



ANNUAL REPORT AND ACCOUNTS

2012

STORE NORSKE SPITSBERGEN KULKOMPANI AS

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Store Norske Spitsbergen Kulkompani AS

97th year of operations

Enterprise no.:	916,300,395
Share capital	164,490,000

The Board of Directors of SNSK

Annette Malm Justad	Chair of the Board
Egil Ullebø	Vice-Chair
Per Ole Morken	Board member
Grethe Fossli	Board member
Anne Cathrine Haadem	Board member
Alf Brun	Employee Representative
Monica Bolli	Employee Representative
Arild Olsen	Employee Representative

Senior management team

Per Andersson	CEO
Ingrid Dahn	Human Resources Director
Sissel Danielsen	Finance Director
Per Nilssen	Director of Mining Operations
Kolbjørn Karlsen	Project and Development Manager
Cato Lund	Director of Technical Operations
Einar Fjerdingøy	HSE Manager
Aleksander Askeland	Product and Performance Director

The Board of Directors



Annette Malm Justad
Chair of the Board

Sivilingeniør (graduate engineer), Norwegian University of Science & Technology, Trondheim (NTNU)

Master of Technology Management, NTNU/MIT

Chair of the Board of American Shipping Company ASA

Member of the boards of PGS ASA, Awilco LNG ASA and Small Turbine Partner AS

Experience from industry, shipping and supply chain management

Four years as director of purchasing at Yara

Five years as Group CEO of Eitzen Maritime Services ASA

Board member and Chair of SNSK since 2012



Egil Ullebø
Vice-Chair

Sivilingeniør (graduate engineer), Norwegian Institute of Technology, University of Trondheim (NTH)

Degree in business economics

Experience from the process industry, forestry industry, energy industry and mining

Chair of the Board of Borg Havn IKS

Board member of SNSK since 2009

Vice-Chair since 2012



Per Ole Morken
Board member

Mining engineer, Norwegian Institute of Technology, University of Trondheim (NTH)

Employed by Store Norske from 1982 to 2003

as miner, mine foreman, mining engineer, director of mining operations, project manager and director of production and development

Mining operations manager and factory manager Norcem AS (Heidelberg Group) Kjøpsvik 2003-2007

Factory manager Cementa AB (Heidelberg Group) Slite, Gotland from 2007 to present date.

Board member of SNSK since 2012



Grethe Fossli
Board member

Head of business policy unit at the Norwegian Confederation of Trade Unions (LO)

Member of the Norwegian Storting representing the Labour Party for three periods from 1993 to 2005

Has held a number of public offices and honorary offices in political and voluntary organisations

Board member of SNSK since 2008



Anne Cathrine Haadem
Board member

MSc in Business and Economics from Lund University, Sweden

Finance Director at Flytoget AS since 1998

Former finance director

at ABB Financial Services, finance director at EB Telecom, controller at EB AS and self-employed consultant

Board member of SNSK since 2008



Alf Brun
Employee Representative

Project engineer at Store Norske

Employed by the company since 1983

Trade certificate in mining

Has worked as a miner, mine foreman and mining operations engineer in Svea Nord

Further education at NTNU

Board member of SNSK since 2012



Monica Bolli
Employee Representative

Miner at Store Norske since 2006

Trade certificates in mining and tunnelling

Experience from construction industry

Member of executive board of Gruveklubben local miners union since 2012

Board member of SNSK since 2012



Arild Olsen
Employee Representative

Miner at Store Norske since 2001

Trade certificate in mining

Union representative for Gruveklubben local miners union and leader of Longyearbyen Workers' Association since March 2011

Holds various offices in the Norwegian National Workers' Association and political office in the Longyearbyen municipal government

Board member of SNSK since 2012



Per Andersson
Managing Director

CEO of Store Norske since 2012

Electronics engineer, Narvik University College, 1978
Norwegian Air Force Officers' Training College Technical Education Centre

Departmental head, Norsk Forsvarsteknologi AS and Kongsberg Våpenfabrikk AS

Electronic Production Manager, Natech AS

Factory manager for REC ScanCell AS 2002-2008

Project manager, REC, new solar cell factory Narvik 2007-2008

Project manager, REC, new solar cell factory Singapore 2008-2010

A historic event

The photograph on the front cover of this year's annual report is a historic one. It records the final breakthrough from the Svea Nord mine to the Marthabreen glacier at the beginning of May 2012. The miners streamed out of the opening in the Skollfjellet mountain and were at last able to see across the glacier to Lunckefjell, where Store Norske's new mine will be opened. The historic occasion was celebrated with a toast in sparkling fruit champagne and loud cheers from everyone present.

The road across the Marthabreen glacier is now in place, and in September 2013 the machines will start cutting their way into the coal seam in Lunckefjell. There still remains a great deal of planning to do and many preparations to make. And there are still many details to get right before the first coal comes out of Store Norske's new mine. But everything is going according to schedule.

The time horizon for the Lunckefjell mine is short, and in 2019 production will cease. This of course means that we will need to have plans and approvals in place to exploit other deposits well before 2019. The implementation of the Lunckefjell project will enable us at Store Norske to further develop our own resources and expertise in Arctic mining in a vulnerable environment, subject to the most stringent environmental requirements.

After a long process, the wash plant in Svea is finally functioning as intended. In November 2012, the plant passed a milestone of one million tonnes of washed coal – thanks to the untiring efforts of the management and the operators, but also because there is not as much stone in the coal now being mined from the new H3 panel in Svea Nord. Nevertheless, it is an unassailable fact that without the washing plant, Store Norske would not have a product that the market would be interested in buying.

2012 has been a challenging year in terms of production. We are approaching the end of the Svea Nord core and the stone content in the coal has been high. Conditions had become so challenging early in the year that in April we decided to shut down production in H8, the inner-most panel in Svea Nord. This was a controversial, but entirely necessary decision, although I understand the miners dislike having to leave coal unmined. This bears witness to a huge commitment among the miners to the job and to Store Norske.

The price of coal fell through the year, which is challenging for the company's profitability. It is therefore important that we succeed in making cost adaptations, by means of

improvements and a willingness to change, to secure a more robust economic platform.

During the course of 2012, we worked towards introducing a production system we call the "Store Norske House". When I began working for Store Norske, I saw it as by far one of my most important aims to focus on the way in which we work and to establish clear objectives and a clear plan of action for achieving our goals. In order to make Store Norske capable of meeting the challenges of the future, it is essential to involve the entire organisation in seeing potential and opportunity, and to exploit these things systematically.

The "Store Norske House" is our "toolbox" which will enable us to achieve continuous improvements on all fronts every single day. This is vital if we are to succeed in supplying a product that our customers want – and at a production cost that secures the company sustainable profitability. An important part of the content of the "Store Norske House" system is directed at our human resources, in other words the way in which we ensure good organisation, the right professional expertise, and good, effective management. This is why among other things we have developed and put into action a wide-ranging management development programme for all levels of management at Store Norske.

Health, safety and environment (HSE) have the highest priority at Store Norske. In 2012, an increase in injuries from industrial accidents gave cause for concern. We cannot accept such a situation, and will focus ever more keenly on preventing potential accidents from happening, both by changing practices in the workplace and by changing attitudes towards safety awareness. A number of measures have been taken to reverse this negative trend, and it is an absolute requirement that all employees take responsibility for their own and for others' safety.

One of the most important aims of majority state ownership of Store Norske is to contribute towards maintaining and developing the community in Longyearbyen in a way which supports and underpins the overarching objectives of Norwegian Svalbard policy. The company is mindful of its special societal responsibilities, and we work continuously to maintain and strengthen our presence in Longyearbyen and on Svalbard. By building more family homes and by developing local jobs and establishing educational opportunities, such as a preparatory college course in engineering subjects, Store Norske will create the conditions for more of our employees to choose to live in Longyearbyen with their families.

In a few years' time, Store Norske will be celebrating its 100th anniversary. From our starting point today, we have mining operation plans for almost another 20 years. But our ambition to maintain a presence on Svalbard stretches further than the remaining years of coal resources. What is happening currently in the Far North with the increased focus we are seeing on oil, gas and mineral exploration, is opening up new opportunities both for the Svalbard community and for Store Norske with its local presence and broad expertise. Our purchase of the majority of the shares in the logistics company Pole Position Spitsbergen AS is part of our strategy for the future. With a base in Longyearbyen, the company is able to deliver a full range of logistics services with the main focus on cargo, shipping and field logistics. In conjunction with Pole Position, Store Norske aims to develop the logistics company further in a new, Arctic business venture.

This is sending out a powerful signal that we wish to be a significant actor on Svalbard for many years into the future.



Per Andersson
Chief Executive Officer



Per Andersson, CEO. Photo: Terje Carlsen

Key figures for Store Norske

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Production tonnes saleable coal (1000 tonnes)	2,132	2,944	2,904	1,471	2,395	4,073	3,430	2,641	1,935	1,386	1,229
Number of employees 31.12.– Group	225	233	265	314	366	396	387	368	337	370	396
Sickness absence rate – Group (%)	6.2	8.8	6.0	8.3	8.7	8.9	8.1	8.5	7.0	7.4	6.2
Lost-time injuries	4	4	10	23	17	14	20	13	3	6	14
Turnover (NOKm)	696	945	1,315	1,139	1,267	1,827	3,445	2,041	1,507	1,444	926
Tonnes/ employee	9,013	12,854	11,664	5,081	7,044	10,691	8,761	6,996	5,489	3,922	3,208
Profit/loss before tax (NOKm)	68	74	227	53	-85	130	1,056	432	349	70	-276
Profit/loss after tax (NOKm)	64	65	219	46	-78	112	881	363	276	55	-275
Depreciation (NOKm)	32	64	85	66	101	154	152	225	157	119	145
Equity %	29.0	32.2	35.4	35.9	26.9	26.1	42.6	62.0	66.0	65.0	68.5
Interest-bearing debt (NOKm)	460	495	390	777	1,035	614	24	23	22	21	19
Coal price (USD per tonne)	36	39	64	67	72	83	175	128	131	129	107





Nord Navigator is manoeuvred away from the quayside. Photo: Elisabeth Larsen



Annual Report of Store Norske Spitsbergen Kulkompani AS

The Norwegian State, represented by the Ministry of Trade and Industry, owns 99.9 percent of the shares in SNSK. The remainder of the shares are owned by private shareholders.

The Store Norske Spitsbergen Kulkompani group had a challenging year in 2012. A decrease in coal production resulted in a fall in sales and considerably weaker results.

After more than 10 years in operation the coal resources in the company's main mine, Svea Nord are running out. Towards the end of the mine's working life it is proving a demanding job to take out the same production volumes as before. It is also a more expensive business because the residual coal contains large quantities of stone. Store Norske's total coal production consequently fell in 2012 to 1.2 million tonnes, from an annual production figure of close to 1.5 million tonnes in 2011. The company has previously maintained a high extraction rate, with coal production on Svalbard in the last ten years averaging over 2.4 tonnes annually.

The fall in production in 2012 coincided with low coal prices on the world market. The price of coal fell early in the year by over 15 percent from an already low level, and has since remained stable. Most of the coal from Svalbard goes to energy production in Europe and as a result Store Norske has been significantly impacted by the situation in the European economy.

The development of activities in the High North, such as oil and gas exploration, and the diminishing ice in the Arctic seas and changes in global logistics patterns, as well as increased investment in Arctic research, represent new areas of opportunity for Svalbard. In the spring of 2012, Store Norske acquired 55% of the shares in the logistics company Pole Position Logistics AS. With a base in Longyearbyen, the company is able to deliver a full range of logistics services with the main focus on cargo, shipping and field logistics. In conjunction with Pole Position, Store Norske aims to develop the logistics company further in a new, Arctic business venture.

Key facts about the Store Norske group

Store Norske Spitsbergen Kulkompani AS (SNSK) was founded in 1916, and is the parent company in the Store Norske group.

The company's core business is coal production on Svalbard through the wholly owned subsidiary Store Norske Spitsbergen Grubekompani AS (SNSG).

The company also has the subsidiaries Store Norske Boliger (SNB), which owns and lets out the group's housing stock, and Store Norske Gull AS (SNG), which prospects for minerals. As of 2012, the group also includes Pole Position Logistics AS (PPL), which operates an Arctic logistics business, in which Store Norske has a 55% stake.

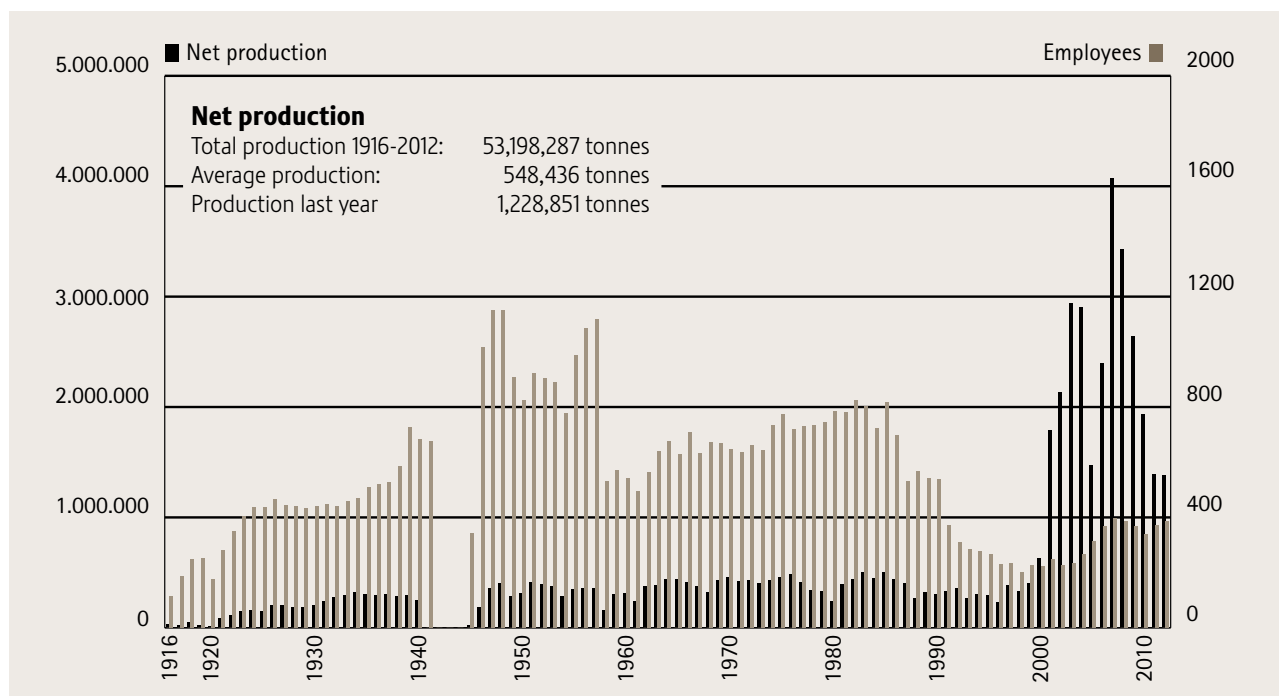
SNSK owns several pieces of land on Svalbard, including the two central properties of Longyeardalen and Adventdalen, which cover most of the Longyearbyen planning area. The company leases land to companies establishing in Longyearbyen.

SNSK and its subsidiaries have mining claim areas and concessions and have located coal and mineral deposits in large parts of Svalbard.

Operating income and profit

The group's turnover for 2012 totalled NOK 926.1 million, compared with NOK 1,444.0 million in 2011. Of this figure, coal sales CIF accounted for NOK 877.2 million, compared with NOK 1,415.7 million for the previous year.

The group had an operating loss of NOK 386.2 million for 2012, compared with an operating profit of NOK 53.2 million the previous year. The group posted a post-tax loss of NOK 233.6 million for the year, compared with a post-tax profit of NOK 55.4 million for 2011. The significantly weakened result for 2012 compared with 2011 is attributable to a fall in coal production and lower coal prices.



NOKm	Group		SNSK		SNSG		SNB		SNG		PPL
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Operating income	926.1	1,444.0	8.1	9.3	895.2	1,432.9	30.0	26.3	0.0	0.0	30.0
Operating result	-386.2	53.2	-22.3	-6.0	-358.1	69.0	8.8	3.4	-12.8	-13.2	0.1
Profit/loss before tax	-276.2	69.7	-0.1	22.5	-248.2	84.5	8.2	3.3	-13.0	-13.5	0.1
Result for the year	-233.6	55.4	3.5	21.5	-207.9	69.0	6.9	2.8	-13.0	-12.8	0.1
Non-restricted equity	1,200.4	1,352.6	2.0	0.9	1,019.3	1,172.1	227.4	219.3	0.2	0.2	2.5
Investments	325.3	152.5			294.8	132.0	29.1	20.5			1.3

Investments and cash flow statement

The group's capital investment in 2012 totalled NOK 325.3 million, up from NOK 152.5 million in 2011. Of this figure, NOK 171.8 million relates to the development of the infrastructure to Lunckefjell, compared with NOK 39.1 million in 2011. The investments have been fully financed with the Group's own funds.

Net cash flow from operating activities shows a negative figure of NOK – 163.5 million, compared with a positive figure of NOK 213.7 million in 2011. The change is largely attributable to lower operating income than for 2011, as well as items which affect the company's working capital.

Financial information

At the end of 2012, the Store Norske group had total assets of NOK 2 274.5 million. Of this, tangible fixed assets accounted for NOK 1,008.1 million, compared with NOK 2,574.1 million and NOK 801.9 million respectively in 2011.

Because the Van Mijenfjord is iced over for parts of the year, shipping can only take place between July and

November. As a result, the company produces coal for stocks for most of the year and there is no added liquidity for financing operations during this period. In 2012, the company had sufficient liquidity to finance operations during the winter period without raising loans. As a result of the negative operating result and the company's investments, liquid assets through 2012 were reduced from NOK 1,183.4 million to NOK 674.0 million.

A total of NOK 122.6 million had been invested in the stockmarket and bond market at year-end 2012, compared with NOK 101.3 million in 2011.

At the end of 2012, the Store Norske group had long term debt of NOK 19.5 million and a short term debt of NOK 173.1 million.

The group's equity stood at NOK 1,557.5 million at year-end 2012, compared with NOK 1,680.8 million in 2011. The parent company had non-restricted equity of NOK 2.0 million at the end of 2012, compared with NOK 0.9 million in 2011.



Longwall in Svea Nord. Photo: Ole Magnus Rapp

Financial risk

The company sells coal in a market with fluctuating prices and where sales transactions are conducted chiefly in US dollars. As a consequence, the company's income is in US dollars, whereas most of its costs are in Norwegian kroner. In order to achieve optimum predictability in relation to price fluctuations, the company has a hedging strategy designed to limit the economic effects of unexpected fluctuations in the currency, coal and freight markets.

Coal prices are hedged through the hedging market. The net gain from the coal hedging contracts in 2012 was NOK 56.7 million, down from NOK 144.6 million in 2011.

The company secured a net US dollar inflow for 2012. The average exchange rate attained for the year was 6.21 NOK/USD. The average exchange rate at Norges Bank for the year was 5.82 NOK/USD. At the start of 2012, the US dollar exchange rate was NOK 5.99, while at the end of the year it was NOK 5.57.

The group has credit insurance to reduce the risk on debtors.

Allocation of profit for the year

The Board recommends that the profit after tax for the year totalling NOK 3.5 million be transferred to Other reserves.

Directors' statement and going concern assumption

In the opinion of the Board of Directors, the annual accounts give a true and fair view of the company's results through 2012 and its financial position as of 31 December 2012. The accounts have been prepared on the assumption that each entity is a going concern, and the Board confirms that this assumption is present.

Contract audit

The coal sales company Oxbow responded by suing Store Norske and claiming compensation for loss of income. The action was heard by Oslo District Court in the autumn of 2011. The court found in favour of Store Norske, which was awarded costs. Oxbow has since appealed and the appeal will be heard by the Borgarting court of appeal in the autumn of 2013.

Health, safety and environment

Health, safety and environment (HSE) have the highest priority at Store Norske. The company's overall HSE goal is to operate with no work-related personal injuries or illness. Recognition of and compliance with this goal is of decisive importance for the company's work.

In 2012, there was a negative trend in industrial injuries compared with recent years. There were 14 lost time injuries during the year, compared with six in 2011. This gives a Lost Time Injury Frequency Rate (number of injuries per 1 million working hours) of 20.2 in 2012, compared with 9.2 in 2011. The equivalent figure for the Norwegian mining industry was 8.8 percent and for Norwegian industry in general, 3.7 percent.

Of the 14 lost time injuries, there was a serious injury at the wash plant in Svea in December 2012, when an operator suffered an arm injury necessitating amputation.

The Board is concerned about the injury situation and is highly focused on working to reverse the negative trend.

Various measures have been implemented and a greater focus on safety created within the entire organisation to reduce the number of injuries and dangerous conditions.

Store Norske works continuously to improve the physical and mental working environment. Regular working environment surveys are held which also include psychosocial conditions.

The total sickness absence rate in 2012 was 6.2 percent, compared with 7.4 percent in 2011. Continuous measures are being taken to reduce sickness absence rates.

External environment

The company is mindful of the environmental impact of its activities and works actively to ensure that discharges, emissions, interventions in the landscape and impact on the wildlife are kept to a minimum.

The Store Norske group has been engaged in mining operations in the area around Longyearbyen for many years, and during this period local pollution has occurred, such as acid run-off and the remains of abandoned mining operations. The consequences of current mining activities are dealt with promptly and in consultation with local and central environmental authorities. Clear-up and maintenance operations continued in 2012 on and around Store Norske's existing and closed-down facilities in the Longyearbyen area.

Store Norske has an operating permit issued by the Norwegian Climate and Pollution Agency (KLIF). The permit covers the mining operations in Svea and the dumping of low grade waste produced from the washing plant in Svea.

Coal prospecting is subject to an annual permit issued by the Governor of Svalbard's department of environmental protection and complies with the requirements laid down in the Svalbard Environmental Protection Act.

In connection with the Lunckefjell project, a comprehensive environmental monitoring programme was established in 2012; this programme is important for the environmental management of the Lunckefjell project and the restitution of the area to a state of wilderness once the project has been concluded, which is a condition of the permit awarded by the authorities.

In early January 2012, a diesel leak was discovered at the fuel tanks at Isfjord Radio. The Store Norske group was issued with pollution penalties in the form of fines totalling NOK 4 million. The group has reviewed its routines in order to prevent similar incidents in future.

Several oil spill response exercises were held during the year, organised by Store Norske, and the company also took part in a major emergency preparedness exercise under the direction of the Norwegian Coastal Administration and the Governor of Svalbard.



Personnel

As of 31 December 2012, the Store Norske group had 396 employees, up from 370 in 2011. Staff turnover in 2012 was 8.5 percent, compared with 8.3 percent in 2011. The average period of employment with Store Norske is 7.8 years. The average age of the company's employees in 2012 was 40.5 years, against 40.3 years in 2011.

About 230 of the company's employees in Svea work a shift/rotation system based on a 14/14 rotation on day shift or continuous shift, while 56 employees work a 7/7 rotation on day shift or continuous shift. Some 30 administrative and management staff work five days a week and commute weekly between Svea and Longyearbyen.

The Gruve 7 mine is worked five days a week on daytime shifts.

The company had 12 apprentices in 2012. Seven trade certificates in various subjects were taken during the year. In 2012, Store Norske contributed to Longyearbyen school offering tuition in technical and vocational subjects to the young people of Longyearbyen.

Gender equality and equal opportunities

Mining has traditionally been a male-dominated industry. Store Norske's objective is to recruit more women to the company. In 2012, the senior management team consisted of two women and nine men. There are four women and four men on the company's Board of Directors.

Discrimination

The group's ethical guidelines state that there shall be no discrimination against employees, partners, customers or other stakeholders on the grounds of religion, gender,



From the Gruve 7 mine. Photo: Store Norske

sexual orientation, age, nationality, ethnicity, marital status, disability or other factors.

Corporate Social Responsibility

Report to the Storting No. 13 (2010–2011) Active and Long Term Ownership (a Norwegian government white paper) states that the aim of state ownership of Store Norske is to contribute to maintaining and further developing the community in Longyearbyen in a manner which supports the overarching objectives of Norwegian Svalbard policy. The same aims are also laid down in Report to the Storting No. 22 (2008–2009) Svalbard.

After the Norwegian State, SNSK is the largest land-owner on Svalbard. In order to ease the changeover brought about by the introduction of local democracy in the Longyearbyen planning area, the company has entered into agreements with the Longyearbyen local government that will provide a safety net in dealings with all planning and building matters as well as reduced rents for use of land that is for the public benefit.

Store Norske supplies coal to the Longyearbyen electricity plant from the Gruve 7 mine. In 2012, the group entered into a new coal supply and price agreement with the Longyearbyen local government, effective from 2013 to 2018.

The Store Norske group remains an important cornerstone employer underpinning the community on Svalbard and contributes to the strengthening and maintenance of a robust family-based community, despite the fact that many employees choose to spend their leisure time on the mainland. In order to encourage the group's employees and

their families to choose to live in Longyearbyen, in 2012 Store Norske built a number of large family dwellings. For Store Norske, as for other industries and businesses in Longyearbyen, providing jobs and educational opportunities for spouses and partners poses a great challenge and is an important factor in helping to maintain a stable family community. In 2012, the company took the initiative, in collaboration with the Longyearbyen local government, the Norwegian Society of Engineers and Technologists (NITO), Narvik University College and other local businesses, to establish a college preparatory course in engineering subjects in Longyearbyen. The course is scheduled to start in the autumn of 2013. The Store Norske group will intensify its efforts in the jobs and education sphere in the time ahead.

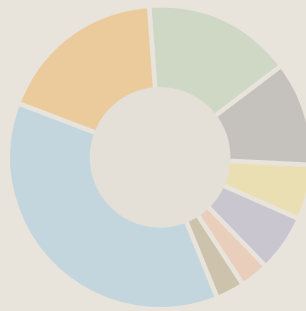
At any one time, the company has 10 apprentices in rock blasting and mining, and the company also collaborates with Longyearbyen school to offer post-16 education and training in technical and industrial subject areas in which Store Norske has resources, materiel and expertise.

Store Norske is an important contributor to sport and culture in Longyearbyen. This is essential in order to create an attractive society to the company's employees and their families.

With support from the Svalbard Environmental Protection Fund, the company has continued carrying out extensive rehabilitation of the historic ropeway angle station in Endalen and the Gruve 2B mine in Longyearbyen. Both are listed as industrial heritage sites.

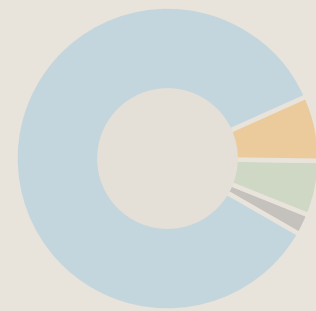
See the Board's corporate social responsibility statement in its entirety on page 40.

Store Norske's coal sales in tonnes, by country



Germany	37%	France	6%
Spain	18%	Belgium	6%
Denmark	16%	Norway and Svalbard	3%
UK	11%	Netherlands	3%

Store Norske's coal sales in tonnes, by market



Energy	85%
Cement industry	7%
Metallurgical industry	6%
Other	2%

Research and Development

Store Norske collaborates with a number of established research institutions, is a partner in the Longyearbyen CO₂ Lab, and in 2012 was an industrial partner in the centre for CO₂ capture and storage (SUCCESS), at the national centre for environmentally friendly energy research hosted at Christian Michelsen Research (CMR) in Bergen.

Store Norske puts land, premises and infrastructure at the disposal of many research organisations, with the aim of stimulating research activity on Svalbard.

Risk management and internal control

Store Norske is exposed to risk within a number of areas and throughout the entire value chain. The most important risks relate to market operations, operating activities, project implementation and framework conditions. Managing risk well is important for value creation and is an integral part of all SNSK's business activities. The company has risk management systems in place for, amongst other things, oil spill protection, quality control, mine rescue, and fire and emergency preparedness.

Store Norske has established its own internal audit function. The purpose of the internal audit function is to assist the Board and management in undertaking an independent and neutral assessment of whether the group's most critical risks are sufficiently well managed and controlled. Annual plans are prepared for the work of this function, which must be approved by the Board. The internal control function within the group is performed by an external auditor.

In 2012, the Board revised Store Norske's ethical guidelines and drafted new corporate governance principles. A new finance strategy has been prepared, which will be consid-

ered by the Board's audit committee and the Board of Directors in April 2013.

The company works continuously to improve quality assurance and environmental performance.

Corporate governance

Good corporate governance is based on a clear relationship between the company's owners, Board of Directors and management. Good corporate governance is intended to contribute to the credibility and reliability of the company, to inspire confidence and trust in the company, and also to facilitate optimum long term value creation, in the best interests of the company's shareholders, staff, and other stakeholders.

The principles for corporate governance in Store Norske shall be in accordance with the Norwegian Code of Practice for Corporate Governance (NUES) and the Norwegian State's principles for good ownership (see Report to the Storting no. 13 (2010–2011) Active and Long Term Ownership).

In 2012, the Board of Directors appointed an audit and compensation committee consisting of three members. In addition, the Board appointed a four-member corporate social responsibility committee in 2012.

Open and accessible communication aims to ensure that the company maintains good relations with society in general and in particular with the stakeholders affected by the business.

See the Board's corporate governance statement in its entirety on page 36.



GROUP COMPANIES

Store Norske Spitsbergen Grubekompani AS

Most of the business operations of SNSK are conducted in Store Norske Spitsbergen Grubekompani AS (SNSG).

The core business of SNSG is coal mining. Coal is produced from two mines. Most of the production comes from the Svea Nord mine, which is in Svea about 60 kilometres south of Longyearbyen. In Longyearbyen, coal production takes place in the Gruve 7 mine.

The company had 385 employees as of 31 December 2011. The company sells administrative services to other companies in the Store Norske group.

Market

Coal sales from Svea totalled 1,258,361 million tonnes in 2012, compared with 1,595,562 million tonnes in 2011. Coal sales figures from the Gruve 7 mine were 67,294 tonnes, down from 69,213 tonnes in 2011. During the year, 85 percent of sales went to energy production, nine percent went to other industrial production (cement, paper or other areas), and the remaining six percent went to steelworks. Approximately 850,000 tonnes of shipped tonnage was washed coal.

In 2012, the coal market in Europe was dominated by large export volumes from the USA and an increase in exports from Colombia. Demand was furthermore limited as a result of the persistent economic crisis in Europe. This impacted on both energy producers and steelworks.

The average sales price of the coal was USD 100 per tonne. Approximately 30 percent was sold at prices fixed at the

date of contract and the remaining 70 percent was sold at index-regulated prices. Including hedging of coal prices in the paper market, a price was achieved of USD 116 per tonne. The international coal price index API 2 varied in 2012 between USD 110.18 (5 January) and USD 83.57 (23 May), with an average for the year of USD 92.48. The period from the turn of the year to May 2012 saw a falling price trend. After May, the price fluctuated largely between USD 85 and USD 95. This price picture has persisted into 2013.

Resource base

SNSG complies with international standards in its reporting of resources and reserves.

	Resources			Reserves	
	Assumed	Indicated	Measured	Probable	Certain
Svea Nord core				2.9	2.6
Svea Nord rim zone		2.0	6.6		
Svea Øst		3.8			
Lunckefjell	2.1			8.4	
Ispallen		14.3			
Gruve 7 area		2.0			1.8
Bassen	12.0				
Gruve 3 area		5.0			

The deposits in Lunckefjell, which is North-East of Svea Nord, have now been well surveyed since the completion of the drilling programme in 2012, with probable reserves of 8.4 million tonnes of coal. In the North-Western corner of Lunckefjell the Svea seam also appears under the Longyear seam, which is the main seam level. There are assumed resources here of 2.1 million tonnes of coal.

Further studies are being made of this area for possible future production.

Detailed surveying of the Svea Nord rim zone continues and the drilling in 2012 expanded the geologically measured resources by 0.6 million tonnes. Svea Øst needs to be surveyed more intensely, with core drilling or trial drifts. Ispallen, south of Svea, has been surveyed by drilling spread over the coal field, and has geologically indicated resources of 14.3 million tonnes. A large-scale drilling programme is underway to supplement the basis for the approval process by the authorities and for operational planning. The Bassen area by Adventdalen will undergo more studies. These studies form part of the drilling programme for 2013-2015.

The company estimates the Gruve 7 mine to have certain coal reserves of 1.8 million tonnes. In addition, there are indicated resources of 2 million tonnes of coal which have a higher sulphur content than the known resources.

Coal production Svea Nord

Owing to a combination of difficult production conditions, high stone content in the coal, high wear and tear on the production equipment and lower coal prices, the production equipment was moved during the summer of 2012. As a result of longwall moves and difficult production conditions, the volume of produced coal was significantly lower than in 2011.

Production of saleable coal totalled 1,164,338 tonnes in 2012, down from 1,317,313 tonnes in 2011.

Coal production Gruve 7

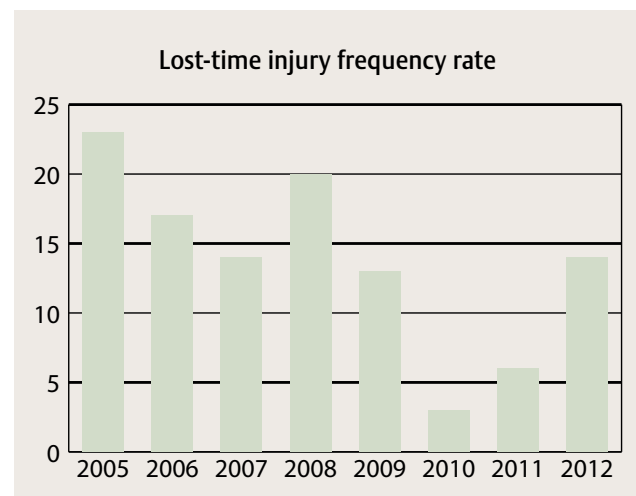
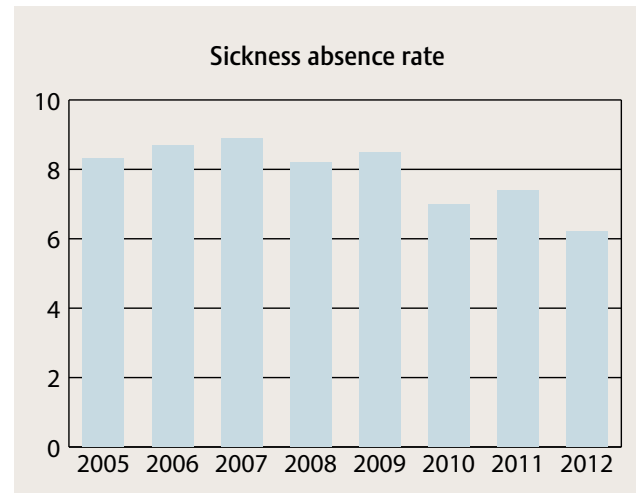
In 2012, 64,513 tonnes of saleable coal were produced in the Gruve 7 mine, down from 69,007 tonnes in 2011. The production method is room-and-pillar mining.

The Lunckefjell project

In December 2011, SNSG gained approvals from the Norwegian Ministry of Environment, under the Svalbard Environmental Protection Act, to open a new mine in Lunckefjell.

At the beginning of May 2012 came the final breakthrough from the Svea Nord mine and out onto the Marthabreen glacier, as part of the infrastructure project for Lunckefjell. In the following months a road connection was established between Svea Nord and Lunckefjell, where preparations for mining operations are underway.

The work on creating the basic infrastructure up to Lunckefjell started in March 2012. Development work is planned to start in the Lunckefjell mine in September 2013. The first longwall panel will be ready for operations to



commence in the second half of 2015 and will take over the main production in Svea from the Svea Nord core, which will then be depleted.

The Lunckefjell deposits are estimated to consist of about 60 percent coal of PCI (Pulverised Coal Injection) quality.

Svea community

There is no road connection between Longyearbyen and Svea. All transport of personnel is by aircraft.

In 2012, 18,688 passengers in total were carried to and from Svea, compared with 17,214 passengers in 2011. A total of 369 tonnes of goods were carried on the same stretch in 2012.

The power station in Svea brought a waste heat recovery unit into operation in the autumn of 2012. This is intended to cut direct diesel consumption by up to 800,000 litres annually.

Shipping

There were 23 shipments by sea in total in 2012, including three shipments of Gruve 7 coal from Longyearbyen. The first coal ship arrived at Svea on 12 August, and the season concluded with the last coal ship sailing on 20 November. 2012 was the first season when ships entering the Van Mijenfjord are obliged by law to carry a licensed pilot, and the new system worked successfully according to plan.

Store Norske Boliger AS

The objectives of the company are to own residential property and operate a property letting business. The company owns a total of 380 residential units in Longyearbyen, comprising 215 family apartments and 165 one-room flats (bed-sits). Store Norske Boliger AS rents out most of its residential properties to Store Norske group companies and partners. The largest tenant is Store Norske Spitsbergen Grubekompani AS.

During the year, Store Norske Boliger AS acquired ten new family apartments in Longyearbyen. The company also contracted to purchase six family apartments, which will be completed in the spring of 2013.

Store Norske Gull AS

Store Norske Gull AS is a wholly owned subsidiary of Store Norske Spitsbergen Kulkompani AS. The company was established in 2003, and its objectives are to survey, conduct exploration and carry out prospecting activities for gold and other mineral deposits.

At the end of 2012, the company had 25 exploration licences in Finnmark, 47 exploration licences in Troms and 12 applications for pre-claims, as well as 15 deposit locations by the St. Jonsfjord on Svalbard.

In Finnmark the prospecting work was conducted in the Karasjok Greenstone Belt. The company's largest activity during the year was on the islands of Vannøya and Ringvassøy in Troms county. No exploratory studies were carried out at St. Jonsfjord on Svalbard in 2012.

The company's exploratory activities in 2012 did not involve making any interventions in the ground beyond taking samples.

Pole Position Logistics AS

Pole Position Logistics AS is 55 percent owned by Store Norske Spitsbergen Kulkompani AS. The company has its head office in Longyearbyen and supplies Arctic logistics services with the main focus on cargo, shipping and field logistics.

The company collaborates closely with Store Norske's procurement department to make the company's logistics operations more efficient. Pole Position is also focused on developing and strengthening the company's position as the leading Arctic logistics company.

Outlook

The core business of the Store Norske group is coal mining, which in 2012 was carried out in the Svea Nord core and in the Gruve 7 mine.

At the end of 2011, SNSG was granted the necessary permits to start preparations for opening mining operations in Lunckefjell with the planned main production to start in 2015. Construction of the infrastructure on the Marthabreen glacier started in March 2012, and at the beginning of May an opening was drilled between the mine in Svea Nord and the glacier. The production in Lunckefjell will be based on natural exploitation of the existing established infrastructure in Svea, and will ensure continuity in the company's long term plans to deliver between 1.5 and 2 million tonnes of coal annually.

The future development of the coal market and coal prices will depend on a number of factors. The most important long term factors are the price of alternative energy, principally gas, CO₂ (emission quotas), coal washing technology and the phasing in of renewable energy. A continuing high rate of coal export volumes to Europe and low freight rates will put a damper on coal prices in the short term.

Profitable and long term management of the coal resources is the company's prime purpose. Store Norske therefore views it as essential to exploit further the potential for greater efficiency and use of resources within the frameworks provided in the Svalbard Environmental Protection Act. This will position the company better as regards managing varying operational conditions in the rock, and also make the company more robust in relation to changes in the market price of coal.

On the basis of its long term operational plan, the company has coal resources in the area until the year 2028, based on the annual production volumes stipulated above. At Longyearbyen, in addition to the resources in the Gruve



The ropeway angle station in Endalen was illuminated in January 2012. Photo: Anders Fjellestad

7 area, coal deposits have been found at Bassen in the Operafjellet mountain by Adventdalen. It may be possible to exploit these deposits beyond the point where the Svea deposits are depleted.

The implementation of the Lunckefjell project will give the company the opportunity to develop further its own resources and expertise in Arctic mining in a vulnerable environment and subject to the most stringent environmental requirements. The company will make full and responsible use of these opportunities and experience by surveying coal reserves which will provide a natural potential for stable, secure and profitable operations after the Lunckefjell period ends in 2019.

The land owned by SNSK in Longyearbyen represents major assets for the future and it is important to actively manage these assets in order to exploit the opportunities they offer.

The development of activities in the Far North, such as oil and gas exploration, and the diminishing ice in the Arctic seas and changes in global logistics patterns, as well as increased investment in Arctic research, represent new areas of opportunity for Svalbard. Working in partnership with its subsidiary, Pole Position Logistics AS, Store Norske wishes to develop the logistics company further within a new, Arctic business venture.

The Board of Directors

The Board of Directors of SNSK held 10 meetings in 2012, two of which were on Svalbard.

Thanks to the group's employees

The Board of Directors would like to thank all the group's employees and elected officers for all their hard work, and for the dedication and loyalty they have demonstrated in 2012.

Longyearbyen, 31 December 2012
25 April 2013

The Board of Directors of Store Norske Spitsbergen Kulkompani AS

Annette Malm Gustad
Annette Malm Gustad
Chair of the Board

Egil Ullebø
Egil Ullebø
Vice-Chair

Anne Cathrine Haadem
Anne Cathrine Haadem

Grethe Fossli
Grethe Fossli

Per Ole Morken
Per Ole Morken

Arild Olsen
Arild Olsen

Monica Bolli
Monica Bolli

Alf Brun
Alf Brun

Per Andersson
Per Andersson
CEO





The washing plant in Svea. Photo: Linda Bakken

Profit & loss account

Store Norske Spitsbergen Kulkompani AS

				NOK 1000	
Group			Parent Company		
2012	2011	Note	2012	2011	
877,248	1,415,736	Coal sales CIF	2)11)	0	0
22,933	761	Other sales income		0	-10
25,219	24,049	Lease income		7,688	7,618
706	3,470	Other operating income		437	1,663
926,107	1,444,016	TOTAL OPERATING INCOME		8,126	9,270
-43,562	-125,306	Change in coal stocks	3)	0	0
-394,567	-337,874	Wages & salaries, NI contrib.& pension expenses	4)5)6)	0	-167
-115,241	-184,199	Freight relating to coal sales		0	0
-613,699	-624,121	Other production and operating costs	4)7)8)	-30,252	-14,869
-145,259	-119,304	Depreciation/amortisation	9)	-127	-202
-1,312,327	-1,390,803	TOTAL OPERATING COSTS		-30,379	-15,238
-386,220	53,212	OPERATING RESULT		-22,253	-5,967
123,120	33,461	Financial income	10)	22,976	28,945
-13,109	-16,944	Financial expenses	10)	-858	-476
110,011	16,517	Net financial items		22,118	28,468
-276,209	69,729	PROFIT/LOSS BEFORE TAX		-135	22,501
42,584	-14,362	Tax	12)	3,682	-1,040
-233,675	55,367	Majority share of profit/loss		3,547	21,461
50	0	Minority share of profit/loss		0	0
-233,625	55,367	RESULT FOR THE YEAR		3,547	21,461
Allocation of profit/loss:					
		Dividends		0	25,000
		other reserves		3,547	-3,539

Longyearbyen, 31 December 2012
25 April 2013

The Board of Directors of Store Norske Spitsbergen Kulkompani AS



Annette Malm Justad
Chair of the Board


Egil Ullebø
Vice-Chair


Anne Cathrine Haadem


Grethe Fossli


Per Ole Morken


Arild Olsen


Monica Bolli


Alf Brun


Per Andersson
CEO

Annual Report of Store Norske Spitsbergen Kulkompani AS

NOK 1000				
Group			Parent Company	
2012	2011	Note	2012	2011
		FIXED ASSETS		
		Intangible assets		
184,889	163,774	Deferred tax assets	9,412	7,034
7,670	0	Goodwill	0	0
		Fixed assets		
340,414	308,316	Land, buildings, other real property	504	1,304
455,762	309,307	Plant and machinery	194	320
8,568	10,347	Operating equipment, fixtures & fittings, tools etc	0	0
		Financial fixed assets		
0	0	Investments in subsidiaries	242,976	230,397
10,884	10,179	Investments in associated companies	6,923	6,923
1,008,187	801,924	TOTAL FIXED ASSETS	260,009	245,979
		CURRENT ASSETS		
		Goods		
123,830	149,829	Stocks of operating materiel	0	0
231,017	275,643	Coal stocks	0	0
		Receivables		
103,400	50,498	Accounts receivable from customers	256	154
11,462	11,499	Other short term receivables	0	0
		Market investments		
122,602	101,265	Market-based bonds, equities funds	0	0
		Bank deposits, cash		
673,975	1,183,440	Bank deposits, cash	502	805
1,266,287	1,772,175	TOTAL CURRENT ASSETS	758	958
2,274,473	2,574,098	TOTAL ASSETS	260,767	246,938
		EQUITY AND LIABILITIES		
		EQUITY		
164,490	164,490	Share capital	164,490	164,490
1,391,595	1,516,342	Other reserves	11,448	7,901
1,386	0	Minority interests	0	0
1,557,471	1,680,832	TOTAL EQUITY	175,938	172,391
		LIABILITIES		
		Provision for liabilities and charges		
413,272	497,940	Pension commitments	0	0
111,178	65,509	Other provisions for liabilities and charges	35,200	15,003
		Long term liabilities		
19,497	20,745	Debt to credit institutions	0	0
		Short term liabilities		
61,163	76,721	Accounts payable	6,441	5,942
39	42,059	Tax payable	0	0
23,918	20,342	Unpaid govt. charges & special taxes	0	0
87,936	169,951	Other short term liabilities	43,188	53,602
717,003	893,266	OTHER LIABILITIES	84,830	74,547
2,274,473	2,574,098	TOTAL EQUITY AND LIABILITIES	260,767	246,938

Cash Flow Statement, indirect model

Store Norske Spitsbergen Kulkompani AS

NOK 1000

Group		Parent Company	
2012	2011	2012	2011
Cash flows from operating activities			
-276,209	69,729	-135	22,501
-42,214	-76,942	0	0
-700	-772	-700	0
0	-43	0	-43
143,342	119,305	127	202
70,625	107,394	0	139
-52,902	-4,580	-102	78,234
-15,558	-18,717	498	-2,210
44,955	34,575	0	0
-705	-892	0	0
-1,243	2,343	0	0
-32,864	-17,677	-12,216	-109,918
-163,473	213,723	-12,528	-11,095
Cash flows from investing activities:			
5,195	1,093	1,500	43
-324,140	-228,130	0	0
-25,799	-60,000	-11,275	0
-344,744	-287,037	-9,775	43
Cash flows from financing activities:			
-1,248	-1,196	0	0
0	-25,000	0	-25,000
0	0	22,000	28,000
-1,248	-26,196	22,000	3,000
-509,465	-99,510	-303	-8,052
1,183,440	1,282,950	805	8,857
673,975	1,183,440	502	805

Notes to the accounts

Store Norske Spitsbergen Kulkompani AS and Group

Note 1 Accounting principles

The annual accounts have been prepared in accordance with Norwegian accounting rules and standards, and with accounting principles generally accepted in Norway. All figures are stated in NOK 1,000 unless otherwise specified. Amounts in foreign currencies are stated separately.

Use of estimates

The preparation of accounts in accordance with the Norwegian Accounting Act requires the use of estimates. Further, the application of the accounting policies adopted by the company requires the management to exercise discretionary judgement. Areas where there is a great deal of discretionary judgement required, where a high degree of complexity is involved or areas where assumptions and estimates are of material importance for the annual accounts, are referred to in the Notes.

Consolidated accounts

The consolidated accounts cover the parent company Store Norske Spitsbergen Kulkompani AS and its subsidiaries and associated companies. An overview of the companies is provided in Note 13. Subsidiaries are companies where the parent company has control, and thus the controlling interest, with control of the entity's financial and operational strategy, normally by owning more than half of the voting shares. Companies in which the parent company has investments with 20-50 percent ownership of voting shares and a significant interest, are defined as associated companies.

The abbreviated names of the companies are:

Parent company / Subsidiaries

SNSK – Store Norske Spitsbergen Kulkompani AS
 SNSG – Store Norske Spitsbergen Grubekompani AS
 SNB – Store Norske Boliger AS
 SNG – Store Norske Gull AS
 PPL – Pole Position Logistics AS

Associated companies:

Materiallageret AS
 Lompensenteret AS

Measurement and classification principles

Revenue recognition

Sale of goods and rendering of services is measured at the fair value of the compensation, net after discounts and other deductions. Sale of goods is recognised in income when an entity within the group has delivered its products to the customer and there are no unfulfilled obligations which may affect the customer's acceptance of the

delivery. Delivery is not made until the products have been dispatched to the agreed upon place and the risk of loss and obsolescence has been transferred to the customer. Revenues from services rendered are recognised when they are completed.

Classification of balance sheet items

Assets intended for permanent ownership or use are classified as fixed assets. Assets connected with the flow of goods are classified as current assets. Accounts receivable are otherwise classified as current assets if they fall due within one year. Analogous criteria are applied to debt. The first year's instalments on long term receivables and long term debt are nevertheless not classified as current assets and short term debt.

Accounting policies for shares in subsidiaries and associated companies

Subsidiaries are measured in the company accounts according to the cost convention. Investments are valued at acquisition cost for the shares unless a write-down was required. Write-downs to fair value are made when impairment is attributed to reasons which cannot be described as temporary and where deemed necessary according to good accounting practice. Write-downs are reversed when the reason for the write-down no longer exists.

Dividends and other payments are recognised in income for the year in which the subsidiary made provision for them. If the dividend exceeds the share of retained profit after the acquisition, the excess represents repayment of the capital invested and the value of the investment is deducted from the payments in the balance sheet.

Associated companies are measured in the company accounts according to the cost convention. Associated companies are accounted for in the consolidated accounts using the equity method. The share of profit/loss is based on profit/loss after tax in the company in which the investment has been made, less internal gains and any amortisation of goodwill as a result of the cost price of the shares being higher than the acquired share of equity in the balance sheet. In the profit and loss account the share of profit/loss is shown under Financial items.

Consolidation principles

Subsidiaries are consolidated from the time the control is transferred to the group (the acquisition date).

In the consolidated accounts the item 'Shares in subsidiaries' is replaced by the subsidiary's assets and liabilities. The consolidated accounts are prepared as though the group were a single economic entity. Transactions, unrealised earnings and intra-group balances are eliminated.

Acquired subsidiaries are accounted for in the consolidated accounts based on the acquisition cost to the parent company. Acquisition cost is assigned to identifiable assets and liabilities in the subsidiary, which is carried in the consolidated accounts at fair value at the date of acquisition. Any excess beyond what is attributable to identifiable assets and liabilities is reported in the balance sheet as goodwill. Goodwill is treated as a residual and is accounted for in the balance sheet with the share that was observed in the acquisition transaction. Excess value in the consolidated accounts is amortised over the expected economic life of the acquired assets.

Stocks

Coal stocks are measured at the lower of total coal production costs or net realisable value. Stocks of operating material and spare parts are measured at the lower of cost or assumed realisable value.

Goodwill

Goodwill has arisen in connection with the acquisition of a subsidiary. Goodwill is amortised on a straight line basis over the expected useful life of the asset.

Fixed assets

Land is not depreciated. Other tangible fixed assets are recognised in the balance sheet and depreciated if they have a useful life of more than three years and if they have a significant cost price. Depreciation is based on the economic life of the operating asset. Maintenance of operating assets is charged as expense in the current period under Operating expenses. Upgrades and improvements are added to the cost price of the operating asset and depreciated at the same rate as the asset. The difference between maintenance and upgrade/improvement is calculated in relation to the condition of the asset at the time of acquisition.

Write-down of fixed assets

If there is an indication that the carrying amount of a fixed asset in the balance sheet exceeds its net realisable value, a test for impairment is carried out. The test is performed for the lowest level of fixed asset that has independent cash flows. If the balance sheet value exceeds both the sales value and the recoverable amount (present value with continued use/ownership), the asset is written down to the higher of the sales value or the recoverable amount.

Previous write-downs, with the exception of goodwill, are reversed if the assumptions for the write-down are no longer present.

Other long term share investments

Investments in other shares are accounted for according to the cost convention. Dividends on shares are accounted for as financial income, when the dividend has been approved. If the dividends significantly exceed the share of retained profits after the acquisition, the excess is carried to reduce the cost price.

Receivables

Accounts receivable and other receivables are recognised in the balance sheet at nominal value less provision for bad debts. Provision for bad debts is made on the basis of a specific assessment of the individual items. An unspecified provision to cover expected losses is also made for other accounts receivable.

Financial instruments

The company transacts coal sales in US dollars. Financial instruments are used on US dollars and coal to hedge future income. For accounting purposes, financial instruments are classified as hedging instruments. Financial instruments used to hedge future receipts and payments are not accounted for.

Market investments

Financial investments comprise investments in equities funds and bonds. This portfolio is considered to be for short term investment for trading purposes and is carried at fair value. Changes in unrealised exchange gains and losses are recognised in profit or loss immediately together with other investment returns under Financial items.

Statement of cash flow

The statement of cash flows is prepared according to the indirect method. Cash and cash equivalents comprise cash, bank deposits and other short term, liquid investments which can be converted into known cash amounts with immediate effect and negligible currency risk, and which have a due date within three months of the acquisition date.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies that are not hedged are carried at the rate of exchange prevailing at year-end.

Liabilities

Liabilities, with the exception of some provisions for charges and liabilities, are carried in the balance sheet at the nominal amount of the debt.

Mine development costs

The costs of preliminary mine development and facilitating coal extraction from new coal fields are charged as expense during the current period in line with production. Facilitating extraction in new coal fields includes moving mining equipment from one coal panel to the next.

Exploration costs

The costs of surveying for future deposits are charged as expense during the current period.

Pension commitments

The group has various pension schemes covering all its employees. The company has both defined-contribution pension schemes and defined-benefit pension schemes.

Defined-contribution pension schemes

In a defined-contribution scheme, the company pays contributions to an insurance company. The company has no further payment obligation once the pension contributions are paid. The contributions are accounted for under Wages and salaries. Any pre-paid contributions are carried as an asset in the balance sheet (pension fund assets) to the extent the contribution can be refunded or reduce future payments into the scheme.

Defined-benefit pension schemes

A defined-benefit pension scheme is a scheme that is not a defined-contribution pension scheme. Typically, a defined-benefit scheme is a scheme that defines the pension that an employee will receive upon retirement. The pension paid out is normally dependent on several factors, such as age,

the number of years of service, and salary. The pension commitment carried in the balance sheet related to defined-benefit schemes is the present value of the defined benefits on the balance sheet date less the fair value of the pension fund assets (amounts paid to the insurance company) adjusted for variance estimates not recognised in profit or loss and expenses not recognised in profit or loss related to previous periods' vesting of benefits. The pension commitment is calculated annually by an independent actuary based on a straight-line accrual method for benefits. No provision is made for employer's contribution, as Svalbard is not subject to this charge.

Changes to the cost of pension schemes are amortised over the expected remaining vesting period. With respect to variance estimates made as a result of new information or changes in the actuarial assumptions, the group has chosen to employ the possibility of recognising directly in equity the annual variance estimate from the regular cost of the scheme.

Tax

The tax charge for the year is computed on the basis of the year's accounting result. It comprises both the tax payable for the period and the change in deferred tax/tax assets. Deferred tax/tax assets are computed on the basis of differences between the carrying amounts of assets and liabilities and their tax base. Deferred tax assets are recognised in the balance sheet if it is deemed more likely than not that the asset can be used in a later tax period. Deferred tax and deferred tax assets that can be recognised in the balance sheet are stated net in the balance sheet.

Note 2 Revenue, group

Coal sales CIF

	2012	2011
Coal sales	882,585	1,423,619
Coal export tax	-5,337	-7,883
Total	877,248	1,415,736

Coal sales CIF split by markets and customer groupings:

Tonnes	Energy	Cement	Metallurgical industry	Other industry	2012	2011
Svalbard	21,777				21,777	25,158
Norway		17,733			17,733	39,998
Denmark	205,063				205,063	144,198
Netherlands			33,204		33,204	0
Germany	434,994		41,517	23,028	499,539	1,058,521
Belgium	80,144				80,144	0
England	145,220				145,220	194,563
Portugal					0	162,420
France		82,507			82,507	0
Spain	240,467				240,467	0
Switzerland					0	39,917
Tonnes 2012	1,127,665	100,240	74,721	23,028	1,325,654	
Tonnes 2011	1,486,233	39,998	44,055	94,489		1,664,775

Note 3 Stocks**Coal stocks – group**

Coal stocks are measured at the lower of net sales income and total coal production costs. At year-end 2012, the lowest variable production cost was measured at NOK 450 per tonne. Freight and sales costs are added to the value of coal stocks in Europe, with stocks being measured at NOK 515 per tonne.

	2012		2011	
	Tonnes	NOK	Tonnes	NOK
Coal stocks, Longyearbyen	6,677	3,004	9,458	4,256
Coal stocks, Svea	506,695	228,013	584,447	263,001
Coal stocks, Europe	0	0	16,271	8,386
Total coal stocks	513,372	231,017	610,176	275,643

Stocks of operating materiel

Stocks of operating materiel and spare parts are measured at the average cost price from the supplier.

Items which are more than two years old and which are not expected to be used in the next year are valued at 0 (zero) in the balance sheet.

	Group					
	2012			2011		
	Cost price	Written down	Balance sheet Book value	Cost price	Written down	Balance sheet Book value
Consumables	114,583	-55,887	58,695	129,360	-52,611	76,749
Spare parts	188,586	-123,451	65,135	189,529	-116,449	72,894
Total operating materiel	303,169	-179,338	123,830	318,889	-169,060	149,829

Note 4 Remuneration to senior executives etc.

The Board of Directors has adopted an executive pay statement describing the Store Norske group's policy with respect to setting executives' pay and other remuneration to the group's senior executives. The executive pay statement defines the main principles at Store Norske for setting remuneration, variable pay, pension benefits and termination payment schemes. Store Norske's executive pay policy complies with the guidelines for state-owned enterprises.

Fixed pay among senior executives is viewed as competitive, but not as wage-leading in the sector. The further growth and profitability of the company depends on the efforts of employees to secure the prolonged development of the business and the improvement of profitability, and the fixed pay element is intended to contribute to this.

The fixed pay (gross annual salary before tax) is intended to be the main element of executive pay. Increases in fixed pay are expected to be moderate in both 2013 and 2014.

The company does not operate with variable pay or incentive schemes for senior executives, and there is no contractual termination payment scheme for management or senior executives

The Board carries out regular reviews of the group's pension schemes to ensure they are reasonable and balanced.

	2012	2011
Remuneration to CEO		
Salary	1,695	1,869
Other taxable benefits	100	94
Salary – pension cover age 62-67	0	200
Pension benefits at age 67	0	189
Defined-contribution pension at age 67	58	0
Board of Directors' fees	1,189	1,167

The CEO and members of the Board of Directors receive their remuneration from the subsidiary SNSG. The CEO is paid an annual salary of NOK 1.85 million.

	Group		Parent Company	
	2012	2011	2012	2011
Statutory audit	668	525	52	45
Tax consultancy service/ tax assessments	55	45	11	10
Other assistance, auditor	125	149	15	12
Other assistance, auditing firm*	1,055	3,923	0	0

*Other assistance from auditing firm relates to contract audit and due diligence.

Executive pay statement

The executive pay statement sets out the Store Norske group's policy with respect to setting executives' pay and other remuneration to the group's senior executives

In 2012, the executive pay policy complied with the principles of the executive pay statement presented to the annual general meeting in 2012. No executive pay agreements were entered into or amended in 2012. The new CEO took up his post on 1 January 2012, on the basis of an employment contract entered into in 2011, which also follows the principles set out in the executive pay statement.

Senior executives comprise the CEO and other senior executives within the group.

The executive pay statement defines the main principles at Store Norske for setting remuneration, variable pay, pension benefits and termination payment schemes.

Store Norske's executive pay policy complies with the guidelines for state-owned enterprises.

Reference is made to Report to the Storting No. 13 (2010–2011) Active and Long Term Ownership.

1 The basis for Store Norske's executive pay policy

The Board of Directors of Store Norske Spitsbergen Kulkompani AS view the group's employees as its most important resource and are concerned that the group should offer competitive terms so as to attract and retain skilled staff.

2 Who the guidelines cover

The guidelines for setting executive pay are established by the Board and apply to pay for senior executives. The senior management team at Store Norske are directly subject to the guidelines. The guidelines are also normative for the pay of other executives within the group.

3 What period does the executive pay statement apply to

The executive pay statement applies for one year ahead. The Board will base their work on the statement after it has been considered by the annual general meeting in June 2013.

The Board set up a separate audit committee in 2013 and has therefore found it appropriate to assign the preparations for the Board's consideration of executive pay matters to the audit committee.

4 Main principles of the group's executive pay policy

Fixed pay among senior executives is viewed as competitive, but not as wage-leading in the sector. The further growth and profitability of the group depends on the efforts of employees to secure the prolonged development of the business and the improvement of profitability, and the fixed pay element is intended to contribute to this.

4)1) Fixed pay

The fixed pay (gross annual salary before tax) is intended to be the main element of executive pay. Increases in fixed pay are expected to be moderate also in 2013.

4)2) Directors' fees

Employees do not receive directors' fees for work they undertake as elected officers for Store Norske. Staff-elected representatives on the Board of Store Norske Spitsbergen Kulkompani AS do not fall under this rule.

4)3) Non-cash remuneration and other special schemes

Senior executives will normally have a free telephone and laptop computer. The CEO has in addition to these benefits a free broadband

connection and usage, as well as free newspaper, company car, snowmobile and housing.

4)4) Variable pay and other incentive schemes

Store Norske operates no variable pay or incentive schemes for senior executives.

5 Pension schemes

The Board carries out regular reviews of the group's pension schemes to ensure they are reasonable and balanced.

The pension terms and conditions for the CEO and senior executives are the same as the pension terms and conditions of other company employees. All employees are members of the group's group pension schemes and early retirement pension schemes.

The pensionable income base does not exceed 12G (G = the Norwegian national insurance base rate). Under a defined-benefit pension scheme, the vesting period is 30 years.

6 Termination payment schemes

Store Norske does not operate a contractual termination payment scheme for the management or senior executives.

Note 5 Specification of wages, salaries and social security costs

	Group		Parent Company	
	2012	2011	2012	2011
Wages and salaries	299,391	259,756	0	0
Pension costs	77,178	62,283	0	0
Other remuneration	17,998	15,835	0	167
Total	394,567	337,874	0	167

SNSK had no employees in 2012. The parent company purchases services from SNSG, which also sells services to other companies in the Store Norske group.

The group employed 442 full-time equivalents in 2012, compared with 400 in 2011. The number of full-time equivalents is the sum of all hours worked in the group (including temporary workers and overtime) divided by the normal working hours for the various working time schemes.

Note 6 Pension costs and commitments – group

The group's pension schemes cover a total of 413 people, 43 of whom have taken early retirement. There are 133 persons in receipt of an ordinary pension, 74 of whom receive a retirement pension, 32 a spouse's pension, seven a children's pension and 21 a disability pension.

The group's pension schemes comprise both an ordinary retirement pension scheme (from the age of 67) and a voluntary early retirement pension scheme (from the age of 60) for all employees. The assumption of contributory period for accounting purposes for the ordinary retirement pension scheme (the 67 scheme) has been calculated based on a normal retirement age of 60. The reason for this is that the pension cost should be recognised as an expense in the periods during which the employees are actually working for the company, cf. the matching principle in the Norwegian Accounting Act.

The ordinary retirement pension (from age 67) is covered by an insurance scheme. This scheme meets the requirements of the Norwegian legislation on compulsory occupational pensions, while pensions under the scheme for voluntary early retirement between age 60 and 67 are paid directly

from the group's day-to-day operations. For accounting purposes, the pension commitment relating to the early retirement scheme is calculated by an actuary and allowance made in the accounts using the same principles as for the ordinary retirement pension scheme from age 67.

Employees residing in Finland are covered by a separate pension scheme in accordance with Finnish law.

In the autumn of 2009, SNSG offered an early retirement pension from age 55 to staff who had been employed for more than five years. These persons have been taken out of the ordinary actuarial calculations and separate provision has been made for them.

To avoid large fluctuations in pension costs in the profit and loss account, annual estimate variances from the regular cost of schemes are recognised directly in equity.

As of 31 December 2012, the company had a net pension commitment recognised in the balance sheet totalling NOK 413.3 million relating to the different insurance schemes.

	2012		
Net pension costs	Secured	Unsecured	Total
Present value of the year's pension contributions	39,833	22,315	62,148
Interest cost on pension commitment	14,541	5,129	19,670
Return on pension assets (less admin. costs)	-4,930	0	-4,930
Net pension cost pension schemes	49,444	27,444	76,888
Pension cost employees Finland	290	0	290
Total net pension cost	49,734	27,444	77,178

	2012		2011	
Net pension commitment	Secured	Unsecured	Secured	Unsecured
Accrued pension commitments (DO)	476,241	207,107	566,192	197,866
Pension fund assets (at market value)	276,782	0	272,823	0
Accrued pension commitments (DBO)	-199,460	-207,107	-293,369	-197,866
Net pension comm. recogn. in balance sheet – pension scheme	-199,460	-207,107	-293,369	-197,866
Net pension comm. recogn. in bal. sheet – age 55 scheme 2009	-6,705	0	-6,705	0
Net pension commitment recogn. in balance sheet	-206,165	-207,107	-300,074	-197,866

Economical assumptions:	2012	2011
Discount rate	3.90%	2.60%
Expected return on pension assets	4.00%	4.10%
Annual expected wage increase	3.50%	3.50%
Annual expected adjustment to basic state pension	3.25%	3.25%
Annual expected adjustment to current pension	3.25%	3.25%
Expected rate of voluntary exit before age 40	6.00%	6.00%
Expected rate of voluntary exit after age 40	1.00%	1.00%

The company has switched from applying the interest rate on Norwegian government bonds to using the interest rate on covered bonds. The variance estimate is recognised directly in equity and appears in Note 21.

Note 7 Related party transactions

The parent company purchases administrative services from SNSG. The administrative services amounted to NOK 3.6 million in 2012.

Note 8 Other production and operating costs

Operating costs for the parent company are chiefly consultancy fees, IT costs and purchased services. The item also includes maintenance and mining claim tax. For the Store Norske group, operating costs consist of production costs at Svea, production costs at Gruve 7, administrative costs, insurance premiums and mining claim tax. Research and Development activities account for NOK 3.2 million of the operating costs.

Note 9 Fixed assets

Parent Company	Machinery, fixtures, transport resources	Buildings	Land	Total
Acquisition cost at 01/01/2012	887	7,500	504	8,891
Additions in the year	0	0	0	0
Disposals in the year	0	-1,175	0	-1,175
Acquisition cost at 31/12/2012	887	6,325	504	7,716
Accum. depreciation at 01/01/2012	566	6,700	0	7,266
Reversed accum. depreciation on sale	0	-375	0	-375
Depreciation for the year	127	0	0	127
Book value as of 31/12/2012	194	0	504	698
Assumed economic life	7 years	10/20 years		

Group	Machinery, fixtures, transport resources	Buildings	Technical plant	Mines, Land	Plant under construction	Total	Goodwill
Acquisition cost at 01/01/2012	45,912	427,965	514,588	951,234	71,286	2,010,985	0
Additions in the year	3,208	48,840	94,261	824	178,161	325,294	9,587
Disposals in the year (sold/scrapped)	0	-4,870	0	0	0	-4,870	0
Reclassification	0	0	48,648	0	-48,648	0	0
Acquisition cost at 31/12/2012	49,119	471,935	657,497	952,058	200,799	2,331,408	9,587
Accum. depreciation at 01/01/2012	35,928	120,151	363,468	864,149	0	1,383,696	0
Reversed accum. depr. on sale/scrap-ping	0	-375	0	0	0	-375	0
Depreciation for the year	4,341	12,249	86,704	40,048	0	143,342	1,917
Book value as of 31/12/2012	8,850	339,910	207,325	47,861	200,799	804,744	7,670
Estimated deprec./amort./ life	3-5 years	6-10 years	5-10 years	3-15 years			5 years

The mine is depreciated on the basis of the year's production volume in relation to the estimated quantity of coal in the core field in Svea Nord. Other fixed assets are depreciated according to their expected useful life. The block of bedsit accommodation in Svea is depreciated for accounting purposes, while the dwellings in Longyearbyen are not. Plant under construction relates to the construction of a quay in Longyearbyen and the mining facility at Lunckefjell. Goodwill relates to the acquisition of Pole Position Logistics AS and is amortised over 5 years.

Note 10 Financial items

	Group		Parent Company	
	2012	2011	2012	2011
Financial income				
Interest income	23,608	20,081	99	196
Foreign exchange gains	96,598	11,666	1	2
Share dividend/income from investment assoc. company	1,671	1,671	876	704
Gain on sale of shares	0	43	0	43
Group contribution	0	0	22,000	28,000
Increase in value of short term investments	1,243	0	0	0
Total financial income	123,120	33,461	22,976	28,945

	Group		Parent Company	
	2012	2011	2012	2011
Financial expenses				
Interest costs	938	1,035	4	0
Foreign exchange losses	12,167	13,566	0	2
Interest received from group companies	0	0	852	473
Other financial expenses/unrealised losses	4	2,343	2	1
Total financial expenses	13,109	16,944	858	476

Note 11 Hedging transactions

The group has a hedging strategy that is intended to provide stability and long term protection by limiting the economic effects of unexpected fluctuations in the foreign currency, coal and freight markets. Coal sales, coal freights and commission are recognised at the average hedged/achieved exchange rate and coal price.

Forward contracts, USD

Most coal sales are transacted in US dollars. To reduce the risk of exchange rate fluctuations, the group enters into forward contracts to hedge future sales of USD. As the forward contracts are used as hedging instruments, unrealised gains or losses are not recognised on the balance sheet date.

As of 31.12.2012 the following forward exchange contracts had been entered into:

Matures	USD million	Average rate	Average rate market price at 31.12.2012
2013	70	5.96	5.96

Coal price hedging

By year-end 2012, the company had entered into the following transactions to hedge coal prices:

Year	Tonnes	Average price in USD per tonne	Average rate market price at 31.12.2012
2013	275,000	120	96
2014	275,000	123	104
2015	50,000	127	104

In 2012, a quantity of 325 000 tonnes of coal was hedged at a price of USD 118 per tonne. The hedge gain for 2012 was NOK 56.7 million. As these are transactions to hedge coal sale contracts, the gain is recognised as part of the revenues from coal sales.

Oil

By year-end 2012, the company had entered into the following transactions to hedge coal prices:

Year	Metric tonnes	Average price USD per metric tonne	Average rate market price at 31.12.2012
2013	6,200	650	600
2014	4,136	619	585

Freight

By year-end 2012, the company had entered into the following transactions to hedge freight prices:

Year	Days	Average price USD per day	Average rate market price at 31.12.2012
2016	300	15,150	10,450

Note 12 Tax cost

	Group		Parent Company	
	2012	2011	2012	2011
Temporary differences				
Fixed assets	-287,330	-225,106	-4,309	-4,533
Current assets	-224,289	-122,176	-20	-20
Capital gain and loss account	-8,277	-10,346	-8,277	-10,346
Accounting provisions	-147,034	-162,952	-40,608	-24,139
Provision for loss on contracts	0	-4,926	0	-4,926
Pension commitment	-413,272	-497,940	0	0
Net temporary differences	-1,080,202	-1,023,446	-53,214	-43,964
Loss carry-forward	-177,806	-89,595	-5,613	0
Base for deferred tax asset	-1,258,008	-1,113,041	-58,827	-43,964
16% deferred tax asset	-201,281	-178,087	-9,412	-7,034
Of which, deferred tax asset not recogn. in balance sheet	16,392	14,312	0	0
Deferred tax asset in balance sheet	-184,889	-163,774	-9,412	-7,034
Base for tax charge, change in deferred tax asset and tax payable				
Base for tax payable				
Pre-tax result	-276,209	69,729	-135	22,501
Permanent differences	2,070	5,783	-22,875	-16,201
Base for tax charge on profit for year	-274,139	75,512	-23,010	6,300
Change in provisional differences	187,244	187,354	9,249	-6,300
Base for tax payable in profit and loss account	-86,895	262,866	-13,761	0
+/- Group contribution received/rendered	0	0	8,149	0
Taxable income (base for tax payable in balance sheet)	-86,895	262,866	-5,612	0
Reconciliation of tax charge for the year				
Tax payable	39	42,059	0	0
Tax payable for previous year	0	739	0	0
Change in deferred tax assets	-41,821	-28,435	-2,378	1,040
Tax on group contribution	0	0	-1,304	0
Correction of prior year error	-802	-1	0	0
Tax cost	-42,584	14,362	-3,682	1,040
Tax payable in balance sheet				
Tax payable in tax charge	39	42,059	0	0
Tax payable in balance sheet	39	42,059	0	0

Note 13		Shares				
			Group		Parent Company	
	Head office	%	2012	2011	2012	2011
Subsidiaries						
SNSG	Svea mine	100	0	0	150,115	150,115
SNB	Longyearbyen	100	0	0	79,586	78,282
SNG	Longyearbyen	100	0	0	2,000	2,000
PPL	Longyearbyen	55	0	0	11,275	0
Associated companies						
Materiallageret AS	Longyearbyen	32	4,366	4,102	2,880	2,880
Lompensenteret AS	Longyearbyen	50	4,518	3,889	3,500	3,500
Result for year acc. to equity method						
Materiallageret AS	Longyearbyen	32	335	264	0	0
Lompensenteret AS	Longyearbyen	50	370	629	0	0
Other shares						
Svea Tankanlegg AS	Svea mine	15	752	752	0	0
TIL Holding AS	Tromsø		543	543	543	543
Total shares			10,884	10,179	249,899	237,320
Total fixed-asset investments			10,884	10,179	249,899	237,320

The shares are recognised at cost in the company accounts, while in the consolidated accounts they are recognised using the equity method. SNSG has undertaken to buy back the shares in Svea Tankanlegg AS from the other shareholders at face value if there are no other buyers.

Note 14		Other short term liabilities	
Parent Company		2012	2011
Receivable SNSG		0	0
Debt SNSG		42,959	22,235

Note 15		Accounts receivable from customers			
		Group		Parent Company	
		2012	2011	2012	2011
Accounts receivable from customers (net) at 31)12)		103,400	50,498	256	154
Bad debt recognised in accounts		24	5	0	0
Change in provision for future losses		1,348	0	0	0
Bad debt provisions as of 31)12)		2,403	1,025	20	20

The group's provisions for bad debts are considered adequate to cover possible future losses.

Note 16		Market investments	
		2012	2011
Acquisition cost		118,007	100,000
Share of return reinvested		3,352	3,608
Unrealised change in value		1,243	-2,343
Fair value		122,602	101,265

	Group		Parent Company	
	2012	2011	2012	2011
Cash	6	0	0	0
Bank deposits	650,166	1,162,712	502	805
Withholding deposit (tax)	23,803	20,728	0	0
TOTAL	673,975	1,183,440	502	805

Note 18 Liabilities

The parent company had no debt to credit institutions as of 31/12/2012

Group

Type of loan	2012	2011
Mortgage loans	19,497	20,745
TOTAL SECURED DEBT	19,497	20,745
Debt which falls due for payment more than 5 years after the end of the financial year	12,689	14,386
Book value of pledged assets:	41,788	41,788
Type of loan		
Balance on overdraft facility	0	0
Overdraft facility, credit limit	400,000	400,000
Book value of security for credit facility:		
Fixed assets	499,947	346,895
Shares	752	752
Stocks	354,848	425,472
Accounts receivable from customers	100,211	50,150

Guarantees

The group has issued a guarantee for NOK 4 million to Norsk Romsenter Eiendom AS to cover the costs of a possible break-age/failure of submarine fibre cables to the mainland. The group has also furnished a guarantee for NOK 50,000 to the Governor of Svalbard, which relates to field operations connected with the activity of Pole Position Logistics AS.

Short term liabilities

	Group		Parent Company	
	2012	2011	2012	2011
Accounts payable	61,163	76,721	6,441	5,942
Public taxes due	23,918	20,342	0	0
Tax payable	39	42,059	0	0
Dividend owing	0	25,000	0	25,000
Other short term liabilities	87,936	144,951	239	9,367
Group debt	0	0	42,959	19,235
TOTAL	173,056	309,073	49,630	59,544

Note 19 Provision for liabilities and charges

Provision for liabilities and charges consists of provisions for environmental measures and estimated clear-up costs.

The parent company has made provision of NOK 35.2 million for clearing up the site around the mine and plant in Longyearbyen, while SNSG AS has made provision of NOK 76.0 million for future closing down/clear-up costs in Svea.

	Group		Parent Company	
	2012	2011	2012	2011
Clear-up operations	111,178	65,509	35,200	15,003
TOTAL	111,178	65,509	35,200	15,003

Note 20 Contingent liabilities

SNSG has recently carried out an extended audit of the company's commercial contracts. The audit revealed an imbalance in the contracts for the marine transport of coal, for land transport and for coal sales commission agreements. This caused the company to terminate these contracts. The coal sales company Oxbow responded by suing Store Norske and claiming compensation for loss of income. The action was heard by Oslo District Court in the autumn of 2011. The court found in favour of Store Norske, which was awarded costs. Oxbow has since appealed, and the appeal will be heard by Borgarting court of appeal in autumn 2013. No provision has been made in the accounts for receivables or claims relating to these matters.

Note 21 Equity

	Group				Parent Company		
	Share capital	Other equity	Minority interest	Total	Share capital	Other equity	Total
Equity 01/01/2012	164,490	1,516,342	0	1,680,832	164,490	7,901	172,391
Additions minority	0	45	1,336	1,381	0	0	0
Result for the year	0	-233,675	50	-233,625	0	3,547	3,547
Provision for dividend	0	0	0	0	0	0	0
The year's variance estimates, pensions	0	108,884	0	108,884	0	0	0
Equity at 31.12.2011	164,490	1,391,595	1,386	1,557,471	164,490	11,448	175,938

Note 22 Shareholders

The share capital in the company comprises 328,980 shares of NOK 500 each, with equal voting and dividend rights. Overview of the largest shareholders at 31/12/2012

Pension costs	No. of shares	Percentage share
The Norwegian State	328,782	99.9
P. Juls Sandvik AS	33	
Fredrik W. Hjort Enger	33	
Morten Samuelsen	20	
Christiania Minekompani AS	20	

Appendix 1 Store Norske's Corporate Governance Principles**Corporate Governance Principles**

Good corporate governance is based on a clear relationship between the company's owners, Board of Directors and management. Good corporate governance is intended to contribute to the credibility and reliability of the company, and to confidence and trust in the company, and also to facilitate optimum long term value creation, in the best interests of the company's shareholders, staff, and other stakeholders.

The principles for corporate governance in Store Norske shall be in accordance with the Norwegian Code of Practice for Corporate Governance (NUES) and the Norwegian State's principles for good ownership (see Report to the Storting No. 13 (2010-11) Active and Long Term Ownership).

The principles set out in this document apply for all the companies which are part of the Store Norske group.

1 Vision and core values

The company's vision is to be the leader in environmentally friendly resource exploitation in the Arctic regions. Store Norske's core values govern our actions as a business and guide the conduct of our employees. Our core values – responsibility, team spirit and belonging – define our value base and reflect a balanced approach to everything we do.

Open and accessible information and communication shall ensure that the company maintains good relations with society at large and in particular with the stakeholders affected by the company's operations.

The company's ethical guidelines concretise the company's business principles and what they imply in terms of what is expected of the staff and elected officers. These ethical guidelines are published on the company's website at <http://www.snsk.no>

2 The company's business

Store Norske is organised as a corporate group of which Store Norske Spitsbergen Kulkompani AS (SNSK) is the parent company. The company's objects are to carry on the business of coal mining or by other means exploit the company's lands, properties and rights on Svalbard. The company may also participate in and operate any other business related thereto. The company may exploit its expertise in environmentally friendly resource exploitation on Svalbard, and in Finnmark and Troms on the Norwegian mainland.

The company's mining operations are organised through its wholly owned subsidiary Store Norske Spitsbergen Gruvekompani AS (SNSG), whose objects are to operate a coal mining and production business on Svalbard and any other business related thereto.

The group owns and lets out residential property through its wholly owned subsidiary Store Norske Boliger AS (SNB).

Store Norske Gull AS (SNG) represents the group's business venture in prospecting for gold and other mineral deposits. All surveying, exploration and extraction of minerals shall be effected with respect for the landscape and cultural environments.

Through Store Norske's ownership structure, its accountability to the Norwegian Storting and in its articles of association, the group is subject to certain restrictions. No mortgage or other charge may be granted over the parent company's lands, properties or rights on Svalbard. The company does not have the right to sell land on Svalbard. The company does not have the right to lease land to non-Norwegian citizens or companies without the Norwegian government's consent. The company is obliged to grant public authorities access to the company's ports and facilities unless this causes significant inconvenience to the company's own operations.

In addition to operating a profitable business in the market, the company has a special societal responsibility for helping to maintain and develop the community in Longyearbyen in a way which supports and underpins the overarching objectives of Norwegian Svalbard policy.

3 Nominal share capital and dividend

Coal mining is in itself a capital-intensive industry. In addition, Store Norske's operations are conducted in Arctic regions, which makes very particular demands of investment in terms of both environmental and climatic conditions. Because of its location and the restrictions Arctic conditions impose on shipping coal to the market, the company has periodically a significant requirement for working capital.

The company sells its products in a market which sees big fluctuations in market prices, and as a consequence must expect to experience periodic fluctuations in profitability.

In the opinion of the Board of Directors, these factors require the company to seek to ensure that it has a solid amount of equity so as to permit the business to remain vigorous in the long term.

The company's dividend policy must balance the owners' dividend expectations with the company's need for equity and its need to have sufficient financial resources to develop the company further.

4 Shareholders

Store Norske Spitsbergen Kulkompani AS has share capital of NOK 164.5 million divided into 328,980 shares, with a nominal value of NOK 500.00 each. All shares are of the same class and thus carry the same rights.

The company has a total of 41 shareholders. The largest shareholder, the Norwegian State, represented by the Ministry of Trade and Industry, owns 328,782 shares. The other shareholders own between 33 shares and 1 share each. It is a fundamental principle that all shareholders are treated equally and have the same access to representation in the company's governing bodies.

5 Freely tradable shares

The shares in the company may be traded freely. All transfer of shares requires the approval of the Board of Directors.

6 The General Meeting

The ordinary general meeting (annual general meeting) is held by the end of June each year in Oslo. The annual general meeting is called by notice in writing to all shareholders with known address, and the notice of meeting shall be sent out no later than two weeks prior to the general meeting. It may be determined in the notice of meeting that shareholders wishing to attend the annual general meeting are required to give notice to that effect by a deadline stated in the notice of meeting. The deadline may not expire any earlier than three days prior to the annual general meeting.

7 Election committee

The Norwegian State, represented by the Ministry of Trade and Industry, is the largest shareholder in Store Norske, holding more than 99 percent of the shares. For this reason, Store Norske does not appoint an election committee. The ownership department in the Ministry nominate candidates to stand for election among the shareholder-elected members of the Board of Directors. Members of the Board of Directors are normally elected for a period of two years. The Ministry nominates a candidate to stand for election as Chair of the Board of Directors, but the Board constitutes itself.

8 Corporate Assembly and Board of Directors

The Board of Directors of Store Norske consists of eight members, who each serve for a period of two years. Three members of the Board are elected by and from among the staff according to the rules in the Norwegian Companies Act and with a basis in the agreement that the company shall not have a corporate assembly. The other members are elected by the annual general meeting.

9 Work of the Board

The Board is responsible for administering the company and is required to ensure a satisfactory organisation of the business. It is the Board's duty to oversee the operation of the business in accordance with the company's objects, articles of association, business principles, core values and ethical guidelines.

The governance manual for the Board of Directors of Store Norske Spitsbergen Kulkompani AS provides guidelines for the Board's work and procedures. The governance manual also defines the duties of the CEO and his or her duties in relation to the Board.

The Board shall provide necessary guidelines for the operation of the business and the work of the company's management, and shall determine the strategy, financial planning and budget and approve the annual accounts for the company. The Board shall keep itself informed of the company's financial position, and has a duty to ensure that the company's operations, accounting and asset management are subject to satisfactory controls.

The Board shall furthermore supervise the day-to-day management and operations of the company in all other respects, and ensure that the company has adequate equity at all times on the basis of the risk attached to and scope of the company's business activities.

The Board appoints the CEO. The CEO is responsible for heading the day-to-day management of the company and shall follow the guidelines and directions given by the Board. The CEO is responsible for the organisation of the Store Norske group, but all changes of a material or important nature shall be presented to the Board before implementation.

The Board carries out an annual assessment of the CEO's work and competence.

The Board of Store Norske prepares an annual plan of work and generally holds about six board meetings during the year, at least two of which are held on Svalbard.

The Board is also responsible for calling the annual general meeting and for preparing the meeting agenda in accordance with the provisions of the Norwegian Companies Act and with Store Norske's articles of association.

The Chair of the Board has a special responsibility to ensure that the Board functions satisfactorily and performs its duties as well as possible. The Board shall consider business at meetings of the Board, unless the Chair determines that certain business may be presented in writing or considered in some other satisfactory manner. The Chair shall ensure that the members of the Board are able wherever possible to take part in considering together any items of business which may be dealt with without holding a board meeting. The annual report and accounts, and determination of pay and other remuneration for the CEO, shall always be considered in a board meeting.

Board meetings are chaired by the Chair and in his or her absence by the Vice-Chair of the Board. The Chair shall report to the Board members in advance of board meetings on any matters of business which he or she has had discussions with the CEO concerning.

The Board has appointed an audit and compensation committee comprising three members and established instructions for this committee. The committee consists of three shareholder-elected members of the Board. The committee shall function as an advisory and preparatory working committee for the Board. The committee shall prepare the Board's follow-up of the accounting reporting process, monitor the group's internal control and risk management systems, maintain regular contact with the company's auditor concerning the audit of the annual report and accounts, and evaluate and monitor the auditor's independence.

The Board has also appointed a corporate social responsibility committee, which has four members.

10 Risk management and internal control

SNSG is exposed to risk within a number of areas and throughout the entire value chain. The most important risks relate to market operations, operating activities, project implementation and framework conditions. Managing risk well is important for value creation and is an integral part of all SNSK's business activities. The company has risk management systems in place for, amongst other things, oil spill protection, quality control, mine rescue, and fire and emergency preparedness.

The company has established an internal audit function. The purpose of the function is to assist the Board and management in undertaking an independent and neutral assessment of whether the group's most critical risks are sufficiently well managed and controlled. Annual plans are prepared for the work of this function, which must be approved by the Board. The internal control function within the group is performed by an external auditor.

The company works continuously to improve quality assurance and environmental performance.

11 Remuneration to the Board of Directors

The Board members are paid fixed directors' fees, which are determined annually by the general meeting. The total remuneration paid to Board members is published in the company's annual report.

12 Remuneration to senior executives

Store Norske believes it is important for the company to offer competitive pay to senior executives, but without being wage-leading in the sector. The company complies with Norwegian government guidelines for senior executive pay in state-owned enterprises. The Board establishes guidelines for pay and remuneration to senior executives. Pay and incentive schemes for the CEO are considered and determined by the Board. The CEO determines pay and incentive schemes for all other senior executives, management and employees.

The company does not currently operate bonus schemes or other incentive systems.

The Board prepares an annual executive pay statement setting out the Store Norske group's policy with respect to setting executives' pay and other remuneration to the group's senior executives, which is included as a note in the annual report (see Act relating to Public Limited Liability Companies (Norway), section 6-16a).

13 Information and communication

Store Norske believes it is important to have open and honest communication with all interested parties and stakeholders.

The information the company gives to its owners, lenders and the financial markets shall be sufficient for the purpose of assessing underlying values and risk in the company. To ensure predictability, the company shall treat its owners and the financial markets equally and all information shall be communicated in a timely manner.

Store Norske's reporting of financial information shall be characterised by transparency and provide users with a relevant, supplementary and reliable overview of strategies, objectives and results, and of the group's economic development and financial position.

The company's interim (quarterly) reports shall be published on the company's website. The company endeavours to maintain regular contact by meetings with the majority shareholder and stakeholders in the financial markets.

14 Corporate takeover

The Norwegian State, as the owner of Store Norske, has defined its ownership as being in category 3 of state ownership – Companies with commercial objectives and other specifically defined aims – which is to say companies which have objectives going beyond corporate profitability which must be safeguarded by means of state ownership.

The State's ownership interests in this category normally remain fixed.

On this basis, there is little likelihood of a corporate takeover of Store Norske.

15 Auditor

Store Norske's appointed auditor is responsible for the financial audit of the parent company's accounts and the consolidated accounts for the group. The general meeting elects the auditor, after nomination by the Board, and sets the auditor's fee. The elected auditor serves until a new auditor is elected. The appointment of auditor is put out to tender at certain intervals.

It is Store Norske's policy to employ the same auditing firm for all group companies where it is practically possible to do so and where Store Norske alone can decide. In partly-owned companies, the choice of auditor is made subject to agreement with the other owners.

The Board of Directors meets with the external auditor in connection with the Board's consideration of the annual report and accounts and otherwise as required. The Board assesses the independence of the external auditor. In accordance with the requirement as to the auditor's independence, Store Norske will only to a limited extent employ the external auditor for tasks other than that of statutory audit. The auditor will nevertheless be used for naturally audit-related tasks, such as technical assistance with tax assessments, understanding of accounting and taxation rules, and attestation of financial information in various contexts.

Corporate Social Responsibility

Corporate social responsibility is an important part of Store Norske's business strategy and a strong guiding principle for the company's activities. Store Norske aims to make a positive contribution in relation to employees, owners, customers and society in general by means of measures in a number of areas.

Report to the Storting No. 13 (2010–2011) Active and Long Term Ownership (a Norwegian government white paper) states that the aim of state ownership of Store Norske is to contribute to maintaining and further developing the community in Longyearbyen in a manner which supports the overarching objectives of Norwegian Svalbard policy. The same objective is expressed in Report to the Storting No. 22 (2008–2009) Svalbard.

Store Norske is the largest cornerstone industry on Svalbard. The company's coal mining operations in Longyearbyen and in Svea make up one third of the primary industry providing direct employment on Svalbard, and the company has a fully dominant position in terms of that activity in secondary sectors.

In order to encourage the company's employees and their families to choose to live in Longyearbyen, in recent years the Store Norske group has built a number of large family dwellings. For the company, as for the other industries and businesses in Longyearbyen, providing jobs and educational opportunities for spouses and partners poses a great challenge and is an important factor in helping to maintain a stable family community. As part of this effort, Store Norske has taken the initiative, in collaboration with the Longyearbyen local government, the Norwegian Society of Engineers and Technologists (NITO), Narvik University College and other local businesses, to establish a college preparatory course in engineering subjects in Longyearbyen. The course is scheduled to start in the autumn of 2013. Store Norske aims to intensify its efforts in this sphere in the time ahead.

At any one time, the company has 10 apprentices in rock blasting and mining. The company also pursues an open dialogue with Longyearbyen school regarding the need for apprenticeship places, and contributes in fields of education and training in which the company has resources, equipment and expertise.

Store Norske has no R&D department of its own. However, it collaborates with established research institutions, and has collaborative agreements with, amongst others, the University Centre in Svalbard (UNIS), the University of Tromsø, the Norwegian University of Science and Technology, Trondheim (NTNU), and the University of Nottingham in the UK. The company partially or fully funds professorships in rock mechanics and mining at UNIS and NTNU, and supports several PhD theses.

Store Norske is a partner in the Longyearbyen CO₂ Lab, and in 2012 took part as an industrial partner in the centre for carbon capture and storage (SUCCESS) at the national research centre for environmentally friendly energy at Christian Michelsen Research (CMR) in Bergen.

Store Norske places land and premises at the disposal of many research organisations and in this way aims to stimulate research activity on Svalbard. Svea is much used as a research arena for various institutions such as UNIS, SINTEF, NGU and others who benefit greatly from the group's infrastructure there. The results of this research also benefit Store Norske, for example in connection with the planning of technical solutions for access to Ispallen.

From the Gruve 7 mine, Store Norske supplies coal to Longyearbyen power plant. Store Norske regards it as an important part of its societal responsibility that Longyearbyen has predictable electricity prices.

After the Norwegian State, Store Norske is the largest land-owner on Svalbard. In order to ease the changeover brought about by the introduction of local democracy in the Longyearbyen planning area, the company has entered into agreements with the Longyearbyen local government that will provide a safety net in dealings with all planning and building matters as well as reduced ground rents for use of land that is for the public benefit.

Store Norske is an important contributor to sport and culture in Longyearbyen. This is essential in order to create an attractive society for employees and their families. Store Norske provides financial support for, amongst other events, the Svalbard skiing marathon, the Sun Festival week, the music festivals Dark Season Blues and Polarjazz, and a number of other local events and activities. The company is particularly keen to support activities for children and young people, and amongst other things is a major sponsor of Camp Svalbard, an activities camp for adolescents from Longyearbyen.

Store Norske also helps maintain the local, voluntary rescue preparedness effort by providing support for the Longyearbyen Red Cross rescue team.

The company is mindful of the environmental impact of its activities and works actively to ensure that discharges, emissions, interventions in the landscape and impact on the wildlife are kept to a minimum. Through the Svalbard Environmental Protection Act, Store Norske complies with the most stringent environmental laws in the world, and has a zero vision for accidents and undesired environmental impacts.

With support from the Svalbard Environmental Protection Fund, the company has continued carrying out extensive rehabilitation of the historic ropeway angle station in Endalen and the Gruve 2B mine in Longyearbyen. Both are scheduled as industrial heritage sites.

Store Norske has carried out preliminary work to establish a mining museum and knowledge centre in one of the company's closed-down mines, Gruve 3. The company wishes to work further on these plans to develop an all-year attraction in Gruve 3 for Longyearbyen's permanent population and visitors to the town.

Store Norske has adopted ethical guidelines, which all the subsidiaries in the group must comply with. These ethical guidelines form the framework for the desired standard of ethical conduct required from all the group's employees, and they also contain rules designed to combat corruption and safeguard human rights.





Miner's Blues From the Gruve 7 mine. Photo: Tommy Dahl Markussen.



To the Annual Shareholders' Meeting of Store Norske Spitsbergen Kulkompani AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Store Norske Spitsbergen Kulkompani AS, which comprise the financial statements of the parent company, showing a profit of NOK 3 547 000, and the financial statements of the group, showing a loss of NOK 233 625 000. The financial statements of the parent company and the financial statements of the group comprise the balance sheet as at 31 December 2012, and the income statement and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the parent company and the group Store Norske Spitsbergen Kulkompani AS as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

PricewaterhouseCoopers AS, Postboks 6128, NO-9291 Tromsø
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent auditor's report - 2012 - Store Norske Spitsbergen Kulkompani AS, page 2

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.


Tromsø, 25 April 2013
PricewaterhouseCoopers AS

Kent-Helge Holst
 State Authorised Public Accountant (Norway)

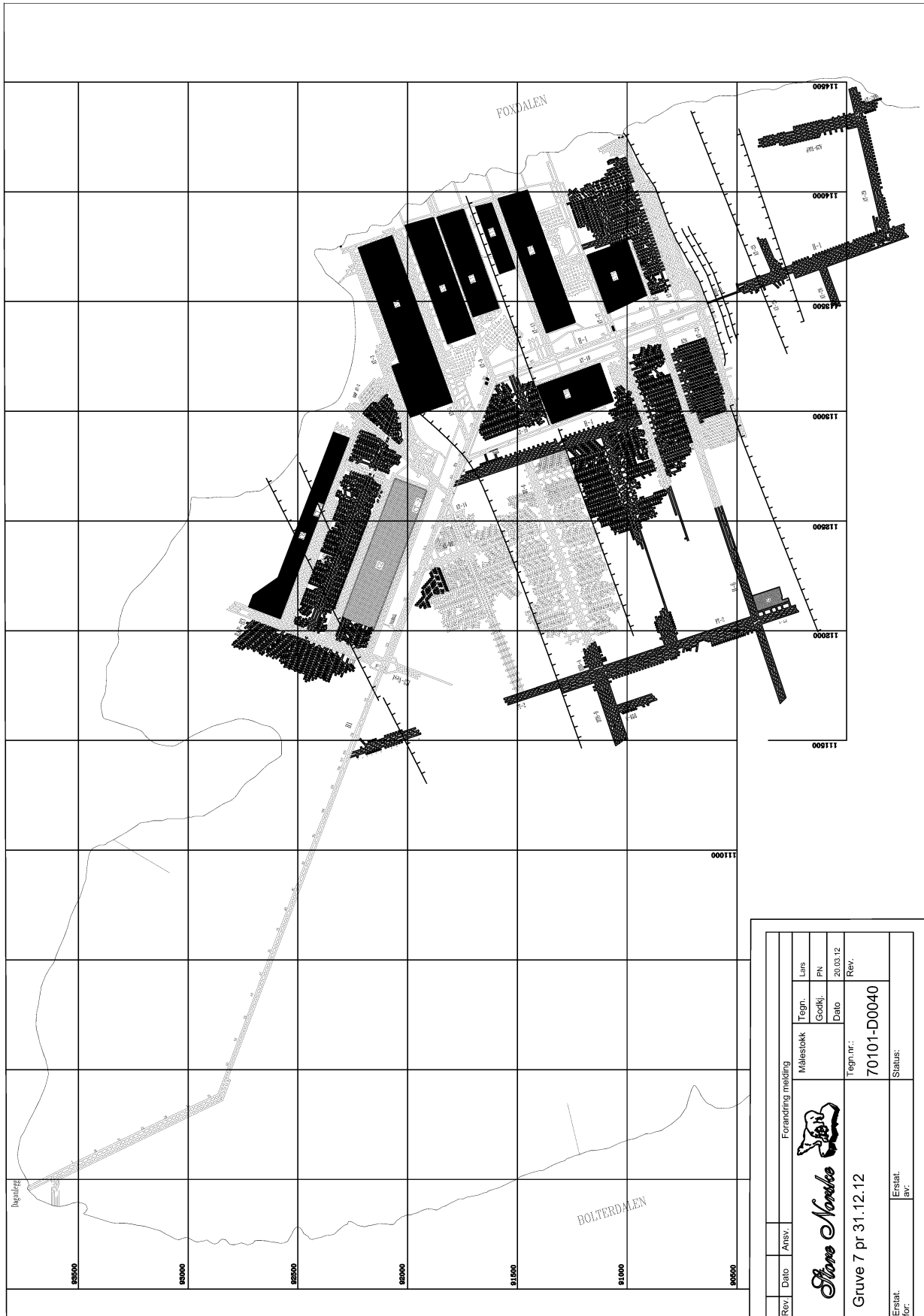
Note: This translation from Norwegian has been prepared for information purposes only.

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Rev.	Dato	Ansv.	Forandring melding		
			Målestokk	Tegn.	Lars
				Godkj.	PN
Svea Nord pr 31.12.12			Tegn.nr.:	Rev.	
			70101-D0040		
Erstat. for:		Erstat. av:	Status:		

Status as of 31.12.2012

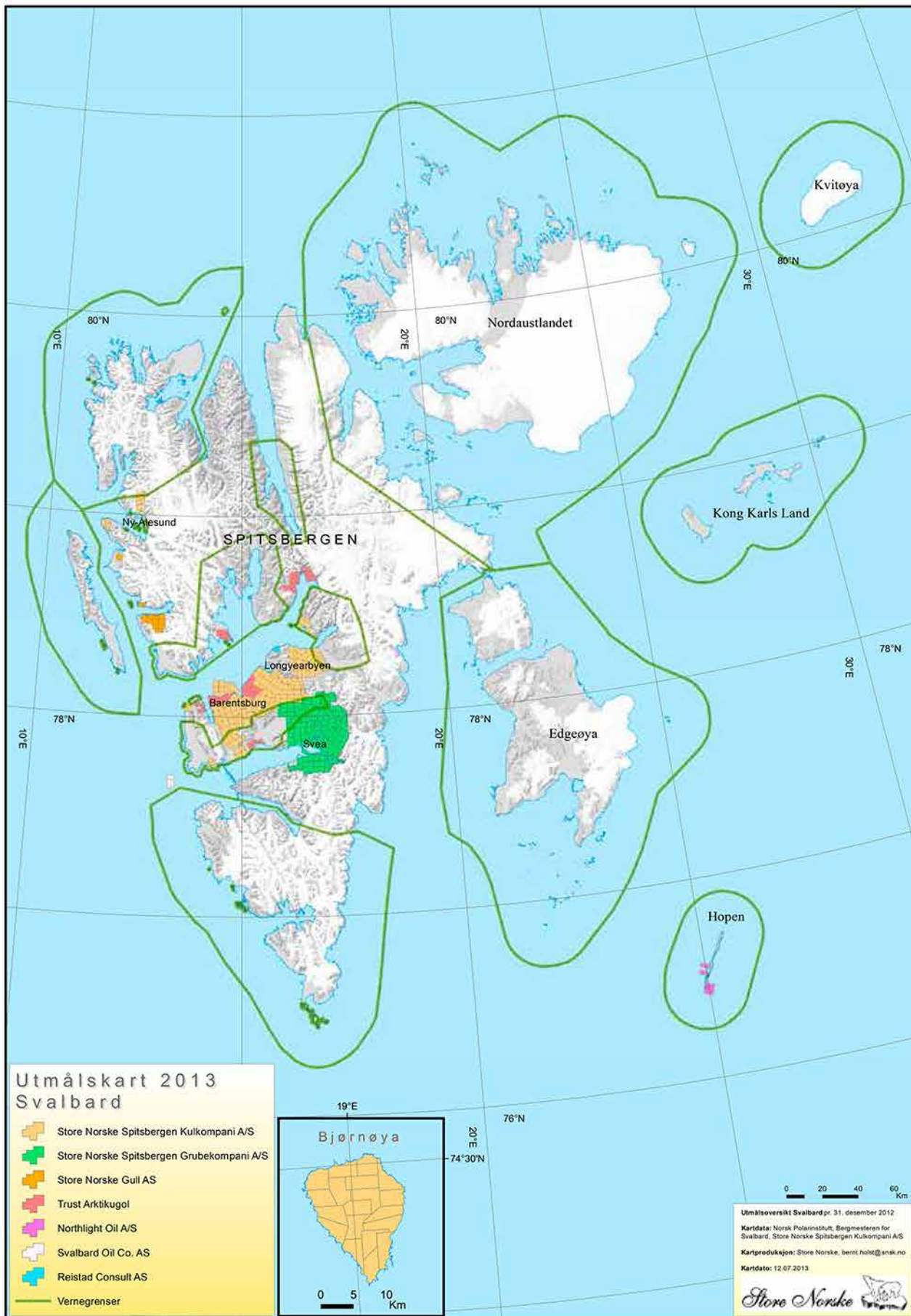


Status as of 31.12.2012



Lunckefjell and the Marthabreen glacier showing the road across the glacier. Photo: Per Andersson





Important dates in Store Norske's history

- 1916 15 July:** The "Stars and Stripes" flag is lowered and engineer Sigurd Westby hoists the Norwegian flag in Longyear City.**30 November:** Store Norske Spitsbergen Kulkompani Aktieselskap is formed at a statutory general meeting in Oslo.
- 1919 May:** A branch office is opened in Harstad.
- 1920 3 January:** Coal dust explosion in Gruve 1 mine, killing 26 people.
- 1921 27 September:** The storage facility at Hotellneset comes into operation.
- 1922 6 June:** The loading plant at Hotellneset comes into operation.
- 1925 14 August:** Norway assumes sovereignty over Svalbard. The occasion is marked at Skjæringa in Longyearbyen.
- 1933 16 March:** Agreement with the Norwegian State, according to which the State appoints 2 of the 5 board members.
- 1934 23 June:** Agreement with the Norwegian State to purchase the Svea mine.
- 1938 24 January:** The AGM passes the motion to develop the Gruve 1 mine with the settlement later called Sverdrupbyen.
- 1941 2 September:** The population of Longyearbyen, 765 individuals, are evacuated to Scotland. They number 570 men, 140 women and 55 children.
- 1942 May:** Reoccupation of Svalbard (Operation Fritham).
- 1943 8 September:** The German battleship Scharnhorst and two destroyers attack Longyearbyen, which is destroyed. In Sverdrupbyen, the Gruve 1 mine and most of the settlement are untouched by the attack.
- 1944 August:** Svea is burned to the ground by German U-boat personnel.
- 1946** The settlement at Nybyen is built.
- 1947** An office staff canteen, office, hospital and 3 family dwellings are completed at Haugen.
- 1948 January:** The large staff canteen, Stormessen, is opened.
- November:** The first number of the Svalbardposten newspaper is published.
- 1949 July:** Mining operations at Svea are suspended.
End of October: Total loss of the vessels Don (3,000 tonnes) and Ingretre (2,000 tonnes) after they run aground on the north side of the mouth of the Isfjord. No lives are lost.
- 1952 January:** Explosion in Gruve 2 mine, killing six people.
- 1953 March:** Store Norske's head office is moved from Oslo to Bergen.
11 June: Landslide at Haugen. Three people are killed and a number of buildings destroyed.
20 June: AS Sundt & Co take over the shop.
- 1954 Summer:** A combined coal sorting and preparation plant at Hotellneset comes into operation.
- 1959** Gruve 5 mine in operation (King Olav V mine)
- 1964 Autumn:** The coal washing plant becomes operational.
- 1966** Surveying in the Gruve 7 mine begins.
- 1967 15 December:** "Parliamentary Bill No. Future Norwegian activity on Svalbard". NOK 32 million is allocated to the Gruve 6 mine.
- 1969 1 March:** Direct telex link between head office in Bergen and the mining office in Longyearbyen.
31 July: Total loss of coal ship M/S Wenny (12,000 tonnes) on voyage south, 100 nautical miles north of Andøya. Nine people lose their lives.
August: Gruve 6 mine opened for production.
- 1970** The Norwegian State takes over the running of the school.
Spring: Surveys in the Svea Øst coal field begin.
- 1971 March:** The Gruve 3 mine is opened for production.
6 August: The local Svalbard Council is established by Royal Decree.
- 1973 2 February:** "Parliamentary Bill No. The Government's commitment to continued mining operations on Svalbard".
- 1976 May:** The Storting grants funds for a government takeover of the privately owned shares in the company.
- 1977 25 March:** "Parliamentary Bill No. 144 (1976-77) concerning mining operations on Svalbard".
- 1980 1 January:** At the request of Norges Bank, the company ceases printing its own wage vouchers ("Spitsbergen money").
- 1982 1 January:** The Norwegian State takes over the hospital and health service.
20 May: Svalbard is connected to the national and international long-distance telephone network.
- 1983 21 June:** A new power plant is officially opened.
July: Store Norske closes its office in Bergen.
- 1984 1 July:** The branch office in Harstad is closed down.
21 December: "Parliamentary Bill No. 46 concerning the development of the Svea mine (middle alternative) and Framework Plan for Longyearbyen 1985-89".
- 1985** Norsk Hydro and Store Norske sign a cooperation agreement for exploration and possible extraction of natural resources.
- 1987** "Parliamentary Bill No. 61 on Store Norske": The Storting resolves to suspend operations at Svea and to reorganise the company.
- 1989** Store Norske spins off two subsidiaries as of 1 January: Svalbard Samfunnsdrift AS and Svalbard Næringsutvikling AS. A separate company, Spitsbergen Travel AS, is formed with responsibility for travel, tourism, accommodation and catering. The commercial property company Svalbard Næringsbygg AS is also established.
- 1993 1 January:** Store Norske sells the subsidiaries Svalbard Samfunnsdrift AS and Svalbard Næringsutvikling AS to the State (Ministry of Industry and Energy) for NOK 110 million.
- 1996 2 November:** The Gruve 3 mine seam is exhausted and operations cease.
- 1997** Mining operations at Svea resume.
- 1999** In the revised national budget in 1999, Parliamentary Bill No. 67 for 1999, the Storting decides to grant funds to fully finance the mining surveys at Svea Nord. Opening works at Svea Nord are initiated.
- 2000 30 November:** Svea Vest is depleted and operations cease.
- 2001** The Storting decides in December that there will be permanent operations at Svea Nord.
- 2002** For the first year since the beginning of the 1970s, coal mining makes a profit.
- 2004 September:** The 5.6 km transport tunnel from Svea Nord to Svea is opened by Industry Minister Børge Brende.
- 2005-2006 30 July:** Fire breaks out in the main gallery in Svea Nord. At the end of April 2006, production resumes after the fire.
- 2007** Record year for Store Norske: 542,241 tonnes of coal are produced in October, and total annual production hits 4,073,345 tonnes.
- 2010** In June, the Board of Store Norske approves the business plan for a new mine in Lunckefjell, northeast of Svea. A formal application to open a new mine is sent in September to the Governor of Svalbard.
- 2011** In December, the Ministry of the Environment grants the permit for the Lunckefjell project.
- 2012** In May, the breakthrough is made from the Svea Nord mine and out onto the Marthabreen glacier. Construction starts on the road from Skollfjellet to the pioneer cut in Lunckefjell.
- Since 1916** the company has produced 53,198,287 tonnes of coal.

