

## NORTHLAND PLANS 2-2.5m TPY OF SINTER FEED FROM 2010

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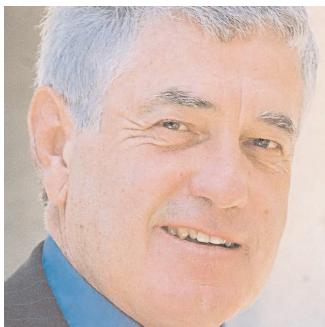
■ LONDON — Northland Resources plans to start producing 2-2.5 million tpy of sinter feed from its Swedish iron ore deposits by 2010 and eventually to produce 10 million tpy of pellet.

The Toronto and Oslo-listed company plans to begin producing concentrate, using only magnetic separation processing, from its Tupuli deposit, which it believes will find a market in Europe because of state-owned Swedish miner LKAB's decision to produce more pellet at the expense of fines output.

"We are aiming to have a pre-feasibility study complete for [its nearby main Swedish deposit] Stora Sahavaara by the end of 2007," Northland president Buck Morrow told MB, who also expected an NI 43-101 compliant resource calculation to be completed on Tupuli by the end of the year.

Northland plans to produce 5 million tpy of pellet using feed from Stora Sahavaara, which it acquired in 2005 from Anglo American, and a pellet plant it intends to build close to the existing railhead at Kolari 8km away on the Finnish side of the border. It believes a slurry pipeline will be the best way to feed the pelletizer.

Northland is also planning a similar 5 million tpy of pellet production using output from its Hannukainen mine in Finland to be



**Buck Morrow: Northland will maintain ownership**

completed after the Swedish operation. It will build a second pelletizer at the same Kolari site, about 4 km from Hannukainen.

The company believes the Stora Sahavaara and Hannukainen deposits can support open pit mining for about 15 years, but would then have to switch to an underground mining operation.

Finnish steelmaker Rautaruukki mined the Hannukainen deposit from about 1981 to 1988 when it produced about 4.6 million tpy of 66 percent Fe content concentrate from a run-of-mine product of 41-42 percent iron.

Northland has already raised a total of \$150 million through share placements. It believes it will need about \$1.2 billion in capital investment to become a 10-12 million tpy iron ore producer and pelletizer as well as a copper and gold

producer from the same deposits.

"As defined by the published surveys of the Swedish and Finnish geological surveys the main deposits have an historical resource approaching 500 million tonnes, but we have other deposits that are not within that calculation," Morrow said.

There is an existing railway from Kolari which stretches about 200km to the Finnish port of Kemi, which is only currently capable of handling Handymax vessels up to about 40,000 dwt.

Northland believes the Finnish government could be interested in upgrading both the port and railway but believes if it had to upgrade the railway itself it would cost them about \$25 million.

It is considering other port options including using Kokkola port further south down the Finnish coast, 400km away from the mine. It could even use the Swedish port of Luleå 300km away, but it would require rail transfer facilities as Finland uses Russian rail gauges. Both ports can handle larger Panamax vessels of about 70,000 dwt, but would require additional railways to be built to connect to them.

Morrow believes much of Northland's planned 1,500 workforce can be drawn from existing towns at Pajala, Sweden, and Kolari, Finland, which are just a few kilometres from each deposit.

Northland is aiming to continue owning the project once production starts and to finance it either entirely through off-take agreements or by taking on a partner, which would probably be a European steelmaker and customer of its ore.