

Northland Resources S.A.

**Interim condensed consolidated financial statements
For the three and nine months ended September 30,
2011 and comparative figures for three and nine
months ended October 31, 2010
(Unaudited)**

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R.C.S. Luxembourg: B 151 150

Subscribed capital: CAD 22,554,890 (USD 21,483,942)

Northland Resources S.A.

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Northland Resources S.A.

Interim consolidated statement of comprehensive income (Unaudited)

	Notes	Nine months ended		Three months ended	
		Sept. 30, 2011	Oct. 31, 2010	Sept. 30, 2011	Oct. 31, 2010
		USD'000	USD'000	USD'000	USD'000
Marketing expenses		(415)	(326)	(115)	(173)
General and administrative expenses	6	(9 591)	(12 088)	(2 521)	(3 044)
Other operating expenses		(2 803)	(3 154)	(1)	(3 154)
Other income		58	-	-	-
Operating loss		(12 751)	(15 568)	(2 637)	(6 371)
Finance income		16 745	2 046	3 650	7 654
Finance expense		(7 312)	(72)	(4 539)	(57)
Finance income / (expense) - net	7	9 433	1 974	(889)	7 597
Profit / (Loss) before tax		(3 318)	(13 594)	(3 526)	1 226
Income tax expense		(402)	-	(402)	-
Profit / (Loss) for the period		(3 720)	(13 594)	(3 928)	1 226
Other comprehensive income					
Change in fair value of available-for-sale assets		(145)	-	(88)	-
Foreign currency translation		(17 316)	6 295	(28 553)	1 094
Total other comprehensive income / (loss) for the net of tax		(17 461)	6 295	(28 641)	1 094
Total comprehensive income / (loss) for the period		(21 181)	(7 299)	(32 569)	2 320
Earnings / (Losses) per share:					
Basic and diluted earnings/loss for the period attributable to the shareholders (USD)	14	(0,02)	(0,12)	(0,02)	0,01

The accompanying notes form an integral part of these interim condensed consolidated financial statements

Northland Resources S.A.

Interim consolidated statement of financial position (Unaudited)

	Notes	September 30, 2011	December 31, 2010
		USD '000	USD '000
Assets			
Non-current assets			
Exploration and evaluation assets	8	60,021	45,703
Mines under construction	9	164,006	74,950
Property, plant and equipment		10,405	4,135
Intangible assets		1,090	918
Financial assets	10	42,721	1,751
Total non-current assets		278,243	127,457
Current assets			
Accounts receivable		8,580	2,891
Other current assets		5,555	2,692
Cash and cash equivalents	11	119,900	251,435
Total current assets		134,035	257,018
Assets of disposal group classified as held for sale	17	-	7,711
Total assets		412,278	392,186
Equity and liabilities			
Shareholders' equity			
Share capital	12	21,484	21,369
Share premium	12	386,526	385,041
Reserves		19,668	35,547
Cumulative losses		(65,558)	(61,838)
Total equity		362,120	380,119
Non-current liabilities			
Borrowings	15	4,501	-
Provisions		391	81
Total non-current liabilities		4,892	81
Current liabilities			
Accounts payable		44,854	11,909
Income tax liability		412	45
Total current liabilities		45,266	11,954
Liabilities directly associated with the assets classified as held for sale	17	-	32
Total equity and liabilities		412,278	392,186

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Interim consolidated statement of changes in equity (Unaudited)

Attributable to the owners of Northland Resources S.A.									
	Notes	Share capital			Reserves			Cumulative losses	Total equity
		Number of shares	Issued and fully paid	Share premium	Share option reserve	Foreign currency translation	Fair value reserve		
			USD´000	USD´000	USD´000	USD´000	USD´000		
Balance at January 1, 2011		224 418 899	21 369	385 041	17 291	18 256	-	(61 838)	380 119
Loss for the period		-	-	-	-	-	-	(3 720)	(3 720)
Other comprehensive income									
Foreign currency translation		-	-	-	-	(17 316)	-	-	(17 316)
Change in fair value		-	-	-	-	-	(145)	-	(145)
Total other comprehensive income		-	-	-	-	(17 316)	(145)	-	(17 461)
Total comprehensive income		-	-	-	-	(17 316)	(145)	(3 720)	(21 181)
Transactions with owners in their capacity as owners:									
Exercise of stock options	12	1 130 000	115	1 745	(863)	-	-	-	997
Share issuance costs		-	-	(260)	-	-	-	-	(260)
Share-based payments	13	-	-	-	2 445	-	-	-	2 445
Balance at September 30, 2011		225 548 899	21 484	386 526	18 873	940	(145)	(65 558)	362 120

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Northland Resources S.A.

Interim consolidated statement of changes in equity (Unaudited)

Attributable to the owners of Northland Resources S.A.								
Notes	Share capital			Reserves		Cumulative losses	Total equity	
	Number of shares	Issued and fully paid	Share premium	Share option reserve	Foreign currency translation			
		USD´000	USD´000	USD´000	USD´000	USD´000	USD´000	
Balance at February 01, 2010		110,637,399	166,659	-	14,590	4,798	(40,592)	145,455
Loss for the period		-	-	-	-	-	(13,594)	(13,594)
Other comprehensive income								
Foreign currency translation		-	-	-	-	6,295	-	6,295
Total comprehensive income		-	-	-	-	6,295	(13,594)	(7,299)
Transactions with owners in their capacity as owners:								-
Exercise of stock options	12	521,500	611	539	(304)	-	-	846
Reclassification		-	(157,123)	157,123	-	-	-	-
Share-based payments	13	-	-	-	2,417	-	-	2,417
Balance at October 31, 2010		111,158,899	10,147	157,662	16,703	11,093	(54,186)	141,419

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Interim consolidated statement of cash flows (Unaudited)

	Notes	Nine months ended	
		Sept. 30, 2011	Oct. 31, 2010
		USD'000	USD'000
Operating activities			
Profit /(Loss) for the period before taxation		(3,720)	(13,594)
<i>Adjustments for non-monetary items:</i>			
Impairment of exploration and evaluation assets	8	1,070	3,153
Depreciation of property, plant and equipment		283	165
Loss on disposal of subsidiaries		1,097	-
Share-based payments		1,580	1,339
Foreign exchange (gain) / loss	7	(14,763)	(1,837)
Other non-monetary items		(12)	-
		(14,465)	(10,774)
Changes in working capital			
Accounts receivable		(6,146)	298
Other current assets		41	(1,599)
Trade and other payables		5,705	888
		(14,865)	(11,187)
Net cash flow used in operating activities			
Cash flows from investing activities			
Investment in exploration and evaluation assets		(12,797)	(22,224)
Acquisition of property, plant and equipment		(74,463)	(1,196)
Long-term receivable		(34,692)	-
		(121,952)	(23,420)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		996	848
Share issuance costs		(1,430)	-
Proceeds from borrowings		4,501	-
Transaction costs prepaid on issuance of senior loan facility		(3,164)	-
		903	848
Decrease in cash and cash equivalents			
		(135,914)	(33,759)
Cash and cash equivalents at beginning of period			
		251,435	52,011
Effect of changes in exchange rates		4,379	(741)
		119,900	17,511
Cash and cash equivalents at end of period	11	119,900	17,511

The accompanying notes form an integral part of these interim condensed consolidated financial statements

Northland Resources S.A.

Notes to the interim condensed consolidated financial statements

1. Corporate information

The Company was incorporated on March 13, 1987 under the laws of British Columbia (Canada). On January 18, 2010, Northland Resources Inc. moved its domicile and place of effective management to Luxembourg as all of its significant properties are located in Europe. Henceforth, the Company adopted the Luxembourg nationality under the legal form of a "société anonyme" and is subject to the general company law in Luxembourg.

The Company has established its official address at 7A, rue Robert Stümper, L-2557 Luxembourg.

The financial year of the Company which started on February 1 and ended on January 31 each year has been changed following the Board of Directors' approval of August 23, 2010, so as to begin on January 1 and to end on December 31 each year. Therefore the nine months interim period under review then started on January 1, 2011 and ended on September 30, 2011 whereas as the comparative figures covered the period February 1, 2010 to October 31, 2010.

The Company is listed on the Toronto Stock Exchange (NAU), Canada, on the Oslo Bors (NAUR), Norway and on a Frankfurt listing (NPK), Germany.

The Company and its subsidiaries together are referred as the "Group" or "Northland".

The Group is in the business of acquiring, exploring and evaluating mineral resource properties, and either developing, joint venturing or disposing of the properties when the Group's evaluation is completed. At September 30, 2011, the Group had interests in properties located in Sweden and Finland for which the Group has completed a definitive feasibility study and moved into development phase on Kaunisvaara and a preliminary economic analysis on Hannukainen that supports economic valuation.

The Group's financial statements up to December 31, 2010 were presented in Canadian Dollar (CAD), which is the functional currency of the Company and was the Group's reporting currency. Following the Board of Directors' approval of December 13, 2010, the Group's reporting currency has changed to US Dollar (USD) with effect from January 1, 2011. The comparative figures have been restated to reflect the change in the reporting currency. All values are rounded to the nearest thousand dollars unless otherwise stated.

These financial statements were authorised for issuance by the Board of Directors on November 10, 2011.

2. Going concern

As of 30 September 2011, the cash available is sufficient to assure the financing of the normal course of business of the Group up to January 2012. The Group believes they will complete the financing for the Kaunisvaara project including the logistics during the fourth quarter. In the fourth quarter 2010 the Group raised USD 250 million in new equity. The Group is today debt free and the investments made in the Kaunisvaara project is up until this point entirely funded by equity. To ensure there is sufficient time to complete the financing structure for the Kaunisvaara project the Group is, in parallel, negotiating a short term bridge loan to be replaced by long term funding. The long term financing package being discussed is likely to be some combination of senior secured debt, mezzanine debt, equity and financial support from off-take parties. There is no guarantee that the Group will be able to obtain the financing necessary to complete the development of the Kaunisvaara project. However, Management concludes that it has sufficient basis to support the going concern assumption and that such going concern assumption is appropriate under the current circumstances.

3. Statement of compliance

The interim consolidated financial statements of Northland Resources S.A. have been prepared in accordance with IAS 34 of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and as adopted by the European Union.

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Notes to the interim condensed consolidated financial statements

4. Significant accounting policies

4.1. Basis of preparation

The unaudited interim condensed consolidated financial statements of Northland Resources S.A. have been prepared in accordance with IAS 34 of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union. With respect to the Company's unaudited interim condensed consolidated financial statements for the nine months ended September 30, 2011, there are no material differences between IFRS as adopted by the European Union and the one issued by the IASB.

The unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention. In addition these unaudited interim condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements as at December 31, 2010 and the unaudited interim condensed consolidated financial statements for the Group prepared in accordance with IAS 34 for nine months ended October 31, 2010.

The preparation of the interim consolidated financial statements in conformity with IFRS, as endorsed by the European Union, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. However, actual outcomes can differ from these estimates.

The Group has no seasonal activity, as it is still in a development stage.

4.2. Accounting principles

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2010. The Group has not adopted any other standards, interpretations or amendments that were issued and endorsed after December 31 2010 but not yet effective.

4.2.1 New standards, interpretations or amendments which are effective for annual periods beginning on or after January 1, 2011

- IAS 24 amendments: *Revised definition of related parties*
- IFRIC 14 amendments: *Prepayments of a minimum funding requirement*
- IFRIC 19: *Extinguishing Financial Liabilities with Equity Instruments*
- Improvements to IFRS (year 2010)

Adoption of these amendments and improvement to IFRSs did not have any effect on the financial performance or position of the Group.

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4.2.2 New standards issued but not yet effective

The following standards and interpretations are not effective up to the date of issuance of the Group's interim condensed consolidated financial statements and which are expected to be relevant for the Group at a future date are listed below. They may result in consequential changes to the accounting policies and other note disclosures. The Group is in the process of analysing the impact of these standards on its operations.

- IFRS 9: Financial Instruments
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Interests in Other Entities
- IFRS 13: Fair Value Measurement
- IAS 1 amendments: Presentation of Financial statements
- IAS 27 amendments: Consolidated and Separate Financial Statements
- IAS 28 amendments: Investments in Associates

4.2.3 Change of the Group reporting currency

As mentioned above, the Company has changed its reporting currency from Canadian Dollar (CAD), which is the functional currency of the Company, into US Dollar (USD) starting from January 1, 2011. This translation took effect retrospectively from February 1, 2007, the transition date the Company converged to IFRS.

From this date:

- Assets and liabilities for each statement of financial position presented, including comparatives, have been translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income, including comparatives, have been translated at an average rate for the period covered;
- Equity components i.e share capital, share premium and share option reserve have been translated at the rate (historical rate) prevailing on each transaction date; and
- All resulting exchange differences have been recognised in the 'Other comprehensive income'.

The foreign exchange rates (CAD to USD) used for the translation are as follows:

Closing date	Assets and liabilities Closing rate	Income and expenses Average rate
December 31, 2010	1.0054	0.9723
January 31, 2010	0.9390	0.8914
January 31, 2009	0.8088	0.9295
January 31, 2008	0.9978	0.9470
January 31, 2007	0.8496	not applicable

4.2.4 Use of a presentation currency other than the functional currency

In order to present its unaudited interim condensed consolidated financial statements in USD, the Company used the following quarterly foreign exchange average rates (CAD to USD):

Closing date	Assets and liabilities Closing rate	Income and expenses Average rate
30 September 2011	0.9596	1.0212
30 June 2011	1.0340	1.0337
31 March 2011	1.0302	1.0146
31 October 2010	0.9615	0.9701
31 July 2010	0.9718	0.9676
30 April 2010	0.9885	0.9735

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5. Segment information

Segment information is provided on the basis of geographic segments as the Group monitors its business according to the geographic locations of its resources properties in Sweden and Finland. The business segments presented reflect the management structure of the Group and the way in which the Group's management reviews business performance.

Corporate functions and dormant entities are classified together within "Other" on the basis that they are monitored together by the Group's Chief Operating decision makers (the "Committee").

The segment information provided to the Committee for the reportable segments is as follows:

	<u>Sweden</u> USD'000	<u>Finland</u> USD'000	<u>Other</u> USD'000	<u>Total</u> USD'000
Statement of comprehensive income				
Net income / (loss)				
Three months ended September 30, 2011	(11 204)	(1 090)	8 366	(3 928)
Nine months ended September 30, 2011	(23 581)	(4 097)	23 958	(3 720)
Statement of financial position				
<i>As at September 30, 2011</i>				
Exploration and evaluation assets	12 900	47 121	-	60 021
Mines under construction	164 006	-	-	164 006
Property, plant and equipment & intangible assets	1 953	7 147	2 395	11 495
Current assets	91 570	3 016	39 449	134 035
Financial assets	42 721	-	-	42 721
Total assets	<u>313 150</u>	<u>57 284</u>	<u>41 844</u>	<u>412 278</u>
Capital expenditure	96 306	6 671	78	103 055
Statement of comprehensive income				
Net income / (loss)				
Three months ended October 31, 2010	(4 527)	(220)	5 973	1 226
Nine months ended October 31, 2010	(7 565)	(878)	(5 151)	(13 594)
Statement of financial position				
<i>As at December 31, 2010</i>				
Exploration and evaluation assets	12 110	33 592	-	45 702
Mines under construction	74 951	-	-	74 951
Property, plant and equipment & intangible assets	1 681	829	2 543	5 053
Assets held for sale	7 711	-	-	7 711
Current assets	7 238	1 236	248 545	257 019
Financial assets	1 750	-	-	1 750
Total assets	<u>105 441</u>	<u>35 657</u>	<u>251 088</u>	<u>392 186</u>
Capital expenditure	576	88	-	664
<i>As at January 31, 2010</i>				
Exploration and evaluation assets	66 710	27 531	-	94 241
Property, plant and equipment & intangible assets	885	1 024	2 344	4 253
Current assets	11 563	2 973	39 177	53 713
Total assets	<u>79 158</u>	<u>31 528</u>	<u>41 521</u>	<u>152 207</u>
Capital expenditure	154	327	134	615

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As the Committee does review segment assets, the Group has continued to disclose this information. The measure of liabilities as well as the statement of cash flows information has not been disclosed for each reportable segment as this information is not regularly provided by the Committee.

6. General and administrative expenses

General and administrative expenses are broken down as follows

	Nine months ended		Three months ended	
	Sept. 30, 2011	Oct. 31, 2010	Sept. 30, 2011	Oct. 31, 2010
	USD'000	USD'000	USD'000	USD'000
Depreciation and amortization	283	165	94	68
Consulting fees	2,013	2,179	402	482
Office and miscellaneous	732	792	348	235
Professional fees	1,162	3,907	253	583
Rent and utilities	288	206	118	34
Salaries and wages	2,386	2,510	531	708
Shareholder communication	248	119	48	41
Share-based payments	1,580	1,339	452	578
Travel and accommodation	899	871	275	315
Total	9,591	12,088	2,521	3,044

7. Net finance income / (expense)

	Nine months ended		Three months ended	
	Sept. 30, 2011	Oct. 31, 2010	Sept. 30, 2011	Oct. 31, 2010
	USD' 000	USD' 000	USD' 000	USD' 000
Interest income	1,982	209	518	64
Foreign exchange gain, net	14,763	1,837	3,132	7,590
Finance income	16,745	2,046	3,650	7,654
Bank charges and interest	(49)	(72)	(26)	(57)
Foreign exchange loss, net	-	-	-	-
Fees related to fund raising	(7,263)	-	(4,513)	-
Finance expense	(7,312)	(72)	(4,539)	(57)
Finance income / (expense) - net	9,433	1,974	(889)	7,597

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Notes to the interim condensed consolidated financial statements

8. Exploration and evaluation assets

The Group has incurred and capitalized USD 60,021 thousand in exploration and evaluation assets up to September 30, 2011, conducting exploration and development activities in Sweden and Finland.

	<u>Sweden</u>	<u>Finland</u>	<u>Total</u>
	USD '000	USD '000	USD '000
Cost as at January 31, 2010	66,710	27,531	94,241
Additions	19,452	6,902	26,354
Net exchange differences	7,854	(839)	7,015
Transferred to Mines under construction	(69,842)	-	(69,842)
Write-offs	62	-	62
Held for sale	(12,127)	-	(12,127)
Cost as at December 31, 2010	12,109	33,594	45,703
Additions	2,201	14,863	17,064
Net exchange differences	(235)	(298)	(533)
Transferred to Mines under construction	(1,143)	-	(1,143)
Write-offs	(32)	(1,038)	(1,070)
Cost as at september 30, 2011	12,900	47,121	60,021

The Group is in the exploration and development-stage and is in the process of exploring and/or evaluating its mineral properties for economically recoverable resources. No amortisation is charged during the exploration and evaluation phase. In mid December 2010 the Kaunisvaara project moved from the 'exploration and evaluation' phase to 'mines under construction' phase.

As of September 30, 2011 capitalized amounts are composed mainly of consulting fees, salaries and wages, drilling costs and travel and accommodation costs. The write-offs amounting USD 1,070 thousand are related to projects where further explorations are not planned.

9. Mines under construction

	<u>USD '000</u>
Cost as at January 31, 2010	-
Transferred from exploration and evaluation assets (refer to note 8)	69 842
Additions	4 778
Net exchange differences	330
Cost as at December 31, 2010	74 950
Transferred from exploration and evaluation assets (refer to note 8)	1 143
Additions	95 509
Net exchange differences	(7 596)
Cost as at September 30, 2011	164 006

Mines under construction are not depreciated until construction is completed. This is signified by the formal commissioning of the mine for production.

Upon completion of the mine construction, the assets are transferred into property, plant and equipment or mine properties and are subjected to normal depreciation at their estimated useful lives, in accordance to IAS 16.

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10. Financial assets

Financial assets are composed of:

	September 30, 2011	December 31, 2010
	USD '000	USD '000
Escrow account	37 306	1 751
Available-for-sale assets	609	-
Long-term receivables	4 806	-
	<u>42 721</u>	<u>1 751</u>

The escrow account is held with Nordea as counter indemnity for an environmental reclamation bond for the Tapuli mine and Kaunisvaara mill as well as bank guarantees to main third party suppliers. The said escrow account includes an amount of USD 8,750 thousand which falls due within one year (December 31, 2010: USD nil).

Available-for-sale assets are quoted securities of Orex Minerals Inc.

Long-term receivables includes an amount of USD 1,443 thousand which falls due within one year (December 31, 2010: USD nil).

11. Cash and cash equivalents

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. As of September 30, 2011, the amount of cash and cash equivalents was USD 119,900 thousand (December 31, 2010: USD 251,435 thousand), which correspond to their fair value.

12. Share capital

12.1 Share capital

Authorized share capital amounts to CAD 937,789 thousand. The Company has one class of shares outstanding with no nominal value.

Issued and outstanding:

	Number	Amount USD '000
Balance as at January 31, 2010	110 637 399	166 659
For cash:		
Exercise of share purchase options	411 500	673
Reallocation to share premium account		(62)
Reduction in the accounting par value of the issued share capital and transferred to share premium		(157 123)
Balance as at August 23, 2010 (EGM)	111 048 899	10 147
Exercise of share purchase options	370 000	26
Issuance of shares as at December 9, 2010	113 000 000	11 196
Balance as at December 31, 2010	224 418 899	21 369
For cash:		
Exercise of share purchase options	1 130 000	115
Balance as at September 30, 2011	<u>225 548 899</u>	<u>21 484</u>

At September 30, 2011, the issued share capital is equivalent to CAD 22,555 thousand (December 31, 2010: CAD 22,442 thousand) and are fully paid.

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12.2 Share premium

	<u>Amount</u> <u>USD '000</u>
Balance as at February 1, 2010	-
Reallocation from share capital account as per EGM of August 23, 2010	157,123
Share option reserve transferred on exercise of share purchase options	477
For cash:	
Exercise of share purchase options premium	430
Reallocation from share capital account	62
Additional contribution on issued shares as at December 9, 2010	241,833
Less: issue share costs	(14,884)
Balance as at December 31, 2010	385,041
For cash:	
Exercise of share purchase options premium	881
Share option reserve transferred on exercise of share purchase options	864
Less: issue share costs	(260)
Balance as at September 30, 2011	386,526

13. Share based payments

At the Annual General Meeting on May 18, 2011 the Group's stock option plan (the "Plan") for officers, director's, employees and consultants was not re-approved and consequently no further options may be granted by the Board of Directors. The Plan allowed for a maximum of 15% of the issued shares to be reserved for issuance under the Plan. All outstanding options granted before May 18, 2011 are still valid.

For share based payments with parties other than employees, there shall be a rebuttable presumption that the fair value of the goods or services received can be estimated reliably and that the fair value is measured at the date the Group obtains the goods or the counterparty renders service. However, the Group rebutted this presumption and has determined that it cannot estimate reliably the fair value of the goods or services received due to the fact that these services will be valuable only to the extent that the business targets are reached or over-performed. Accordingly, the Group measured the goods or services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, measured at the dates the entity obtained the goods or the counterparty rendered the service.

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A summary of the share purchase options granted under the Group's stock option plan is as follows:

	Number of options	Weighted Average Exercise Price CAD	Weighted Average Exercise Price USD
Outstanding as at January 31, 2010	6 746 500	1,08	0,98
<i>Exercisable 6 721 500</i>			
Granted	4 650 000	3,36	3,35
Exercised	(781 500)	0,89	0,81
Cancelled	(100 000)	3,36	3,36
Outstanding as at December 31, 2010	10 515 000	2,08	2,03
<i>Exercisable 5 965 000</i>			
Granted	600 000	3,81	3,97
Exercised	(1 130 000)	0,86	0,76
Cancelled	(50 000)	3,36	3,36
Outstanding as at September 30, 2011	9 935 000	2,32	2,29
<i>Exercisable 6 735 000</i>			

During the nine months period ended September 30, 2011, a compensation charge associated with the granting of share purchase options under the stock option plan in the amount of USD 2,445 thousand (October 31, 2010: USD 2,417 thousand) was recognized in the financial statements. Of this amount, USD 923 thousand (October 31, 2010: USD 1,061 thousand) was related to individuals whose wages and salaries are capitalized to the exploration and evaluation assets. The remaining is included in the general and administrative charges.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

As at September 30, 2011, the following share purchase options were outstanding entitling the holder thereof the right to purchase one common share for each option held:

Outstanding	Outstanding options	Weighted average exercise price CAD	Weighted average exercise price USD	Weighted average remaining contractual life
Exercise price CAD per option				
Exercise price USD per option				
1.00 - 1.39	4,635,000	1.12	1.07	3.81
2.33	200,000	2.33	2.24	0.40
3.03 - 3.27	700,000	3.13	3.01	4.20
3.36 - 3.86	4,400,000	3.46	3.32	3.64
Outstanding as at September 30, 2011	9,935,000	2.32	2.23	3.70

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Exercisable	Exercise price CAD per option	Exercise price USD per option	Outstanding	Weighted	Weighted	Weighted
			options	average exercise price CAD	average exercise price USD	average remaining contractual life
	1.00 - 1.39	0.96 - 1.33	4,635,000	1.12	1.07	3.81
	2.33	2.24	200,000	2.33	2.24	0.40
	3.36 - 3.84	3.26 - 3.70	1,900,000	3.40	3.27	3.51
Exercisable as at September 30, 2011			6,735,000	1.80	1.73	3.62

As at December 31, 2010, the following share purchase options were outstanding entitling the holder thereof the right to purchase one common share for each option held:

Outstanding	Exercise price CAD per option	Exercise price USD per option	Outstanding	Weighted	Weighted	Weighted
			options	average exercise price CAD	average exercise price USD	average remaining contractual life
	0.37 - 1.55	0.37 - 1.56	5,765,000	1.07	1.08	4.22
	2.33	2.34	200,000	2.33	2.34	2.00
	3.03 - 3.27	3.05 - 3.29	700,000	3.13	3.15	5.00
	3.36 - 3.84	3.38 - 3.86	3,850,000	3.40	3.42	4.30
Outstanding as at December 31, 2010			10,515,000	2.08	2.09	4.21

Exercisable	Exercise price CAD per option	Exercise price USD per option	Outstanding	Weighted average exercise price	Weighted average exercise price	Weighted average remaining contractual life
			options	CAD	USD	
	0.37 - 1.55	0.37 - 1.56	5,765,000	1.07	1.08	4.22
	2.33	2.34	200,000	2.33	2.34	2.00
Exercisable as at December 31, 2010			5,965,000	1.11	1.12	4.12

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14. Earnings per share

Basic earnings per share are computed by dividing the result for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive instruments were exercised or converted to common shares.

For the nine months period ending September 30, 2011 (2010: nine months ended October 31), the net result attributable to equity holders of the parent, and the weighted average number of shares outstanding, are set out in the table below.

	Nine months ended		Three months ended	
	Sept. 30, 2011	Oct. 31, 2010	Sept. 30, 2011	Oct. 31, 2010
Net profit / (loss) attributable to shareholders (USD '000)	(3,720)	(13,594)	(3,928)	1,226
Weighted average shares issued for the period	225,296,060	110,865,053	225,501,562	111,111,073
Weighted profit / (loss) per share for the period (in USD)	(0.02)	(0.12)	(0.02)	0.01

Fully diluted earnings have not been presented since the effects of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted earnings/losses per share.

Instruments that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented, are disclosed in Note 13 above.

15. Borrowings

Pursuant to a Facility Agreement dated September 21, 2011, the Group through a Finnish subsidiary has been granted a bank loan of EUR 3,330 thousand (USD 4,501 thousand). The loan has been used to partly finance the acquisition and development of 72 plots of land in Äkäsjoki and Hannukainen, Finland.

The loan is secured, bears annual interest rate of Euribor plus a margin of 1.5% and is repayable in full at maturity date, which date is 5 years after the date of the Agreement

16. Related party transactions

Transactions with common key management and directors

The Group incurred charges with companies having common key management and directors in the normal course of operations as detailed below:

	Nine months ended		Three months ended	
	Sept. 30, 2011	Oct. 31, 2010	Sept. 30, 2011	Oct. 31, 2010
	USD '000	USD '000	USD '000	USD '000
Consulting fees	473	314	172	100
Management fees	256	675	49	109
Share-based payments	347	381	28	108
Termination benefits	165	-	-	-
Total	1,241	1,370	249	317

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These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

The Company paid fees to a private company controlled by a director of the Company for consulting services performed outside of his capacity as a director

Compensation to key management personnel and Directors of the Group

	<u>Nine months ended</u>		<u>Three months ended</u>	
	<u>Sept. 30, 2011</u>	<u>Oct. 31, 2010</u>	<u>Sept. 30, 2011</u>	<u>Oct. 31, 2010</u>
	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>
Salaries and directors fees	1,933	1,409	677	437
Share-based payments	1,715	1,472	411	626
Termination benefits	-	919	-	-
Total	3,648	3,800	1,088	1,063

Share-based payments are the fair value of options granted to key management personnel and directors.

Account receivable and payable

Accounts payable included amounts due to a director of the Group and to an entity with a common director. Accounts receivable included amounts due from an officer of the Group.

	<u>September</u>	<u>December</u>
	<u>30, 2011</u>	<u>31, 2010</u>
	<u>USD '000</u>	<u>USD '000</u>
Accounts receivable	119	82
Trade and other payables	(63)	(7)
	56	75

17. Assets of disposal group classified as held for sale

The assets and liabilities related to wholly-owned subsidiaries Gunnarn Mining AB and Gunnarn Exploration AB which form part of the Swedish segment, have been presented as held for sale following the approval of the Board of Directors and the shareholders on October 19, 2010 to dispose these entities in Sweden. Pursuant to the Letter of Intent dated October 27, 2010 the completion date of the transaction was on April 29, 2011.

The agreed selling price pursuant to the agreement entered into with the identified acquirer was USD 8.5 million (USD 5 million in cash and USD 3,5 million in shares). The fair value less costs to sell on the disposal date was USD 7.0 million and the net carrying amount of the disposal assets on April 29, 2011 was USD 7.3 million, leading to an additional loss amounting to USD 0.3 million during the 3-month period ended June 30, 2011. The total loss on disposal amounts to USD 6.3 million of which USD 1.7 million has impacted the 9-month period ended September 30, 2011 (USD 4.6 million was already booked in the 2010's annual consolidated financial statements).

At completion date, the Company received USD 2 million in cash and USD 1 million in quoted securities in the buyer Orex Minerals Inc. The quoted securities have been accounted as available-for-sale assets with changes in fair value are booked in 'Other comprehensive income' (fair value amounts to USD 0.6 million as at September 30, 2011). The long-term receivables towards the acquirer (nominal value: USD 5.5 million) have also been classified as financial assets (at fair value) and amount to USD 4.8 million as at September 30, 2011.

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18. Fair value hierarchy

The following table shows an analysis of the fair values of financial instruments recognised in the consolidated statement of financial position by level of the fair value hierarchy*:

	Level 1 USD' 000	Level 2 USD' 000	Level 3 USD' 000	Total USD' 000
September 30, 2011				
Available-for-sale financial assets	609	-	-	609
Long-term receivables	-	4,806	-	4,806
	609	4,806	-	5,415
December 31, 2010				
	none			

*The different levels of the fair value hierarchy are defined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data.
- Level 3 – Use of a model with inputs that are not based on observable market data.

The estimated fair value of the long-term receivables is the discounted amount of the estimated future cash flows expected to be received.

19. Financial commitments

Operating lease

As at September 30, 2011 the Group's operating lease commitments for leases on properties, buildings and vehicles totalled USD 30,628 thousand (December 31, 2010: USD 1,343 thousand). There are no restrictions placed upon the lessee by entering into these leases.

Commitments under purchase agreements

The Group has entered into purchase agreements for the development of the Kaunisvaara project. The total net estimates for the related purchase commitments arising under these agreements as at September 30, 2011 amounts to USD 573,921 thousand.