



## **NORTHERN IRON LIMITED (ASX: “NFE”)**

### **Company Update - Product Quality Improved**

17 April 2012

Northern Iron Limited (NFE) is pleased to advise that following commissioning of additional processing equipment in the second half of March a significant improvement in product quality has been achieved at the Sydvaranger Project in Northern Norway.

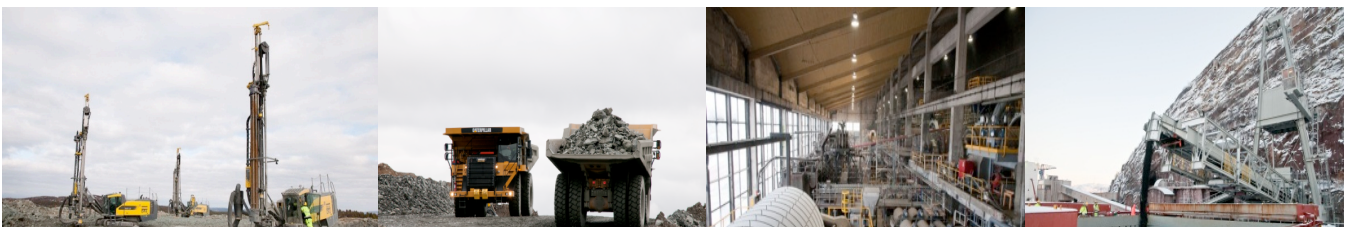
Following completion of a 24 hour shut in late March, for the period 23<sup>rd</sup> March to the 13<sup>th</sup> April the Sydvaranger Project has produced 139,000 dry metric tonnes of concentrate with sustained average grades of 68.6% iron and 4.2% silica. These results include a seven day period in April when 42,000 tonnes of concentrate grading 68.8% iron and 3.9% silica was produced.

This improvement ensures NFE remains fully compliant with the terms of its long term offtake contract with Tata Steel. The first vessel to Tata with the improved concentrate quality departed Kirkenes on the 13<sup>th</sup> April.

NFE has today advised customers of an improved concentrate shipping grade for the remainder of 2012 as outlined in Appendix 1 of this update. The Company expects that following achievement of nameplate capacity in July grades for the remainder of 2012 will stabilise at approximately 68.5% iron and 4.5% silica. The average shipped grades for Sydvaranger concentrate in 2011 were 66.9% iron and 5.7% silica.

The results in April demonstrate that additional magnetic separation capacity can improve concentrate quality further, and NFE is now targeting production of sub 4% silica concentrate in quarter 1 2013. As outlined in the 6<sup>th</sup> March operations update, it is estimated this will require capital investment of approximately US\$ 7 million which is expected to be funded via operating cashflows in the second half of 2012.

Commenting on the improved quality, Managing Director John Sanderson stated “NFE recently outlined a value creation strategy with delivery of sub 5% silica being the first milestone. We are delighted to have this first objective behind us and the higher quality will result in an improvement in pricing for Sydvaranger concentrate. We will now focus our energy on the next milestone – achieving a 2.8 million tonne per annum production rate from July.”



NFE expects to provide a further update on operational and cost performance for the March 2012 quarter on the 23<sup>rd</sup> April.

For and on behalf of the Board.



John Sanderson

Managing Director / CEO

**APPENDIX 1**  
**Sydvaranger Iron Ore Concentrate**  
**Product Specification 2012**

		Expected %
Chemical Composition (Dry Basis)	Iron [Fe]	68.50
	Silica [SiO <sub>2</sub> ]	4.50
	Alumina [Al <sub>2</sub> O <sub>3</sub> ]	0.30
	Phosphorus [P]	0.01
	Sulphur [S]	0.02
	Manganese [Mn]	0.05
	Sodium Oxide [Na <sub>2</sub> O]	0.04
	Potassium Oxide [K <sub>2</sub> O]	0.03
	Titanium Dioxide [TiO <sub>2</sub> ]	0.06
	Calcium Oxide [CaO]	0.35
	Magnesia [MgO]	0.45
	LOI	-3.3
	Zinc [Zn]	0.004
	Lead [Pb]	0.005
	Arsenic [As]	0.002
	Chrome [Cr]	0.03
	Vanadium [V]	0.005
Copper [Cu]	0.001	
Nickel [Ni]	0.04	
Moisture, natural basis [H <sub>2</sub> O]	7.8%	
Physical Properties	+ 0.150 mm	<0.2%
	-0.150 mm + 0.053mm	<20%
	- 0.053 mm	>80%

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