will be submitted in the second quarter of 2015, and on this basis the approvals should be received before the end of 2015. There is significant uncertainty related to the timing of the approval process however the Company still considers it realistic to assume that an investment proposal study on the expansion could be submitted at the end of 2015, enabling the construction to commence early in 2016, subject to assuming an acceptable funding solution is being identified.

In addition to the expansion project as described, during 2014 the Company will investigate opportunities for debottlenecking and incremental expansions to add value to the project for more modest capital outlays.

FINANCIAL REVIEW

The consolidated loss from continuing operations for the year net of tax of US$1,654,000 (2012: US$11,337,000 loss) reflects:
- US$204,554,000 of sales revenue
- US$204,962,000 of operational and administration expenses
- US$4,705,000 interest expense
- US$6,687,000 income tax benefits arising on the recognition of a net deferred tax asset.

The directors present the annual report of the Group consisting of the Company and the entities it controlled during the period for the financial year ended 31 December 2013. In order to comply with the provisions of the Corporations Act, the directors report as follows.

Directors

The names and details of the Company's directors in office at any time during or since the end of the financial year are as follows. Directors were in office for this entire period unless otherwise stated.

Current Directors

Peter R Bilbe

Chairman

BE (Mining) (Hons), MAusIMM

Appointed a director on 5 November 2007

Peter has over 36 years' experience in senior operational and corporate roles in the resources sector both in Australia and overseas and previously was the Managing Director and Chief Executive Officer of Aztec Resources Limited which successfully developed the Koolan Island iron ore project.

Peter has significant experience as a mining engineer, and prior to his role with Aztec Resources Limited was General Manager of Operations for Portman Limited, managing the Koolyanobbing and Cockatoo Island iron ore projects.

Mr Bilbe is a member of the Audit Committee and the Remuneration, Nomination, and Governance Committee.

During the past three years Mr Bilbe has held the following listed company directorships:

Sihayo Gold Limited (Chairman)	From June 2010 to November 2013
Independence Group NL (Chairman)	Since March 2009
Norseman Gold Plc	From July 2009 to December 2011

Antony Beckmand

Managing Director and Chief Executive Officer

CPA, BCom (Acc & Fin), GradDip AFI SIA

Appointed as Managing Director and Chief Executive Officer on 8 July 2013

Tony joined the Company in October 2008 and was appointed as Managing Director of Northern Iron Limited in July 2013, prior to which he held the role of Chief Financial Officer of NFE since October 2009. Tony is a qualified CPA with a B.Com from the University of Western Australia and a Grad. Dip in Applied Finance and Investment from the Securities Institute of Australia. Tony has more than 17 years' experience within the mining industry across a range of operations including iron ore, minerals sands, base metals and gold. During his career he has held a variety of corporate and site based finance and accounting roles with resources companies including Exxaro Resources, Perilya Ltd and Robe River Iron Associates.

During the past three years Mr Beckmand has not been a director of any other listed entity.

Ashwath Mehra

Non-Executive Director

BSc (Econ)

Appointed a director on 22 May 2007

Ashwath is an economist and founded the MRI Group, a commodities group with annual turnover of approximately $3 billion. He is currently CEO of Astor Management AG, a holding company with interests in natural resources businesses. He has worked in the minerals industry for 28 years, starting his career with Philipp Brothers after which he spent 10 years with Glencore, where he was a senior partner and ran the Nickel and Cobalt Divisions. He has substantial experience in projects and project finance and has worked on equity and bond issues.

Mr Mehra is Chairman of the Audit Committee and a member of the Remuneration, Nomination and Governance Committee.

During the past three years Mr Mehra has held the following listed company directorships:

EMED Mining Limited	Since October 2008
Champion Minerals Inc.	From October 2010 to April 2013
Fancamp Eploration Limited	Since September 2013

Felix H Tschudi

Non-Executive Director

BSc (Econ), MBA

Appointed a director on 13 December 2007

Felix is the Chairman and owner of Tschudi Shipping Company AS, the holding company of the Tschudi Group. Tschudi Mining AS, a member company of the Tschudi Group, is the registered holder of 67,133,728 shares in the Company (13.86%).

Felix attended the Royal Norwegian Naval Academy and served as Sub-Lieutenant in the Royal Norwegian Navy. He earned a Second Mate's certificate from merchant navy colleges in the UK, a BSc (Econ) from London School of Economics, and an MBA from INSEAD, France.

Before joining the family shipping company Tschudi & Eitzen in 1989, Felix worked for the Vienna-based trading and finance house AWT specialising in trade structures in Eastern Europe and the former Soviet Union. Felix was the joint managing director of Tschudi & Eitzen from 1992 until 2002. He worked as the managing director of the Oslo stock exchange listed company Tschudi & Eitzen Shipping ASA from 1995 until 1997.

Felix is the Chairman of the Centre for High North Logistics, a non-profit organisation focusing on transportation solutions in the Arctic and a member of the World Economic Forum's Global Agenda Council on the Arctic. He is Chairman of the the board of Maritimt Forum Oslofjorden, a member of the Committee of the P&I Club Skuld, the board of the Norwegian publishing house Aschehoug & Co., and a former president of the Oslo Shipowners' Association.

Mr Tschudi is Chairman of the Remuneration, Nomination, Audit and Governance Committee and a member of the Audit Committee.

During the past three years Mr Tschudi has not been a director of any other listed entity.

Peter S Larsen

Alternate Director for Felix Tschudi

MSc (Econ)

Appointed a director on 13 December 2007 and resigned as a director on 30 November 2010.

Peter, an economist, is currently the Chief Financial Officer of Tschudi Shipping Company AS. He has worked in the shipping and energy industries for 23 years, starting his career with Burmeister & Wain Shipyard, followed by 10 years in the European energy sector with a focus on project development and financing. He has considerable experience in risk management within the power and commodity sectors.

During the past three years he has not been a director of any other listed entity, however Mr Larsen is Chairman of the Company's unlisted subsidiary, Sydvaranger Gruve AS.

Former Directors

David C Griffiths

Former Chairman

BEc (Hons), MEc, Hon.Dec. FAICD

Appointed a director on 5 November 2007, resigned 10 June 2013

David has over 31 years' experience in senior financial and executive roles in a wide range of industries, and is a former Division Director of Macquarie Bank. Prior to this role, David was Executive Chairman of Perth stockbroking firm Porter Western.

David holds an Honours Degree in Economics and an Honorary Doctor of Economics from The University of Western Australia, a Masters Degree in Economics from Australian National University and is a Fellow of the Australian Institute of Company Directors. David also sits on the Board of the Perth International Arts Festival.

Mr Griffiths was a member of the Remuneration, Nomination, and Governance and Audit Committees.

During the past three years Mr Griffiths has held the following listed company directorships:

Automotive Holdings Group Limited (Chairman)	Since February 2007
Thinksmart Limited (Deputy Chairman)	Since November 2000

John S Sanderson

Former Managing Director

BEng (Hons) Geological, MAICD

Appointed as Managing Director on 17 February 2010, resigned as a director on 8 July 2013

John was the Chief Executive Officer of the Company from 1 November 2009 to 8 July 2013, prior to which he held the roles of Chief Operating Officer and Manager of Mining within the Company. Mr Sanderson is a mining engineer with over 20 years' experience and his previous positions include that of Manager, Mine Operations for Rio Tinto's Brockman iron ore mine and Manager Technical Services East Pilbara for Rio Tinto.

During the past three years Mr Sanderson has not been a director of any other listed entity.

Company Secretary

Alex J Neuling

BSc FCA (ICAEW) AGIA

Mr Alex Neuling was appointed company secretary on 1 January 2010. Alex is a Chartered Accountant and Chartered Secretary with more than 15 years professional and corporate experience including significant experience in the provision of company secretarial and financial management consultancy services to ASX listed companies.

Directors' shareholdings

At the date of this report, the relevant interests of the directors in ordinary shares and options of the Company are as follows:

Name	Ordinary shares	Options over ordinary shares
PR Bilbe	215,288	-
A Beckmand	-	-
A Mehra	15,702,792	-
FH Tschudi	67,133,728	-

Dividends

No dividends were paid during the year and the directors do not recommend payment of a dividend in respect of the current financial year.

Principal activities

The principal activities of the Group are included in the operating and financial review as set out on pages 4 to 10.

Operating and financial review

An operating and financial review of the Group for the financial year ended 31 December 2013 is set out on pages 4 to 10 and forms part of this report.

Significant changes in state of affairs

There were no significant changes in the state of affairs in the year under review.

Events subsequent to reporting date

On 25 March 2014, the Company entered into a 6 year agreement with Orica for the provision of rock on ground (ROG) services at the mine. ROG services include the activities of blast design, drilling, charging and detonating the blast to provide broken rock on the ground ready to be loaded into haul trucks. This is a complete outsourcing of the Drill and Blast activities that are currently performed by the Company, Atlas Copco and EPC. Management expects this agreement to deliver improvement in the integration and accountability of mining processes whilst maintaining delivery of required outcomes in terms of quality, quantity and safety.

On 24 March 2014 the Company announced that 50,000 performance rights issued under the Company's Performance Rights Plan have lapsed in accordance with their terms of issue.

Other than this, no matter or circumstance has arisen since 31 December 2013 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years:

(i) the Group's operations;
(ii) the results of those operations; or
(iii) the Group's state of affairs.

Likely developments

The likely developments for the 2014 financial year are contained in the operating and financial review as set out on pages 4 to 10.

The directors are of the opinion that further information as to the likely developments in the operations of the Group would prejudice the interests of the Company and the Group and it has accordingly not been included.

Environmental regulation and performance

The environmental regulation and performance of the Company for the financial year ended 31 December 2013 is set out on pages 5 and 6 and forms part of this report.

Indemnification and insurance of directors and officers

During the financial year, the Company paid a premium to insure the directors and officers of the Company and its controlled entities. The policy prohibits the disclosure of the nature of the liabilities covered and the amount of the premium paid.

Deeds of Access and Indemnity have been executed by the Company with each of the directors and the Company Secretary. The deeds require the Company to indemnify each director and the Company Secretary against any legal proceedings, to the extent permitted by law, made against, suffered, paid or incurred by the director or the Company Secretary pursuant to, or arising from or in any way connected with the director or the Company Secretary being an officer of the Company.

Remuneration report

The Remuneration Report is set out on pages 16 to 21 and forms part of this Directors' Report.

Remuneration Report (Audited)
(all amounts in US$ unless otherwise stated)

Directors' and executive officers' remuneration

The remuneration report as set out on pages 16 to 21 outlines the remuneration arrangements in place for the key management personnel of Northern Iron for the financial year ended 31 December 2013. The information contained in the remuneration report has been audited as required by Section 308(3C) of the Corporations Act. The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Total remuneration paid or payable to Directors & Key Management Personnel during the year was $3,530,270 (2012: $3,015,742). Significant items driving the observed increase in reported remuneration included:

- Retention bonus payments of an amount of $898,634 (2012: $nil) relating to the retention scheme implemented following the announcement of the Strategic Review in November 2011.

The Remuneration, Nomination, and Governance Committee determines remuneration policies and practices, evaluates the performance of senior management, and considers remuneration for those senior managers. This Committee assesses the appropriateness of the nature and amount of remuneration on an annual basis by reference to industry and market conditions, and with regard to the Company's financial and operational performance.

Total non-executive directors' fees are approved by shareholders and the Board is responsible for the allocation of those fees amongst the individual members of the Board.

The value of remuneration is determined on the basis of cost to the Company and Group.

Principles of compensation

Remuneration of directors and other KMP is referred to as compensation, as defined in AASB 124.

Compensation levels for KMP of the Company and Group are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. Compensation arrangements include a mix of fixed and performance based compensation. Short Term Incentive payments are made against predetermined metrics which included safety, production and cost targets with an adjustment to take into account movements in the iron ore price. A component of share-based compensation is awarded at the discretion of the Board, subject to shareholder approval when required.

Following the announcement of the Strategic Review in November 2011, the Company implemented a scheme for the retention of some key executives through this process which coincided with the planned ramp up in production. The scheme covered 5 key executives and allowed for the payment equivalent to 50% of their base salary should they still be employed by the Company in July 2013 or terminated without cause prior to that date.

Compensation structures take into account the overall level of compensation for each director and executive officer, the capability and experience of the directors and executive officers, the executive officers' ability to control the financial performance of the relative business segment, the Group's performance (including earnings and the growth in share price), and the amount of any incentives within each executive officer's remuneration.

The Company was incorporated in May 2007 and listed on ASX in December 2007 at an Initial Public Offer price of A$2.15 per share. Historical share price, earnings, and dividends were considered in determining remuneration during the reporting period.

	31/12/13	31/12/12	31/12/11
Share price	A$0.22	A$0.54	A$0.64
Consolidated net (loss) / profit after tax from continuing operations (US$000)	(1,654)	(11,337)	2,871

Fixed compensation

Fixed compensation consists of base compensation as well as any employer contributions to superannuation funds. Base compensation may be supplemented by an element of equity based compensation.

Equity-based compensation is set out in the *Equity Instruments* section of this Remuneration Report.

Non-executive directors

Total remuneration for all non-executive directors, last voted upon by shareholders at a General Meeting in November 2007, is not to exceed A$500,000 per annum.

A non-executive director's fee is currently A$50,000 per annum. The Chairman's fee is A$125,000. Non-executive directors do not receive any performance related remuneration. Directors' fees cover all main Board activities and membership of Board committees. The Company does not have any terms or schemes relating to retirement benefits for non-executive directors.

Non-executive directors may receive share-based compensation at the discretion of the Board, and subject to approval by shareholders.

Service contracts

The contract duration, period of notice and termination conditions for directors and executive officers are as follows:

(i) John Sanderson, General Manager of Northern Iron Marketing AG (formerly Managing Director of Northern Iron Limited). Commenced employment with the Group on 7 December 2009 appointed Chief Executive Officer on 1 November 2009 and appointed to the Board as Managing Director on 17 February 2010. Mr Sanderson resigned as Managing Director effective 8 July 2013, and subsequently represented the Company as General Manager of Northern Iron Marketing AG until 28 February 2014 on a part-time basis. The total remuneration package was CHF224,250 pa of base salary plus pension as required under the Swiss Code of Obligations in Switzerland. Termination by either party was with 1 months' notice. The Company may terminate the contract at any time without notice if serious misconduct has occurred. A long-term incentive scheme was provided, being a retention bonus of 50% of base salary if still employed with SVG/NFE on 1 July 2013, which was paid after the end of the reporting period. A second long term incentive scheme was provided under Mr Sanderson's contract as Managing Director of Northern Iron Limited, being equity participation in the shares of Northern Iron Limited, equivalent to:

- 500,000 options with an exercise price of A$2.06
- 500,000 options with an exercise price of A$2.41
- 500,000 options with an exercise price of A$2.91

The options vested on 24 August 2012 and expired on 24 August 2013.

(ii) Antony Beckmand, Managing Director and Chief Executive Officer of Northern Iron Limited. Commenced employment with the Group in October 2008, appointed Chief Financial Officer of Northern Iron Limited on 30 September 2009, and appointed Managing Director and Chief Executive Officer on 8 July 2013 with no set term. Mr Beckmand will be paid a base salary of A$415,000 pa plus superannuation. Termination by the employee is with 6 months' notice and by the Company is with 1 months' notice with a payment equal to 6 months' base salary plus superannuation. The Company may terminate the contract at any time without notice if serious misconduct has occurred. A short-term incentive bonus is provided. The Board shall determine the KPIs and the bonus that the employee will be paid if his KPIs are achieved. Such a bonus will be set at a rate of no more than 50% of the base salary. A retention bonus of 50% of base salary was paid during the reporting period as Mr Beckmand was still employed with SVG/NFE on 1 July 2013. A long-term incentive scheme is provided, being equity participation in the Company's Performance Rights Plan, subject to achievement of KPIs during the vesting period. The maximum number of shares is set at 150,000, vesting over a 3.5 year period. The Company may, at its discretion, make a cash-payment in lieu of issuing shares based on the 5 day VWAP market value of those shares.

(iii) Sissel Bækø, General Manager of Production Services of Sydvaranger Gruve AS. Commenced in this role 1 March 2012 with no set term. Termination by the Company or the employee is with three months' notice. The Company may terminate the contract at any time without notice if serious misconduct has occurred. Ms Bækø will be paid a base salary of NOK 1,400,000 pa plus statutory pension contributions as required under Norwegian law and the minimum National Insurance Scheme payable in Norway. A short-term incentive bonus is provided. The Board shall determine the KPIs and the bonus that the employee will be paid if her KPIs are achieved. Such a bonus will be set at a rate of no more than 50% of the base salary. A retention bonus of 50% of base salary was paid during the reporting period as Ms Bækø was still employed with SVG/NFE on 1 July 2013. A long-term incentive scheme is provided, being equity participation in the Company's

Performance Rights Plan, subject to achievement of KPIs during the vesting period. The maximum number of shares is set at 150,000, vesting over a 3.5 year period. The parent Company may, at its discretion, make a cash-payment in lieu of issuing shares based on the 5 day VWAP market value of those shares. Pension is to be paid as required under Norwegian law.

(iv) Rob Brown, General Manager of Operations of Sydvaranger Gruve AS. Commenced 5 July 2011 with no set term. Mr Brown will be paid a base salary of A$275,000 pa plus pension as required under Norwegian law and the minimum National Insurance Scheme payable in Norway. Termination by the Company or the employee is with three months' notice. The Company may terminate the contract at any time without notice if serious misconduct has occurred. A short-term incentive bonus is provided. The Board shall determine the KPIs and the bonus that the employee will be paid if his KPIs are achieved. Such a bonus will be set at a rate of no more than 50% of the base salary. A retention bonus of 50% of base salary was paid during the reporting period as Mr Brown was still employed with SVG/NFE on 5 July 2013, which will continue annually at a rate of 25% of base salary if employed on subsequent anniversaries. A long-term incentive scheme is provided, being equity participation in the Company's Performance Rights Plan, subject to achievement of KPIs during the vesting period. The maximum number of shares is set at 150,000, vesting over a 3.5 year period. The Company may, at its discretion, make a cash-payment in lieu of issuing shares based on the 5 day VWAP market value of those shares. Mr Brown resigned as per 1 March 2014.

(v) Harald Martinsen, Chief Development Officer of Sydvaranger Gruve AS. Commenced 28 August 2011 with no set term. Mr Martinsen will be paid a base salary of NOK 1,800,000 pa plus pension as required under Norwegian law and the minimum National Insurance Scheme payable in Norway. Termination by the Company or the employee is with three months' notice. The Company may terminate the contract at any time without notice if serious misconduct has occurred. A short-term incentive bonus is provided. The Board shall determine the KPIs and the bonus that the employee will be paid if his KPIs are achieved. Such a bonus will be set at a rate of no more than 50% of the base salary. A retention bonus of 50% of base salary was paid during the reporting period as Mr Martinsen was still employed with SVG/NFE on 1 July 2013. A long-term incentive scheme is provided, being equity participation in the Company's Performance Rights Plan, subject to achievement of KPIs during the vesting period. The maximum number of shares is set at 150,000, vesting over a 3.5 year period. The Company may, at its discretion, make a cash-payment in lieu of issuing shares based on the 5 day VWAP market value of those shares.

(vi) Ismo Haaparanta, Chief Executive Officer of Sydvaranger Gruve AS. Commenced 1 May 2012 with no set term. Mr Haaparanta will be paid a base salary of NOK 2,000,000 pa plus pension as required under Norwegian law and the minimum National Insurance Scheme payable in Norway. Termination by the Company or the employee is with six months' notice. The Company may terminate the contract at any time without notice if serious misconduct has occurred. A short-term incentive bonus is provided. The Board shall determine the KPIs and the bonus that the employee will be paid if his KPIs are achieved. Such a bonus will be set at a rate of no more than 50% of the base salary. A retention bonus of 25% of base salary was paid during the reporting period as Mr Haaparanta was still employed with SVG/NFE on 1 May 2013, and is payable again on 1 May 2014 if still employed with NFE/SVG, and may continue depending on negotiation with the Managing Director of NFE. A long-term incentive schemeis provided, being equity participation in the Company's Performance Rights Plan, subject to achievement of KPIs during the vesting period. The maximum number of shares is set at 150,000, vesting over a 3.5 year period. The Company may, at its discretion, make a cash-payment in lieu of issuing shares based on the 5 day VWAP market value of those shares.

Directors' and executive officers' remuneration

2013	Short Term			Post-employment	Share Based Payments				
Name	Salary and fees ($)	Other ($)	Cash bonus (ii) ($)	Superannuation contributions ($)	Options ($)	Performance Rights ($)	Total ($)	% of remuneration performance related	Value of options and rights as a proportion of remuneration (%)
Directors									
Non-Executive									
Mr PR Bilbe (Chairman)	81,196	-	-	7,446	-	-	88,642	-	-
Mr A Mehra	48,290	-	-	-	-	-	48,290	-	-
Mr FH Tschudi	48,290	-	-	-	-	-	48,290	-	-
Mr DC Griffiths (Former Chairman) (resigned 10 June 2013)	48,930	-	-	4,404	-	-	53,334	-	-
Executive									
Mr A Beckmand (MD & CEO – Northern Iron Limited) (appointed 8 July 2013) (i)	326,175	16,708	160,657	41,734	-	-	545,274	6%	-
Mr JS Sanderson (Former Managing Director) (resigned 8 July 2013)	352,152	-	275,604	56,900	-	-	684,656	-	-
Executive Officers									
Ms S Bækø (GM of Production Services - Sydvaranger Gruve AS)	244,654	9,803	143,746	10,595	-	-	408,798	6%	-
Mr R Brown (GM of Operations – Sydvaranger Gruve AS)	280,029	98,283	161,005	8,205	-	-	547,522	4%	-
Mr H Martinsen (CDO – Sydvaranger Gruve AS)	311,794	41,143	188,335	9,014	-	-	550,286	6%	-
Mr I Haaparanta (CEO – Sydvaranger Gruve AS)	345,731	76,707	124,181	8,559	-	-	555,178	7%	-
	2,087,241	242,644	1,053,528	146,857	-	-	3,530,270		

(i) Prior to 8 July 2013, previous role was Chief Financial Officer

(ii) In accordance with the Short Term Incentive Scheme, cash bonus payments totalling US$154,894 were made in respect of predetermined metrics which included safety, production and cost targets with an adjustment to take into account movements in the iron ore price. In addition, retention bonus payments totalling US$898,634 were made to six employees under the terms of their service contracts.

Directors' and executive officers' remuneration (continued)

2012	Short Term			Post-employment	Share Based Payments				
Name	Salary and fees ($)	Other ($)	Cash bonus (i) ($)	Superannuation contributions ($)	Options ($)	Performance Rights ($)	Total ($)	% of remuneration performance related	Value of options and rights as a proportion of remuneration (%)
Directors									
Non-Executive									
Mr DC Griffiths (Chairman)	118,784	-	-	10,691	-	-	129,475	-	-
Mr PR Bilbe	47,514	-	-	4,276	-	-	51,790	-	-
Mr A Mehra	51,790	-	-	-	-	-	51,790	-	-
Mr FH Tschudi	51,790	-	-	-	-	-	51,790	-	-
Executive									
Mr JS Sanderson (Managing Director)	465,281	27,120	75,356	17,148	194,595	-	779,500	10%	25%
Executive Officers									
Mr A Beckmand (CFO – Northern Iron Limited)	284,059	18,334	66,291	31,532	-	-	400,216	17%	-
Ms S Bækø (GM of Production Services - Sydvaranger Gruve AS)	262,479	8,870	10,308	9,695	-	53,088	344,440	3%	15%
Mr R Brown (GM of Operations – Sydvaranger Gruve AS)	300,681	100,897	103,228	7,964	-	-	512,770	20%	-
Mr H Martinsen (CDO – Sydvaranger Gruve AS)	291,861	42,659	14,602	8,371	-	-	357,493	4%	-
Mr I Haaparanta (CEO – Sydvaranger Gruve AS) (appointed 1 May 2012)	227,166	50,911	-	5,313	-	53,088	336,478	-	16%
	2,101,405	248,791	269,785	94,990	194,595	106,176	3,015,742		

(i) In accordance with the Short Term Incentive Scheme, cash bonus payments were made in respect of improvements relating to safety and an improved production result across quarter 4 2011 and quarter 1 2012. In addition, the Company at its discretion made a cash bonus payment in lieu of issuing shares in accordance with the terms of the Long Term Incentive Scheme.

Equity instruments

(i) Shares

There were no shares in the Company granted as compensation to directors and executive officers during the reporting period.

(ii) Share based payments

During the financial year, the following share-based payment arrangements were in existence.

Option series	Grant date	Number of Options	Vesting Dates	Expiry Date	Exercise Price	Revised Exercise Price (i)	Fair value at grant date
J Sanderson	14/05/2010	500,000	24/08/2012	24/08/2013	A$2.15	A$2.06	A$0.50
J Sanderson	14/05/2010	500,000	24/08/2012	24/08/2013	A$2.50	A$2.41	A$0.44
J Sanderson	14/05/2010	500,000	24/08/2012	24/08/2013	A$3.00	A$2.91	A$0.38

(i) In accordance with Listing Rule 6.22.2 the exercise price of unlisted options were changed as a result of a non-renounceable pro-rata entitlement offer.

No options have been granted since the end of the financial year, nor have any options been exercised during or since the end of the reporting period. During the reporting period, there was no forfeiture of options granted in previous periods.

In the event that the option holder ceases to be an employee, director or consultant of the Company, the Board may at its sole discretion resolve that all vested options held by that employee, director or consultant must be exercised within 21 days of that employee, director or consultant ceasing to be an employee, director or consultant (as applicable) of the Company. Any unvested options held by that employee, director or consultant will lapse.

Further details of share-based payments are set out in Notes 3(r) and 21.

(iii) Options over equity instruments granted as compensation

There were no options granted during the 2013 or 2012 year.

Options are recognised as an expense over their vesting period. No monies will be payable for the issue of the options.

No options have been granted since the end of the financial year, nor have any options been exercised during or since the end of the reporting period. During the reporting period there was no forfeiture of options granted in previous periods.

In the event that the option holder ceases to be an employee, director or consultant of the Company, the Board may at its sole discretion resolve that all vested options held by that employee, director or consultant be exercised within 21 days of that employee, director or consultant ceasing to be an employee, director or consultant (as applicable) of the Company. Any unvested options held by that employee, director or consultant will lapse.

(iv) Analysis of movements in options

There were no options granted during the 2013 or 2012 financial years.

The value of options granted in the year is the fair value of the options at grant date using the Black-Scholes Option Pricing Model. The total value of options granted is included in the table above, however this amount is allocated to expense over the vesting period.

(v) Analysis of options granted as compensation

Details of vesting profiles of the options granted as remuneration to directors and executive officers are detailed below:

Director	Number of options granted	Grant date	% vested in current year	Financial year in which grant vests	Value to vest minimum ($)	Value to vest maximum ($)
JS Sanderson	1,500,000	14/05/10	nil	2012	-	-

These options expired on 24 August 2013 unexercised. As at report date there were no unvested options on issue and no options were forfeited during the year.

End of remuneration report

Directors' and committee meetings

The number of directors' and committee meetings and the number of those meetings attended by each of the directors of the Company during the year are as follows:

	Board		Audit Committee		Remuneration, Nomination and Governance Committee (i)	
	(a)	(b)	(a)	(b)	(a)	(b)
A Beckmand	6	6	-	-	-	-
PR Bilbe	13	13	4	4	-	-
A Mehra	13	13	4	4	-	-
FH Tschudi	13	12	2	-	-	-
PS Larsen (ii)	13	13	-	2	-	-
DC Griffiths	6	5	2	2	-	-
JS Sanderson	6	6	-	-	-	-

(a) Number of meetings held during period of office
(b) Number of meetings attended

(i) The Remuneration, Nomination, and Governance Committee matters were dealt with at meetings of the full Board.
(ii) Includes attendance as alternate for Mr Tschudi and as a non-voting invitee in his capacity as Chairman of SVG.

Remuneration, Nomination, and Governance Committee

The committee considers remuneration packages and policies applicable to the executive directors, senior executives, and non-executive directors. It is also responsible for share option schemes, Employee Share Plans, incentive performance packages, and retirement and termination entitlements. Many of these matters are also considered by the full Board rather than the Committee. Members of the committee are Mr Felix Tschudi (Chairman), Mr Peter Bilbe and Mr Ashwath Mehra.

The independent directors are identified in the Corporate Governance Statement section of this Annual Report as set out on pages 78 to 92.

Names and qualifications of Audit Committee members

The committee is to include at least three members. Current members of the committee are Mr Ashwath Mehra (Chair), Mr Peter Bilbe and Mr Felix Tschudi (with Mr Peter Larsen as his alternate). Qualifications of Audit Committee members are provided in the directors section of this Directors' Report.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Rounding of amounts

The Company is a company of the kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission relating to the rounding off of amounts in the Directors' Report and financial report.

Amounts in the Directors' Report and financial report have been rounded-off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Non-audit services

Details of amounts paid or payable to the auditors for non-audit services provided during the year by the auditors are outlined in Note 5 to the financial statements.

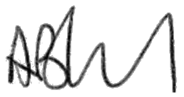
The directors are satisfied that the provision of non-audit services, during the year, by the auditors (or by persons or firms on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are of the opinion that the services disclosed in Note 5 to the financial statements do not compromise the external auditor's independence, based on advice received from the audit committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditors, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Lead auditor's independence declaration

The lead auditor's independence declaration, as required under Section 307C of the Corporations Act, is set out on page 24 and forms part of the Directors' Report for the financial year ended 31 December 2013.

The directors' report is signed in accordance with a resolution of the directors made pursuant to S.292(2) of the Corporations Act 2001.



Antony Beckmand
Managing Director and Chief Executive Officer

Stockholm, 28 March 2014

Peter Bilbe
Chairman

Perth, 28 March 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Northern Iron Limited for the year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
28 March 2014

N G NEILL
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au
Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 US$000	2012 US$000
Continuing operations			
Revenue	4	204,554	205,701
Other operating income	4	478	-
Operating expenses	4	(197,590)	(199,679)
Administration expenses	4	(7,372)	(7,565)
Foreign exchange gain / (loss)		3,162	(509)
Hedging loss	4	(6,702)	(1,388)
Share-based payments expense		-	(301)
Results from operating activities		**(3,470)**	**(3,741)**
Finance income	4	174	343
Finance expense	4	(4,705)	(5,992)
Net finance expense		(4,531)	(5,649)
Loss before income tax		**(8,001)**	**(9,390)**
Income tax benefit / (expense)	7	6,347	(1,947)
Loss from continuing operations		**(1,654)**	**(11,337)**
Other comprehensive income			
Items which may be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		(37,243)	4,714
Exchange differences arising on translation of foreign loan		36,231	(3,965)
Income tax on other comprehensive income		-	-
Other comprehensive (loss) / income for the year net of income tax		(1,012)	749
Total comprehensive loss for the year net of tax		**(2,666)**	**(10,588)**
Basic loss per share from continuing operations (cents per share)	6	(0.34)	(2.75)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

As at 31 December 2013

	Notes	2013 US$000	2012 US$000
Current assets			
Cash and cash equivalents	19(b)	19,446	32,379
Trade and other receivables	9	33,842	36,345
Derivative financial assets	10	534	-
Inventory	11	28,177	22,471
Prepayments		332	921
Total current assets		**82,331**	**92,116**
Non-current assets			
Trade and other receivables	9	1,181	916
Mine properties	12	60,071	64,285
Property, plant and equipment	13	230,066	244,618
Deferred tax asset	8	31,309	24,622
Total non-current assets		**322,627**	**334,441**
Total assets		**404,958**	**426,557**
Current liabilities			
Trade and other payables	14	31,437	37,710
Derivative financial liabilities	15	7,063	558
Provisions	16	365	2,020
Current tax liabilities	7	340	-
Interest bearing loans and borrowings	17	50,248	50,462
Total current liabilities		**89,453**	**90,750**
Non-current liabilities			
Provisions	16	1,847	2,189
Interest bearing loans and borrowings	17	36,970	54,264
Total non-current liabilities		**38,817**	**56,453**
Total liabilities		**128,270**	**147,203**
Net assets		**276,688**	**279,354**
Equity			
Issued capital	18	380,761	380,761
Reserves		16,813	17,825
Accumulated losses		(120,886)	(119,232)
Total equity		**276,688**	**279,354**

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Issued capital	Foreign currency translation reserve	Share based payments reserve	Accumulated losses	Total
	US$000	US$000	US$000	US$000	US$000
Balance at 1 January 2012	**330,747**	**13,029**	**4,220**	**(107,895)**	**240,101**
(Loss) from continuing operations	-	-	-	(11,337)	(11,337)
Other comprehensive income	-	749	-	-	749
Total comprehensive income	-	749	-	(11,337)	**(10,588)**
Shares issued for cash, net of transaction costs	50,014	-	-	-	50,014
Share based payments	-	-	(173)	-	(173)
Balance at 31 December 2012	**380,761**	**13,778**	**4,047**	**(119,232)**	**279,354**
Profit from continuing operations	-	-	-	(1,654)	(1,654)
Other comprehensive income	-	(1,012)	-	-	(1,012)
Total comprehensive income	**-**	**(1,012)**	**-**	**(1,654)**	**(2,666)**
Shares issued for cash, net of transaction costs	-	-	-	-	-
Share based payments	-	-	-	-	-
Balance at 31 December 2013	**380,761**	**12,766**	**4,047**	**(120,886)**	**276,688**

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Notes	2013 US$000	2012 US$000
Cash flows from operating activities			
Receipts from customers		207,688	191,134
Payments to suppliers and employees		(183,969)	(167,505)
Income tax paid		-	(11)
Finance income		174	555
Finance expense		(5,336)	(5,434)
Net cash flows provided by operating activities	19(a)	**18,557**	**18,739**
Cash flows from investing activities			
Payments for mine property		(2,703)	(9,652)
Payments for exploration and evaluation		(35)	(1,389)
Payments for deferred waste		(7,987)	(6,539)
Payments for property, plant and equipment		(6,369)	(37,086)
Disposal of property, plant and equipment		-	7,682
Net security deposits lodged		(712)	(126)
Net cash flows used in investing activities		**(17,806)**	**(47,110)**
Cash flows from financing activities			
Proceeds from issue of share capital		-	57,022
Payment of share issue costs		-	(2,916)
Payment on cancellation of shares		-	(4,092)
Proceeds from interest bearing loans and borrowings		3,772	9,651
Payment of interest bearing loans and borrowings		(18,504)	(26,900)
Net cash flows (used in) / provided by financing activities		**(14,732)**	**32,765**
Net (decrease) / increase in cash and cash equivalents		**(13,981)**	**4,394**
Cash and cash equivalents at the beginning of the financial year		32,379	28,618
Effect of foreign exchange on the balances of cash and cash equivalents held in foreign currencies at the beginning of the year		1,048	(633)
Cash and cash equivalents at the end of the year	19(b)	**19,446**	**32,379**

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

NOTE 1 REPORTING ENTITY

The consolidated financial report of the Company for the financial year ended 31 December 2013 comprises the Company and its subsidiaries (the "Group").

The financial report was authorised for issue by the directors on 28 March 2014.

NOTE 2 BASIS OF PREPARATION OF THE FINANCIAL REPORT

The financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Accounting Interpretations), as adopted by the Australian Accounting Standards Board ("AASB"), and the Corporations Act 2001.

The financial report has also been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in United States dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

The Company is a listed public company, incorporated in Australia and operating in Norway and Switzerland. The entity's principal activities are included in the operating and financial review as set out on pages 4 to 10.

Statement of compliance

The financial report was authorised for issue on 28 March 2014.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As at 31 December 2013, the Group had cash reserves of US$19,446,000 and a net working capital deficit of US$7,122,000, having recorded a net loss after tax of US$1,654,000 and net cash inflows from operating activities of US$18,557,000 for the year ended 31 December 2013. Net loss after tax has been calculated after deducting non-cash items totalling US$30,967,000 (see also Note 19) including depreciation of property, plant and equipment and other non-current assets of US$20,954,000.

The financial report has been prepared on a going concern basis, which the directors consider to be appropriate based on:
- The expected continued generation of positive operating cash flows from production / sales;
- The reversal of timing differences on sales which had impacted the reported year-end working capital position
- Expected improvements in cash flows based upon expected prices (risk mitigated by structured hedging), sustained improvements in production complemented by lower production costs and strong demand for the Company's high quality concentrate; and
- An anticipated broadening of customer sales mix during 2014 on more favourable credit terms; and
- Agreement with DNB to extend by one year the leasing periods for the mining fleet equipment and the expectation that current debt facilities are maintained on current terms.

During 2014, the Company will continue a targeted capital works program and further develop the operational capability which is expected to improve reliability and throughput, enabling the process plant to improve on the demonstrated maximum rates of operation as set in 2013. The sustained improvement to product quality is expected to support the continuation of strong prices being achieved for the product. Considering this, the directors consider the equity situation of the Company acceptable.

As at the date of this report and having considered the above factors, the directors are confident that the Group will be able to continue as a going concern for the foreseeable future.

Basis of measurement

The financial report is prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

Functional and presentation currency

The consolidated financial statements are presented in United States dollars (US$), which is the Company's presentation currency.

Use of estimates and judgements

The preparation of the financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

(i) Impairment

The recoverability of the carrying amount of property, plant and equipment and mineral interests has been reviewed by the Company. In conducting the review, the recoverable amount has been assessed by reference to the higher of 'fair value less costs to sell' and 'value in use'. In determining value in use, future cash flows are based on estimates of:

- Quantities of ore reserves and mineral resources;
- Future production levels and sales;
- Timing of future production;
- Future exchange rates;
- Future commodity prices; and
- Future cash costs of production and capital expenditure.

The recoverable amount is sensitive to the discount rate used in the discounted cash flow model as well as the expected cash inflows. Additionally the recoverability of the Company's investments in its subsidiaries has been reviewed. Variations to the expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which could in turn impact future financial results.

The Company has prepared a budget for the life of the mine which indicates that existing cash reserves will be sufficient to meet relevant financial covenants and to pay expenses as and when they fall due. This budget assumes that production targets will be met and that the concentrate tonnage produced will be sold. The Company cannot guarantee by what percentage the benchmark price may rise or fall or that the concentrate tonnage will be produced and sold as contemplated under the sales arrangements in place. In the event that production targets were not met or prices were to fall significantly and/or customers were unable to take the committed tonnage, the Company may need to raise additional funding to be a going concern.

(ii) Deferred tax asset

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The Group's carrying value of recognised deferred tax assets at 31 December 2013 was US$31,309,000 (2012: US$24,622,000). The estimated value of Group unrecognised deferred tax assets at 31 December 2013 was US$14,763,000 (2012 US$27,026,000).

(iii) Provisions

The Group has recognised provisions for environmental restoration and an agreed compensation to a counterparty to an offtake sales contract due to non-delivery of product to meet contract quality specifications. These provisions are measured based on the management's estimates of:

- probable amount of resources that will be required to settle the obligation; and
- timing of settlement.

Such estimates are subjective and there may be a need to correct the book value of the provisions as a result of changes in estimates.

(iv) Exploration for, evaluation of and development of mineral resources

Expenses for exploration, evaluation and development of mineral resources are capitalised in accordance with the accounting policy in Notes 3(g) and 3(i). Determining the amount to be capitalised requires management to estimate in which phase the project is and make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December 2013, the Group's carrying amount of capitalised mine properties was US$60,071,000 (2012: US$64,285,000).

(v) Functional currency

Companies in the Group have to determine their functional currencies based on the primary economic environment in which each entity operates. In order to do that, the management has to analyse several factors, including which currency mainly influences sales prices of product sold by the entity, which currency influences the main expenses of providing services, in which currency the entity has received financing, and in which currency it keeps its receipts from operating activities.

For Sydvaranger Gruve AS, the above indicators are mixed and the functional currency is not obvious. Management used its judgment to determine which factors are most important and concluded the US$ is the functional currency for that company.

For Northern Iron Marketing AG, management have determined that the US$ is the functional currency for that company given that its revenue will mostly be in US$ and it has very few expenses in other currencies.

For Northern Iron Limited, management have determined that the Australian dollar is the functional currency for that company given that its revenue and expenses will mostly be in A$.

The presentation currency of Northern Iron Limited and the Group is US$.

(vi) Deferred waste

The Group has adopted a policy of deferring all waste development costs and amortising them in accordance with the accounting policy in Note 2(vii) below. Significant judgement is required in determining the amortisation rate. Factors that are considered include:

- Any proposed changes in the design of the mine;
- Estimates of the quantities of ore reserve and mineral resources for which there is a high degree of confidence of economic extraction;
- Future production levels;
- Future commodity prices; and
- Future cash costs of production and capital expenditure.

(vii) Unit of production method of depreciation

The Group applies the units of production method of depreciation to its mine assets based on ore tonnes mined. These calculations require the use of estimates and assumptions. Significant judgement is required in assessing the available reserves and resources and the production capacity of the operations to be depreciated under this method. Factors that are considered in determining reserves and resources and production capacity are the Group's history of converting resources to reserves and the relevant time frames, the complexity of metallurgy, markets, and future developments. The Group uses economically recoverable mineral resources (comprising proven and probable reserves plus, where appropriate, a portion of measured resources) to depreciate assets on a unit of production basis. However, where a mineral interest has been acquired, and an amount has been attributed to the fair value of resources not yet designated as reserves, the additional resources have been taken into account. When these factors change or become known in the future, such differences will impact pre-tax profit and carrying values of assets.

(viii) Leased assets and finance lease liability

Sydvaranger Gruve AS has a finance lease agreement with a related company, Tschudi Bulk Terminal AS, regarding concentrate storage, handling and ship loading facilities. These assets were initially recorded in the financial statements with an amount of US$37,300,000 together with an equivalent finance lease liability. Payments of principal and interest amounting to US$5,136,000 were made toward the lease obligation during 2013. The lease payment ends in December 2017. However, the lease will be in effect until 31 December 2034 with the option to extend for two periods each of ten years. Repayments on the facility are in NOK, payable monthly and include interest at a rate of 8.42% per annum.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report. The accounting policies have been applied consistently by all entities in the Group.

Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Basis of consolidation

(a) Subsidiaries

The consolidated financial report comprises the financial statements of the Company and its controlled entities. A controlled entity is any entity controlled by the Company whereby the parent entity has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those applied by the parent entity.

Where a subsidiary enters or leaves the Group during the year, its operating results are included or excluded from the date control was obtained or until the date control ceased.

Investments in subsidiaries are carried at cost in the Company's financial statements.

Northern Iron Marketing AG was established in April 2009 for the purpose of sales and marketing of iron ore concentrate from the Sydvaranger iron project.

In July 2012 Sydvaranger Gruve AS registered a new subsidiary, Sydvaranger Malmtransport AS (SMT) to manage and operate the railway between Kirkenes and Bjørnevatn. Due to Sydvaranger Gruve's 100% ownership of SMT and itself being owned 100% by the parent company, Northern Iron Limited, the Company was successful in its application to the tax authorities (Skattedirektoratet) to avoid consolidation at the SVG/SMT level. SMT has remained mostly inactive during the 2013 year with mainly accounting fees and taxation assistance being expensed during the period. Therefore the carrying amount of the investment in the subsidiary of US$21,000 remains unchanged from inception.

(b) Business combinations

All business combinations are accounted for by applying the purchase method which includes the reverse acquisition method. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the

identifiable net assets of the subsidiary acquired, the difference is recognised directly in the Statement of Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets acquired.
Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange using the entity's incremental borrowing rate.

Goodwill on business combination

Goodwill represents the differences between the cost of the acquisition and the fair value of the identifiable net assets acquired. Goodwill is stated at cost less any accumulated impairment losses.

Goodwill is not amortised but is allocated to cash generating units and tested annually for impairment.

(c) Income tax

The charge for current income tax expense is based on the result for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by balance date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the Statement of Comprehensive Income except where it relates to items recognised directly in equity, in which case it is recognised in equity. Deferred income tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

(d) Recoverable amount of assets and impairment testing

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment by estimating their recoverable amount.

Assets that are subject to depreciation are reviewed annually to determine whether there is any indication of impairment. Where such an indicator exists, a formal assessment of recoverable amount is then made. Where this is in excess of carrying amount, the asset is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects the current market assessments of the time value of money and the risks specific to the asset. Any resulting impairment loss is recognised immediately in the Statement of Comprehensive Income.

(e) Trade receivables

Trade receivables are stated at fair value and subsequently measured at amortised cost, less impairment losses. Impairment testing is carried out in accordance with Note 3(d).

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any estimated selling costs. Cost includes those costs incurred in bringing each component of inventory to its present location and condition.

(g) Mine properties

Mine property and development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable, together with subsequent costs to develop the asset to the production phase. Where the directors decide that specific costs will not be recovered from future development, those costs are charged to the Statement of Comprehensive Income during the financial period in which the decision is made.

Depreciation of mining property and development costs is calculated on a unit of production basis so as to write off the costs in proportion to the depletion of the estimated recoverable reserves.

(h) Property, plant and equipment

Recognition and measurement

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item also includes the initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Impairment

The carrying amount of property, plant and equipment is reviewed at each balance date to determine whether there are any objective indicators of impairment that may indicate the carrying values may not be recoverable in whole or in part. Impairment testing is carried out in accordance with Note 3(d). Where an asset does not generate cash flows that are largely independent it is assigned to a cash generating unit and the recoverable amount test applied to the cash generating unit as a whole.

If the carrying value of the asset is determined to be in excess of its recoverable amount, the asset or cash generating unit is written down to its recoverable amount.

Depreciation

Depreciation on plant and equipment is calculated on a straight line basis over expected useful life to the Group commencing from the time the asset is held ready for use. The following useful lives are used in the calculation of depreciation:

Buildings	20 years
Plant and equipment	15 to 20 years
Railway and rolling stock	15 to 20 years
Mobile fleet	4 to 10 years
Furniture, fixtures and office equipment	3 to 10 years
Licenses	5 years

Assets held under a finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least annually.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income.

(i) Intangible assets

Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Group’s rights of tenure to the area are current and that the costs are expected to be recouped through the successful development of the area, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Each area of interest is assessed for impairment to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Impairment testing is carried out in accordance with Note 3(d). Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mine properties.

(j) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Restoration costs

The amount of the provision for future restoration and rehabilitation costs is capitalised and depreciated in accordance with the policy set out in Note 3(g). The unwinding of the effect of discounting on the provision is recognised as an interest cost.

(k) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments that are operating in other economic environments.

(l) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Leases which transfer to a lessee substantially all the risks and benefits incidental to ownership of the leased asset are classified as finance leases. Other lease agreements are treated as operating leases.

Finance leases are capitalised at the inception of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income except for borrowing costs related to the financing of the assets constructed for own use (during the construction period). Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

(m) Investments and other financial assets

The Group determines the classification of its financial instruments at initial recognition and re-evaluates this designation at each reporting date.

Fair value is the measurement basis, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the Statement of Comprehensive Income or to an equity reserve (refer below).

Fair value is determined based on current bid prices for all quoted investments. If there is not an active market for a financial asset fair value is measured using established valuation techniques.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets are impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists, the cumulative loss is removed from equity and recognised in the Statement of Comprehensive Income.

(i) Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Statement of Comprehensive Income in the period in which they arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method, less any impairment losses.

(iii) Held-to-maturity investments

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Held-to-maturity investments are stated at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not included in any of the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity in an available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Statement of Comprehensive Income as gains and losses from investment securities.

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

(n) Foreign currency

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates (the "functional" currency). The consolidated financial statements are presented in US$ which is the parent entity's presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate at Statement of Financial Position date. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Translation differences arising on non-monetary items, such as equities held at fair value through profit and loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Foreign operations

The financial performance and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at Statement of Financial Position date.

- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve as a separate component of equity. These differences are recognised in the Statement of Comprehensive Income upon disposal of the foreign operation.

(o) Share capital

Incremental costs directly attributable to an equity transaction are shown as a deduction from equity, net of any recognised income tax benefit.

(p) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") for its ordinary shares.

Basic EPS is calculated by dividing the result attributable to equity holders of the Company by the weighted number of shares outstanding during the period.

Diluted EPS is determined by adjusting the result attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potential ordinary shares, which comprise share options granted.

(q) Employee benefits

Wages and salaries, annual leave
Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled wholly within one year have been measured at the undiscounted amounts expected to be paid when the liability is settled, plus related on-costs.

(r) Share based payments – shares, options and performance rights

The fair value of shares, share options and performance rights granted is recognised as an expense with a corresponding increase in equity. Fair value is measured at grant date and recognised over the period during which the grantees become unconditionally entitled to the shares or share options.

The fair value of share grants at grant date is determined by the share price at that time.

The fair value of share options at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, any vesting and performance criteria, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option. Upon the exercise of the option, the balance of the share-based payments reserve relating to the option is transferred to share capital.

The fair value of performance rights at grant date is calculated on assumptions in respect of market based vesting conditions, probabilities of achieving non-market based performance hurdles, and volatility in Northern Iron's share price.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, and other short-term highly liquid investments.

(t) Goods and services tax

Revenues, expenses, and assets are recognised net of the amount of Australian goods and services tax ("GST") and Norwegian value added tax ("VAT"), except where the amount of GST or VAT incurred is not recoverable from the taxation authorities. In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST and VAT.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST or VAT components of investing and financing activities, which are disclosed as operating cash flows.

(u) Trade and other payables

Trade and other payables are stated at amortised cost. The amounts are unsecured and usually paid within 45 days of recognition.

(v) Financial liabilities

Financial liabilities within the scope of AASB 39 are classified as financial liabilities at fair value through the profit or loss, borrowings, or as derivatives as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of borrowings, plus directly attributable transaction costs.
The Group's financial liabilities include trade and other payables, borrowings and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depend of their classification as follows:

Financial liabilities at fair value through the profit or loss

Financial liabilities at fair value through the profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by AASB 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Comprehensive Income.

Borrowings

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised as well as through the Effective Interest Rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR is included in finance expense in the Statement of Comprehensive Income.

The EIR is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expired.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations.
For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include recent arm's length market transactions, references to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

(w) Interest expenses

Interest expenses comprise interest expense on borrowings and the unwinding of the discount on provisions.

(x) Derivative financial instruments

The Group may use foreign currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to fair value.

Any gains and losses arising from changes in the fair value of derivatives, except those that relate to the effective portion of cash flow hedges, are taken directly to the profit or loss for the year.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

For the purpose of hedge accounting, hedges are classified as either fair value hedges when they hedge exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

Cash flow hedges – forward foreign currency contracts

In relation to cash flow hedges (forward foreign currency contracts) to hedge firm commitments which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and the ineffective portion is recognised directly in profit or loss.

When the hedged firm commitment results in the recognition of an asset or liability, then at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the Statement of Comprehensive Income in the same year in which the hedged firm commitment affects the net profit and loss, for example, when the sale occurs.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

At that point in time, any accumulated gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the Statement of Comprehensive Income.

(y) Revenue

Revenue is recognised and measured at the fair value of consideration received or receivable to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably.

Interest

Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(z) Contingent liabilities

Contingent liabilities are defined as:

- possible obligations resulting from past events whose existence depends on future events;

- obligations that are not recognised because it is not probable that they will lead to an outflow of resources; or
- obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed in the notes to the financial statements, with the exception of contingent liabilities where the probability of the liability occurring is remote.

(aa) Adoption of new and revised standards

For the year ended 31 December 2013, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2013.

It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 31 December 2013. As a result of this review, the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

NOTE 4 REVENUE AND EXPENSES

	Notes	2013 US$000	2012 US$000
Revenue and expenses from continuing operations has been arrived at after (charging) / crediting:			
Revenue			
Sale of ore (i)		204,554	205,701
Other operating income		478	-
Operating expenses			
Depreciation of property, plant and equipment	13	(20,946)	(21,373)
Amortisation expensed	12	(1,342)	(5,431)
Net ore inventory movement	11	913	(2,146)
Operational expenses of mining and production activities		(83,875)	(80,390)
Freight costs		(5,149)	(17,851)
Utilities, maintenance		(39,249)	(24,432)
Real estate expenses		(4,014)	(3,825)
Personnel expenses		(43,609)	(42,017)
Other expenses		(319)	(2,214)
		(197,590)	(199,679)
Administration expenses			
Advisory services and other similar fees		(3,099)	(3,511)
Directors' fees		(289)	(344)
Travel and accommodation		(471)	(543)
Other		(3,505)	(3,161)
Depreciation of non-current assets	13	(8)	(6)
		(7,372)	(7,565)
Hedging loss (ii)		(6,702)	(1,388)
Finance income			
Interest - external parties		174	343
Finance and borrowing costs			
Interest - external parties		(4,600)	(5,906)
Finance charges - environmental restoration provision	16	(105)	(86)
Total finance and borrowing costs		(4,705)	(5,992)
Operating expenses above includes			
Operating lease rental – minimum lease payments		(4,103)	(4,003)

(i) Sale of ore includes revenues from spot sales of iron ore concentrate that are shipped based on "Cost and Freight" (CFR) where the Company must pay the marine freight.

(ii) Hedging losses for the 2013 year of US$6,702,000 (2012: US$1,388,000) consists of realised losses of US$nil (2012: US$398,000) and unrealised of US$1,267,000 (2012: US$134,000) on electricity hedging contracts, as well as realised losses of US$948,000 (2012: US$432,000) and unrealised losses of US$5,300,000 (2012: US$424,000) on iron ore price hedging contracts partly offset by realised gains of US$273,000 on electricity hedging contracts and unrealised gains of US$540,000 on foreign exchange contracts.

NOTE 5 AUDITORS' REMUNERATION

	2013 US$	2012 US$
Audit services		
Auditors of the Company (HLB Mann Judd)		
• for an audit or review of the financial report	83,300	87,266
Other auditors (Ernst & Young AS)		
• for an audit or review of subsidiary Sydvaranger Gruve AS in Norway	125,746	280,584
Other auditors (Ernst & Young Ltd)		
• for an audit or review of subsidiary Northern Iron Marketing AG in Switzerland	38,935	49,213
Other services		
Auditors of the Company		
• capital raising report, due diligence services and advice regarding Accounting Standards	-	13,279
• taxation services	4,056	6,526
Other Auditors (Ernst & Young AS)		
• taxation services	25,787	19,337
Other Auditors (Ernst & Young Ltd)		
• taxation services	-	24,023
	277,824	480,228

NOTE 6 EARNINGS PER SHARE

	2013 US$000	2012 US$000
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
Basic loss per share from continuing operations (cents per share)	(0.34)	(2.75)
Loss used in calculating basic and diluted earnings per share	(1,654)	(11,337)
	Number of shares	
Weighted average number of ordinary shares used in calculating the basic earnings per share (i)	484,405,314	412,222,411

(i) Options on issue are not considered dilutive in the current and prior year as they are anti-dilutive.

NOTE 7 INCOME TAX EXPENSE

	Notes	2013 US$000	2012 US$000
Income tax expense / (benefit) recognised in profit or loss			
The major components of the tax expense / (benefit) are:			
Current tax payable		340	-
Movement in deferred tax		(6,687)	1,947
Income tax (benefit) / expense		(6,347)	1,947

The prima facie income tax benefit on pre-tax accounting profit from operations reconciles to the income tax (benefit) / expense in the financial statements as follows:

	2013 US$000	2012 US$000
Loss before income tax	(8,001)	(9,390)
Income tax benefit calculated at 30%	(2,400)	(2,817)
Tax effect of:		
Expenses that are not deductible in determining taxable profit	48	449
Changes in recorded tax losses / temporary differences	(7,606)	3,806
Change in tax rate of subsidiaries operating in other jurisdictions	1,159	-
Assets and liabilities not recognised as deferred tax assets	138	487
Different tax rates of subsidiaries operating in other jurisdictions	(130)	115
Foreign exchange adjustment	2,444	(93)
Income tax (benefit) / expense	(6,347)	1,947

Unrecognised net deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Notes	2013 US$000	2012 US$000
Statement of Financial Position			
Deductible temporary differences		8,026	20,999
Tax losses		6,737	6,027
Accrued income		-	(4)
	2	14,763	27,027
Statement of changes in equity			
Share issue costs		10	7,581

NOTE 8 DEFERRED TAX

	Notes	2013 US$000	2012 US$000
Recognised net deferred tax assets			
Deferred tax assets and liabilities have been recognised in respect of the following items:			
Deferred tax assets, comprising:			
Deductible temporary differences		502	541
Tax losses		68,335	67,848
		68,837	68,389
Deferred tax liabilities, comprising:			
Property, plant and equipment		33,214	39,119
Finance lease		4,313	4,648
		37,527	43,767
Net deferred tax asset recognised	2	31,309	24,622
Change in deferred income tax relates to the following:			
Balance at beginning of the year		24,622	26,568
Provisions		(36)	58
Losses carried forward		486	1,558
Others		(4)	(2)
Property, plant and equipment		5,906	(1,449)
Finance lease - concentrate storage, handling and ship loading facility		335	(2,111)
Balance at end of the year		31,309	24,622

Deferred tax assets are recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable taxable profits will be available against which the unused tax losses/credits can be utilised.

The Group has recognised deferred tax assets amounting to US$31,309,000 as of 31 December 2013 (2012: US$24,622,000). The tax losses and credits, from which deferred tax assets arise, relate to Norwegian tax regulations under which tax losses are available indefinitely for offset against future taxable profits.

The Group has recognised deferred income tax of carried forward tax losses on the basis that the recoverability of these losses is probable. During 2013 the Company sustained its improvements, made in 2012, to both quality and throughput. During 2014, the Company will continue a targeted capital works program and further develop the operational capability which is expected to improve reliability and throughput, enabling the process plant to improve on the demonstrated maximum rates of operation as set in 2013. The sustained improvement to product quality is expected to support the continuation of strong prices being achieved for the product. The directors are confident that production volumes will improve throughout 2014 and that the Company will be in a position where carried forward tax losses will be recovered in approximately five to seven years.

NOTE 9 TRADE AND OTHER RECEIVABLES

	2013 US$000	2012 US$000
Current		
Trade and other receivables (i)	28,455	31,297
VAT Refundable	4,500	4,348
Security deposit (ii)	262	282
Other receivable (iii)	247	418
Accrued income (iv)	378	-
	33,842	36,345

	2013 US$000	2012 US$000
Non-Current		
Other receivable (iii)	-	371
Security deposits (v)	1,181	545
	1,181	916

(i) The average credit period on sales of iron ore is 44 days, and is interest free. No allowance for unrecoverable trade receivables has been made, determined by reference to past default experience.
(ii) Guarantee for operational payments
(iii) The receivable is from EPC Norge AS and due over the next year.
(iv) Accrued income relates to carbon dioxide compensation for increased electricity prices as a result of the European Union's emissions trading system. The Company has applied for the compensation in 2013 and expects to receive payment in quarter two 2014.
(v) Security deposits consist of accommodation rent agreement deposits and long-term deposits that can only be used for restoration works of mineral properties and post-closure monitoring of re-established marine life in the tailings deposit area of the fjord.

NOTE 10 DERIVATIVE FINANCIAL ASSETS

	2013 US$000	2012 US$000
Current		
Derivatives that are carried at fair value		
Currency forward contracts	534	-

NOTE 11 INVENTORY

	2013	2012
	US$000	US$000
Production supplies	10,449	10,639
Work-in-progress	6,094	4,017
Finished goods	11,634	7,815
	28,177	22,471

Inventories are stated at the lower of cost and net realisable value. At 31 December 2013 production supplies, work-in-progress and finished goods were stated at cost. At 31 December 2012 production supplies and finished goods are stated at cost while work-in-progress is stated at net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Write downs of inventories to net realisable value recognised as an expense during the period to 31 December 2013 amounted to US$nil (2012 US$615,000) and are included in Note 4 "Net ore inventory movement".

DNB Bank and Innovasjon Norge share a fixed and floating charge over all inventories.

NOTE 12 MINE PROPERTIES

	2013	2012
	US$000	US$000
Non-Current		
Exploration and evaluation (i)	17	14
Mine property (ii)	56,055	54,662
Deferred waste (iii)	3,999	9,609
Balance at the end of the year	60,071	64,285

(i) Exploration and evaluation

	2013	2012
	US$000	US$000
Non-Current		
Exploration and evaluation		
Balance at beginning of the year	14	21
Additions	35	1,389
Amortisation	(32)	(1,396)
Balance at the end of the year	17	14

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

(ii) Mine property

	2013 US$000	2012 US$000
Non-Current		
Mine property		
Balance at beginning of the year	54,662	45,575
Additions	2,703	9,725
Amortisation	(1,310)	(638)
Balance at the end of the year	56,055	54,662

(iii) Deferred waste

	2013 US$000	2012 US$000
Non-Current		
Deferred waste		
Balance at beginning of the year	9,609	6,466
Additions	745	6,540
Amortisation – included in net ore inventory movement	(6,355)	(3,397)
Balance at the end of the year	3,999	9,609

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Plant & Equipment (Owned)	Plant & Equipment (Finance Lease)	Railway & rolling stock	Mobile Equipment (Owned)	Mobile Equipment (Finance Lease)	Furniture fixtures & office equipment	Other items (Licenses)	PPE under construction	Prepayments	Total
	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000
Gross carrying amount - at cost											
As of 1 January 2012	24,028	153,210	33,090	4,688	668	52,394	751	1,010	12,822	270	282,931
Additions	4,963	2,153	-	-	90	-	175	541	27,713	-	35,635
Disposals/Transfers	406	78	-	-	(172)	-	-	-	(7,922)	(72)	(7,682)
As of 31 December 2012	**29,397**	**155,441**	**33,090**	**4,688**	**586**	**52,394**	**926**	**1,551**	**32,613**	**198**	**310,884**
As of 1 January 2013	29,397	155,441	33,090	4,688	586	52,394	926	1,551	32,613	198	310,884
Additions	180	2,221	-	397	185	-	71	9	6,618	-	9,681
Disposals/Transfers	-	(30)	-	-	-	-	(1)	-	(3,050)	(198)	(3,279)
As of 31 December 2013	**29,577**	**157,632**	**33,090**	**5,085**	**771**	**52,394**	**996**	**1,560**	**36,181**	**-**	**317,286**
Accumulated depreciation											
As of 1 January 2012	(2,441)	(16,641)	(3,283)	(547)	(320)	(20,886)	(418)	(351)	-	-	(44,887)
Depreciation expense	(1,192)	(8,860)	(1,681)	(315)	(147)	(8,735)	(138)	(311)	-	-	(21,379)
As of 31 December 2012	**(3,633)**	**(25,501)**	**(4,964)**	**(862)**	**(467)**	**(29,621)**	**(556)**	**(662)**	**-**	**-**	**(66,266)**
As of 1 January 2013	(3,633)	(25,501)	(4,964)	(862)	(467)	(29,621)	(556)	(662)	-	-	(66,266)
Depreciation expense	(1,442)	(9,047)	(1,646)	(231)	(51)	(8,066)	(163)	(308)	-	-	(20,954)
As of 31 December 2013	**(5,075)**	**(34,548)**	**(6,610)**	**(1,093)**	**(518)**	**(37,687)**	**(719)**	**(970)**	**-**	**-**	**(87,220)**
Net book value											
As of 31 December 2012	25,764	129,940	28,126	3,826	119	22,773	370	889	32,613	198	244,618
As of 31 December 2013	24,502	123,084	26,480	3,992	253	14,707	277	590	36,181	-	230,066

The increase in the value of PPE under construction for the year ended 31 December 2013 reflects activities developing the mining and processing facilities.

The amount of acquisitions in the cash flow statement has also been influenced by the changes in payables for property, plant and equipment in the amount of US3,312,000 (2012: US$(1,451,000)).

The Company also has approximately 20 million square meters of land with an acquisition cost of zero.

At the end of December 2013, the balance of property, plant and equipment includes US$14,707,000 (2012: US$22,773,000) of mining equipment under the DNB equipment financing facility and US$26,480,000 (2012: US$28,100,000) of goods storage and handling equipment under Tschudi Bulk Terminal AS finance lease.

Refer Note 17(g) for details of assets used as security against borrowings.

NOTE 14 TRADE AND OTHER PAYABLES

	2013	2012
	US$000	US$000
Current		
Trade payables – third parties	18,149	24,198
Trade payables – related parties	1,138	1,800
Non-trade payables and accrued expenses – third parties	12,150	11,712
	31,437	37,710

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.
(ii) Information regarding the effective interest rate and credit risk of current payables is set out in Note 27.

NOTE 15 DERIVATIVE FINANCIAL LIABILITIES

	2013	2012
	US$000	US$000
Current		
Derivatives that are carried at fair value		
Iron ore contracts	5,717	424
Electricity contracts	1,346	134
	7,063	558

NOTE 16 PROVISIONS

	2013	2012
	US$000	US$000
Current		
Concentrate offtake agreement provision (i)	-	1,575
Other (iii)	89	445
Long service leave and bonus provision (iv)	276	-
Balance at end of the year	365	2,020

	2013	2012
	US$000	US$000
Non-Current		
Concentrate offtake agreement provision (i)	-	-
Environmental restoration provision (ii)	1,805	1,879
Long service leave and bonus provision (iv)	25	310
Post-closure tailings monitoring provision (v)	17	-
Balance at end of the year	1,847	2,189

(i) Provision for costs – offtake agreement

	2013 US$000	2012 US$000
Current		
Provision for concentrate offtake agreement		
Balance at the beginning of the year	1,575	8,943
Reclassified as current	-	3,732
Utilised	(1,575)	(11,790)
Interest	-	690
Balance at the end of the year	-	1,575
Non-Current		
Provision for concentrate offtake agreement		
Balance at the beginning of the year	-	3,732
Reclassified as current	-	(3,732)
Balance at the end of the year	-	-

In 2010 the Group recognised a provision for the settlement agreed with TATA, due to non-delivery of product meeting contract quality specifications. A final agreement was signed in June 2011 resulting in a repayment schedule based upon tonnes shipped under the contract. The final settlement of the provision occurred upon final invoicing for the December quarter shipments during January 2013. The estimate was denominated in US$ and discounted to present value.

(ii) Environmental Restoration Provision

	2013 US$000	2012 US$000
Non-current		
Site restoration:		
Balance at beginning of the year	1,879	1,662
Effects of movements in foreign exchange	(162)	131
Interest	88	86
Balance at end of the year	1,805	1,879

The Company has recognised provisions regarding environmental restoration obligation due to current and previous mining activities and mining assets used then. The probable timing of the settlement of the obligation is 2040 based on an annual production rate of 2.7 million tonnes. The estimate for the environmental restoration provision has been reviewed for adequacy by the Group as at the reporting date and no material adjustment to the estimate was identified. The estimate is denominated in NOK and discounted to present value.

(iii) Other

	2013 US$000	2012 US$000
Current		
Other:		
Balance at the beginning of the year	445	-
Provision recognised	89	445
Utilised	(445)	
Balance at the end of the year	89	445

Other provisions mainly comprise provisions for retention bonuses for senior management, green certificates for power usage introduced as a joint Norwegian/Swedish support system for renewable energy and mine contractor costs.

(iv) Long service leave and bonus provision

	2013 US$000	2012 US$000
Current		
Long service leave and bonus provision:		
Balance at the beginning of the year	-	-
Provision recognised	276	-
Balance at the end of the year	276	-
Non-Current		
Long service leave and bonus provision:		
Balance at the beginning of the year	310	6
Provision recognised	168	304
Utilised	(177)	-
Reclassified as current	(276)	-
Balance at the end of the year	25	310

(v) Post-closure tailings monitoring provision

	2013 US$000	2012 US$000
Non-Current		
Post-closure tailings monitoring provision:		
Balance at the beginning of the year	-	-
Interest	17	-
Balance at the end of the year	17	-

During 2013, the Company has recognised provisions regarding post-closure monitoring of re-established marine life in the tailings deposit area of the fjord. The provision is according to a proposal submitted to and approved by the Norwegian Climate and Pollution Agency (KLIF) which is aligned with European Union Mineral Directive requirements. The estimate is denominated in NOK and discounted to present value.

NOTE 17 INTEREST BEARING LIABILITIES AND BORROWINGS

2013

US$000	Notes	Current	Non-Current	Borrowings in total	Financing arrangements credit lines	Facilities utilised at balance date	Facilities not utilised / (overdrawn) at balance date
Innovasjon Norge financing facility (b)	(b)	2,466	7,555	10,021	14,794	14,794	-
Finance lease - concentrate storage, handling and ship loading facility (a) & (c)	(c)	3,671	13,056	16,727	34,085	34,085	-
Equipment lease financing facility (a) & (d)	(d)	5,463	4,051	9,514	52,394	52,394	-
DNB working capital facility (e)	(e)	33,648	-	33,648	35,000	33,648	1,352
DNB US$ loan (f)	(f)	5,000	12,308	17,308	30,000	30,000	-
		50,248	**36,970**	**87,218**	**166,273**	**164,921**	**1,352**

2012

US$000	Notes	Current	Non-Current	Borrowings in total	Financing arrangements credit lines	Facilities utilised at balance date	Facilities not utilised / (overdrawn) at balance date
Innovasjon Norge financing facility	(b)	1,156	10,946	12,102	16,168	16,168	-
Finance lease - concentrate storage, handling and ship loading facility	(c)	3,690	18,282	21,972	37,253	37,253	-
Equipment lease financing facility	(d)	10,718	7,784	18,502	52,394	52,394	-
DNB working capital facility	(e)	29,898	-	29,898	35,000	29,898	5,102
DNB US$ loan	(f)	5,000	17,252	22,252	30,000	30,000	-
		50,462	**54,264**	**104,726**	**170,815**	**165,713**	**5,102**

(a) Financing lease commitments in respect of finance leases – concentrate storage, handling and ship loading and equipment lease finance

Finance lease commitments

Minimum lease payments

	2013 US$000	2012 US$000
Not later than 1 year	10,626	16,477
Later than 1 year but not later than 5 years	18,948	29,299
Later than 5 years	-	-
Total future minimum lease payments	29,574	45,776
Less future finance charges	(3,333)	(5,302)
Present value of future minimum lease payments	26,241	40,474

Amounts repaid against the finance facilities are not able to be re-drawn except for the DNB working capital facility.

(b) Innovasjon Norge financing facility

In July 2009, Sydvaranger Gruve AS signed agreements with Innovasjon Norge for three separate loans with seven year terms for a total loan facility of NOK 90 million (being equivalent to US$15.0 million). There was initially a repayment grace period of 12 months ending June 2010, subsequently extended by a further 12 months. During the second quarter of 2011 Innovasjon Norge agreed to vary the security terms of the facility with Sydvaranger Gruve AS to enable the establishment of the DNB US$ loan and DNB working capital facility to occur. In June 2012, Innovasjon Norge further agreed to amend the security terms of the facility for a period until 31 August 2012, to allow Sydvaranger Gruve AS to increase its DNB working capital facility for that period. Another amendment to the agreement was made in September 2012, to allow the company to extend the increase in the DNB working capital facility to 31 December 2012 and to provide repayment holidays on principal amounts due December 2012, February 2013, June 2013 and August 2013 which effectively added a year to the terms of the loans. In March 2013, Innovasjon Norge further agreed to amend the security terms of the facility for a period until 31 May 2014, to allow Sydvaranger Gruve AS to increase its DNB working capital facility by US$10 million for that period. Subsequently in September 2013, Innovasjon Norge again agreed to amend the security terms of the facility for the period 15 September to 1 November 2013, to allow Sydvaranger Gruve AS to increase its DNB working capital facility by additionally US$5 million for that period. The facility is guaranteed by the parent entity, Northern Iron Limited. The facility is not able to be re-drawn. Payments of dividends and changes to secured indebtedness require written approval from Innovasjon Norge. The facility incurs a fixed weighted nominal interest rate of 5.16% (2012: 5.19%).

(c) Finance lease - concentrate storage, handling and ship loading facility

Sydvaranger Gruve AS has a finance lease agreement with a related company, Tschudi Bulk Terminal AS, regarding goods storage and handling assets. These assets were initially recorded in the financial statements with an amount of US$37.3 million together with an equivalent finance lease liability. Payments of principal and interest amounting to US$5,136,000 were made toward the lease obligation during 2013. The lease payment ends in December 2017. However, the lease will be in effect until 31 December 2034 with the option to extend for two periods each of ten years. Repayments on the facility are in NOK, payable monthly, and include principal and interest at a fixed rate of 8.42% per annum. Amounts paid toward the facility are not available to be re-drawn and there are no restrictions on dividends, or further leasing, or borrowings.

(d) Equipment lease financing facility

Sydvaranger Gruve AS established in October 2008 a finance lease facility with DNB for the purpose of financing mining fleet equipment. In April 2009, the facility was converted from being denominated in NOK, to being denominated in US$. The total facility is US$52.4 million and has the ability to be drawn in a number of currencies. At inception of the lease, US$52.4 million of equipment had been accepted under the facility and included in property, plant and equipment. The period of each lease was initially 5 years however in September 2013, DNB agreed to extend the lease periods by one year. Interest on the facility is payable quarterly at a floating rate based on the 3 month LIBOR rate plus 2.90% (2012: 1.9%). As at 31 December 2013, the rate applied to drawings on the facility was 3.14% per annum (2012: 2.222% per annum). The finance leasefacility is guaranteed by the parent entity, Northern Iron Limited. Under the terms of the agreement, interest cannot be charged on intercompany borrowings. The finance lease facility is not able to be re-drawn and there are no restrictions on dividends, further leasing or further borrowings.

(e) DNB working capital facility

During the second quarter of 2011, Sydvaranger Gruve AS signed an agreement with DNB for a US$25 million working capital facility which is to be renewed yearly. Effective from 1 May 2012 the applicable interest rate on drawn amounts for this facility was LIBOR plus 2.50% per annum (previously 3.50%), for the committed amount the commitment fee was 0.20% per quarter (previously 0.33%), both are payable quarterly in arrears. Also in May 2012, the Company secured an increase of US$10 million on the DNB working capital facility for the period 6 June to 31 August 2012. During September 2012, DNB agreed to extend the working capital facility at the US$35 million limit until 31 December 2012. DNB waived the EBITDA covenant for twelve months which is then to be re-established in increments of US$7 million per quarter from quarter four 2013. During March 2013, Sydvaranger Gruve AS again secured an increase of US$10 million on the DNB working capital facility for the period 1 March 2013 to 31 May 2014 and increased the borrowing base to 85% of accounts receivable (previously 80%) and 70% of the value of inventory (previously 60%) for that period. Subsequently in September 2013, Sydvaranger Gruve AS secured a temporary increase of US$5 million on the DNB working capital facility for the period 15 September to 1 November 2013. The applicable interest rate on drawn amounts for this facility is now the USD Federal Funds effective rate plus 2.75% per annum, for the committed amount the commitment fee is 0.25% per quarter, both are payable quarterly in arrears. The facility can be redrawn on an ongoing basis up to the approved limit. Payments of dividends require approval from DNB.

(f) DNB US$ loan

During the second quarter of 2011, Sydvaranger Gruve AS signed an agreement for a US$30 million US$ loan with DNB. The facility was partly drawn (with US$21 million) in 30 June 2011 and was used to repay the Credit Suisse and a short term US$5 million DNB financing facilities. The second tranche of the loan (US$9 million) was made available in November 2011. This loan has a term of 6 years with semi-annual repayments with the first on 30 September 2011. Effective from 1 May 2012 the applicable interest rate is LIBOR plus 2.75% (previously 3.75%) per annum. The facility is not able to be re-drawn. Payments of dividends require approval from DNB.

(g) Assets pledged as security

DNB and Innovasjon Norge share a fixed and floating charge over all the assets and undertakings of Sydvaranger Gruve AS with the exception of the assets under finance lease and cash at bank consisting of withheld employee tax.

Tschudi Bulk Terminal AS is the legal owner and has security over the concentrate storage, handling and ship loading facility assets under the finance leases.

DNB is the legal owner and has security over the mining fleet equipment assets under the finance lease.

NOTE 18 CAPITAL AND RESERVES

	2013 Number	2013 US$000	2012 Number	2012 US$000
Issued capital				
Balance at beginning of the year	484,405,314	380,761	369,980,113	330,747
Entitlement offer at A$0.45 per share	-	-	105,991,094	49,002
Entitlement offer at A$0.45 per share	-	-	17,096,246	8,020
Shares cancelled	-	-	(8,662,139)	(4,092)
Share issue costs	-	-	-	(2,916)
Balance at end of the year	484,405,314	380,761	484,405,314	380,761

Ordinary shares have the right to one vote per share at meetings of the Company, to receive dividends as declared and, in the event of a winding-up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up on, shares held.

The Company does not have an authorised capital or par value in respect of its issued shares.

Translation reserve

Movements in the translation reserve are set out in the Statement of Changes in Equity on page 27. The translation reserve comprises all foreign exchange differences arising from the translation of non US$ denominated monetary assets and liabilities.

Share based payments reserve

Movements in the share based payments reserve are set out in the Statement of Changes in Equity on page 27. This reserve accumulates the fair value as at grant date of share options and performance rights issued. The fair value is recognised as an expense over the vesting period.

NOTE 19 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2013 US$000	2012 US$000
(a) Cash flows from operating activities		
Loss from continuing operations	(1,654)	(11,337)
Adjustments for:		
Share-based payments expense	-	301
Accrued income	(379)	(14)
Accrued expenses	758	(876)
Prepayments	(67)	(82)
Foreign exchange loss / (gain)	2,380	(2,823)
Derivative financial asset	(534)	-
Derivative financial liability	6,505	528
Depreciation of property, plant and equipment	20,946	21,373
Amortisation expensed	7,697	5,431
Depreciation of non-current assets	8	6
Deferred tax assets and liabilities	(6,347)	1,947
Inflow before changes in working capital and provisions:	29,313	14,454
Changes in assets and liabilities:		
(Increase) / decrease in trade and other receivables	2,650	(6,551)
(Increase) / decrease in inventory	(5,706)	2,243
Increase / (decrease) in trade and other payables	(5,978)	7,627
Increase / (decrease) in provisions	(1,722)	966
	(10,756)	4,285
Net cash flows provided by operating activities	18,557	18,739

(b) Reconciliation of cash and cash equivalents

Cash at bank and at call	19,446	32,379

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.
In addition to these cash balances the Group has US$262,000 in lodged cash security deposits classified under trade and other receivables (2012: US$282,000).

NOTE 20 OPERATING LEASES

Non-cancellable operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

	2013 US$000	2012 US$000
Within 1 year	2,841	3,378
Between 2 and 5 years	3,764	2,785
More than 5 years	-	-
	6,605	6,163

NOTE 21 SHARE-BASED PAYMENTS

Employee share option plan

The following share-based payment arrangements were in existence during the current and prior reporting periods:

Option series	No. of options		Grant date	Expiry Date	Exercise Price	Revised Exercise Price (ii)	Fair value at grant date
J Sanderson	500,000	(i)	14/05/2010	24/08/2013	A$2.15	A$2.06	A$0.50
J Sanderson	500,000	(i)	14/05/2010	24/08/2013	A$2.50	A$2.41	A$0.44
J Sanderson	500,000	(i)	14/05/2010	24/08/2013	A$3.00	A$2.91	A$0.38

(i) In accordance with the terms of the share based arrangement, options vest over the period of employment
(ii) In accordance with Listing Rule 6.22.2 the exercise price of unlisted options were changed as a result of a non-renounceable pro-rata entitlement offer.

(a) Fair value of options granted in the year

There were no options granted during the 2013 and 2012 financial years.

(b) Movements in options during the period

The following table reconciles the number of options outstanding and the weighted average exercise price at the beginning and end of the year:

	2013		2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the year	1,500,000	A$2.55	1,500,000	A$2.55
Expired during the year	(1,500,000)	A$2.55	-	-
Balance at end of the year	-	-	1,500,000	A$2.55
Exercisable at end of the year	-	-	1,500,000	A$2.55

(c) Share options exercised during the year.

There were no options were exercised during the 2013 and 2012 financial years.

(d) Share options outstanding at the end of the year

The share options outstanding at the end of the year had an exercise price of A$nil (2012: A$2.06 - A$2.91), and a weighted average remaining contractual life of nil days.

Further details of shares and options issued to directors are set out in Note 26, and in the Remuneration Report set out on pages 16 to 21.

Performance rights

At the Company's 2010 Annual General Meeting shareholders approved the establishment of the Northern Iron Limited Employee Performance Rights Plan, to provide ongoing incentives to executives, key employees and consultants of the Company to deliver long–term shareholder returns. Under the plan, participants are issued performance rights which only vest should certain performance and vesting conditions be achieved. Participation in the plan is at the discretion of the Board of Northern Iron Limited and no individual has a contractual right to participate in the plan.

The number of shares issued at the end of the vesting periods depend on three key performance indicators ("KPI"). They are a share price KPI, a total shareholder return (%) KPI, and a production KPI. Once vested the performance rights will expire after a period of three months. The Performance Rights shall vest according to the following schedule:

	Hurdle Price				
Vesting Date	**A$1.50**	**A$2.00**	**A$3.00**	**A$3.50**	**TOTAL**
15/12/2013	-	-	50,000	-	50,000 (i)
28/02/2014	-	-	50,000	-	50,000
28/02/2015	-	-	-	50,000	50,000
1/09/2014	50,000	-	-	-	50,000
1/9/2015	-	50,000	-	-	50,000
1/9/2014	50,000	-	-	-	50,000
1/9/2015	-	50,000	-	-	50,000
TOTAL	100,000	100,000	100,000	50,000	350,000
Weighted average fair value per performance right	A$0.35	A$0.29	A$0.94	A$0.57	

(i) Performance rights lapsed

The fair value of performance rights was calculated based on the assumptions below:

	2013	**2012**
Fair value at measurement date (cents)	A$0.29 to A$00.94	A$0.29 to A$3.50
Share price at date of issue	A$0.89 to A$2.02	A$0.89 to A$2.02
Exercise prices	A$1.50 to A$3.50	A$1.25 to A$3.50
Performance right life	0.4 to 3.6 years	0.4 to 3.6 years
Share-based payments expense recognised	-	$301,000

For the year ended 31 December 2013 the total value of share-based payments expensed in the financial statements is US$nil (2012: US$301,000). There were no shares issued or payments made during the year under the performance rights plan (2012: US$nil).

NOTE 22 CAPITAL AND OTHER COMMITMENTS

Property, plant and equipment commitments

Commitments contracted at balance date but not recognised as liabilities:

	2013	**2012**
	US$000	**US$000**
Property, plant and equipment		
Not later than 1 year	-	466
Later than 1 year but not later than 5 years	-	-
	-	466

Lease commitments

Finance lease commitments and non-cancellable operating lease commitments are disclosed in Note 17 and Note 20 respectively.

NOTE 23 RELATED PARTY DISCLOSURES

Identity of related parties

The Company has a related party relationship with its legal subsidiaries (see below), as well as:

- Tschudi Mining Company AS, Tschudi Shipping Company AS and Tschudi Bulk Terminal AS which are controlled by Mr Felix Tschudi, a Director.

The consolidated financial statements include the financial statements of Northern Iron Limited and the subsidiaries listed in the following table:

		Ownership interest	
Group Companies	Country of Incorporation	2013	2012
Legal parent			
Northern Iron Limited	Australia		
Legal subsidiaries			
Sydvaranger Gruve AS	Norway	100%	100%
Northern Iron Marketing AG	Switzerland	100%	100%
Legal subsidiary of Sydvaranger Gruve AS			
Sydvaranger Malmtransport AS	Norway	100%	100%

Transactions within the wholly owned Group

Sydvaranger Gruve AS

During the reporting period loans from the Company to the subsidiary totalled US$16,219,000 (2012: US$42,735,000). The carrying value of the Company's loans at 31 December 2013 was US$239,097,000 (2012: US$222,878,000). Advances were made in NOK, US$, EUR and A$.

The loans are secured by a second ranking fixed and floating charge over Sydvaranger Gruve AS's assets and are repayable by 31 December 2014 in accordance with the terms of a loan agreement. Under the terms of the loan agreement, borrowings are repayable after senior debt of the subsidiary is fully repaid.
The Group does not presently charge interest on the loan amount, being a restriction of the lease financing facility with DNB.

During the reporting period, goods and services were purchased, or paid for on behalf of Sydvaranger Gruve AS, in the amount of US$919,000 (2012: US$630,000). During the reporting period, goods and services were purchased, or paid for by Sydvaranger Gruve AS on behalf of the Company in the amount of US$nil (2012: US$178,000).

During the reporting period Sydvaranger Gruve AS recorded sales of ore concentrate to Northern Iron Marketing AG in the amount of US$36,897,000 (2012: US$317,000), and purchased services from Northern Iron Marketing AG in the amount of US$1,667,000 (2012: US$577,000). Intercompany sales amounts during 2013 have been recorded at the realised sales price to final customers of the Group.

Northern Iron Marketing AG

During the reporting period, loans from the Company to the subsidiary totalled US$nil (2012: US$900,000). The carrying value of the Company's loans to Northern Iron Marketing AG at 31 December 2013 was US$808,000 (2012: US$1,158,000).

Sydvaranger Malmtransport AS

In July 2012 Sydvaranger Gruve AS registered a new subsidiary, Sydvaranger Malmtransport AS (SMT) to manage and operate the railway between Kirkenes and Bjørnevatn. Due to SVG's 100% ownership of SMT and itself being owned 100% by the parent company, Northern Iron Limited, SVG was successful in its application to the tax authorities (Skattedirektoratet) to avoid consolidation at the SVG/SMT level. SMT has remained mostly inactive during the 2013 year with only business registration and accounting fees being expensed during the period. Therefore the carrying amount of the investment in the subsidiary of US$21,000 remains unchanged from inception.

Transactions with key management personnel

During the reporting period, the Group paid US$147,000 (2012: US$54,000) to companies which are associated with Mr Ashwath Mehra, a Director, for services to provide marketing, office space, administration and ancillary support services for the sale of products. Services provided are on a basis of cost plus a 15% margin. At balance date one quarter amounting to US$17,600 is payable.

During thereporting period services were purchased from PSL Invest AS, which is 100% owned by alternate director Mr Peter Steiness Larsen, for support in connection with securing financing for the Company and assisting with various treasury activities in the amount of US$30,000 (2012: US$26,000).

Transactions with other related parties

Sydvaranger Gruve AS had transactions in the following amounts with companies which are ultimately controlled by Tschudi Shipping Company AS. These transactions are in the normal course of business and on normal terms and conditions:

- services purchased in the amount of US$6,514,000 (2012: US$4,094,000) which includes leases for land and properties, contract labour services, freight, tugboat and harbour services and production of aggregate from waste rockrock;
- capitalised expenses and assets purchased in the amount of US$48,000 (2012: US$374,000), primarily being for contract labour services utilised on construction and capital installation projects; and
- repayments of principal and interest under the finance lease from Tschudi Bulk Terminal AS in the amount of US$5,136,000 (2012: US$6,780,000). This lease represents an agreement for handling, storage and loading of iron ore concentrate (included in the balance of borrowings – see Note 17). This facility was fully utilised in 2010 and therefore had no additional drawdowns in 2012 or 2013.

As a result of the transactions described above the Group has trade payables and accruals owing to subsidiaries of Tschudi Shipping Company AS for the amount of US$1,144,000 (2012: US$1,764,000).

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

With the exception of the loan to Sydvaranger Gruve AS, outstanding balances are unsecured, interest free and settlement occurs in cash.

NOTE 24 SEGMENT INFORMATION

For management purposes, the Board of Directors of Northern Iron Limited has been defined as the Chief Operating Decision Maker. Segment information is presented in respect of the Group's business segments based on the Group's management and internal reporting structure.

The Group has three reporting segments, being Sydvaranger Iron Ore Project, marketing of ore concentrate and corporate office. Intersegment pricing is determined on an arm's length basis. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The following table presents the financial information regarding these segments provided to the Board of Directors for the year ended 31 December 2013 and 31 December 2012.

Information on business segments

2013	**Sydvaranger Iron Ore Project (US$000)**	**Marketing (US$000)**	**Corporate (US$000)**	**Inter-segment eliminations (US$000)**	**Consolidated (US$000)**
Business Segments					
External revenue	239,065	2,386	-	(36,897)	204,554
Inter segment revenue (i)	(36,897)	36,897	-	-	-
	202,168	39,283	-	(36,897)	204,554
Segment (loss) / profit before income tax	(9,587)	2,219	35,751	(36,384)	(8,001)
Segment assets	396,137	17,678	7,811	(16,668)	404,958
Segment liabilities	(128,388)	(15,641)	(356)	16,115	(128,270)
Other segment information:					
Segment result before tax includes:					
Finance income	121	-	53	-	174
Finance expense	(4,828)	-	(1)	124	(4,705)
Depreciation and amortisation	(20,946)	-	(8)	-	(20,954)
Acquisition of property, plant and equipment	9,669	-	12	-	9,681

(i) Intersegment revenue is recorded at amounts equal to competitive market prices charges to external customers for similar goods and services and is eliminated on consolidation.

2012	Sydvaranger Iron Ore Project (US$000)	Marketing (US$000)	Corporate (US$000)	Inter-segment eliminations (US$000)	Consolidated (US$000)
Business Segments					
External revenue (excludes other income)	206,018	-	-	(317)	205,701
Inter segment revenue (i)	(317)	317	-	-	-
	205,701	317	-	(317)	205,701
Segment profit / (loss) before income tax	(6,559)	27	(6,801)	3,943	(9,390)
Segment assets	400,987	1,796	26,059	(2,285)	426,557
Segment liabilities	(146,208)	(1,635)	(1,243)	1,883	(147,203)
Other segment information:					
Segment result before tax includes:					
Finance income	131	-	212	-	343
Finance expense	(6,090)	-	-	98	(5,992)
Depreciation and amortisation	(21,373)	-	(6)	-	(21,379)
Acquisition of property, plant and equipment	35,635	-	-	-	35,635

(i) Intersegment revenue is recorded at amounts equal to competitive market prices charges to external customers for similar goods and services and is eliminated on consolidation.

NOTE 25 PARENT ENTITY DISCLOSURES

Financial position

As at 31 December 2013

	2013 US$000	2012 US$000
Assets		
Current assets	7,800	26,035
Non-current assets	515,136	499,280
Total assets	522,936	525,315
Liabilities		
Current liabilities	(331)	(933)
Non-current liabilities	(25)	(310)
Total liabilities	(356)	(1,243)
Equity		
Issued capital	(541,135)	(541,135)
Accumulated losses	26,666	62,417
Reserves		
Share-based payments reserve	(4,047)	(4,047)
Foreign currency translation reserve	(4,064)	(41,307)
Total equity	(522,580)	(524,072)
Financial performance		
Loss for the year	(35,751)	6,801
Other comprehensive income	-	-
Total comprehensive income	(35,751)	6,801

Guarantees entered into by the parent in relation to debts of its subsidiaries

Northern Iron Limited has signed a letter of financial support with Sydvaranger Gruve AS.

Northern Iron Limited has provided a guarantee for the Innovasjon Norge financing facility (Note 17(b)) and equipment lease finance facility (Note 17(d)).

NOTE 26 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

Key management personnel compensation is as follows:

	2013 US$	2012 US$
Short term benefits	3,383,413	2,619,981
Post-employment benefits	146,857	94,990
Share based payments	-	300,771
	3,530,270	3,015,742

Information regarding individual directors and executive officers compensation is provided in the Remuneration Report as set out on pages 16 to 21.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

(b) Other key management personnel transactions

At 31 December 2013 an amount of US$nil (2012: US$nil) is included in Group trade and other payables for outstanding director and executive officers' personnel fees and expenses.

(c) Shares

The movement during the current and prior reporting periods in the number of ordinary shares in Northern Iron Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2013

	Held at 01/01/13	Net acquired / (sold)	Held at 31/12/13
Directors			
PR Bilbe	215,288	-	215,288
A Beckmand	-	-	-
A Mehra	15,702,792	-	15,702,792
FH Tschudi	67,133,728	-	67,133,728
PS Larsen	32,000	-	32,000
DC Griffiths	612,090	-	612,090(i)
JS Sanderson	360,000	-	360,000(i)

(i) Balance when ceased being a director

2012

	Held at 01/01/12	Net acquired / (sold)	Held at 31/12/12
Directors			
A Mehra	11,777,093	3,925,699	15,702,792
FH Tschudi	89,137,931	(22,004,203)	67,133,728
PS Larsen	24,000	8,000	32,000
JS Sanderson	180,000	180,000	360,000
DC Griffiths	459,067	153,023	612,090

(d) Share options

The movement during the reporting period in the number of options in Northern Iron Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2013

	Held at 01/01/13	Granted as compensation	Expired	Vested in year	Held at 31/12/13	Vested and exercisable at 31/12/13
Directors						
JS Sanderson	1,500,000	-	(1,500,000)	-	-	-

2012

	Held at 01/01/12	Granted as compensation	Expired	Vested in year	Held at 31/12/12	Vested and exercisable at 31/12/12
Directors						
JS Sanderson	1,500,000	-	-	1,500,000	1,500,000	1,500,000

All share options issued to key management personnel were in accordance with the provisions of the employee share option plan.

There were no options granted during the 2013 and 2012 years. Further details of the employee share option plan and the number of options granted during the 2013 and 2012 financial years are contained in Note 21 and the Remuneration Report.

There were no options exercised during the 2013 and 2012 years.

(e) Performance rights

The movement during the reporting period in the number of performance rights in Northern iron Limited, held by each member of key management personnel is as follows:

2013

	Held at 01/01/13	Granted as compensation	Expired / Lapsed	Vested in year	Held at 31/12/13	Vested and exercisable at 31/12/13
Directors						
A Beckmand	50,000	-	(50,000)	-	-	-
Executive officers						
S Bækø	150,000	-	(50,000)	-	100,000	-
R Brown	100,000	-	(50,000)	-	50,000	-
H Martinsen	150,000	-	(50,000)	-	100,000	-
I Haaparanta	150,000	-	(50,000)	-	100,000	-

2012

	Held at 01/01/12	Granted as compensation	Expired / Lapsed	Vested in year	Held at 31/12/12	Vested and exercisable at 31/12/12
Directors						
A Beckmand	100,000	-	(50,000)	-	50,000	12,500
Executive officers						
S Bækø	-	150,000	-	-	150,000	-
R Brown	150,000	-	(50,000)	-	100,000	-
H Martinsen	150,000	-	-	-	150,000	-
I Haaparanta	-	150,000	-	-	150,000	-
D Ekmark	100,000	-	(100,000)	-	-	-

NOTE 27 FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2012.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends, and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

(b) Financial risk management objectives

The Group's activities expose it to market risk (including foreign currency risk, commodity price risk and interest rate risk), credit risk, and liquidity risk.

This note presents qualitative and quantitative information about the Group's exposure to each of the above risks, their objectives, policies, and procedures for managing risk, and the management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the financial performance of the Group. The Group currently has a natural hedge from sales receipts in relation to certain foreign currency borrowings however it is generally exposed elsewhere to daily movements in exchange rates and interest rates.

The Group uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange, and commodity price risk and ageing analysis for credit risk.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. Given the stage of the Group's development there are no formal targets set for return on capital. There were no changes to the Group's approach to capital management during the year.

During 2008, Sydvaranger Gruve AS entered into an equipment finance lease facility with DNB Finans (refer Note 17). Under the terms of the facility, the subsidiary is required to maintain a minimum equity ratio of 50%, being equity divided by total assets. Equity, for this purpose includes the loan payable to the parent entity. Total assets, for this purpose, exclude unrestricted cash and the concentrate, storage, handling and ship-loading facility leased assets. The subsidiary was in compliance with this requirement throughout the reporting period. Covenants under other financing arrangements relate to financial results, for which the Group was in compliance except for the EBITDA covenant. The EBITDA covenant stipulates that the Company shall have an EBITDA greater than US$27.5 million on a yearly basis. However, the Company obtained a waiver from this covenant for a period of twelve months, until the 30 September 2013. After this date the EBITDA debt covenant is to be re-established in increments of US$7 million per quarter from quarter four 20134.

(c) Market risk

(i) Foreign currency risk management

Currency risk currently arises from purchases, assets and liabilities that are denominated in a currency other than the functional currencies of the entities within the Group, and from purchases in currencies other than those in which cash balances are held.

The Group operates predominantly in Norway and is exposed to currency risk arising from various foreign currency exposures, primarily with respect to the US$ and Norwegian Kroner ("NOK"). The functional currency of its Norwegian operations is US$.

It is the Group's policy that management may hedge foreign currency exposure on capital purchases as they become known by purchasing the currency in which the exposure arises. The majority of the Group's capital expenditure is denominated in US$, A$, NOK, SEK and Euro.

The sale of iron ore is denominated in US$. The Group's management of currency risk will be monitored during the stabilising of operations as the denomination of expenditures becomes increasingly more consistent and known.

The Group's exposure to foreign currency risk at balance date was as follows, based on carrying amounts.

	NOK	SEK	US$	Euro	CHF	GBP	DKK	CAD	A$	Totals
	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000
2013										
Cash and cash equivalents	11,023	-	7,853	41	24	-	-	-	505	19,446
Trade and other receivables	7,775	1	27,174	-	-	55	-	-	18	35,023
Trade and other payables	(28,353)	(1,226)	(418)	(1,303)	(18)	(34)	(45)	-	(40)	(31,437)
Tax liability	-	-	-	-	(340)	-	-	-	-	(340)
Borrowings	(26,748)	-	(60,470)	-	-	-	-	-	-	(87,218)
Gross exposure	(36,303)	(1,225)	(25,861)	(1,262)	(334)	21	(45)	-	483	(64,526)
2012										
Cash and cash equivalents	11,379	-	20,333	77	6	-	-	-	584	32,379
Trade and other receivables	11,482	-	25,682	-	14	55	-	-	28	37,261
Trade and other payables	(35,548)	(1,620)	791	(88)	(165)	(38)	(69)	(26)	(947)	(37,710)
Tax liability	-	-	-	-	-	-	-	-	-	-
Borrowings	(34,074)	-	(70,652)	-	-	-	-	-	-	(104,726)
Gross exposure	(46,761)	(1,620)	(23,846)	(11)	(145)	17	(69)	(26)	(335)	(72,796)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
US$ to:	**2013**	**2012**	**2013**	**2012**
1 Norwegian Kroner	0.170	0.172	0.164	0.180
1 AUD	0.966	1.036	0.892	1.038
1 Euro	1.329	1.284	1.378	1.319

Sensitivity analysis

A 5% strengthening of the following currencies at 31 December would have changed equity and post-tax profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates and the exchange rate between other currencies, remain constant. The analysis is performed on the same basis for 2012:

	Equity US$000	Profit and loss US$000
31 December 2013		
US$ to NOK	(104)	(104)
A$ to US$	372	(21)
31 December 2012		
US$ to NOK	(508)	(508)
A$ to US$	1,241	(103)

A 5% weakening of the following currencies at 31 December would have changed equity and post-tax profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates and the exchange rate between other currencies, remain constant. The analysis is performed on the same basis for 2012:

	Equity US$000	Profit and loss US$000
31 December 2013		
US$ to NOK	(626)	(626)
A$ to US$	(373)	21
31 December 2012		
US$ to NOK	459	459
A$ to US$	(1,241)	103

Forward foreign exchange contracts

Forward foreign exchange contracts are valued at fair value through profit and loss. At 31 December 2013, the Company had forward exchange contracts in place (2012: Nil) with the purpose of minimising the effect on the Company of fluctuations in exchange rates, the details of which were:

Period	Contract Amount US$000	Average contract rate USD/NOK	Month end rate USD/NOK	Change in fair value US$000
Q1 2014	23,000	6.11	6.08	93
Q2 2014	19,000	6.15	6.08	213
Q3 2014	15,000	6.13	6.08	114
Q4 2014	15,000	6.13	6.08	114
				534

(ii) Interest rate risk management

The significance and management of this risk on investments to the Group is dependent on a number of factors including:

- interest rates (current and forward) and the currencies that are held;
- level of cash and liquid investments and their term;
- maturity dates of investments; and
- proportion of investments that are fixed rate or floating rate.

The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate investments.
The Group is exposed to interest rate risk under its various borrowings outlined in Note 17 and continues to monitor opportunities to mitigate this interest rate risk.

At the reporting date, the effective interest rates of variable rate interest bearing assets and liabilities of the Group were as follows.

	2013	**2012**
	US$000	**US$000**
Carrying amount		
Financial assets	20,868	33,116
Financial liabilities	87,218	104,726
Weighted average interest rate (%)		
Financial assets	0.87%	0.66%
Financial liabilities	4.26%	4.24%

Sensitivity analysis

An increase in 50 basis points from the weighted average year-end interest rates at 31 December would have increased/(decreased) equity and post-tax profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2012:

	Equity	**Profit and loss**
	US$000	**US$000**
31 December 2013	(124)	(124)
31 December 2012	(148)	(148)

A decrease in 50 basis points from the weighted average year-end interest rates at 31 December would have increased/ (decreased) equity and post-tax profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2012:

	Equity	**Profit and loss**
	US$000	**US$000**
31 December 2013	124	124
31 December 2012	148	148

(iii) Commodity price risk management

Commodity price risk is the risk of financial loss resulting from movements in the price of the Group's commodity output, being iron ore, which is denominated in US$ and not widely traded in derivative markets. The Group recorded sales of iron ore concentrate for the year of US$204,554,000. In 2012, there were sales of approximately US$205,701,000.

The Group's marketing strategy is to focus on long-term sales agreements with pellet producers in Europe and the Middle East for the majority of its production with the balance being sold into the spot market.

The Group has entered into a 5 year offtake agreement for up to approximately 50% of its nameplate production with TATA Steel Europe, primarily for use in their European steel operations. The product is primarily used at the Ijmuiden Pellet Plant.. The contract runs until the end of March 2016, and TATA have the right to extend the contract by a further two years. The agreement provides TATA a minimum of 1.0 Mtpa per year from 2012-2015, and TATA have agreed to increase its off-take volume during the contract year ending 31 March 2013 by 275,000 wet tonnes. This means the total offtake quantity is a minimum of 5.2 Mt over the 5 year life of the contract. There also exists the potential for TATA to take up to 7.7 Mt over the 5 year period if product quality improves further. The pricing mechanism is in line with Vale's mechanism for iron ore fines (which is the prevailing market mechanism in the Atlantic basin) and the FOB price reflects the proximity of Sydvaranger to Tata Steel in Europe and the quality in terms of silica content. In quarter four 2011, TATA Steel requested that the pricing mechanism be moved to current quarter pricing in line with changes implemented by other iron ore producers. The Company agreed to this request.

The Group has entered into an exclusive agency agreement with OMH Ltd subsidiary OMS Pte Ltd, for sales into the Asian region (inclusive of India, but excluding the Middle East and CIS countries). No offtake quantities are guaranteed under this agreement, and so far all sales to Asia (100% to China) have been on a spot basis. The Agency agreement with OMS may be terminated if OMH Ltd's ownership of NFE falls below 10%.

During the second half of 2013 the Company successfully diversified its sales amongst a variety of customers. New customers included ThyssenKrupp Steel and Arcelor-Mittal, while previous customer Bahrain Steel resumed purchases of concentrate. An important development has been the trialling of Sydvaranger concentrate at a number of sinter plants throughout Europe. The Company will monitor the results and feedback from these trial cargoes and will seek to further its discussions with the various offtake parties, focusing on the potential for a longer-term offtake agreement. Sales to Europe are expected to result in optimal FOB pricing due to the lower freight costs associated with shipping from Norway to Europe compared to more distant markets.

Sensitivity analysis

An increase in 50 basis points from the change in fair value would have (decreased)/increased equity and post-tax profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2012:

	Equity	Profit and loss
	US$000	US$000
31 December 2013	(229)	229
31 December 2012	(20)	20

An decrease in 50 basis points from the change in fair value would have increased/(decreased) equity and post-tax profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2012:

	Equity	Profit and loss
	US$000	US$000
31 December 2013	229	(229)
31 December 2012	20	(20)

Forward iron ore price contracts

Forward iron ore price contracts are valued at fair value through profit or loss. As at 31 December 2013, the Company had 25 (2012: 8) forward iron ore price contracts in place with the purpose of minimising the fluctuations in iron ore price, the details of which were:

2013

No. of Contracts	Period	Expiry	Tonnes	Average Contract Rate US$	Change in Fair Value US$000
7	Quarter 4 2013	8 January 2014	210,000	121	(3,008)
11	Quarter 1 2014	7 April 2014	210,000	120	(2,375)
5	Quarter 2 2014	7 July 2014	135,000	123	(274)
2	Quarter 3 2014	7 October 2014	60,000	120	(60)
					(5,717)

2012

No. of Contracts	Period	Expiry	Tonnes	Average Contract Rate US$	Change in Fair Value US$000
6	Quarter 2 2014	8 April 2013	111,000	138	(284)
2	Quarter 3 2014	5 July 2013	60,000	133	(140)
					(424)

Electricity price risk contracts

The Group is exposed to electricity price risk. As at 31 December 2013, the Group had 14 (2012: 11) electricity price contracts in place with the purpose of minimising the fluctuations in electricity price, the details of which are:

2013

No. of Contracts	Period	Expiry	Quantity (MWh)	Average Contract Rate (EUR/NO4)	Change in Fair Value US$000
5	2014 year	31 December 2014	87,600	38.47	(732)
5	2015 year	31 December 2015	61,320	36.53	(378)
4	2016 year	31 December 2016	43,920	35.40	(236)
					(1,346)

2012

No. of Contracts	Period	Expiry	Quantity (MWh)	Average Contract Rate (EUR/NO4)	Change in Fair Value US$000
4	2013 year	31 December 2013	87,600	37.75	86
4	2014 year	31 December 2014	70,080	39.10	(143)
2	2015 year	31 December 2015	26,280	38.70	(56)
1	2016 year	31 December 2016	8,784	39.90	(21)
					(134)

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has not had any instances of uncollectable trade receivables during the current or prior reporting periods and credit risk arising from security deposits and receivables from taxation authorities is considered to be low.

Credit risk is reduced through diversification and through accepting counterparties with good credit rating. Exposure to credit risk is considered minimal though continues to be monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position. The Group's maximum exposure to credit risk at the reporting date was:

	2013	2012
	US$000	US$000
Carrying amount:		
Cash and cash equivalents	19,446	32,379
Trade and other receivables	35,023	37,261
	54,469	69,640

(e) Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under a range of financial conditions.

The Group's borrowing facilities are set out in Note 17. The following are the contractual maturities of financial liabilities. These have been drawn up based on undiscounted contractual maturities of financial liabilities including interest that will be payable:

	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 5 years	Over 5 years
	US$000	US$000	US$000	US$000	US$000	US$000
2013						
Non-derivative financial liabilities						
Trade and other payables	31,437	31,437	31,437	-	-	-
Current tax liability	340	340	340	-	-	-
Interest bearing loans and borrowings	87,218	59,230	9,551	9,483	40,196	-
	118,995	91,007	41,328	9,483	40,196	-

	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 5 years	Over 5 years
	US$000	US$000	US$000	US$000	US$000	US$000
2012						
Non-derivative financial liabilities						
Trade and other payables	37,710	37,710	37,710	-	-	-
Current tax liability	-	-	-	-	-	-
Interest bearing loans and borrowings	104,726	83,903	11,379	12,501	60,022	-
	142,436	121,613	49,089	12,501	60,022	-

(f) Fair value of financial instruments

This note provides information about how the Group determines fair values of various financial assets and liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined.

	Fair value at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2013 USD$000	**2012 USD$000**				
Foreign currency forward contracts	Assets - 534; and Liabilities - nil	Assets - nil; and Liabilities - nil	Level 2	Marked-to-market based on published closing spot rate	N/A	N/A
Forward iron ore price contracts	Liabilities - 5,717	Liabilities - 424	Level 2	Marked-to-market based on published CFR 62% Fe prices	N/A	N/A
Electricity price risk contracts	Liabilities - 1,346	Liabilities - 134	Level 2	Marked-to-market based on published NO4 region closing prices	N/A	N/A

There were no transfers between Level 1 and Level 2 during the year

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

NOTE 28 DEFINED CONTRIBUTION PLAN

SVG is obliged to have a defined contribution plan for its employees and has fulfilled its obligations under the Norwegian mandatory occupational pension law.

SVG has a defined contribution plan, where SVG each year pays a fixed contribution into a separate entity/fund, and has no further obligations to pay contributions. The employees have the risk and benefit of return on the investments. The contribution by SVG during the reporting period is US$1,011,325 (2012: US$902,230).

SVG also has a mandatory agreement for early retirement with The Norwegian Confederation of Trade Unions and The Confederation of Norwegian Business and Industry. The contribution by SVG during the reporting period is US$660,529 (2012: US$568,074).

NOTE 29 CONTINGENCIES

The Company is currently in discussions regarding the use of the water treatment chemical PolyDADMAC in 2010 which is argued to be outside of its permit in place at that time. The Company denies any wrongdoing. If a dispute resolution process occurs and the breach is upheld, a penalty of NOK 300,000 plus legal fees will be payable.

Apart from the above, in the opinion of the directors, there are no contingent liabilities as at 31 December 2013 and no contingent liabilities were incurred in the interval between balance date and the date of this financial report.

NOTE 30 SUBSEQUENT EVENTS

On 25 March 2014, the Company entered into a 6 year agreement with Orica for the provision of rock on ground (ROG) services at the mine. ROG services include the activities of blast design, drilling, charging and detonating the blast to provide broken rock on the ground ready to be loaded into haul trucks. This is a complete outsourcing of the Drill and Blast activities that are currently performed by the Company, Atlas Copco and EPC. Management expects this agreement to deliver improvement in the integration and accountability of mining processes whilst maintaining delivery of required outcomes in terms of quality, quantity and safety.

On 24 March 2014 the Company announced that 50,000 performance rights issued under the Company's Performance Rights Plan have lapsed in accordance with their terms of issue.

Other than this, no matter or circumstance has arisen since 31 December 2013 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years:

(i) the Group's operations;
(ii) the results of those operations; or
(iii) the Group's state of affairs.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Northern Iron Limited (the Company):

   (a) the accompanying financial statements and notes set out on pages 25 to 74 are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 31 December 2013.

Signed in accordance with a resolution of the Board of directors.

Antony Beckmand
Managing Director and Chief Executive Officer

Stockholm, 28 March 2014

Peter Bilbe
Chairman

Perth, 28 March 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT
To the members of Northern Iron Limited

Report on the Financial Report

We have audited the accompanying financial report of Northern Iron Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 2, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au
Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

HLB Mann Judd

Accountants | Business and Financial Advisers

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Northern Iron Limited is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of Northern Iron Limited for the year ended 31 December 2013 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

Norman Glad

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
28 March 2014

Introduction

Northern Iron has in place corporate governance practices that are formally embodied in corporate governance policies and codes adopted by the Board (the Policies). The aim of the Policies is to ensure that the Company is effectively directed and managed, that risks are identified, monitored, and assessed and that appropriate disclosures are made.

In preparing the Policies, the directors considered the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" (ASX Principles). The Board has adopted these ASX Principles, subject to the departures noted below.

The directors incorporated the ASX Principles into the Policies to the extent that they were appropriate, taking into account the Company's size, the structure of the Board, its resources, and its proposed activities. The Board has adopted the following policies and procedures.

Statement and Charters

- Corporate Governance Statement
- Board Charter
- Audit Committee Charter
- Remuneration, Nomination and Governance Committee Charter

Policies and Procedures

- Code of Conduct
- Trading in Company Securities
- Risk Management Policy (within the Board and Audit Committee Charters)
- Shareholder Communication Strategy
- Continuous Disclosure Policy
- Board Diversity Policy

As the Company and its activities grow, the Board may implement additional corporate governance structures and committees. The Company's corporate governance Policies are available on the Company's website at www.northerniron.com.au.

Number of Audit Committee meetings, names, and qualification of members

The number of Audit Committee meetings and the names of attendees are set out in the directors' report together with their qualifications.

Number of Remuneration, Nomination and Governance Committee meetings, names, and qualification of members

The number of Remuneration, Nomination and Governance Committee meetings and the names of attendees is set out in the directors' report together with their qualifications.

Remuneration, Nomination and Governance Committee matters may also, at the discretion of the Board, be dealt with at meetings of the full Board. Where this is the case voting is reserved for those members of the Board who are on the relevant committees.

Performance evaluation of the board, its committees, and senior executives

The Board reviews and evaluates the performance of the Board and its committees, which involves consideration of all the Board's key areas of responsibility.

A performance evaluation of senior executives was undertaken during the year. Evaluation of executives reporting to the Managing Director was undertaken by the Managing Director and subsequently approved by the Remuneration Committee and by the full Board. Evaluation of the performance of the Managing Director was undertaken by the Remuneration, Nomination and Governance Committee, reporting to the Chairman.

Skills, experience, expertise, and term of office of each director

A profile of each director containing the applicable information is set out in the directors' report.

Explanations for departures from best practice recommendations

From 1 January 2012 to 31 December 2013 (the Reporting Period"), the Company complied in all material respects with each of the Corporate Governance Principles and the corresponding Recommendations as published by the ASX Corporate Governance Council ("ASX Principles and Recommendations") except as noted below:

Principle	Recommendation	Description	Explanation for departure
2	2.1	A majority of the Board was not comprised of independent directors for the whole of the Reporting Period.	During the period from 1 January 2013 until the retirement of the Company's former Chairman, Mr David Griffiths on 10 June 2013 the Board comprised five (5) directors, of whom three (3) were considered by the Board to be independent. During the period from 10 June 2013 until 31 December 2013, the Board has comprised four (4) directors, of whom two (2) are considered by the Board to be independent. The Board (and Remuneration, Nomination and Governance Committee) continues to monitor its composition and the needs of the Company. Additional independent non-executive directors may be appointed in future.
3	3.3	The entity has not disclosed in its annual report progress towards achieving its measurable objectives for achieving gender diversity.	The Company has a Diversity Policy endorsed by the Board and is committed to providing a diverse and inclusive work environment in which everyone is treated fairly and with respect. Measurable objectives have now been established for achieving gender diversity, which are to be reviewed annually. The Remuneration, Nomination and Governance Committee has the responsibility of assessing and reporting to the Board on progress towards achieving the measurable objectives on an annual basis. The Remuneration, Nomination and Governance Committee has the responsibility of recommending to the Board the extent to which the achievement of measurable diversity objectives may be linked to the key performance indicators for the Board, Chief Executive Officer and senior executives. The measurable objectives relating to gender diversity, set by the Board are as follows: • Ensure recruitment policies and procedures reflect NFE's policy on diversity. • Human Resources Manager to provide an initial status report, and then to report on a periodic basis including recommendations for future workplace participation rates; • Implement diversity education and training for all employees and contractors, and conduct awareness sessions on issues relating to equal opportunities in the

			workplace; and • Issue guidance notes on the Company's commitment to diversity to all external agencies engaged to provide recruitment services. The Company will report on NFE's progress towards achieving these measurable objectives in its 2014 Annual Report.

Statement concerning availability of independent professional advice

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay reasonable expenses associated with obtaining such advice.

Existence and terms of any schemes for retirement benefits for non-executive directors

The Company does not have any terms or schemes relating to retirement benefits for non-executive directors.

Company's remuneration policies

The Company's remuneration policies are set out in the Remuneration Report on pages 16 to 21 and in the Company's Remuneration, Nomination & Governance Committee Charter, as available on its website. The Company has separate remuneration policies for executive and non-executive directors.

Non-executive directors receive a fixed fee and, when appropriate may also be eligible to receive share options. Executive directors receive a salary or fee and, when appropriate, performance based remuneration and share options.

Identification of independent directors

The Company's independent directors are considered to be Mr Peter Bilbe and Mr Ashwath Mehra.

None of these directors was considered to have a material relationship with the Company or another group member (other than their directorships) during the Reporting Period as professional advisor, consultant, supplier, customer, or through any other contractual relationship, nor did they have any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

The Board considers "material" in this context to be where any director related business relationship represents the lesser of at least 5% of the Company's or the director-related business's revenue.

Material business risks

Risk Management is a standing agenda item for consideration at Board meetings. Management of the Company is responsible for the preparation and maintenance of a register of material business risks and responses and is required also to report to the Board as to the effectiveness of the Company's management of its material business risks.

Commitment to Diversity

The Company is committed to workplace diversity and to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees, to enhance Company performance. The Board has adopted a Diversity Policy which addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees. The Policy outlines the strategies and process according to which the Board, Nomination and Remuneration Committees will set measurable objectives to achieve the aims of its Diversity Policy, with particular focus on gender diversity within the Company and supporting the representation of women at senior levels. The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives.

The Board and Remuneration Committee have now established appropriate measurable objectives and intend to report progress against them in the Company's 2014 Annual Report.

Information relating to the current representation of women employees in the Northern Iron Group, holding senior executive positions and on the Board is as follows:

	Number of Women Employees	**%**
Northern Iron Limited Group	57	13.4
Senior Executives	1	20
Board representation (Group companies)	1	10
Board representation (Parent Company)	0	-

ASX Recommendation	Compliance (Yes/No)	Explanation
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
ASX Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	The Board has adopted a formal charter that details the respective board and management functions and responsibilities. A copy of the board charter is available in the governance section of the Company's website at www.northerniron.com.au.
ASX Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.	Yes	The Board has adopted a performance evaluation policy, which provides that the Remuneration, Nomination Committee and Governance Committee will carry out performance evaluation of senior executives of the Company and that an independent adviser may be used. This evaluation will be based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel. Each senior executive's performance will be assessed against his or her designated roles and responsibilities.
ASX Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.	Yes	The Company has provided the information indicated in the Guide to reporting on Principle 1 in its annual report and on the Company’s website.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE		
ASX Recommendation 2.1: A majority of the board should be independent directors.	No	During the period from 1 January 2013 until the retirement of the Company's former Chairman, Mr David Griffiths on 10 June 2013 the Board comprised five (5) directors, of whom three (3) were considered by the Board to be independent. During the period from 10 June 2013 until 31 December 2013, the Board has comprised four (4) directors, of whom two (2) are considered by the Board to be independent. The Board (and Remuneration, Nomination and Governance Committee) continues to monitor its composition and the needs of the Company. Additional independent non-executive directors may be appointed in future.
ASX Recommendation 2.2: The chair should be an independent director.	Yes	The Chairman of the Company, Mr Peter Bilbe, is considered to be an independent director by the Board.
ASX Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	The role of chair of the Board is exercised by Mr Peter Bilbe. The role of Chief Executive Officer is exercised by Mr Antony Beckmand.
ASX Recommendation 2.4: The board should establish a nomination committee.	Yes	The Board has established a Remuneration, Nomination & Governance Committee and adopted a charter that sets out the committee's role and responsibilities, composition and membership requirements. A copy of the committee charter is available in the governance section of the Company's website.

ASX Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	The Company's board charter outlines the process for evaluating the performance of the Board, its committees and individual directors. The Board may decide to engage an independent adviser to undertake this review. A performance evaluation took place during the year to 31 December 2013 and was carried out by the Chairman. Copies of the board charter and the charter of the Remuneration, Nomination and Governance Committee are available in the governance section of the Company's website.
ASX Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.	Yes	The Company includes in its annual reports and on its website the information indicated in the Guide to reporting on Principle 2.
PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING		
ASX Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	The Company has established a code of conduct and a copy of the code is available in the governance section of the Company's website.
ASX Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in	Yes	The Company has established a diversity policy which addresses ASX Recommendation 3.2. A copy of the policy is available in the governance section of the Company's website.

achieving them.		
ASX Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No (expect to comply in 2014)	The Company has a Diversity Policy endorsed by the Board and is committed to providing a diverse and inclusive work environment in which everyone is treated fairly and with respect. Measurable objectives have now been established for achieving gender diversity, which are to be reviewed annually. The Remuneration, Nomination and Governance Committee has the responsibility of assessing and reporting to the Board on progress towards achieving the measurable objectives on an annual basis. The Remuneration, Nomination and Governance Committee has the responsibility of recommending to the Board the extent to which the achievement of measurable diversity objectives may be linked to the key performance indicators for the Board, Chief Executive Officer and senior executives. The measurable objectives relating to gender diversity, set by the Board are as follows: • Ensure recruitment policies and procedures reflect NFE's policy on diversity. • Human Resources Manager to provide an initial status report, and then to report on a periodic basis including recommendations for future workplace participation rates; • Implement diversity education and training for all employees and contractors, and conduct awareness sessions on issues relating to equal opportunities in the workplace; and • Issue guidance notes on the Company's commitment to diversity to all external agencies engaged to provide recruitment services. The Company will report on NFE's progress towards achieving these measurable objectives in its 2014 Annual Report.

ASX Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes	The Company has disclosed this information in the governance section of its annual report.
ASX Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	The Company discloses in the corporate governance statement in its annual reports an explanation of any departure from ASX Recommendations 3.1, 3.2, 3.3, 3.4 or 3.5 (see above). Copies of the Company's diversity policy are available in the governance section of the Company's website.
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING		
ASX Recommendation 4.1: The Board should establish an audit committee.	Yes	The Board has established an Audit Committee and adopted a charter that sets out the Audit Committee's purpose, composition, duties and responsibilities. The role of the Audit Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance. A copy of the charter of the Audit Committee is available in the governance section of the Company's website.
ASX Recommendation 4.2: The audit committee should be structured so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; and • has at least three members.	Yes	The structure of the Company's Audit Committee meets the requirements of Recommendation 4.2. The members of the committee are set out in the directors' report together with their qualifications.

ASX Recommendation 4.3: The audit committee should have a formal charter.	Yes	The Board has adopted a formal charter that details the Audit Committee's purpose, composition, duties and responsibilities. A copy of the charter of the Audit Committee is available in the governance section of the Company's website.
ASX Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	The Company has disclosed in the Directors' Report the names and qualifications of those appointed to its audit committee, their attendance at meetings and the number of meetings of the audit committee. The Company has disclosed in this Corporate Governance section of its Annual Report an explanation of departures from Recommendations 4.1, 4.2, 4.3 and 4.4 (none). The Board has adopted a formal charter of the Audit Committee, which provides information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners. A copy of this charter is available in the governance section of the Company's website.
PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE		
ASX Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	The Company has established a continuous disclosure policy which is designed to guide compliance with ASX Listing Rule disclosure requirements and to ensure that all directors, senior executives and employees of the Company understand their responsibilities under the policy. The Board has designated the Managing Director and the Company Secretary as the persons responsible for ensuring that this policy is implemented and enforced and that all required price sensitive information is disclosed to the ASX as required. In accordance with the Company's continuous disclosure policy, all information provided to ASX for release to the market will be posted to the Company's website once ASX has confirmed that an announcement has been released to the market. A copy of the continuous disclosure policy is available in the governance section of the Company's website.

ASX Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	The Company includes in its annual reports an explanation of any departure from ASX Recommendations 5.1 or 5.2 (none). A copy of the Company's continuous disclosure policy is available in the governance section of the Company's website.
PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS		
ASX Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company has designed a shareholder communication policy which outlines the Company's commitment to: • communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company; • giving shareholders ready access to balanced and understandable information about the Company and corporate proposals; • encouraging shareholders to participate in general meetings of the Company; and • requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. A copy of the shareholder communication policy is available in the governance section of the Company's website.
ASX Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes	The Company includes in its annual reports an explanation of any departure from ASX Recommendations 6.1 or 6.2 (none) and a description of how it will communicate with its shareholders publicly.

		The Company has provided information about the Company generally for the benefit of its shareholders and market participants (among others) on the Company's website and all information provided to ASX for release to the market is posted to its website once ASX has confirmed that an announcement has been released.
PRINCIPLE 7: RECOGNISE AND MANAGE RISK		
ASX Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	The Company is committed to the identification, monitoring and management of risks associated with its business activities and has established policies in relation to the implementation of practical and effective control systems. Risk Management is a standing agenda item for consideration at Board meetings. Management of the Company is responsible for the preparation and maintenance of a register of material business risks and responses and is required also to report to the Board as to the effectiveness of the Company's management of its material business risks.
ASX Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	Under the Company's risk management policy, the responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back to the Board on whether those risks are being managed effectively. The Board has received the reports from management required by ASX Recommendation 7.2.

ASX Recommendation 7.3: The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	The Board has received the assurances required by ASX Recommendation 7.3 in respect of its 2012 annual report.
ASX Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes	The Company includes in the corporate governance statement in its annual reports an explanation of any departure from ASX Recommendations 7.1, 7.2, 7.3 or 7.4 (none), whether the Board has received the report from management under ASX Recommendation 7.2, and whether the Board has received assurance from Managing Director and the Chief Financial Officer under ASX Recommendation 7.3. Risk Management is a standing agenda item for consideration at Board meetings. Management of the Company is responsible for the preparation and maintenance of a register of material business risks and responses and is required also to report to the Board as to the effectiveness of the Company's management of its material business risks.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY		
ASX Recommendation 8.1: The board should establish a remuneration committee.	Yes	The Board has established a Remuneration, Nomination & Governance Committee to support and advise the Board in fulfilling its responsibilities to shareholders. The role of the committee includes attending to matters related to the Company's remuneration policy to enable the Company to attract and retain executives who will create value for shareholders and to arrange performance evaluations of those executives. The committee also attends to matters relating to succession planning and recommends candidates for election or re-election to the Board. The Board has adopted a charter that defines the committee's purpose, composition, duties and responsibilities. A copy of this charter is available in the governance section of the Company's website.
ASX Recommendation 8.2: The remuneration committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent chair; and • has at least three members.	Yes	The structure of the Company's Remuneration, Nomination and Governance Committee meets the requirements of ASX Recommendation 8.2.
ASX Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	Non-executive directors receive a fixed fee and, when appropriate may also be eligible to receive share options. Executive directors receive a salary or fee and, when appropriate, performance based remuneration and share options.
ASX Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	The Company includes in its annual reports: • an explanation of any departure from ASX Recommendations 8.1, 8.2, 8.3 or 8.4 (none); • the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors; and

		• the names of the members of the remuneration committee and their attendance at meetings of the committee, or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out. The Board has adopted a formal charter of the Remuneration, Nomination and Governance Committee, which defines the committee's purpose, composition, duties and responsibilities. A copy of this charter is available in the governance section of the Company's website. The Company will determine, and then intends to make publically available on the Company's website a summary of, the Company's policy on prohibiting executives entering into transactions in associated products that limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes made available by the Company.

Additional information required by the ASX Limited ("ASX") Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings as at 14 March 2014

Substantial shareholders

Set out below is an extract from the Company's register of last substantial shareholder notices as received by the company and/or lodged at the ASX. Shareholdings and percentages reported in the table are as reported in the most recent notifications received, however these may differ from current holdings as substantial holders are required to notify the Company only in respect of changes which act to increase or decrease their percentage holding by at least 1% of total voting rights:

Name of Shareholder	Date of notice	Number of Shares	% held
Dalnor Assets Ltd	10/02/14	80,410,215	16.60%
Tschudi Mining Company AS	14/10/13	67,133,728	13.86%
OM Holdings Limited	15/10/12	52,482,500	11.03%
Prominvest AG	25/02/14	24,329,939	5.02%

Voting Rights

The voting rights attaching to Ordinary Shares are governed by the Constitution. On a show of hands, every person present who is a member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. No options have any voting rights.

Twenty Largest Shareholders (as at 14 March 2014)

Rank	Name	No.	%
1.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	174,672,352	36.06%
2.	TSCHUDI MINING COMPANY AS	67,133,728	13.86%
3.	OM HOLDINGS LIMITED	52,482,500	10.83%
4.	DNU NOMINEES PTY LIMITED	20,200,000	4.17%
5.	CITICORP NOMINEES PTY LIMITED	19,072,608	3.94%
6.	ZERO NOMINEES PTY LTD	17,730,243	3.66%
7.	ASHWATH MEHRA	15,702,792	3.24%
8.	UBS NOMINEES PTY LTD	13,928,588	2.88%
9.	NATIONAL NOMINEES LIMITED	13,512,726	2.79%
10.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,244,725	2.73%
11.	BNP PARIBAS NOMS PTY LTD <DRP>	11,521,934	2.38%
12.	J P MORGAN NOMINEES AUSTRALIA LIMITED	10,201,109	2.11%
13.	INKESE PTY LTD	6,800,000	1.40%
14.	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PISELECT>	2,601,376	0.54%
15.	MR JAY EVAN DALE HUGHES <INKESE FAMILY A/C>	2,000,000	0.41%
16.	PAN AUSTRALIAN NOMINEES PTY LIMITED	1,110,805	0.23%
17.	MR MARCUS JAMES TAYLOR	1,100,000	0.23%
18.	MR JAY HUGHES + MRS LINDA HUGHES <INKESE SUPER A/C>	1,000,000	0.21%
19.	MR MICHAEL JEFFERIES + MRS JULIE JEFFERIES <THE JEFFERIES SUPER FUND A/C>	1,000,000	0.21%
20.	URACCO PTY LIMITED <URACCO SUPER FUND A/C>	1,000,000	0.21%
	SUB-TOTAL - TOP 20 SHAREHOLDERS	**446,015,486**	92.07%
	OTHER SHAREHOLDERS	38,389,828	7.93%

Distribution of equity security holders (as at 14 March 2014)

Size of Holding			Number of shareholders	Number of fully paid shares
1	To	1,000	230	38,422
1,001	To	5,000	215	656,661
5,001	To	10,000	159	1,223,710
10,001	To	100,000	386	13,261,489
	100,001 and over		95	469,225,032
			1,085	**484,405,314**

The number of shareholders holding less than a marketable parcel of ordinary shares is 310.

On-market buyback

There is no current on-market buyback.

Restricted securities

As at the date of this report, none of the Company's securities are subject to escrow restrictions.

Schedule of permits

Tenement Name	Tenement Number	Tenement Type	Area (m^2)	Grant Date	Registered Holder
Andehatten	FU -1/2009-FB	Claim	62,500	22/08/2001	Sydvaranger Gruve AS
Annahatten	G.UTV. 6/2011	Claim	175,000	18/03/2009	Sydvaranger Gruve AS
Annahatten N	0784/2009-FB	Preclaim	250,000	3/03/2010	Sydvaranger Gruve AS
Annahatten Ø	0783/2009-FB	Preclaim	175,000	3/03/2010	Sydvaranger Gruve AS
Bjørnefjell	G.UTV.0006-1/2013	Claim	910,000	2/12/2013	Sydvaranger Gruve AS
Bjørnefjell 6	0023/2009-FB	Preclaim	280,000	18/03/2009	Sydvaranger Gruve AS
Bjørnevann 10	785/2008-FB	Preclaim	80,000	22/10/2008	Sydvaranger Gruve AS
Bjørnevann 11	786/2008-FB	Preclaim	190,000	22/10/2008	Sydvaranger Gruve AS
Bjørnevann 12	0015/2009-FB	Preclaim	225,000	18/03/2009	Sydvaranger Gruve AS
Bjørnevann 13	0016/2009-FB	Preclaim	180,000	18/03/2009	Sydvaranger Gruve AS
Bjørnevann 14	0017/2009-FB	Preclaim	245,000	18/03/2009	Sydvaranger Gruve AS
Bjørnevann 15	0018/2009-FB	Preclaim	280,000	18/03/2009	Sydvaranger Gruve AS
Bjørnevann 16	0019/2009-FB	Preclaim	245,000	18/03/2009	Sydvaranger Gruve AS
Bjørnevann 7	3311/2007-FB	Preclaim	297,600	7/10/2007	Sydvaranger Gruve AS
Bjørnevann 8	3312/2007-FB	Preclaim	240,000	7/10/2007	Sydvaranger Gruve AS
Bjørnevann 9	3313/2007-FB	Preclaim	225,000	7/10/2007	Sydvaranger Gruve AS
Bjørnevatn 1	1664/2006-FB	Preclaim	300,000	19/01/2007	Sydvaranger Gruve AS
Bjørnevatn 100	1672/2006-FB	Preclaim	250,000	19/01/2007	Sydvaranger Gruve AS
Bjørnevatn 101	1673/2006-FB	Preclaim	280,000	19/01/2007	Sydvaranger Gruve AS
Bjørnevatn 17	0798/2009-FB	Preclaim	200,000	3/03/2010	Sydvaranger Gruve AS
Bjørnevatn 18	0799/2009-FB	Preclaim	50,000	3/03/2010	Sydvaranger Gruve AS
Bjørnevatn 19	0800/2009-FB	Preclaim	150,000	3/03/2010	Sydvaranger Gruve AS
Bjørnevatn 2	1665/2006-FB	Preclaim	300,000	19/01/2007	Sydvaranger Gruve AS
Bjørnevatn 20	0801/2009-FB	Preclaim	300,000	3/03/2010	Sydvaranger Gruve AS
Bjørnevatn 3	1666/2006-FB	Preclaim	300,000	19/01/2007	Sydvaranger Gruve AS
Bjørnevatn 4	1667/2006-FB	Preclaim	250,000	19/01/2007	Sydvaranger Gruve AS
Bjørnevatn 5	1668/2006-FB	Preclaim	250,000	19/01/2007	Sydvaranger Gruve AS
Bjørnevatn 6	1669/2006-FB	Preclaim	250,000	19/01/2007	Sydvaranger Gruve AS
Bjørnevatn Ø	NU 11/1974	Claim	56,000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn Ø	NU 12/1974	Claim	112,000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn Ø	NU 13/1974	Claim	84,000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn Ø	NU 14/1974	Claim	84,000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn Ø	NU 15/1974	Claim	81,000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn V	NU 1/1974	Claim	140,000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn V	NU 10/1974	Claim	56000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn V	NU 2/1974	Claim	140,000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn V	NU 3/1974	Claim	140,000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn V	NU 4/1974	Claim	140,000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn V	NU 5/1974	Claim	140,000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn V	NU 6/1974	Claim	112,000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn V	NU 7/1974	Claim	84000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn V	NU 8/1974	Claim	84000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn V	NU 9/1974	Claim	84000	6/12/2002	Sydvaranger Gruve AS
Boris Gleb 1	0687/2001-FB	Preclaim	117,500	22/08/2001	Sydvaranger Gruve AS
Boris Gleb 1	FU -8/2009-FB	Claim	182,500	23/08/2001	Sydvaranger Gruve AS

Tenement Name	Tenement Number	Tenement Type	Area (m^2)	Grant Date	Registered Holder
Boris Gleb 2	0688/2001-FB	Preclaim	163,150	24/08/2001	Sydvaranger Gruve AS
Boris Gleb 2	FU -9/2009-FB	Claim	136,850	25/08/2001	Sydvaranger Gruve AS
Boris Gleb 3	FU -10/2009-FB	Preclaim	49,000	26/08/2001	Sydvaranger Gruve AS
Boris Gleb 3	0689/2001-FB	Claim	191,000	27/08/2001	Sydvaranger Gruve AS
Brattli 1	3138/2007-FB	Preclaim	140,000	7/10/2007	Sydvaranger Gruve AS
Brattli 2	3139/2007-FB	Preclaim	120,000	7/10/2007	Sydvaranger Gruve AS
Brattli 3	0771/2009-FB	Preclaim	32,400	3/03/2010	Sydvaranger Gruve AS
Brattli 4	0772/2009-FB	Preclaim	60,000	3/03/2010	Sydvaranger Gruve AS
Fisketd. S/Jernt. N	FU -4/2009-FB	Claim	45,000	22/08/2001	Sydvaranger Gruve AS
Fisketind	NU 31/1974	Claim	112,000	6/12/2002	Sydvaranger Gruve AS
Fisketind	NU 32/1974	Claim	112,000	6/12/2002	Sydvaranger Gruve AS
Fisketind	NU 33/1974	Claim	112,000	6/12/2002	Sydvaranger Gruve AS
Fisketind	NU 34/1974	Claim	112,000	6/12/2002	Sydvaranger Gruve AS
Fisketind	NU 35/1974	Claim	112,000	6/12/2002	Sydvaranger Gruve AS
Fisketind 1	0785/2009-FB	Preclaim	200,000	3/03/2010	Sydvaranger Gruve AS
Fisketind 10	0790/2009-FB	Preclaim	250,000	3/03/2010	Sydvaranger Gruve AS
Fisketind 11	0791/2009-FB	Preclaim	175,000	3/03/2010	Sydvaranger Gruve AS
Fisketind 3	0028/2009-FB	Preclaim	102,400	2/04/2009	Sydvaranger Gruve AS
Fisketind 4	0029/2009-FB	Preclaim	235,000	19/01/2007	Sydvaranger Gruve AS
Fisketind 5	0030/2009-FB	Preclaim	9,900	2/04/2009	Sydvaranger Gruve AS
Fisketind 6	0786/2009-FB	Preclaim	280,000	2/04/2009	Sydvaranger Gruve AS
Fisketind 7	0787/2009-FB	Preclaim	35,100	3/03/2010	Sydvaranger Gruve AS
Fisketind 8	0788/2009-FB	Preclaim	240,000	3/03/2010	Sydvaranger Gruve AS
Fisketind 9	0789/2009-FB	Preclaim	138,000	3/03/2010	Sydvaranger Gruve AS
Fisketind Syd 2	1662/2006-FB	Preclaim	300,000	3/03/2010	Sydvaranger Gruve AS
Grunntjern	NU 40/1974	Claim	84,000	6/12/2002	Sydvaranger Gruve AS
Grunntjern	NU 41/1974	Claim	84,000	6/12/2002	Sydvaranger Gruve AS
Grunntjern	NU 42/1974	Claim	84,000	6/12/2002	Sydvaranger Gruve AS
Grunntjern	NU 43/1974	Claim	84,000	6/12/2002	Sydvaranger Gruve AS
Grunntjern	NU 44/1974	Claim	84,000	6/12/2002	Sydvaranger Gruve AS
Grunntjern	NU 45/1974	Claim	84,000	6/12/2002	Sydvaranger Gruve AS
Grunntjern 1	0794/2009-FB	Preclaim	220,000	3/03/2010	Sydvaranger Gruve AS
Grunntjern 2	0795/2009-FB	Preclaim	299,750	3/03/2010	Sydvaranger Gruve AS
Hyttemalmen	NU 81/1974	Claim	56,000	6/12/2002	Sydvaranger Gruve AS
Hyttemalmen	NU 82/1974	Claim	56,000	6/12/2002	Sydvaranger Gruve AS
Jernhatten	NU 77/1974	Claim	140,000	6/12/2002	Sydvaranger Gruve AS
Jernhatten	NU 78/1974	Claim	140,000	6/12/2002	Sydvaranger Gruve AS
Jerntoppen 1	787/2008-FB	Preclaim	250,000	22/10/2008	Sydvaranger Gruve AS
Jerntoppen 2	0766/2009-FB	Preclaim	25,000	3/03/2010	Sydvaranger Gruve AS
Jerntoppen 3	0781/2009-FB	Preclaim	100,000	3/03/2010	Sydvaranger Gruve AS
Jerntoppen 4	0782/2009-FB	Preclaim	120,000	3/03/2010	Sydvaranger Gruve AS
Kjellmannsåsen	LU 101/1903	Claim	lengdeutmål	6/12/2002	Sydvaranger Gruve AS
Kjellmannsåsen	LU 102/1903	Claim	lengdeutmål	6/12/2002	Sydvaranger Gruve AS
Kjellmannsåsen	LU 105/1903	Claim	lengdeutmål	6/12/2002	Sydvaranger Gruve AS
Kjellmannsåsen	LU 106/1903	Claim	lengdeutmål	6/12/2002	Sydvaranger Gruve AS
Kjellmannsåsen 1	1658/2006-FB	Preclaim	250000	19/01/2007	Sydvaranger Gruve AS
Kjellmannsåsen 2	1659/2006-FB	Preclaim	250000	19/01/2007	Sydvaranger Gruve AS
Kjellmannsåsen 3	1660/2006-FB	Preclaim	250000	19/01/2007	Sydvaranger Gruve AS

Tenement Name	Tenement Number	Tenement Type	Area (m^2)	Grant Date	Registered Holder
Kjellmannsåsen 5	3135/2007-FB	Preclaim	78,750	7/10/2007	Sydvaranger Gruve AS
Kjellmannsåsen 6	3136/2007-FB	Preclaim	275,000	7/10/2007	Sydvaranger Gruve AS
Kjellmannsåsen 7	3137/2007-FB	Preclaim	200,000	7/10/2007	Sydvaranger Gruve AS
Mattilamalmen 1	FU -6/2009-FB	Preclaim	88,150	22/08/2001	Sydvaranger Gruve AS
Mattilamalmen 1	0685/2001-FB	Claim	104,350	23/08/2001	Sydvaranger Gruve AS
Mattilamalmen 2	0686/2001-FB	Preclaim	280,000	22/08/2001	Sydvaranger Gruve AS
Ørnåsen	FU -5/2009-FB	Claim	252,000	22/08/2001	Sydvaranger Gruve AS
Ørnåsen 1	0779/2009-FB	Preclaim	90,000	3/03/2010	Sydvaranger Gruve AS
Ørnåsen 2	0780/2009-FB	Preclaim	250,000	3/03/2010	Sydvaranger Gruve AS
Ørnevann	NU 63/1974	Claim	84,000	6/12/2002	Sydvaranger Gruve AS
Ørnevann	NU 64/1974	Claim	84,000	6/12/2002	Sydvaranger Gruve AS
Ørnevann	NU 65/1974	Claim	84,000	6/12/2002	Sydvaranger Gruve AS
Ørnevann	NU 66/1974	Claim	84,000	6/12/2002	Sydvaranger Gruve AS
Ørnevannet 1	0773/2009-FB	Preclaim	230,000	3/03/2010	Sydvaranger Gruve AS
Ørnevannet 2	0774/2009-FB	Preclaim	297,000	3/03/2010	Sydvaranger Gruve AS
Ørnevannet 3	0775/2009-FB	Preclaim	261,000	3/03/2010	Sydvaranger Gruve AS
Ørnevannet 4	0776/2009-FB	Preclaim	299,750	3/03/2010	Sydvaranger Gruve AS
Reitan 3	3298/2007-FB	Preclaim	145,000	7/10/2007	Sydvaranger Gruve AS
Reitan 4	3299/2007-FB	Preclaim	266,000	7/10/2007	Sydvaranger Gruve AS
Reitan 5	3300/2007-FB	Preclaim	266,000	7/10/2007	Sydvaranger Gruve AS
Reitan 6	3301/2007-FB	Preclaim	280,000	7/10/2007	Sydvaranger Gruve AS
Reitan 7	3302/2007-FB	Preclaim	175,000	7/10/2007	Sydvaranger Gruve AS
Reitan 8	3303/2007-FB	Preclaim	250,000	7/10/2007	Sydvaranger Gruve AS
Reitanmalmen 1	FU -2/2009-FB	Claim	150,000	22/08/2001	Sydvaranger Gruve AS
Reitanmalmen 2	FU -3/2009-FB	Claim	137,500	22/08/2001	Sydvaranger Gruve AS
Søstervann	NU 46/1974	Claim	112,000	6/12/2002	Sydvaranger Gruve AS
Søstervann	NU 47/1974	Claim	112,000	6/12/2002	Sydvaranger Gruve AS
Søstervann	NU 48/1974	Claim	112,000	6/12/2002	Sydvaranger Gruve AS
Søstervann	NU 49/1974	Claim	112,000	6/12/2002	Sydvaranger Gruve AS
Søstervatn 1	0796/2009-FB	Preclaim	247,500	3/03/2010	Sydvaranger Gruve AS
Søstervatn 2	0797/2009-FB	Preclaim	247,500	3/03/2010	Sydvaranger Gruve AS
Teltbukt 1	0777/2009-FB	Preclaim	240,000	3/03/2010	Sydvaranger Gruve AS
Teltbukt 2	0778/2009-FB	Preclaim	200,000	3/03/2010	Sydvaranger Gruve AS
Teltbuktmalmen	FU-7/2009-FB	Claim	6,615	22/08/2001	Sydvaranger Gruve AS
Tverrdalen	NU 24/1974	Claim	112,000	6/12/2002	Sydvaranger Gruve AS
Tverrdalen	NU 25/1974	Claim	112,000	6/12/2002	Sydvaranger Gruve AS
Tverrdalen	NU 26/1974	Claim	112,000	6/12/2002	Sydvaranger Gruve AS
Tverrdalen	NU 27/1974	Claim	112,000	6/12/2002	Sydvaranger Gruve AS
Tverrdalen	NU 28/1974	Claim	112,000	6/12/2002	Sydvaranger Gruve AS
Tverrdalen	NU 29/1974	Claim	168,000	6/12/2002	Sydvaranger Gruve AS
Tverrdalen	NU 30/1974	Claim	168,000	6/12/2002	Sydvaranger Gruve AS
Tverrdalen 1	0792/2009-FB	Preclaim	299,750	3/03/2010	Sydvaranger Gruve AS
Tverrdalen 2	0793/2009-FB	Preclaim	299,750	3/03/2010	Sydvaranger Gruve AS
Vakkeråsen 1	0690/2001-FB	Preclaim	160,000	22/08/2001	Sydvaranger Gruve AS
Vakkeråsen 2	0691/2001-FB	Preclaim	240,000	22/08/2001	Sydvaranger Gruve AS
Vakkeråsen 3	0692/2001-FB	Preclaim	240,000	22/08/2001	Sydvaranger Gruve AS
Vakkeråsen 4	0693/2001-FB	Preclaim	175,000	22/08/2001	Sydvaranger Gruve AS

Tenement Name	Tenement Number	Tenement Type	Area (m^2)	Grant Date	Registered Holder
Vakkeråsen 5	3304/2007-FB	Preclaim	90,000	7/10/2007	Sydvaranger Gruve AS
Vakkeråsen 6	3305/2007-FB	Preclaim	90,000	7/10/2007	Sydvaranger Gruve AS
Vakkeråsen 7	3306/2007-FB	Preclaim	150,000	7/10/2007	Sydvaranger Gruve AS
Vakkeråsen 8	3307/2007-FB	Preclaim	150,000	7/10/2007	Sydvaranger Gruve AS
Vakkeråsen 9	3308/2007-FB	Preclaim	120,000	7/10/2007	Sydvaranger Gruve AS
Varrevann 1	0694/2001-FB	Preclaim	250,000	22/08/2001	Sydvaranger Gruve AS
Varrevann 2	0695/2001-FB	Preclaim	250,000	22/08/2001	Sydvaranger Gruve AS
Varrevann 3	0696/2001-FB	Preclaim	250,000	22/08/2001	Sydvaranger Gruve AS
Varrevann 4	0697/2001-FB	Preclaim	60,000	22/08/2001	Sydvaranger Gruve AS
Varrevann 5	3296/2007-FB	Preclaim	170,000	7/10/2007	Sydvaranger Gruve AS
Varrevann 6	3297/2007-FB	Preclaim	280,000	7/10/2007	Sydvaranger Gruve AS