NORTHERN IRON LIMITED

ABN 71 125 264 575

ANNUAL REPORT
31 DECEMBER 2011

CORPORATE DIRECTORY

Directors

DC Griffiths	Chairman
JS Sanderson	Managing Director
PR Bilbe	Non-Executive Director
A Mehra	Non-Executive Director
FH Tschudi	Non-Executive Director

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

Level 3
3 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

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

CONTENTS

Dear Shareholder,

In 2011 your company was able to increase production rates while maintaining the premium quality achieved in the last quarter of 2010. Northern Iron Limited achieved a production record in the fourth quarter of 2011, and production volumes have continued to trend upwards in the first quarter of 2012.

Northern Iron Limited is pleased to report its first annual profit from continuing operations net of tax since commencing operations of US$2.9 million. The profit result for 2011 was materially lower than expected primarily due to a 4 week production interruption in July and August, higher operating costs due principally to unplanned maintenance events and a weaker US dollar during the year which impacted on non US dollar denominated costs, partly offset by higher concentrate prices during the year. Sydvaranger's cost performance improved towards the end of 2011 and is expected to improve further as production volumes increase in 2012.

Significant accomplishments at Northern Iron in 2011 included:

- A 50% reduction in the number of lost time injuries experienced by Company employees and contractors compared to 2010;
- Redeveloping the Bjørnevatn pit and processing its ore into concentrate before the end of 2011;
- Installation of additional equipment in the Kirkenes concentrator that delivered improved product sizing and higher production rates, resulting in record production achieved in quarter 4 of 2011;
- Renegotiation of a 5 year offtake agreement with Tata Steel Europe;
- Refinanced debt by way of a longer term US$30 million facility and a US$25 million working capital facility with DNB Bank as well as successfully concluding a US$21 million equity issue to put the Company on a sound financial footing;
- Delivering a 42% increase in the Sydvaranger project probable reserves;
- Exploration of new market opportunities with a trial cargo delivered to the middle east, a sale to a non-steel making customer, and selling cargoes to customers on a shipping included basis;
- Continuation of an extensive environmental monitoring program around the Company's operations;
- Employment of the first apprentices at Sydvaranger and introduction of rosters more suited to the increasing proportion of employees resident in the local community;
- Commenced engagement with key community and government stakeholders and a formal scoping study on the proposal to double the production capacity of the Sydvaranger project.

Sydvaranger remains on track to deliver the final components of the throughput debottlenecking project by the middle of 2012, at which point the Sydvaranger project is expected to have the necessary installed equipment to achieve a 2.8 million tonne per annum production rate. Northern Iron is now actively considering a number of options to optimise the profitability of the current operation including modifications to the port and loading facilities, a mine equipment sizing review and changes to processing to further reduce the silicon content of concentrate produced.

In addition to this, work has commenced on the doubling of production capacity. The first stages of the approval process are underway and a scoping study for the expansion has been completed which estimates the cost to be about US$280 to US$360 million depending upon the final option chosen and subject to the usual caveats about early stage cost estimates.

The optimisation project for existing plant and the plan to double production both are expected to be funded without recourse to shareholders and both are expected to provide considerable benefit to shareholders,

In November 2011 the Company announced it was initiating a strategic review with a view to maximising value for all shareholders. The review is considering corporate and operational strategies including a review of ownership options available to the Company. The Company is presently working with its advisor, Goldman Sachs, to conduct the review, which is expected to be completed in mid-2012.

Northern Iron believes it has prepared the Company to deliver much improved performance in 2012 driven by improved production volumes, lower operating costs and the expectation of continued strong demand for the Company's high quality concentrate.

On behalf of our Board I would like to express thanks to the local Kirkenes community for their continued support of the mine redevelopment, and to all of our employees, customers and business partners for their contributions during 2011, and ask them for their continued support and energy in what we expect to be an exciting 2012.

Sincerely

David Griffiths
Chairman

OPERATING REVIEW

2011 was a year of progress and operational improvement at Northern Iron's Sydvaranger project. Commissioning of additional equipment during the year coupled with progress on improved maintenance practices resulted in record production in quarter 4. Northern Iron is now positioned to complete the optimisation and debottlenecking programme at Sydvaranger and achieve nameplate production rates during 2012.

Safety Performance

2011 saw a significant improvement in safety performance at Sydvaranger Gruve AS ("SVG"), with the number of lost time injuries (LTIs) incurred half that of 2010. Also encouraging was a decline in the severity of the injuries, with 4 out of the 5 LTIs being twisted ankles or leg injuries related to walking on uneven ground. All LTIs occurred in the mining operation. In February 2012 the processing, rail and maintenance teams achieved the significant milestone of 535 days LTI free.

Although the year on year trend is encouraging, Sydvaranger Gruve believes any injury is unacceptable and continues to focus on improving the safety culture at its operation. During the second half of 2011 the Company commenced implementation of a behaviour based safety system which it expects will result in further improvements in safety performance in 2012.

In 2012 the Company is shifting its performance measurement from a focus on LTIs to a definition of reportable injuries, which includes LTIs and restricted duty injuries. In 2011 the Company experienced a total of 10 reportable injuries, and is targeting a 50% reduction in 2012.

Environmental Performance

The Company operated within its environmental permits during the year, and 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
SVG continued to work on improving awareness of its environmental impact amongst key stakeholders in 2011. The Company continued to work with the community liaison group established in 2010 to discuss and monitor its environmental performance, with a total of 6 meetings of the group held during the year. Key topics of interest were chemical use and disposal, noise generation and environmental monitoring programs.

Monitoring
Environmental monitoring was an area of significant activity for the Company in 2011 with the following major studies completed:

- Monitoring of conditions in the marine tailings deposition area;
- Noise monitoring around the Company's mining, rail and processing operations;
- Water quality monitoring of discharges from the mining areas;
- Investigations into the toxicity of flotation and flocculent tailings on marine organisms; and
- Monitoring sea water quality adjacent to nearby aquaculture enterprises.

The monitoring demonstrated that the Company operated within the terms of its environmental permits during the year.

Control
The Company's focus on control in 2011 included internal audits of the environmental management system, and further strengthening of systems and procedures in preparation for ISO 14001 certification. Although the Company had targeted 2011 to achieve this qualification, it is expected an application will be made within the next two years.

During the year the Company successfully applied to the Norwegian Climate and Pollution Control Authority (KLIF) for a modification to its emission permit to allow the use of a different type of flocculent to treat ore from Kjellmannsåsen. Permission was subsequently granted for 18 months use of the flocculent. The Company is intending to apply for permanent permission to use the flocculent after testing conducted in 2011 has shown no toxic impact from tailings treated with the agent.

The Company participated in a research project during the year that aims to identify improved practices for marine tailings deposition. Entitled IMPtail – Improved Submarine Tailings Placement in Norwegian Fjords, the project is sponsored by four Norwegian mining companies with work being conducted by the Norwegian Institute for Water Research (NIVA). In support of this project Sydvaranger Gruve sponsored the placement of artificial reefs on old tailings deposition areas aimed at encouraging an accelerated return of aquatic flora and fauna. This project is expected to define best practice rehabilitation techniques that may be useful during and after the project's lifespan.

During 2011 research was commissioned by the Company into the development of environmentally friendly flotation chemicals. Being performed by Norway's premier technical university, NTNU, the aim of the project is to identify agents which may allow the production of high quality concentrates without the production of polluting waste material.

Community Relations

The percentage of Company employees who live in the Sør-Varanger municipality increased from 63 % to 69 % by year end. The Company has the objective of reaching 80% by the end of 2014 and believes it is on track to achieve this objective.

Presently the Company is relying on many commuting employees to meet its requirement for skilled tradespersons and technicians. To source more of these skills locally, during the year the Company engaged its first apprentices in what is a long term commitment to develop these skills in the local workforce. The Company intends to expand this program further in the coming years.

During the year the Company reached agreement with the local unions to implement revised working rosters that better suit the increasing percentage of company employees who reside in the local community rather than commute from other parts of Scandinavia. By the end of 2011 the first of these new shift rosters had been introduced to the operation, with the expectation they will be progressively rolled out across the Company in 2012.

The Company was active in supporting community cultural, development and sporting events in 2011. In January the Company sponsored the annual arts festival, the Barents Spektakel, by providing accommodation to performers and festival workers in Company barracks and electricity for some of the performances. During the annual Kirkenes conference, Sydvaranger Gruve sponsored the conference dinner. During the year the Company was the largest single sponsor of the locally based Team Sør-Varanger cross country skiing team that competes in the Nordic region.

Mining

Mining during the year focused on the two southern pits, Kjellmannsåsen and Hyttemalmen, whilst the first material was mined from Bjørnevatn during the year. Total material mined from the three pits in 2010 and 2011 is summarized in Table 1:

	Actual 2011	**Actual 2010**
Ore Mined (kt)	4,214	3,722
Waste Mined (kt)	8,230	8,067
Total Mined (kt)	**12,445**	**11,789**

Table 1

Significant progress was made during the year in developing Bjørnevatn as a source of ore, and in quarter 4 the first Bjørnevatn ore in more than 14 years was processed at Kirkenes. Mining rates increased into quarter 1 2012 which saw Bjørnevatn become the supplier of 50% of the tonnes being processed at Kirkenes. This proportion is expected to increase further during 2012.

The first of the southern pits was depleted in 2011, with the Hyttemalmen pit being exhausted as production began ramping up at Bjørnevatn. During the last three years approximately 3.5 Mt of ore at 32.2% Fe(mag) was mined from this pit, against an initially defined reserve of 4.2 Mt at 32.8% Fe(tot).

After completion of an upgrade to the Reserves in May, Sydvaranger Gruve reassessed the medium to long term mine schedule and concluded substantial increases to project NPV were possible by delaying a major waste strip at Bjørnevatn until 2014 using larger mining equipment. The Company continues to refine its plans in early 2012 and expects to have an investment proposal before the NFE board by the middle of the year.

Resource and Reserve Statement

In February and March 2011 Wardell Armstrong International (WAI) undertook a comprehensive review of the Resources and Reserves held by SVG. Resource and Reserve models were originally produced during the first quarter of 2009 by Coffey Mining and subsequently audited and updated by WAI in 2011. The Company's resource models are based on historical data and the results of an exploration campaign carried out in 2007 and 2008 by Northern Iron Limited to expand on the resource estimates carried out by RSG Global Consulting Pty Ltd (RSG Global) in August 2007. The exploration campaign contributed to validating the historical data and previous resource estimates. The exploration works added an additional 71 drill holes totalling 1099m.

Mineral Resource and Ore Reserve updates produced by Coffey Mining in 2009 saw the estimation of Indicated and Inferred Resources and Probable Reserves. Following the updates in the first quarter of 2009 no additional exploration works were carried out, with the emphasis at the mine shifting to production. An audit and review of the resource and reserve models was undertaken in the first quarter of 2011 by WAI. In May 2011, WAI was commissioned by SVG to produce a "Bjørnevatn Ore Reserve Review" study in which a new Ore Reserve was estimated for the Bjørnevatn deposit, based on the existing Resource model using revised metal prices and costs.
In 2011 a new exploration programme commenced within the SVG mine concession. The exploration work is ongoing into 2012 with the aim of upgrading material currently classified as Inferred. As exploration works at each deposit come to an end updated resource models will be produced during 2012.

The Mineral Resource and Ore Reserves estimated and reported herein are based on the Company's resource and reserve models and account for mining depletion up to the 1 February 2012.

Total project Mineral Resources as of 1 February 2012 are shown in Table 2 below:

Mineral Resource Summary as at 1 February 2012 (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	152.0	32	29	138.1	30	27	290.1	31	28
Kjellmannsåsen	13.2	33	28	4.2	30	24	17.4	32	27
Fisketind Øst	11.1	31	22	19.2	31	21	30.3	31	21
Tverrdalen	20.4	32	23	26.4	31	20	46.8	31	21
Hyttemalmen	0.4	34	32	1	32	29	1.4	32	30
Bjornfell				13.6	32	26	13.6	32	26
Söstervann				4.7	37	31	4.7	37	31
Grundtjern				2.9	34	32	2.9	34	32
Fisketind SW				17.5	33	30	17.5	33	30
Jerntoppen				17	31	24	17	31	24
Total	**197.1**	**32**	**28**	**244.6**	**31**	**26**	**441.7**	**31**	**27**

Table 2

Mining commenced in both Hyttemalmen and Kjellmannsåsen pits in 2009. The Hyttemalmen pit ceased operations in November 2011 upon mining out all of the available reserves. During the life of the Hyttemalmen pit approximately 3.5Mt of ore has been extracted from the pit. Kjellmannsåsen remains an active pit, to date approximately 4.8Mt has been extracted from the pit. In October 2011 the first production shot took place in Bjørnevatn, to date less than 0.2Mt of ore has been extracted. The Resources reported in Table 2 take into account this depletion as does Table 3 for the Reserves.

Indicated Resources at the Bjørnevatn, Kjellmannsåsen, Hyttemalmen, Tverrdalen and Fisketind Øst deposits enabled the estimation of Reserves. After applying suitable modifying factors, the Ore Reserve statement for these five deposits is shown in Table 3:

Ore Reserve Summary as at 1 February 2012 (at 15% Fe total cut-off grade)		
Prospect	***Probable* Reserve (Mt)**	**Fe(Tot) %**
Kjellmannsåsen	11.8	33
Hyttemalmen	0	0
Bjørnevatn	142.6	32
Tverrdalen	11.2	31
Fisketind Øst	6.7	30
Total	**172.3**	**32**

Table 3

Note:

The information in this report that relates to Mineral Resources is based on information compiled by Mark Owen, who is a Chartered Geologist with the Geological Society of London. Mark Owen is employed full time by Wardell Armstrong International (WAI). Mark Owen 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mark Owen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves is based on information compiled by Bruce Pilcher, who is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Institute of Materials, Minerals and Mining and is a Chartered Engineer under both organisations. Bruce Pilcher is employed full time by Wardell Armstrong International (WAI). Bruce Pilcher 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Bruce Pilcher 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

During the year work continued to debottleneck the concentrator and improve both product quality and volume. The production results for the processing function are outlined in Table 4:

	Actual 2011	**Actual 2010**
Ore Railed (kt)	3,615	3,401
Ore Milled (kt)	3,741	3,260
Concentrate Produced (Dry kt)	1,458	1,438
Tonnes Shipped (Dry kt)	1,509	1,436

Table 4

2011 was a year of consolidation for the processing equipment, with the focus being on maintaining product quality, improving plant reliability, and commissioning the new pieces of equipment required to improve production rates.

By the middle of the year the commissioning of additional equipment resulted in improved throughput rates, however in early July an unplanned failure of the primary mill main bearing resulted in a 4 week production interruption. Upon recovering from this failure in August, the Company went on to achieve improved throughput rates and delivered a production record of 427,000 tonnes of dry concentrate in quarter 4. Rates continued to improve during the first quarter of 2012 with significant periods of rates in excess of a 2.0 million tonne per annum production rate being achieved. With the increase in plant throughput rates, the key to delivering expected results in 2012 will be further improvements in plant reliability.

	Iron (%)	Silica (%)	Alumina (%)	Phos (%)	Sulphur (%)	Manganese (%)
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 5

Table 5 indicates the significant improvement in product quality that was delivered in quarter 4 2010 was maintained throughout 2011, and was a significant factor in the successful renegotiation of the Tata sales agreement in mid-2011. The Company installed further equipment towards the end of 2011 which is expected to result in a further improvement in product quality in 2012, and has identified and costed conceptual pathways to higher quality products including direct reduced iron (DRI) grade material (70% Fe, sub 2% Silica).

Plant Debottlenecking Project

After completion of the first stage of the plant debottlenecking project in quarter 3 of 2010, which delivered improved quality at acceptable concentrate moisture, the Company moved on to the next stage of the project involving a throughput rectification plan with the objective of achieving a 2.8 million tonne per annum production rate from July 2012.

In support of this aim during the year the Company completed the following capital works:

- A primary mill oversize crusher was installed and commissioned during quarter 2 2011 which resulted in improved mill throughput rates;
- Installation of new screens between the secondary and tertiary crushers resulted in a reduction in primary mill feed size, resulting in higher mill throughput rates; and
- Five new magnetic separators were ordered, with the first two commissioned and operating in December 2011 and the remaining three commissioned in the first quarter of 2012.

During the first half of 2012 the following additional items will be added to the concentrator to further improve product quality and production rates:

- A new screen before the secondary crusher at Kirkenes;
- Further enhancements to the secondary mill feed arrangements; and
- Installation of additional filtration capacity.

It is expected this program will be completed in quarter 2 2012 with nameplate capacity production rates being achieved in quarter 3. Total capital expenditure on this phase of the debottlenecking project is expected to be on budget.

Sales and Marketing

The Company shipped a total amount of 1,509,000 tonnes of dry concentrate during the year. Destinations for the product were 700,000 tonnes to Europe, 749,000 tonnes to China, and 60,000 tonnes to the Middle East. The average sale price achieved for the year was US$129 per dry metric tonne, FOB Kirkenes.

The Company concluded two key sales agreements during the year. In July agreement was reached with TATA Steel Europe on a new five year sales agreement. As part of the agreement, the original sales contract from 2008 was terminated in exchange for a US$15 million rebate that will be paid as a discount on tonnes shipped under the new contract. Quality specifications for the new contract are matched to the expected quality produced by the Sydvaranger project during the term of the agreement.

In January the Company signed a five year exclusive agency agreement with OM Holdings Ltd subsidiary OM Materials (S) Pte Ltd, for sales of Sydvaranger concentrate to the Asian market. The agreement gives Northern Iron control over offtake quantities, choice of offtake partner and pricing mechanism employed.

During the year the Company completed the offtake agreement it had signed with Prominvest SA in early 2010, and repaid in full the US$5 million pre-payment financing provided as part of that agreement. All future sales to the Chinese market will be via the agreement with OM Materials (S) Pte Ltd described above.

During the second quarter the Company shipped a trial cargo to GIIC in Bahrain. The product proved suitable for pelletising in their facility, but current concentrate quality is not suitable for production of direct reduced iron (DRI) grade pellets, therefore further sales to this market will be dependent upon improved quality.

In quarter 4 the Company concluded its first sale of Sydvaranger concentrate to a non-metallurgical customer. A small but significant market exists in Europe for this alternative use of magnetite and the Company intends to pursue further sales in 2012.

In December 2011 Northern Iron's Swiss marketing subsidiary, Northern Iron Marketing AG, arranged its first cargo to China on a CIF (cost of insurance and freight included) basis. Bringing freight within the Group has the potential to provide a slight increase in revenue through the elimination of fees and commissions typically involved in outsourcing freight and selling on an FOB (free on board) basis.

Expansion Study

The Company revisited the scoping study for the expansion project that had originally been completed in 2008. The revision was necessary in order to update the study with new assumptions regarding the processing flowsheet required at Sydvaranger, construction and operating costs in a Nordic environment, and to examine alternative options for tailings disposal. The engineering scoping study has been completed in early 2012 by an experienced magnetite engineering and processing firms Noramco Engineering Corporation, with second options on cost and concept provided by major Norwegian engineering consultancy Multiconsult and SRK Consulting (UK).

The study has examined three possible plant concepts to lift total Sydvaranger production to 5.6 Mtpa
- Duplication of the existing plant within the existing buildings
- Construction of a new 2.8 Mtpa standalone plant next to the existing facility at Kirkenes
- Construction of a new 2.8 Mtpa plant at the mine site at Bjørnevatn

The study also examined three different tailings disposal options:
- Continued use of the existing marine disposal system approved for the existing plant
- Construction of a tailings dam adjacent to the mine site for disposal of wet tailings
- Construction of a dry tailings plant for disposal of tailings into the planned mine waste dumps

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

The critical path for the expansion project continues to be the permitting process. The first stages of the approval process are underway. The Company requires two key government approvals to proceed with the expansion, a land use approval from the local Sør-Varanger municipality, and a permit for increased waste emissions from KLIF. In order to obtain both approvals an environmental and social consequences report must be completed. During 2011 Sydvaranger Gruve worked with interested parties to define the scope of such a study. Two community consultation workshops were held during the year, both well attended by representatives from local and national government, community and industry organisations. The Company expects to have the scope of work approved by the Sør-Varanger municipality in quarter 2 2012, with field work for the study occurring during the second half of 2012.

The Company is targeting submission of an application to the regulators in quarter 2 2013, and is hopeful of obtaining approvals by the end of 2013. This would then result in an investment proposal before the end of 2013 that may see construction commence in early 2014.

The expansion project to double production is expected to be funded without recourse to shareholders and to provide considerable benefit.

FINANCIAL REVIEW

The consolidated profit from continuing operations for the year net of tax of US$2,871,000 (2010: US$30,373,000 loss) reflects:

- US$193.8 million of sales revenue
- US$180.1 million of site based operational and administration expenses
- US$3.0 million of foreign exchange losses, largely attributable to revaluation of NOK denominated assets of the Norwegian subsidiary, Sydvaranger Gruve AS, in particular inventory. These losses were partly offset by revaluation of NOK denominated monetary liabilities due to the strengthening of the USD to the NOK during the 2011
- US$7.9 million interest expense
- US$0.7 million income tax benefit arising on the recognition of a deferred tax asset.

The directors present the annual report of the consolidated entity consisting of the Company and the entities it controlled during the period for the financial year ended 31 December 2011. In order to comply with the provisions of the Corporations Act, the directors report as follows.

Northern Iron Limited is a listed public company incorporated and domiciled in Australia.

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

David C Griffiths

Chairman

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

Appointed a director on 5 November 2007

David has over 29 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 is 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
Great Southern Limited (Chairman)	From July 2005 to September 2009

John S Sanderson

Managing Director

BEng (Hons) Geological, MAICD

Appointed as Managing Director on 17 February 2010

John has been the Chief Executive Officer of the Company since 1 November 2009, 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 18 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.

Peter R Bilbe

Non-Executive Director

BE (Mining) (Hons), MAusIMM

Appointed a director on 5 November 2007

Peter has over 31 years' experience in senior operational and corporate roles in the resources sector both in Australia and overseas and until January 2007 was 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 Remuneration, Nomination, and Governance Committee, and Chairman of the Audit Committee.

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

Sihayo Gold Limited (Chairman)	Since June 2010
Independence Group NL (Chairman)	Since March 2009
Norseman Gold Plc	From July 2009 to December 2011
RMA Energy Limited	From March 2007 to April 2010
Aurox Resources Limited	From September 2007 to August 2010

Ashwath Mehra

Non-Executive Director

BSc (Econ)

Appointed a director on 22 May 2007

Ashwath, an economist and until mid-2011 the CEO of 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 26 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 a member of the Audit Committee.

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

EMED Mining Limited	Since October 2008
Champion Minerals Inc.	Since October 2010

Felix H Tschudi

Non-Executive Director

BSc (Econ), MBA

Appointed a director on 13 December 2007

Felix is the Chairman and sole 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 89,137,931 shares in the Company (24.09%).

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, member of the board of Oslo Maritime Network, member of the Committee of the P&I Club Skuld, former president of the Oslo Shipowners Association and member of the board of the Norwegian publishing house Aschehoug & Co.

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

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

Peter S Larsen

Alternate Director

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 21 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.

Company Secretary

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

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 period are as follows:

	Board		Audit Committee		Remuneration, Nomination and Governance Committee[1]	
	(a)	(b)	(a)	(b)	(a)	(b)
DC Griffiths	17	17	4	4	7	7
JS Sanderson	17	17	-	-	-	-
PR Bilbe	17	17	4	4	7	7
A Mehra	17	16	4	2	-	-
FH Tschudi	17	17	-	-	7	7
PS Larsen	17	17[2]	-	-	-	-

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

[1]The Remuneration, Nomination, and Governance Committee matters were dealt with at meetings of the full Board.
[2]Includes attendance as alternate for Mr Tschudi.

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 FH Tschudi (Chairman), DC Griffiths, and PR Bilbe.

The independent directors are identified in the Corporate Governance Statement section of this Annual Report as set out on pages 75 to 77.

Remuneration report

The Remuneration Report is set out on pages 19 to 25 and forms part of this Directors' Report.

Names and qualifications of Audit Committee members

The committee is to include at least three members. Current members of the committee are Mr Peter Bilbe (Chair), Mr David Griffiths and Mr Ashwath Mehra. Qualifications of Audit Committee members are provided in the directors section of this Directors' Report.

Principal activities

The principal activities of the Group are included in the operating and financial review as set out on pages 5 to 11.

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.

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
DC Griffiths	459,067	-
JS Sanderson	180,000	1,500,000
PR Bilbe	161,465	-
A Mehra	11,777,093	-
FH Tschudi	89,137,931	-

Likely developments

The likely developments for the 2012 financial year are contained in the operating and financial review as set out on pages 5 to 11.

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.

Operating and financial review

An operating and financial review of the Group for the financial year ended 31 December 2011 is set out on pages 5 to 11 and forms part of this report.

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.

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 27 and forms part of the Directors' Report for the financial year ended 31 December 2011.

Significant changes in state of affairs

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

Environmental regulation and performance

SVG operated within its environmental permits during the year, and continued to work towards and fulfil the ambitions of its environmental policy outlined in 2010:

> *Sydvaranger Gruve will continue to build a sustainable future for our employees, community, shareholders and business partners. Environmental sustainability is 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, and it's with respect to these three themes 2011 performance will be discussed.

SVG continued to work on improving awareness of its environmental impact amongst key stakeholders in 2011. The Company continued to work with the community liaison group established in 2010 to discuss and monitor its environmental performance, with a total of 6 meetings of the group held during the year. Key topics of interest were chemical use and disposal, noise generation and environmental monitoring programs.

Environmental monitoring was an area of significant activity for the Company in 2011 with the following major studies completed:

- Monitoring of conditions in the marine tailings deposition area;
- Noise monitoring around the Company's mining, rail and processing operations;
- Water quality monitoring of discharges from the mining areas;
- Investigations into the toxicity of flotation and flocculent tailings on marine organisms and
- Monitoring sea water quality adjacent to nearby aquaculture enterprises.

The monitoring demonstrated that the Company operated within the terms of its environmental permits during the year.

The Company focus on control in 2011 included internal audits of the environmental management system, and further strengthening of systems and procedures in preparation for ISO 14001 certification. Although the Company had targeted 2011 to achieve this qualification, it is expected an application will be made within two years.

During the year the Company successfully applied to the Norwegian Climate and Pollution Control Authority (KLIF) for a modification to its emission permit to allow the use of a different type of flocculent to treat ore from Kjellmannsåsen. Permission was subsequently granted for 18 months use of the flocculent. The Company has applied in early March 2012 for permanent permission to use the flocculent after testing conducted in 2011 has shown no toxic impact from tailings treated with the agent.

The Company participated in a research project during the year that aims to identify improved practices for marine tailings deposition. Entitled IMPtail – Improved Submarine Tailings Placement in Norwegian Fjords, the project is sponsored by four Norwegian mining companies with work being conducted by the Norwegian Institute for Water Research (NIVA). In support of this project Sydvaranger Gruve sponsored the placement of artificial reefs on old tailings deposition areas aimed at encouraging an accelerated return of aquatic flora and fauna. This project is expected to define best practice rehabilitation techniques that may be useful during and after the projects lifespan.

During 2011 research was commissioned by the Company into the development of more environmentally friendly flotation chemicals. Being performed by Norway's premier technical university, NTNU, the aim of the project is to identify agents which may allow the production of high quality concentrates without the production of polluting waste material.

Options granted to directors and executive officers

Options granted to directors and executive officers of the Group

During the year, the Company did not grant any options over unissued ordinary shares of the Company to any director or executive officer.

Shares under option or issued on exercise of options

The following unissued ordinary shares of the Company are under option.

				Number		
Expiry Date	Exercise Price	1/01/2011	Issued	Exercised	Expired	31/12/2011
04/08/2011	A$4.05	200,000	-	-	(200,000)	-
04/08/2011	A$4.73	200,000	-	-	(200,000)	-
24/08/2013	A$2.15	500,000	-	-	-	500,000
24/08/2013	A$2.50	500,000	-	-	-	500,000
24/08/2013	A$3.00	500,000	-	-	-	500,000
		1,900,000	-	-	(400,000)	1,500,000

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.

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.

Indemnity of directors

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.

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.

Events subsequent to reporting date

No matter or circumstance has arisen since 31 December 2011 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' and executive officers' remuneration

Details of the nature and amount of each major element of the remuneration of each director of the Company and each of the named executive officers receiving the highest remuneration are set out on pages 22 and 23.

Remuneration Report (Audited)

Total remuneration paid or payable to Directors & Key Management Personnel during the year was $2,999,627 (2010: $1,598,431). Significant items driving the observed increase in reported remuneration included:

- Recognition of an amount of $421,066 in non-cash share-based-payment expenses relating to the grant of performance rights to executive officers.
- Recognition of an amount of $299,196 (2010: $169,992) in non-cash share-based-payment expenses relating to the recognition over their vesting period of Options granted to the Managing Director in 2010.
- Organisational changes at operations level resulting in positions classified as Key Management Personnel in 2011 which did not exist or were not reported as Key Management Personnel in 2010, specifically:
    - General Manager of Operations – remuneration of $400,860 (excluding performance rights) in the year
    - Chief Development Officer – remuneration of $122,691(excluding performance rights) in the year.
- Employment of a COO - Sydvaranger Gruve for 9 months in 2011 (2010: 6 months) - remuneration of $346,580 (excluding performance rights) in the year (2010: $195,544).

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 executive officers is referred to as compensation, as defined in AASB 124.

Compensation levels for key management personnel 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. The Board retains and exercises a discretionary component in the incentive payments and used the discretion to make payments for the extraordinary efforts of some key individuals who worked very long hours to repair the damage from the mill outage in July and August this year and manage the finances which have set the course for the improvements currently being experienced. A component of share-based compensation is awarded at the discretion of the Board, subject to shareholder approval when required.

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.

	31/12/11	31/12/10	31/12/09
Share price	A$0.64	A$1.69	A$1.25
Consolidated net profit / (loss) after tax from continuing operations (US$000)	2,871	(30,373)	(79,037)

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 was previously set by the board at the equivalent of A$200,000 p.a. to reflect the higher level of activity undertaken by the Chairman at that time. This fee was revised downwards to A$125,000 during 2011. 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, Managing Director of Northern Iron Limited. Commenced employment with the Group on 24 August 2009 appointed Chief Executive Officer on 1 November 2009 and appointed to the Board as Managing Director on 17 February 2010 with no set term. The total remuneration package is A$420,000 pa of base salary plus pension as required under Norwegian law and the minimum National Insurance Scheme payable in Norway. Termination by the Company is with 1 months' notice with a payment equal to 6 months' base salary. The Company may terminate the contract at any time without notice if serious misconduct has occurred. Termination by the employee is with 6 months' notice unless otherwise agreed by the Board. A short term incentive (STI) 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 long term incentive scheme (LTI) is provided, being equity participation in the shares of the parent entity, Northern Iron Ltd, equivalent to:
- 500,000 options with an exercise price of A$2.15
- 500,000 options with an exercise price of A$2.50
- 500,000 options with an exercise price of A$3.00

The options vest on 24 August 2012.

(ii) Antony Beckmand, Chief Financial Officer of Northern Iron Limited. Commenced 30 September 2009 with no set term. Mr Beckmand will be paid a base salary of A$267,286 pa inclusive of superannuation. Termination by the Company or the employee is with 3 months' notice. The Company may terminate the contract at any time without notice if serious misconduct has occurred. A short term incentive (STI) 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 long term incentive scheme (LTI) 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.

(iii) Sissel Bækø, General Manager of Production Services of Sydvaranger Gruve AS. Commenced in this role 22 September 2011 with no set term. Ms Bækø will be paid a base salary of NOK 1,338,7500 pa plus statutory pension contributions as required under Norwegian law and the minimum National Insurance Scheme payable in Norway. Termination by the Company or the employee is with 3 months' notice. The Company may terminate the contract at any time without notice if serious misconduct has occurred.

(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 (STI) 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 long term incentive scheme (LTI) is provided, being a retention bonus of 50% of base salary if 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, and 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.

(v) Harald Martinsen, Chief Development Officer of Sydvaranger Gruve AS. Commenced 28 August 2011 for 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 (STI) 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 long term incentive scheme (LTI) 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.

Directors' and executive officers' remuneration

	Short Term			Post-employment	Share Based Payments				
Name	Salary and fees ($)	Other ($)	Cash bonus ($)	Superannuation contributions ($)	Options ($)	Performance Rights ($)	Total ($)	% of remuneration performance related	Value of options as a proportion of remuneration (%)
Directors									
Non-Executive									
Mr DC Griffiths (Chairman)									
2011	177,707	-	-	15,994	-	-	193,701	-	-
2010	129,685	-	-	11,672	-	-	141,357	-	-
Mr PR Bilbe									
2011	47,294	-	-	4,256	-	-	51,550	-	-
2010	42,179	-	-	3,796	-	-	45,975	-	-
Mr A Mehra									
2011	51,550	-	-	-	-	-	51,550	-	-
2010	45,975	-	-	-	-	-	45,975	-	-
Mr FH Tschudi									
2011	51,550	-	-	-	-	-	51,550	-	-
2010	45,975	-	-	-	-	-	45,975	-	-
Mr PS Larsen									
2010 (resigned 30 November 2010)	42,143	-	-	-	-	-	42,143	-	-
Mr ND Hamilton									
2010 (resigned 22 April 2010)	28,119	-	-	2,530		-	30,649	-	-
Mr PI Toth									
2010 (appointed 1 February 2010, resigned 21 May 2010)	13,965	-	-	-	-	-	13,965	-	-
Executive									
Mr JS Sanderson (Managing Director)									
2011	472,982	42,220	-	8,088	299,196	-	822,486	-	35.2
2010 (appointed 17 February 2010)	451,269	34,214	-	-	169,992	-	655,475	-	25.8
Total compensation: directors									
2011	801,083	42,220	-	28,338	299,196	-	1,170,837		
2010	799,310	34,214	-	17,998	169,992	-	1,021,514		

Directors' and executive officers' remuneration (continued)

Name	Short Term			Post-employment	Share Based Payments				
	Salary and fees ($)	Other ($)	Cash bonus ($)	Superannuation contributions ($)	Options ($)	Performance Rights ($)	Total ($)	% of remuneration performance related	Value of options as a proportion of remuneration (%)
Executive Officers									
Mr A Beckmand (CFO – Northern Iron Limited)									
2011	252,818	12,269	54,277	25,537	-	118,734	463,635	-	-
2010	187,090	13,609	9,195*	26,194	-	-	236,088	-	-
Mr D Ekmark (COO - Sydvaranger Gruve AS)									
2011 (resigned 30 September 2011)	318,255	22,028	-	6,297	-	-	346,580	-	-
2010 (appointed 9 July 2010)	183,137	12,407	-	-	-	-	195,544	-	-
Ms S Bækø (GM of Production Services - Sydvaranger Gruve AS)**									
2011	176,973	1,335	5,350	9,034	-	-	192,692	-	-
2010	136,569	-	-	8,716	-	-	145,285	-	-
Mr R Brown (GM of Operations – Sydvaranger Gruve AS)									
2011 (appointed 5 July 2011)	269,870	84,822	36,596	9,572	-	197,048	597,908	-	-
Mr H Martinsen (CDO – Sydvaranger Gruve AS)									
2011 (appointed 28 August 2011)	107,001	12,061	-	3,629	-	105,284	227,975	-	-
Total compensation: executive officers									
2011	1,124,917	132,515	96,223	54,069	-	421,066	1,828,790		
2010	506,796	26,016	9,195	34,910	-		576,917		

* Cash bonus awarded to recognise contribution to the Company which exceeds expected role
** Prior to 22 September 2011, previous role was Finance Manager

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	Number of Options	Grant date	Expiry Date	Fair value at grant date	Vesting Dates
D Hunter	200,000	4/08/2008	4/08/2011	A$1.14	11/08/2009
D Hunter	200,000	4/08/2008	4/08/2011	A$0.98	11/02/2010
J Sanderson	500,000	14/05/2010	24/08/2013	A$0.50	24/08/2012
J Sanderson	500,000	14/05/2010	24/08/2013	A$0.44	24/08/2012
J Sanderson	500,000	14/05/2010	24/08/2013	A$0.38	24/08/2012

(iii) Options over equity instruments granted as compensation

During the year the Company granted options for no consideration over unissued ordinary shares of the Company to the following director as part of his remuneration and represent unvested options on issue:

2011

There were no options granted during the year.

2010

Director	Number of options granted	Grant date	Fair value per option at grant date	Exercise price per option	Expiry date
JS Sanderson	500,000	14/05/10	A$0.50	A$2.15	24/08/13
JS Sanderson	500,000	14/05/10	A$0.44	A$2.50	24/08/13
JS Sanderson	500,000	14/05/10	A$0.38	A$3.00	24/08/13

Options are recognised as an expense over their vesting period.

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

The movement during the reporting period, by value, of options over ordinary shares for directors and executive officers and granted as part of remuneration is detailed below:

2011

There were no options granted during the period.

2010

Director	Value of Options: Granted in year ($)	Exercised in year ($)	Forfeited in year ($)	Total option value in year ($)
JS Sanderson	589,584	-	-	589,584

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	0%	2012	-	589,584

The minimum value of options yet to vest is $nil as the service criteria may not be met and consequently the options may not vest. The maximum value of remaining options yet to vest is $589,584. There were no options forfeited during the year.

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

John Sanderson
Managing Director

Kirkenes, 9 March 2012

David Griffiths
Chairman

Perth, 9 March 2012

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Northern Iron Limited for the year ended 31 December 2011, 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) applicable code of professional conduct in relation to the audit.

This declaration is in respect of Northern Iron Limited.

Perth, Western Australia	**W M CLARK**
9 March 2012	**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

For the year ended 31 December 2011

	Notes	2011 US$000	2010 US$000
Continuing operations			
Revenue	4	193,849	102,402
Operating expenses	4	(173,823)	(144,045)
Administration expenses	4	(6,286)	(7,277)
Foreign exchange (loss) / gain		(3,001)	2,249
Share based payments expense		(794)	(180)
Results from operating activities		**9,945**	**(46,851)**
Finance income	4	172	393
Finance expense	4	(7,934)	(9,787)
Net finance expense		(7,762)	(9,394)
Profit / (loss) before income tax		**2,183**	**(56,245)**
Income tax benefit	7	688	25,872
Profit / (loss) from continuing operations		**2,871**	**(30,373)**
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(102)	24,046
Exchange differences arising on translation of foreign loan		(166)	(23,399)
Income tax on other comprehensive income		-	-
Other comprehensive income for the year net of income tax		(268)	647
Total comprehensive result for the year net of tax		**2,603**	**(29,726)**
Basic earnings / (loss) per share from continuing operations (cents per share)	6	0.85	(10.20)
Diluted earnings / (loss) per share from continuing operations (cents per share)	6	0.85	(10.20)

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

As at 31 December 2011

	Notes	2011 US$000	2010 US$000	2009 US$000
Current assets				
Cash and cash equivalents	18(b)	28,618	26,746	9,155
Trade and other receivables	9	29,501	12,422	4,781
Inventory	10	24,714	16,388	9,735
Prepayments		890	1,162	449
Total current assets		**83,723**	**56,718**	**24,120**
Non-current assets				
Trade and other receivables	9	1,424	388	392
Mine properties	11	52,062	43,426	39,277
Property, plant and equipment	12	238,044	246,983	231,025
Deferred tax asset	8	26,568	25,881	-
Total non-current assets		**318,098**	**316,678**	**270,694**
Total assets		**401,821**	**373,396**	**294,814**
Current liabilities				
Trade and other payables	13	28,143	29,988	45,577
Derivative financial liabilities	14	29	-	2
Provisions	15	8,943	4,575	-
Current tax liabilities		11	11	1,037
Interest bearing loans and borrowings	16	48,065	35,980	37,280
Total current liabilities		**85,191**	**70,554**	**83,896**
Non-current liabilities				
Provisions	15	5,400	11,007	1,572
Interest bearing loans and borrowings	16	71,129	76,619	76,841
Total non-current liabilities		**76,529**	**87,626**	**78,413**
Total liabilities		**161,720**	**158,180**	**162,309**
Net assets		**240,101**	**215,216**	**132,505**
Equity				
Issued capital	17	330,747	309,752	197,495
Reserves		17,249	16,230	15,403
Accumulated losses		(107,895)	(110,766)	(80,393)
Total equity		**240,101**	**215,216**	**132,505**

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

For the year ended 31 December 2011

	Issued capital	Accumulated losses	Foreign currency translation reserve	Share based payments reserve	Total
	US$000	US$000	US$000	US$000	US$000
Balance at 1 January 2010	**197,495**	**(80,393)**	**12,650**	**2,753**	**132,505**
(Loss) from continuing operations	-	(30,373)	-	-	(30,373)
Other comprehensive income	-	-	647	-	647
Total comprehensive income	**-**	**(30,373)**	**647**	**-**	**(29,726)**
Shares issued for cash, net of transaction costs	112,257	-	-	-	112,257
Share based payments	-	-	-	180	180
Balance at 31 December 2010	**309,752**	**(110,766)**	**13,297**	**2,933**	**215,216**
Profit from continuing operations	-	2,871	-	-	2,871
Other comprehensive income	-	-	(268)	-	(268)
Total comprehensive income	**-**	**2,871**	**(268)**	**-**	**2,603**
Shares issued for cash, net of transaction costs	20,995	-	-	-	20,995
Share based payments	-	-	-	1,287	1,287
Balance at 31 December 2011	**330,747**	**(107,895)**	**13,029**	**4,220**	**240,101**

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

For the year ended 31 December 2011

	Notes	2011 US$000	2010 US$000
Cash flows from operating activities			
Receipts from customers		173,610	94,679
Payments to suppliers and employees		(171,822)	(134,874)
Finance income		120	393
Finance expense		(7,768)	(9,533)
Net cash flows used in operating activities	18(a)	**(5,860)**	**(49,335)**
Cash flows from investing activities			
Payments for mineral properties		(10,555)	(5,498)
Payments for property, plant and equipment		(10,677)	(35,198)
Net security deposits repaid		2,175	86
Net cash flows used in investing activities		**(19,057)**	**(40,610)**
Cash flows from financing activities			
Proceeds from issue of share capital		22,178	118,096
Payment of share issue costs		(1,183)	(5,839)
Proceeds from interest bearing loans and borrowings		68,276	42,937
Payment of interest bearing loans and borrowings		(62,299)	(47,591)
Net cash flows from financing activities		**26,972**	**107,603**
Net increase / (decrease) in cash and cash equivalents		**2,055**	**17,658**
Cash and cash equivalents at the beginning of the financial year		26,746	9,155
Effect of foreign exchange on cash and cash equivalents		(183)	(67)
Cash and cash equivalents at the end of the financial year	18(b)	**28,618**	**26,746**

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 2011 comprises the Company and its subsidiaries (the "Group").

The financial report was authorised for issue by the directors on 9 March 2012.

NOTE 2 BASIS OF PREPARATION OF THE FINANCIAL REPORT

Statement of compliance

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*.

Compliance with Australian Accounting Standards ensures that the financial report is prepared in accordance with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board.

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 2011, the Group had cash reserves of US$28,618,000 and a net working capital deficiency of US$1,468,000, having recorded a net profit after tax of US$2,871,000 and net cash outflows from operating activities of US$5,860,000 for the year ended 31 December 2011.

Notwithstanding the above, the financial report has been prepared on a going concern basis, which the directors consider to be appropriate based on:

- Expected improvements in cash flows based upon expected prices and sustained improvements in production resulting from the implementation of capital improvement projects expected to further debottleneck throughput and further improve product quality; and
- The Company successfully restructured its debts during 2011 and has the expectation that it will be able to raise additional funds through further debt or equity raisings if required.

During 2012, the Group will continue works commenced in 2011 to install new equipment and make modifications that are expected to improve both product quality and throughput, enabling the process plant to ramp-up to achieve production at nameplate capacity at a rate equivalent to 2.8 Mtpa by July 2012. The further 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 2012 and the Group will return to a position of net working capital surplus. Considering this, the directors consider the equity situation of the Group is sound.

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.

Change in presentation currency

From the start of 2011, Northern Iron Limited changed its presentation currency from A$ to US$, so as to provide more reliable and relevant information about the effects of transactions, other events or conditions on the Group's financial position, financial performance and cash flows. As the principal activities of the Group are conducted through subsidiaries with US$ functional currencies and these activities contribute to the majority of the Group's revenue and expenditure, the change in presentation currency will more accurately reflect these activities. The change in policy has been applied retrospectively, and prior period comparatives have been restated to reflect the change.

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 under development 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 for which there is a high degree of confidence of economic extraction;
- 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 most 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 iron ore prices for 2012 will be in line with market prices of quarter 4 2011 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 2011 was US$26,568,000 (2010: US$25,881,000). The estimated value of Group unrecognised deferred tax assets at 31 December 2011 was US$24,097,000 (2010: $16,689,000).

(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 2011, the Group's carrying amount of capitalised mine properties was US$52,062,000 (2010: US$43,426,000).

(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$.

As disclosed under the heading "Change in Presentation Currency" 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$34.6 million together with an equivalent finance lease liability. Payments of US$8.6 million were made toward the lease obligation during 2011. 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.

(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 Statement of Financial Position 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 is 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 within one year have been measured at the 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 effective interest method 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 2011, 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 2011.

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 2011. 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

Revenue and expenses from continuing operations has been arrived at after (charging) / crediting:

	Notes	2011 US$000	2010 US$000
Revenue			
Sale of ore		193,849	102,402
Total Revenue		193,849	102,402
Operating expenses			
Depreciation of property, plant and equipment		(20,574)	(18,349)
Amortisation expensed		(2,950)	(1,045)
Net ore inventory movement		6,508	4,314
Operational expenses of mining and production activities		(88,971)	(61,635)
Freight costs		(3,593)	-
Utilities, maintenance		(20,584)	(18,327)
Real estate expenses		(3,770)	(4,058)
Personnel expenses		(39,500)	(34,561)
Other expenses		(390)	(10,384)
Total operating expenses		(173,823)	(144,044)
Administration expenses			
Advisory services and other similar fees		(3,402)	(4,302)
Directors' fees		(267)	(364)
Travel and accommodation		(167)	(164)
Other		(2,444)	(2,428)
Depreciation of non-current assets		(6)	(20)
Total administration expenses		(6,286)	(7,277)
Finance income			
Interest - external parties		172	393
Finance and borrowing costs			
Interest - external parties		(7,857)	(9,712)
Finance charges - environmental restoration provision	15	(77)	(75)
Total finance and borrowing costs		(7,934)	(9,787)
Operating expenses above includes			
Operating lease rental – minimum lease payments		(4,354)	(4,067)
Individually significant items			
Provision for concentrate offtake agreement	15	-	(14,109)

NOTE 5 AUDITORS' REMUNERATION

	2011 US$	2010 US$
Audit services		
Auditors of the Company		
• for an audit or review of the financial report	86,445	69,043
Other auditors (Ernst & Young AS)		
• for an audit or review of subsidiary Sydvaranger Gruve AS in Norway	213,760	250,985
Other auditors (Ernst & Young Ltd)		
• for an audit or review of subsidiary Northern Iron Marketing AG in Switzerland	17,317	40,545
• for prior year audit or review of subsidiary Northern Iron Marketing AG in Switzerland	57,379	-
Other services		
Auditors of the Company		
• capital raising report , due diligence services and advice regarding Accounting Standards	9,356	5,511
• taxation services	-	4,638
Other Auditors (Ernst & Young AS)		
• taxation services	4,522	15,802
Other Auditors (Ernst & Young Ltd)		
• taxation services	2,389	-
	391,168	386,524

NOTE 6 EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	2011 US$000	2010 US$000
Profit / (loss) used in calculating basic and diluted earnings per share	2,871	(30,373)
	Number of shares	
Weighted average number of ordinary shares used in the calculating the diluted earnings per share	338,283,252*	297,811,716**

* Options on issue are not considered dilutive in the current year as they are anti-dilutive.
** Options on issue are not considered dilutive in the prior year as the Group recorded a loss for that year.

NOTE 7 INCOME TAX EXPENSE

Income tax benefit recognised in profit or loss

The major components of the tax benefit are:

	Notes	2011 US$000	2010 US$000
Current tax payable		-	11
Movement in deferred tax		(688)	(25,883)
Income tax (benefit)		(688)	(25,872)

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

		2011 US$000	2010 US$000
Profit / (Loss) before income tax		2,183	(56,245)
Income tax (benefit) / expense calculated at 30%		655	(16,874)
Tax effect of:			
Non-deductible expenses		54	56
Lower foreign income tax rate		(72)	1,007
Foreign exchange adjustment*		(461)	38
Share based payment expense		162	57
Tax losses and timing differences not previously brought to account		-	(8,831)
Other deferred tax assets and liabilities not recognised		(1,026)	(1,293)
Prior year losses not previously brought to account		-	(32)
Income tax (benefit)		(688)	(25,872)

* For Sydvaranger Gruve AS, income tax is calculated on the taxable income prepared in NOK. The profit / (loss) before tax in the income tax return differs from the profit / (loss) before tax in the financial statements prepared in US$ mainly because of currency differences.

Unrecognised net deferred tax assets

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

	Notes	2011 US$000	2010 US$000
Statement of Financial Position			
Deductible temporary differences		19,752	13,825
Tax losses		4,345	2,864
Net deferred tax assets	2	24,097	16,689
Tax amount not recognised directly in equity			
Share issue costs		6,085	6,013

NOTE 8 DEFERRED TAX

Recognised net deferred tax assets

Deferred tax assets and liabilities have been recognised in respect of the following items:

	Notes	2011 US$000	2010 US$000
Deferred tax assets comprise			
Deductible temporary differences		483	4,425
Tax losses		66,290	65,617
		66,773	70,042
Deferred tax liabilities comprise:			
Property, plant and equipment		37,669	43,400
Lease value		2,536	761
		40,205	44,161
Net deferred tax asset recognised	2	26,568	25,881

Change in deferred income tax relates to the following:

		2011	2010
Beginning of the year		25,881	8,830
Provisions		(3,937)	3,848
Losses carried forward		1,364	31,957
Others		(4)	(4)
Property, plant and equipment		5,731	(21,923)
Inventory		-	2605
Financial lease		(1,775)	151
Exchange differences		(691)	416
End of year		26,568	25,881

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 asset in the amount of US$26,568,000 as of 31 December 2011 (2010: US$25,881,000). 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. This is based upon the development of the Group from being in a start-up phase to now being in the production phase. The Group has had taxable losses the last two years. During 2011 the Group had a significant improvement to both quality and throughput. During 2012, the Group will install new equipment and make modifications that are expected to improve both product quality and throughput, enabling the process plant to ramp-up to achieve production at nameplate capacity at a rate equivalent to 2.8 Mtpa. The further improvement to product quality is expected to support the continuation of strong prices being achieved for the product, further underpinned by strong demand in world iron ore markets. The directors are confident that production volumes will improve throughout 2012 and that the Group will be in a position where carried forward tax losses will be recovered within two years.

NOTE 9 TRADE AND OTHER RECEIVABLES

	2011 US$000	2010 US$000
Current		
Trade and other receivables	29,244	9,975
Security deposits	257	2,447
	29,501	12,422
Non-Current		
Security deposits	1,424	388
	1,424	388

NOTE 10 INVENTORY

Production supplies at cost	7,941	5,068
Work in progress at cost	13,056	4,458
Finished goods at cost	3,717	6,862
	24,714	16,388

Write downs of inventories to net realisable value recognised as an expense during the period to 31 December 2011 amounted to US$nil (2010: US$nil).

NOTE 11 MINE PROPERTIES

Mine development expenditure	56,300	44,714
Accumulated amortisation	(4,238)	(1,288)
Carrying amount	52,062	43,426
Cost:		
Balance at beginning of financial year	44,714	39,520
Additions	10,709	1,783
Deferred waste capitalised during the year	878	3,411
Balance at the end of the year	56,300	44,714
Accumulated amortisation:		
Balance at beginning of financial year	(1,288)	(243)
Amortisation expensed – other	(2,950)	(1,045)
Balance at end of financial year	(4,238)	(1,288)

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Plant & Equipment	Railway & rolling stock	Mobile Equipment	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**
Gross carrying amount									
- at cost									
As of 1 January 2010	22,350	150,190	4,279	50,602	584	670	5,191	3,096	236,962
Additions	-	10,206	3,264	69	66	304	20,435	-	34,344
Disposals/Transfers	1,555	7,000	-	(859)	(16)	-	(6,040)	(1,655)	(15)
As of 31 December 2010	**23,905**	**167,396**	**7,543**	**49,812**	**634**	**974**	**19,586**	**1,441**	**271,291**
As of 1 January 2011	23,905	167,396	7,543	49,812	634	974	19,586	1,441	271,291
Additions	-	18,860	1	222	117	36	11,293	270	30,798
Disposals/Transfers	123	44	-	173	-	-	(18,057)	(1,441)	(19,158)
As of 31 December 2011	**24,028**	**186,300**	**7,544**	**50,206**	**751**	**1,010**	**12,822**	**270**	**282,931**
Accumulated depreciation									
As of 1 January 2010	(196)	(1,298)	(17)	(4,291)	(117)	(19)	-	-	(5,938)
Depreciation expense	(1,074)	(8,511)	(454)	(8,064)	(133)	(134)	-	-	(18,370)
As of 31 December 2010	**(1,270)**	**(9,809)**	**(471)**	**(12,355)**	**(250)**	**(153)**	**-**	**-**	**(24,308)**
As of 1 January 2011	(1,270)	(9,809)	(471)	(12,355)	(250)	(153)	-	-	(24,308)
Depreciation expense	(1,171)	(10,115)	(315)	(8,612)	(168)	(198)	-	-	(20,579)
As of 31 December 2011	**(2,441)**	**(19,924)**	**(786)**	**(20,967)**	**(418)**	**(351)**	**-**	**-**	**(44,887)**
Net book value									
As of 31 December 2010	22,635	157,587	7,072	37,457	384	821	19,586	1,441	246,983
As of 31 December 2011	21,587	166,376	6,758	29,239	333	659	12,822	270	238,044

The decrease in the value of PPE under construction for the year ended 31 December 2011 reflects activities developing the mining and processing facilities being completed and reclassified.

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 US$2,396,000 (2010: US$864,000).

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

At the end of December 2011, the balance of property, plant and equipment includes US$31.7 million (2010: US$39.8 million) of mining equipment under the DNB equipment financing facility and US$29.8 million (2010: US$31.5 million) of goods storage and handling equipment under Tschudi Bulk Terminal AS finance lease.

Refer Note 16(d) and 16(e) for details of assets used as security against borrowings.

NOTE 13 TRADE AND OTHER PAYABLES

	2011	2010
	US$000	US$000
Current		
Trade payables – third parties	15,789	20,758
Trade payables – related parties	871	1,032
Non-trade payables and accrued expenses – third parties	11,483	8,197
	28,143	29,988

NOTE 14 DERIVATIVE FINANCIAL LIABILITIES

Current		
Derivatives that are designated and effective as hedging instruments and carried at fair value		
Currency forward contracts	29	-
	29	-

NOTE 15 PROVISIONS

Current		
Concentrate offtake agreement provision (i)	8,943	4,575
Balance at end of financial year	8,943	4,575
Non-Current		
Concentrate offtake agreement provision (i)	3,731	9,534
Environmental restoration provision (ii)	1,662	1,470
Long service leave provision	6	2
Balance at end of financial year	5,400	11,007

(i) Provision for costs – offtake agreement

	2011 US$000	2010 US$000
Current		
Provision for concentrate offtake agreement		
Balance at the beginning of the year	4,575	-
Provision recognised	-	4,575
Reclassified as current	4,368	-
Balance at the end of the year	8,943	4,575
Non-Current		
Provision for concentrate offtake agreement		
Balance at the beginning of the year	9,534	-
Provision recognised	-	9,534
Reclassified as current	(4,368)	-
Utilised	(1,636)	-
Interest	201	-
Balance at the end of the year	3,731	9,534

In 2010 the Group recognised a provision for the settlement agreed with TATA, due to non-delivery of product meeting contract quality specifications. The provision reflects the agreed liability of US$15 million. The timing of settlement of the obligation is in line with expected shipments to the counterparty in the period 2011 to 2013. A final agreement was signed in June 2011 resulting in a repayment schedule based upon tonnes shipped under the contract. The estimate is denominated in US$ and discounted to present value.

(ii) Environmental Restoration Provision

Non-current		
Site restoration:		
Balance at beginning of financial year	1,470	1,572
Effects of movements in foreign exchange	115	(177)
Interest	77	75
Balance at end of financial year	1,662	1,470

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 2038 – 2040 based on an annual production rate of 2.8 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. During 2011, a mine closure plan was submitted to the Norwegian mining regulator for approval which resulted in no material changes to the provision in this or subsequent reporting periods. The estimate is denominated in NOK and discounted to present value.

NOTE 16 INTEREST BEARING LIABILITIES AND BORROWINGS

2011

US$000	Current	Non-Current	Borrowings in total	Financing arrangements credit lines	Facilities utilised at balance date	Facilities not utilised / (overdrawn) at balance date
Innovasjon Norge financing facility	2,461	10,204	12,665	15,018	15,018	-
Finance lease - concentrate storage, handling and ship loading facility	4,627	20,409	25,036	34,603	34,603	-
Equipment lease financing facility	10,718	18,335	29,053	52,394	52,394	-
DNB working capital facility	25,259	-	25,259	25,000	25,259	(259)
DNB US$ loan	5,000	22,181	27,181	30,000	30,000	-
Totals	**48,065**	**71,129**	**119,194**	**157,015**	**157,274**	**(259)**

2010

US$000	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	2,337	12,988	15,325	15,368	15,368	-
Finance lease - concentrate storage, handling and ship loading facility	8,484	25,619	34,103	35,408	35,408	-
Equipment lease financing facility	10,718	28,436	39,154	52,219	52,219	-
DNB financing facility	2,562	2,561	5,123	5,123	5,123	-
Credit Suisse export financing facility	8,747	7,015	15,762	30,000	30,000	-
Prominvest prepayment facility	3,132	-	3,132	3,132	3,132	-
Totals	**35,980**	**76,619**	**112,599**	**141,250**	**141,250**	**-**

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

Finance lease commitments

Minimum lease payments

	2011 US$000	2010 US$000
Not later than 1 year	17,697	21,665
Later than 1 year but not later than 5 years	38,831	52,234
Later than 5 years	5,015	10,263
Total future minimum lease payments	61,542	84,161
Less future finance charges	(7,453)	(10,905)
Present value of future minimum lease payments	54,089	73,257

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$15.0 million). There was initially a repayment grace period of 12 months ending June 2010, subsequently extended by a further 12 months. The facility incurs a fixed weighted nominal interest rate of 5.4%. During the second quarter of 2011 Innovasjon Norge agreed to vary the security terms of the facility with Sydvaranger Gruve AS to enable the establishment of the DNB US$ loan and DNB working capital facility to occur. The facility is guaranteed by the parent entity, Northern Iron Limited.

(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 are recorded in the financial statements with an amount of US$34.6 million together with an equivalent finance lease liability. Payments of US$8.6 million were made toward the lease obligation during 2011. 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 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 Finans 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. As at 31 December 2011, US$52.4 million (2010: US$52.2 million) of equipment had been accepted under the facility and included in property, plant and equipment. The period of each lease is 5 years. Interest on the facility is payable quarterly at a floating rate based on the 3 month LIBOR rate plus 1.90%. As at 31 December 2011, the rate applied to drawings on the facility was 2.43% per annum (2010: 2.44% per annum). The lease finance facility is guaranteed by the parent entity, Northern Iron Limited. Under the terms of agreement, interest cannot be charged on intercompany borrowings. Amounts paid toward the facility are not available to be re-drawn and there are no restrictions on dividends, or further leasing, or borrowings.

(e) DNB working capital facility

During the second quarter of 2011, Sydvaranger Gruve AS signed an agreement with DNB Bank for a US$25 million working capital facility which is to be renewed yearly. The borrowing base of this facility is determined by adding 80% of accounts receivable and 60% of the value of inventory (concentrate in silos). The applicable interest rate on drawn amounts for this facility is LIBOR plus 3.50% per annum, for the undrawn amount the commitment fee is 0.33% per quarter, both are payable quarterly in arrears.

(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 Bank. The facility was partly drawn (with US$21 million) in 30 June 2011 and was used to repay the Credit Suisse and DNB financing facilities mentioned above. The second tranche of the loan (US$9 million) was made available in November 2011. This loan has a term of six years with semi-annual repayments, the first was on 30 September 2011, and a floating interest rate of LIBOR plus 3.50% per annum is applicable.

(g) DNB financing facility

In December 2009, Sydvaranger Gruve AS signed an agreement with DNB Bank for a NOK 60 million facility. The initial term of the borrowing was for nine months, due for repayment by August 2010, with interest applicable on the facility at a rate of NIBOR (3 months) plus 3.00%. The Company renegotiated the terms of this short-term facility so that repayment would be in six quarterly instalments commencing in March 2011, however in November 2010, the first two instalments totalling NOK 30 million were prepaid. The facility was repaid in full during May 2011.

(h) Credit Suisse secured export finance facility

In July 2009, Sydvaranger Gruve AS signed an agreement with Credit Suisse for a US$20 million facility. The initial term of the borrowing was for 2 years with a 9 month principal repayment grace period ending May 2010. The Company reached agreement with Credit Suisse during July 2010 to increase the secured export finance facility from US$20 million to US$30 million, and to extend the repayment terms by an additional 12 months. In November 2010, a prepayment of US$6.6 million was made toward the facility and the Company obtained a waiver of compliance for certain covenants for the prepaid period. The facility was fully repaid in May 2011. Interest was applicable on the facility at a rate of LIBOR (one month) plus 5.50%.

(i) Prominvest prepayment facility

In January 2010, Northern Iron Marketing AG concluded a US$5 million prepayment facility with Prominvest SA, a Swiss based metals trader. Under the terms of this facility, 743,200 wet metric tonnes of concentrate were required be sold to Prominvest on an FOB basis with pricing of the product referenced to a published index price, adjusted for quality and grade. Delivery of shipments to Prominvest under the prepayment facility commenced during the third quarter of 2010, and the facility was fully repaid in October 2011. Interest was applicable on the facility at an effective rate of 6.5% per annum.

(j) Assets pledged as security

DNB Bank 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.

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

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

NOTE 17 CAPITAL AND RESERVES

	2011 Number	2011 US$000	2010 Number	2010 US$000
Issued capital				
Balance at beginning of financial year	336,084,863	309,752	254,091,119	197,495
Issued for cash at A $1.45 per share	-	-	38,113,667	49,705
Issued for cash at A$1.58 per share	-	-	43,830,717	68,316
Issued for cash at A$1.58 per share	-	-	49,360	75
Issued for cash at A$0.64 per share	31,250,000	20,458	-	-
Issued for cash at A$0.64 per share	2,645,250	1,720	-	-
Deferred tax asset on equity raising costs	-	-	-	-
Share issue costs	-	(1,183)	-	(5,839)
Balance at end of financial year	369,980,113	330,747	336,084,863	309,752

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 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 30. 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 30. 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 18 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2011 US$000	2010 US$000
(a) Cash flows from operating activities		
Profit / (loss) for the year	2,871	(30,373)
Adjustments for:		
Share based payments expense	794	180
Accrued income	(4)	(780)
Accrued expenses	(10,671)	(11,318)
Prepayments	(80)	(97)
Foreign exchange loss	2,224	3,246
Derivative financial liability	(29)	2
Depreciation of property, plant and equipment	20,574	18,349
Amortisation expensed	2,950	1,045
Depreciation of non-current assets	6	20
Loss on disposal of property, plant and equipment	-	4
Income tax benefit	(688)	(25,872)
Inflow / (outflow) before changes in working capital and provisions:	17,947	(45,594)
Changes in assets and liabilities:		
(Increase) / decrease in trade and other receivables	(20,051)	(9,313)
(Increase) / decrease in inventory	(8,326)	(6,653)
Increase / (decrease) in trade and other payables	5,809	(1,784)
Increase / (decrease) in provisions	(1,239)	14,009
	(23,807)	(3,741)
Net cash flows (used in) operating activities	(5,860)	(49,335)

(b) Reconciliation of cash and cash equivalents

Cash at bank and at call	28,618	26,746

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$257,000 in lodged cash security deposits classified under trade and other receivables (2010: US$2,447,000).

NOTE 19 OPERATING LEASES

Non-cancellable operating lease commitments

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

	2011 US$000	2010 US$000
Within 1 year	4,925	5,535
Between 2 and 5 years	1,988	5,572
More than 5 years	-	460
	6,913	11,567

NOTE 20 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	Fair value at grant date
D Hunter	200,000	*	4/08/2008	4/08/2011	A$4.05	A$1.14
D Hunter	200,000	*	4/08/2008	4/08/2011	A$4.73	A$0.98
J Sanderson	500,000	*	14/05/2010	24/08/2013	A$2.15	A$0.50
J Sanderson	500,000	*	14/05/2010	24/08/2013	A$2.50	A$0.44
J Sanderson	500,000	*	14/05/2010	24/08/2013	A$3.00	A$0.38

* In accordance with the terms of the share based arrangement, options vest over the period of employment

(a) Fair value of options granted in the year

The fair value of services received in return for options is measured by reference to the fair value of options granted using the Black-Scholes model, as set out below.

Fair value of share options granted and related assumptions	**Directors and key management personnel 2011**	**Directors and key management personnel 2010**
Fair value at measurement date (cents)	-	A$0.38 to A$0.50
Share price at date of issue	-	A$1.43
Exercise prices	-	A$2.15 to $3.00
Expected volatility	-	60.5%
Option life	-	3.3 years
Expected dividends	-	Nil
Risk-free interest rate	-	5.65%
Share based payments expense recognised	$299,196	$180,703

(b) Movements in options during the period

The following reconciles the options outstanding at the beginning and end of the year:

	2011		**2010**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Balance at beginning of year	1,900,000	A$2.94	4,700,000	A$2.85
Granted during the year	-	-	1,500,000	A$2.55
Expired during the year	(400,000)	A$4.39	(4,300,000)	A$2.71
Balance at end of year	1,500,000	A$2.55	1,900,000	A$2.94
Exercisable at end of year	1,500,000	A$2.55	1,900,000	A$2.94

(c) Share options exercised during the year.

No options were exercised during the year (2010: nil).

(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$2.15 - A$3.00 (2010: A$2.15 - A$4.73), and a weighted average remaining contractual life of 594 days.

Further details of shares and options issued to directors are set out in Note 25, and in the Remuneration Report set out on pages 19 to 25.

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$2.15**	**A$2.35**	**A$2.50**	**A$3.00**	**A$3.50**	**TOTAL**
1/04/2011	50,000	-	-	-	-	50,000
1/04/2012	-	-	50,000	-	-	50,000
1/04/2013	-	-	-	50,000	-	50,000
11/07/2011	50,000	-	-	-	-	50,000
11/07/2012	-	-	50,000	-	-	50,000
11/07/2013	-	-	-	50,000	-	50,000
15/12/2011	50,000	-	-	-	-	50,000
15/12/2012	-	-	50,000	-	-	50,000
15/12/2013	-	-	-	50,000	-	50,000
9/07/2012	100,000	-	-	-	-	100,000
9/07/2012	-	100,000	-	-	-	100,000
28/02/2013	-	50,000	-	-	-	50,000
28/02/2014	-	-	-	50,000	-	50,000
28/02/2015	-	-	-	-	50,000	50,000
TOTAL	250,000	150,000	150,000	200,000	50,000	800,000
Weighted average fair value per performance right	A$1.46	A$1.14	A$1.24	A$1.06	A$0.57	

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

Fair value of performance rights granted and related assumptions	**Directors and key management personnel 2011**	**Directors and key management personnel 2010**
Fair value at measurement date (cents)	A$0.57 to A$3.50	-
Share price at date of issue	A$1.20 to A$2.02	-
Exercise prices	A$2.15 to A$3.50	-
Option life	0.4 to 3.6 years	-
Expected dividends	Nil	-
Share based payments expense recognised	$495,053	-

For the year ended 31 December 2011 the total value of share based payments expensed in the financial statements is US$794,248.

NOTE 21 CAPITAL AND OTHER COMMITMENTS

Property, plant and equipment commitments

Commitments contracted at balance date but not recognised as liabilities:

	2011 US$000	2010 US$000
Property, plant and equipment		
Not later than 1 year	1,885	-
Later than 1 year but not later than 5 years	-	-
	1,885	-

Lease commitments

Finance lease commitments and non-cancellable operating lease commitments are disclosed in Note 16 and Note 19 respectively.

The Company has provided a letter of support to Sydvaranger Gruve AS, its subsidiary that it will provide necessary financial support.

NOTE 22 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.

		Ownership interest	
Group Companies	Country of Incorporation	2011	2010
Legal parent			
Northern Iron Limited	Australia		
Legal subsidiaries			
Sydvaranger Gruve AS	Norway	100%	100%
Northern Iron Marketing AG	Switzerland	100%	100%

Transactions within the wholly owned group

Sydvaranger Gruve AS

During the reporting period US$nil (2010: US$51,226,000) of loans to the subsidiary were converted into equity.

During the reporting period loans from the Company to the subsidiary totalled US$10,943,000 (2010: US$98,762,000) excluding the equity component noted above. The carrying value of the Company's loans to the controlled entity at 31 December 2011 was US$180,142,000 (2010: US$169,199,000). Advances were made in NOK, US$, EUR and A$. In July 2009 the loan denomination was converted from NOK to US$ in order to match the functional currency of the subsidiary, with the loan converted at the exchange rate prevailing on the date of conversion.

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 Finans.

During the reporting period, goods and services were purchased, or paid for on behalf of Sydvaranger Gruve AS, in the amount of US$624,000 (2010: US$1,151,000).

During the reporting period Sydvaranger Gruve AS recorded sales of ore concentrate to Northern Iron Marketing AG in the amount of US$60,699,000 (2010: US$105,858,000), and purchased services from Northern Iron Marketing AG in the amount of US$649,000 (2010: US$1,108,000). Intercompany sales amounts during 2011 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 (2010: US$228,000). The carrying value of the Company's loans to Northern Iron Marketing AG at 31 December 2011 was US$258,000 (2010: US$308,000).

Transactions with other related parties

Directors

During the reporting period, the Group paid US$232,000 (2010: US$372,000) to companies which are associated with Mr Ashwath Mehra, a Director, for services to provide marketing, administration and ancillary support services for the sale of products. Services provided are on a basis of cost plus a 15% margin.

During the reporting period, a subsidiary Company paid US$46,000 (2010: US$62,000) to Thon Hotel for use of conference facilities, corporate functions, and events, seminars and accommodation, a company which employs the spouse of the Chief Executive Officer, Mr John Sanderson.

During the 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$46,000 (2010: US$nil).

Tschudi Shipping Company AS and its subsidiaries

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$2,828,000 (2010: US$3,063,000) which includes leases for land and properties, contract labour services and temporary hire of mobile crushing equipment;
- capitalised expenses and assets purchased in the amount of US$596,000 (2010: US$1,386,000), 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$12,299,000 (2010: US$5,779,000). This lease represents an agreement for handling, storage and loading of iron ore concentrate (included in the balance of borrowings – see Note 16). This facility was fully utilised in 2010 and therefore had no additional drawdowns in 2011.

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$779,000 (2010: US$1,083,000).

NOTE 23 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 interim period ended 31 December 2011 and 31 December 2010.

Information on business segments

2011	**Sydvaranger Iron Ore Project (US$000)**	**Marketing (US$000)**	**Corporate (US$000)**	**Inter-segment eliminations (US$000)**	**Consolidated (US$000)**
Business Segments					
External revenue	133,150	60,699	-	-	193,849
Inter segment revenue	60,699	649	68	(61,416)	-
	193,849	61,348	68	(61,416)	193,849
Segment profit / (loss) before income tax	3,885	(32)	(1,836)	166	2,183
Segment assets	381,236	563	476,627	(456,605)	401,821
Segment liabilities	(341,987)	(428)	(308)	181,003	(161,720)
Other segment information:					
Segment result before tax includes:					
Finance income	112	59	60	(59)	172
Finance expense	(8,002)	(59)	-	127	(7,934)
Depreciation and amortisation	23,524	-	6	-	23,530
Acquisition of property, plant and equipment	30,790	-	9	-	30,799

2010	**Sydvaranger Iron Ore Project (US$000)**	**Marketing (US$000)**	**Corporate (US$000)**	**Inter-segment eliminations (US$000)**	**Consolidated (US$000)**
Business Segments					
External revenue	-	102,402	-	-	102,402
Inter segment revenue	105,858	1,108	64	(107,030)	-
	105,858	103,510	64	(107,030)	102,402
Segment profit / (loss) before income tax	(54,640)	427	(25,431)	23,399	(56,245)
Segment assets	362,600	13,373	456,150	(458,727)	373,396
Segment liabilities	(327,924)	(13,207)	(175)	183,126	(158,180)
Other segment information:					
Segment result before tax includes:					
Finance income	185	302	208	(302)	393
Finance expense	(9,836)	(302)	(15)	366	(9,787)
Depreciation and amortisation	19,394	-	20	-	19,414
Acquisition of property, plant and equipment	35,774	-	9	-	35,783

NOTE 24 PARENT ENTITY DISCLOSURES

Financial position

As at 31 December 2011

	2011 US$000	2010 US$000
Assets		
Current assets	20,978	11,397
Non-current assets	455,649	444,754
Total assets	476,627	456,150
Liabilities		
Current liabilities	(302)	(173)
Non-current liabilities	(6)	(2)
Total liabilities	(308)	(175)
Equity		
Issued capital	(491,121)	(470,126)
Accumulated losses	55,616	53,780
Reserves		
Share-based payments reserve	(4,221)	(2,933)
Foreign currency translation reserve	(36,593)	(36,695)
Total equity	(476,319)	(455,975)

Financial performance

For the year ended 31 December 2011

Loss for the year	1,836	25,429
Other comprehensive income	-	-
Total comprehensive income	1,836	25,429

NOTE 25 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

Key management personnel compensation is as follows:

	2011 US$	2010 US$
Short term benefits	2,196,958	1,375,531
Post-employment benefits	82,407	52,908
Share based payments	720,262	169,992
	2,999,627	1,598,431

Information regarding individual directors and executive officers compensation is provided in the Remuneration Report as set out on pages 19 to 25.

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 2011 an amount of US$47,804 (2010: US$11,928) 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:

Directors	Held at 01/01/10	Net acquired / (sold)	Held at 31/12/10	Net acquired / (sold)	Held at 31/12/11*
DC Griffiths	402,700	9,493	412,193	46,874	459,067
JS Sanderson	-	40,000	40,000	140,000	180,000
PR Bilbe	138,028	-	138,028	23,437	161,465
A Mehra	11,777,093	-	11,777,093	-	11,777,093
FH Tschudi	89,137,931	-	89,137,931	-	89,137,931
ND Hamilton	303,070	-	303,070	(303,070)*	-
PS Larsen	24,000	-	24,000	-	24,000
M McMullen	5,158,622	(5,158,622)*	-	-	-

* Balance when ceased being a director

(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:

2011

Directors	Held at 01/01/11	Granted as compensation	Expired	Vested in year	Vested and exercisable at 31/12/11
JS Sanderson	1,500,000	-	-	-	1,500,000

2010

Directors	Held at 01/01/10	Granted as compensation	Expired	Vested in year	Vested and exercisable at 31/12/10
DC Griffiths	300,000	-	(300,000)	-	-
JS Sanderson	-	1,500,000	-	-	1,500,000
PR Bilbe	300,000	-	(300,000)	-	-
A Mehra	300,000	-	(300,000)	-	-
ND Hamilton	300,000	-	(300,000)	-	-
PS Larsen	300,000	-	(300,000)	-	-

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

During the year, options with an assessed value of US$nil (2010: US$589,584) were granted. Further details of the employee share option plan and the number of options granted during the 2011 and 2010 financial years are contained in Note 20 and the Remuneration Report.

During the year, nil options (2010: nil) were exercised.

(e) Performance rights

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

2011

Executive officers	Held at 01/01/11	Granted as compensation	Expired	Vested in year	Vested and exercisable at 31/12/11
A Beckmand	-	150,000	(37,500)	12,500	-
R Brown	-	150,000	-	-	-
D Ekmark	-	200,000	(200,000)	-	-
H Martinsen	-	150,000	-	-	-

2010

No performance rights were granted or on issue during the year 2010.

NOTE 26 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 2010.

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 16). 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.

(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	A$	Totals
	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000
2011									
Cash and cash equivalents	7,618	-	17,009	223	1	-	-	3,767	28,618
Trade and other receivables	(5,152)	1,407	33,905	722	-	19	-	24	30,925
Trade and other payables	(27,867)	(1,091)	(1,125)	(130)	(36)	(7)	(30)	2,143	(28,143)
Tax liability	-	-	-	-	(11)	-	-	-	(11)
Borrowings	(37,700)	-	(81,494)	-	-	-	-	-	(119,194)
Gross exposure	(63,101)	316	(31,705)	815	(46)	12	(30)	5,934	(87,805)
2010									
Cash and cash equivalents	2,450	-	12,631	4,014	(3)	-	-	7,654	26,746
Trade and other receivables	5,151	-	7,345	-	-	-	-	314	12,810
Trade and other payables	(30,273)	(998)	854	(521)	-	-	-	950	(29,988)
Tax liability	-	-	-	-	(11)	-	-	-	(11)
Borrowings	(54,564)	-	(58,035)	-	-	-	-	-	(112,599)
Gross exposure	(77,236)	(998)	(37,205)	3,493	(14)	-	-	8,918	(103,042)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
US$ to:	**2011**	**2010**	**2011**	**2010**
1 Norwegian Kroner	0.178	0.165	0.167	0.171
1 AUD	1.031	0.920	1.017	1.018
1 Euro	1.390	1.325	1.294	1.334

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 2010:

	Equity	Profit and loss
	US$000	**US$000**
31 December 2011		
US$ to NOK	(850)	(850)
A$ to US$	1,034	(58)
31 December 2010		
US$ to NOK	(2,972)	(2,972)
A$ to US$	562	(47)

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 2010:

31 December 2011		
US$ to NOK	769	769
A$ to US$	(1,034)	58
31 December 2010		
US$ to NOK	2,388	2,388
A$ to US$	(562)	(806)

(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 16 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.

	2011	2010
	US$000	**US$000**
Carrying amount		
Financial assets	29,249	29,537
Financial liabilities	119,194	112,598
Weighted average interest rate (%)		
Financial assets	1.05%	1.89%
Financial liabilities	4.57%	5.30%

Sensitivity analysis

An increase in 50 basis points from the weighted average year-end interest rates at 31 December 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 2010:

	Equity	Profit and loss
	US$000	US$000
31 December 2011	180	180
31 December 2010	(189)	(189)

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 2010:

31 December 2011	180	180
31 December 2010	189	189

(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$193,849,000 In 2010, there were sales of approximately US$102,402,000.

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, but has recently been trialled in UK sinter plants. 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 requested their full annual buyers option of 0.5Mt for 2012. 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. On this mechanism, movements in the Chinese spot price are reflected in the following quarter's FOB pricing at Sydvaranger. TATA Steel recently requested that the pricing mechanism be moved to current quarter pricing from Q4 2011 in line with recent changes implemented by other iron ore producers. The Group has 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 2011 the Group concluded its first sale into the non-steel making magnetite market in Europe. A further sale was concluded in January 2012 and the Company expects to further explore the potential of this market. The Group's product has also been trialled at a GIIC pelletizing facility in Bahrain. It is expected that as product quality improves there may be potential to conclude an offtake agreement with this customer.

(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:

	2011	2010
	US$000	US$000
Carrying amount:		
Cash and cash equivalents	28,618	26,746
Trade and other receivables	30,925	12,810
	59,543	39,556

(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 16. 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
2011						
Non-derivative financial liabilities						
Trade and other payables	28,143	28,143	28,143	-	-	-
Current tax liability	11	11	11	-	-	-
Interest bearing loans and borrowings	119,194	106,452	13,426	13,352	71,953	7,721
	147,348	134,606	41,580	13,352	71,953	7,721

	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
2010						
Non-derivative financial liabilities						
Trade and other payables	29,988	29,988	29,988	-	-	-
Current tax liability	11	11	11	-	-	-
Interest bearing loans and borrowings	112,599	127,577	19,453	19,899	76,203	12,022
	142,598	157,576	49,452	19,899	76,203	12,022

(f) Fair value of financial instruments

The fair values of financial assets and financial liabilities, together with their carrying amounts are shown in the Statement of Financial Position.

The basis for determining fair values is disclosed in Note 3(m). Trade and other receivables / payables with a life of less than one year are carried at their notional amount which is deemed to reflect their fair value.

NOTE 27 CONTINGENCIES

In the opinion of the directors, there are no contingent liabilities as at 31 December 2011 and no contingent liabilities were incurred in the interval between balance date and the date of this financial report.

NOTE 28 SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2011 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.

In the opinion of the directors of Northern Iron Limited:

(a) the accompanying financial statements and notes of the Group (including the audited remuneration disclosures contained in the Remuneration Report contained in the Directors' Report) set out on pages 28 to 71 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 2011 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.

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 2011.

Signed in accordance with a resolution of the directors.

J Sanderson
Managing Director

Kirkenes, 9 March 2012

D Griffiths
Chairman

Perth, 9 March 2012

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 statement of financial position as at 31 December 2011, the statement of comprehensive income, the statement of changes in equity and the 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 the company's 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

HLB Mann Judd

Accountants | Business and Financial Advisers

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Northern Iron Limited for the financial year ended 31 December 2011 included on Northern Iron Limited's website. The company's directors are responsible for the integrity of the Northern Iron Limited website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report identified in this report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report.

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 2011 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 2011. 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 2011 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

W M CLARK
Partner

Perth, Western Australia
9 March 2012

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 2011 to 31 December 2011 (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
3	3.3	The entity has not disclosed in its annual report its measurable objectives for achieving gender diversity and progress towards achieving them.	The Company has adopted a Diversity Policy and is committed to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees, to enhance Company performance. The Board and Remuneration Committee intend to establish appropriate measurable objectives during the 2012 calendar year and to report progress against them in its 2012 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 19 to 25 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 three independent directors are considered to be Mr David Griffiths, 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 intend to establish appropriate measurable objectives during the 2012 calendar year and to report progress against them in its 2012 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	56	14.1
Senior Executives	1	20
Board representation (Group companies)	1	8.3
Board representation (Parent Company)	0	-

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

Shareholdings as at 29 February 2012

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
Tschudi Mining Company AS	15/12/11	89,137,931	24.1%
OM Holdings Limited	08/02/10	42,801,565	14.6%
Eley Griffiths	24/02/12	29,371,991	7.9%

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 29 February 2012)

Rank	Name	No.	%
1.	Tschudi Mining Company AS	89,137,931	24.09
2.	National Nominees Limited	45,358,133	12.26
3.	OM Holdings Limited	42,000,000	11.35
4.	J P Morgan Nominees Australia Limited	34,228,607	9.25
5.	Zero Nominees Pty Ltd	21,111,049	5.71
6.	HSBC Custody Nominees (Australia) Limited	18,831,826	5.09
7.	Citicorp Nominees Pty Limited	17,268,914	4.67
8.	RBC Dexia Investor Services Australia Nominees Pty Limited <Pipooled A/C>	13,618,888	3.68
9.	Cogent Nominees Pty Limited	10,817,881	2.92
10.	O M Holdings Limited	10,482,500	2.83
11.	Ashwath Mehra	10,000,000	2.7
12.	Cogent Nominees Pty Limited <SMP Accounts>	7,352,393	1.99
13.	AMP Life Limited	4,279,184	1.16
14.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	3,057,683	0.83
15.	JP Morgan Nominees Australia Limited <Cash Income A/C>	2,569,250	0.69
16.	RBC Dexia Investor Services Australia Nominees Pty Ltd <Piselect A/C>	1,856,033	0.5
17.	Mr Ashwath Mehra	1,777,094	0.48
18.	UBS Nominees Pty Ltd	1,416,890	0.38
19.	RBC Dexia Investor Services Australia Nominees Pty Limited <Bkcust A/C>	1,032,579	0.28
20.	HSBC Custody Nominees (Australia) Limited - A/C 2	874,960	0.24
		337,071,795	**91.1%**

Distribution of equity security holders (as at 29 February 2012)

Size of Holding			Number of shareholders	Number of fully paid shares
1	To	1,000	208	45,912
1,001	To	5,000	198	573,687
5,001	To	10,000	133	1,065,619
10,001	To	100,000	460	16,654,195
	100,001 and over		96	351,640,700
			1,095	369,980,113

The number of shareholders holding less than a marketable parcel of ordinary shares is 169.

Unlisted option holdings (as at 29 February 2012)

	Unlisted A$2.15 options expiring 24/08/13	Unlisted A$2.50 options expiring 24/08/13	Unlisted A$3.00 options expiring 24/08/13
Number on issue	500,000	500,000	500,000
Number of holders	1	1	1
Those holding more than 20% of the class:			
John Sanderson	500,000	500,000	500,000
Donald Hunter			

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
Boris Gleb 1	0687/2001-FB	Preclaim	117,500	22/08/2001	Sydvaranger Gruve AS
Fisketd. S / Jernt. N	FU-4/2009-FB	Claim	45,000	22/08/2001	Sydvaranger Gruve AS
Mattilamalmen 1	0685/2001-FB	Preclaim	104,350	22/08/2001	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
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
Teltbuktmalmen	FU-7/2009-FB	Claim	6,615	22/08/2001	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
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
Boris Gleb 1	FU-8/2009-FB	Claim	182,500	23/08/2001	Sydvaranger Gruve AS
Mattilamalmen 1	FU-6/2009-FB	Claim	88,150	23/08/2001	Sydvaranger Gruve AS
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	0689/2001-FB	Preclaim	191,000	26/08/2001	Sydvaranger Gruve AS
Boris Gleb 3	FU-10/2009-FB	Claim	49,000	27/08/2001	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	84,000	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	56,000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn V	NU 2/1974	Claim	140000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn V	NU 3/1974	Claim	140000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn V	NU 4/1974	Claim	140000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn V	NU 5/1974	Claim	140000	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	84,000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn V	NU 8/1974	Claim	84,000	6/12/2002	Sydvaranger Gruve AS
Bjørnevatn V	NU 9/1974	Claim	84,000	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	NU31/1974	Claim	112,000	6/12/2002	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

Tenement Name	Tenement Number	Tenement Type	Area (m2)	Grant Date	Registered Holder
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
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
Kjellmannsåsen	LU 101/1903	Claim	N/A	6/12/2002	Sydvaranger Gruve AS
Kjellmannsåsen	LU 102/1903	Claim	N/A	6/12/2002	Sydvaranger Gruve AS
Kjellmannsåsen	LU 105/1903	Claim	N/A	6/12/2002	Sydvaranger Gruve AS
Kjellmannsåsen	LU 106/1903	Claim	N/A	6/12/2002	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
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
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
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 2	1665/2006-FB	Preclaim	300,000	19/01/2007	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
Fiskltind 4	0029/2009-FB	Preclaim	235,000	19/01/2007	Sydvaranger Gruve AS
Kjellmannsåsen 1	1658/2006-FB	Preclaim	250,000	19/01/2007	Sydvaranger Gruve AS
Kjellmannsåsen 2	1659/2006-FB	Preclaim	250,000	19/01/2007	Sydvaranger Gruve AS
Kjellmannsåsen 3	1660/2006-FB	Preclaim	250,000	19/01/2007	Sydvaranger Gruve AS
Kjellmannsåsen 4	1661/2006-FB	Preclaim	250,000	19/01/2007	Sydvaranger Gruve AS
Bjørnefjell 1	3309/2007-FB	Preclaim	240,000	7/10/2007	Sydvaranger Gruve AS
Bjørnefjell 2	3310/2007-FB	Preclaim	250,000	7/10/2007	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
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

Tenement Name	Tenement Number	Tenement Type	Area (m2)	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
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
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 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
Bjørnevann 10	0785/2008-FB	Preclaim	80,000	22/10/2008	Sydvaranger Gruve AS
Bjørnevann 11	0786/2008-FB	Preclaim	190,000	22/10/2008	Sydvaranger Gruve AS
Jerntoppen 1	0787/2008-FB	Preclaim	250,000	22/10/2008	Sydvaranger Gruve AS
Annahatten	G.UTV. 6/2011	Extraction Permit	175,000	18/03/2009	Sydvaranger Gruve AS
Bjørnefjell 3	0020/2009-FB	Preclaim	40,000	18/03/2009	Sydvaranger Gruve AS
Bjørnefjell 4	0021/2009-FB	Preclaim	100,000	18/03/2009	Sydvaranger Gruve AS
Bjørnefjell 5	0022/2009-FB	Preclaim	280,000	18/03/2009	Sydvaranger Gruve AS
Bjørnefjell 6	0023/2009-FB	Preclaim	245,000	18/03/2009	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
Fisketind 3	0028/2009-FB	Preclaim	102,400	2/04/2009	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
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
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 20	0801/2009-FB	Preclaim	300,000	3/03/2010	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
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 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

Tenement Name	Tenement Number	Tenement Type	Area (m2)	Grant Date	Registered Holder
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
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
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
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	216,000	3/03/2010	Sydvaranger Gruve AS
Ørnevannet 4	0776/2009-FB	Preclaim	299,750	3/03/2010	Sydvaranger Gruve AS
Søstervann 1	0796/2009-FB	Preclaim	247,500	3/03/2010	Sydvaranger Gruve AS
Søstervann 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
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