Kirkenes – an industrial hub in the Northern Hemisphere
Kirkenes – infrastructure...

The Norwegian Barents Secretariat
Barents Institute
Centre for High North Logistics

General Consulate of the Russian Federation in Kirkenes
Kirkenes – easy and fast access

By air – via Oslo, the fastest route to the north. Several daily flights of two hours duration. Aircraft Boeing 737. Bus connections with Kikrenens Town and Murmansk

By road – excellent and reliable road links with Russia, Finland, Sweden and the rest of Norway and Europe

By sea – daily calls by the Norwegian Coastal Express and cargo vessels

By rail – 40 km by road to the Russian continental railway network

Accommodation: Rica, Thon and smaller hotels. Restaurants and conference facilities
Sydvaranger: 1906-1996
SVG - OVERVIEW

- Operated from 1910 to 1997 (200Mt of ore mined)
- High quality magnetite concentrate (~ 68% Fe)
- Long term offtake contract with key European customer in place
- Long mine life expected
BEST INFRASTRUCTURE PACKAGE IN OUR SECTOR

Open Cut Mine - 25+ Year Mine Life

8km Railway - Owner and Sole User

Concentrator - High Quality Magnetite Concentrate

Port - Efficient, uncongested and expandable. Located in close proximity to key iron ore market.
OPERATIONAL PERFORMANCE – PERFECTING OPERATIONS

- New annual concentrate production record set in 2014 (2,343kt) improved by 18% vs. 2013.

- New monthly and quarterly concentrate production records set in Q2 2014 (222kt and 626kt respectively).

- New weekly concentrate production record set in Q3 2014 (57kt).

- Mine production in 2014 refocused to developing satellite pits.
IRON ORE PRICE PERFORMANCE - CHALLENGE

PLATTS STEEL MARKETS DAILY Jan 2014 - Jan 2015

Source: Bloomberg, Goldman Sachs research as at 16-Jan-13
Source: MySteel as at 21-Jul-14
Kirkenes Port
Barents sea - The new oil province
Kirkenes - perfectly placed
Main partners in Kirkenes industrial cluster of companies serving the marine, petroleum and mining industries in the North:

**Henriksen Shipping Service AS.**

Drilling rig “Energy Exerter” arriving Kirkenes from the Dolginskaya field, Pechora Sea, Russia for major services winter 2008/09.
Statoils ambisjon
Teknologi/kompetanse for bærekraftig drift i Arktis innen 2030
27. desember 2005, first oil transhipment in Kirkenes
Sør-Varanger kommune – Arealplan Tømmernesset
Oil industry support and supply bases
- developing
- Gamneset – Norterminal
Oil industry support and supply bases
- developing
- Pulkneset – Kirkenes Maritime Industrial Park
Oil industry support and supply bases
- developing
- Kirkenes Industrial Logistics Area - KILA
Tourism- An important business
The coastal express is a basic necessity for the tourist industry
Fish-farming
## Trafikkutvikling over Storskog 2007-2014

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2010</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grensepasseringer (Personer)</td>
<td>108 708</td>
<td>140 855</td>
<td>252 055</td>
<td>320 042</td>
<td>318 135</td>
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<tr>
<td>Totalt antall kjøretøy</td>
<td>32 790</td>
<td>43 642</td>
<td>93 977</td>
<td>125 611</td>
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<tr>
<td>Utførsel (tonn)</td>
<td>7 462</td>
<td>6 409</td>
<td>5 854</td>
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<td>Kjøretøy knyttet til utførsel</td>
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<td>427</td>
<td>828</td>
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<tr>
<td>Innførsel (tonn)</td>
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<td>1 802</td>
<td>1 802</td>
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<tr>
<td>Kjøretøy knyttet til innførsel</td>
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<td>398</td>
<td>330</td>
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<tr>
<td>Momsdeklarasjoner</td>
<td>24 423</td>
<td>64 357</td>
<td>84 191</td>
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</tr>
</tbody>
</table>
Conditions affecting the development in Sør-Varanger

- The demand for iron ore on the world market
- The price-development of petroleum
- Which consequences will the sanctions have for the commercial cooperation between Russia and Norway
- The development of the private economy among the Russian population