

Northland Resources S.A.

Management's Discussion and Analysis For the period ending September 30, 2011

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Northland Resources S.A.

MANAGEMENT'S DISCUSSION AND ANALYSIS

November 10, 2011

General

The following Management's Discussion and Analysis ("MD&A") of Northland Resources S.A. and its subsidiaries, ("Northland" or the "Company") is dated at November 10, 2011 and provides an analysis of the Company's unaudited financial statements for the three and nine months ending September 30, 2011 and October 31, 2010.

Northland Resources S.A. (formerly Northland Resources Inc.) continued under the laws of Luxembourg on January 18, 2010. The Company's common shares trade on the Toronto Stock Exchange under the symbol NAU, on the Oslo Børs under the symbol NAUR and on a Frankfurt list under the symbol NPK.

As a Luxembourg-domiciled Company with shares listed on an exchange in the European Economic Area, the Company is subject to the rules and regulations of the Commission de Surveillance du Secteur Financier. These regulations include a requirement to file information in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("EU"). With respect to Company's unaudited interim consolidated financial statements for the three and nine months periods ending September 30, 2011, there are no material differences between IFRS as adopted by the EU and IFRS as issued by the International Accounting Standards Board.

The board of directors carries out its responsibility by reviewing this disclosure, principally through the audit committee, and it approves this disclosure prior to publication.

This MD&A is based on various assumptions (see "Forward-looking Information" below).

All dollar amounts are expressed in United States dollars, units are metric units and quarters are calendar quarters for 2011 and fiscal quarters for 2010.

Additional information relating to the Company, including the Company's Annual Information Form is available on SEDAR at www.sedar.com or on the Company's website www.northland.eu.

Selected Quarterly Information	9 months ended Sep 30, 2011	9 months ended Oct 31, 2010	3 months ended Sep 30, 2011	3 months ended Oct 31, 2010
MUSD				
Net Profit / (Loss)	(3.7)	(13.6)	(3.9)	1.2
- per share	(0.02)	(0.12)	(0.02)	0.01
Mineral properties expenditures, Sweden	2.2	18.0	0.7	4.9
Mines under construction expenditures, Sweden	95.5	-	57.5	-
Mineral properties expenditures, Finland	14.9	6.2	5.8	1.4
Cash, end of period balance	119.9	17.5	119.9	17.5
Common shares	225,548,899	111,158,899	225,548,899	111,158,899

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Comment by the President and CEO

“The third quarter of 2011 was yet another intense period for Northland.” said Karl-Axel Waplan, President and CEO of Northland Resources S.A. “By the end of September, the first section of the Tapuli ore body was reached and construction of the process plant began. Work is being carried out in three shifts and currently more than 300 people are working at site. About 82% of the planned CAPEX has been committed in signed procurement contracts for the plant and equipment. The project is on budget and schedule, with mechanical completion expected in third quarter of 2012 and shipments to commence in the first quarter 2013.

One of the main focus areas for the quarter was to structure a financing package for the Kaunisvaara project. We expect to finalize the financing during the fourth quarter of 2011.

In the ongoing work with the DFS on our Hannukainen project we have initiated a scoping study on an underground addition to the open pit. The underground study will be a PEA (Preliminary Economic Assessment). The Hannukainen DFS will for this reason not be presented until the first quarter 2012 together with the PEA. The Pellivuoma DFS will also be presented in the first quarter 2012.

I am pleased to announce that Petri Peltonen, currently Managing Director of Northland Exploration Finland, has been appointed Vice President Exploration. Dr. Peltonen has more than 20 years of international experience in mineral exploration and research on several commodities, including iron ore, nickel, gold and diamonds. He will succeed Dr. Vladimir Benes, who left Northland to pursue other interests. Vladimir made a major contribution to Northland’s geological understanding and resource base. His dedicated work has laid a solid foundation to Northland’s long-term development.

At the end of the third quarter, we had USD 119.9 million in our treasury.”

Business of the Company

Northland is an iron ore exploration and development company with projects in northern Sweden and Finland. Kaunisvaara in Sweden is expected to be a near-term producer of high-quality iron ore concentrate. Construction on the 5 million tonne per year project is well underway and mining is expected to begin fourth quarter of 2012, with the first shipment in the first quarter of 2013. Northland has entered into off-take contracts for 100% of future sales for the first seven to ten years of Kaunisvaara production. At the Hannukainen project in Finland, DFS has commenced and it is expected to be completed in the first quarter of 2012.

Because the Company is an exploration and development company and is not in production, it does not generate operational income.

Q3 2011 Highlights (including subsequent events up to November 10, 2011):

CORPORATE

√ The development of the Kaunisvaara project continued with progress made on the construction, engineering, procurement and pre-development. At the end of October, it was on schedule and on budget.

SWEDEN

Kaunisvaara:

√ On July 6, 2011, Northland signed an agreement with FineWeld Group for the supply of water systems from the Muonio River to the Kaunisvaara process plant and to associated project sites.

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- √ On July 19, 2011, Northland announced an agreement with Metso for a five-year mill lining service and inspection program for the Kaunisvaara mill.
- √ On August 4, 2011, Northland announced a letter of intent for the cooperation with Grieg Logistics, Peab and Savage Service Corporation for the management of the logistical chain, from the mines in Kaunisvaara to the port of Narvik. This replaces the previous letter of intent signed with Peab on June 29, 2011.
- √ On August 25, 2011, Northland signed an agreement with the Port of Narvik which will enable Northland to lease the Narvik Terminal at Fagernes. A temporary shipping facility will be constructed on the site and will consist of a quay, a depot, a conveyor belt, a de-icing facility, and an unloading facility for the railcars and railway lines. This agreement is for 10 years, after which a permanent shipping facility will be established.
- √ On September 6, 2011, Northland announced that Vattenfall, a major Swedish energy production and distribution company, has initiated work to build the main overhead power line; it had commissioned the contractor Peab to start removal of the overburden at the mine site; and it had secured five drill rigs for the project.
- √ On September 9, 2011, Northland welcomed the news that the Swedish Government had committed more than USD 570 million to be invested in the Swedish railway network. A substantial part of these funds will be used to increase the capacity on the rail to Narvik by extending meeting points before 2015 and by that ensuring increased capacity from 2015 when our project reaches full production.
- √ As of October 1, Manfred Lindvall was appointed acting Vice President – Swedish Operations, for the period the previous VP, Bert-Ove Johansson, is recovering from an illness. Mr. Johansson will assist Mr. Lindvall in issues related to the mining operations.
- √ On October 7 and 14, 2011, Northland announced a number of corporate and operational management appointments. These appointments support the goal of building the work force as the Kaunisvaara iron ore project is constructed.

FINLAND

Hannukainen:

- √ Significant progress was made on the technical work at Hannukainen, including the mineral resource numbers, pit design and production. The metallurgical flow sheet was also finalized.
- √ A decision was taken to initiate a scoping study on a possible underground addition to the Hannukainen project.

1. Kaunisvaara Iron Concentrate Project, Sweden

Construction Update

As at September 30, 2011 the project was 25% complete, and on schedule and budget and all the pre-development work was completed during the third quarter.

Tapuli Dyke and Dewatering

During the quarter, the construction of the Tapuli dyke system and its subsequent dewatering of the Tapuli open pit area were completed, and a final settlement was reached with the contractor Peab. This contract, the first initial contract that was signed by Northland in December 2010, has proved to be very successful. The contract was completed on schedule and under budget, and during the dewatering phase, over 500,000m³ of water was pumped from the dyked area to an existing swamp area.

Overburden Contract

Peab was awarded the contract to remove approximately 10 million cubic meters of peat, moraine and waste rock to reach the iron ore body. At the end of September, work was progressing extremely well with over 53,000m³ of moraine having been excavated. Excavation started four weeks ahead of schedule. The first blast at the Tapuli starter pit took

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place on September 28, 2011. By the end of the quarter, Peab had reached the ore body ahead of schedule. The work is expected to be completed by September 2012.

Mine Mobile Equipment

The mine mobile equipment all of which will be supplied by Caterpillar/PON remains on schedule for delivery in mid-2012. Atlas Copco Finance will approve leases for all drill rigs.

Process Plant

Metso continues to perform above expectations on the development of the process plant. During the quarter, the basic engineering of the Tapuli line in the process plant was completed, and detail engineering is progressing very well. Metso are providing monthly updates on the progress of the long-lead items and all the equipment including the Semi-Autogenous Grinding ("SAG") mills, primary crusher and the verti-mills. All remain on schedule to be delivered according to the original delivery date of June 29, 2012. The contract is currently forecast to be slightly under budget.

Industrial Area Civil Works and Buildings

Good progress is being made by Peab on the site works and buildings. Peab are rapidly increasing manpower at the site and this will continue over the next couple of months. The site is now working 24/7 before the winter begins to close in. The plan is to have most of the ground work/concrete complete before December/January. So far, civil projects remain on schedule.

Excavations /foundations for stockpile buildings and truck workshop are nearing completion. A third crane has now been set up. Excavation is now complete for both stockpile buildings and the crusher station. The concrete foundations area is also complete for the mills as well as the footings for the process plant. Towards the end of the quarter, steel for the process plant arrived on site and steel erection started. The steel works are currently being installed on a 24/7 basis.

Power supply

During the quarter, the 40 kV power line was commissioned by Vattenfall. In addition, Vattenfall received the permit to commence the construction of the 130 kV power line to the site. Excavation and construction for the concrete foundations for the line started immediately and most of these will be completed by the end of the fourth quarter 2011. The construction of the power line remains on schedule.

Process Water Dam

Significant progress has been made by the Swedish contracting and transport company BDX, on the construction of the process water pond. It remains on target for completion by the end of October, with minor instrumentation works to be carried out in November. The moraine fill was completed during the quarter and approximately 73,000 m³ of stone fill, roughly 70%, have been placed.

Process Water Systems

FineWeld continue to make good progress on the piping works. The pipeline along Road 99 north of Aareajoki Bridge is complete, and work south of the bridge is underway. Fine Weld have laid pipeline at a rate of 180m per day, and significant progress has been made and currently 5.9 km pipe, out of 42 km of pipe, have been laid.

Kaunisvaara Logistics

Northland Resources entered into a Letter of Intent on August 4, 2011 with three parties to coordinate, build, and manage the logistical solution. The three parties are Savage Services Corporation ("Savage"), Peab AB ("Peab"), and Grieg Logistics AS (Grieg). Savage will have overall responsibility for the coordination and management.

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To operate of the whole logistic chain, Northland will set up a wholly-owned logistics subsidiary, Northland Logistics. Key outsourcing contracts will be put in place between Northland Logistics AB and Peab for the trucking services as well as a rail operation agreement with the rail operator. Grieg Logistics will manage the operation of the terminal facility in the Port of Narvik. The above agreements are expected to be finalized and signed before the end of December 2011.

Savage is a supply chain solutions company, which moves and manages bulk commodities materials for customers. The company is an international leader in providing project management, design, engineering, and logistics systems for mining, chemical, railroad, oil refining and electric power generation clients. Savage also owns and/or operates large bulk terminals and over 40 trans-load facilities, which specialize in handling a diverse range of industrial commodities. Savage has 150 operations in 36 US states and five Canadian provinces.

Peab is a construction, civil engineering and trucking company which combines the strengths of a large group with those of the local company to create flexible solutions. Net sales in 2010 were SEK 38 billion and the Company employs approximately 14,000 people across the Nordic region.

Grieg Logistics, established in 1969 as a separate business unit within the Grieg Group, is a leading provider of ship services and terminal operations to oil and gas, shipping, offshore, maritime and general industries. Grieg Logistics manages the Exxon and Alcoa terminals in Norway. The Grieg Group is a privately-owned line of companies which operates globally within a variety of business areas: shipping, logistics, ship broking, fish farming, insurance, investments and renewable energy. The Grieg Group operating revenues totaled NOK 5.1 billion in 2010 with approximately 1,700 employees.

Kaunisvaara Financing

The Company expects to launch and complete the syndication of the Senior Loan Facility during the fourth quarter 2011. The work is lead by the three lead banks: Société Générale, WestLB AG, and UniCredit Bank AG

Furthermore, the Company has an offer for a substantial short term bridge financing in case the finalization of the complete financing package will not be concluded until early 2012.

Kaunisvaara Environmental, Health and Safety

During the third quarter, a total of 100,000 man-hours were worked on the Kaunisvaara project, with no lost time injuries at the construction site. However, there was a lost time incident when one of the project members was involved in a car accident driving from Luleå to Narvik. At the end of the third quarter, there were over 300 people currently working at site, with the number growing rapidly on a weekly basis.

The ongoing construction work is following the conditions stipulated in the Tapuli mine and the Kaunisvaara mill permit issued by the Border River Commission in August 2010. A comprehensive application for an environmental permit covering the above-mentioned and already permitted operations and the planned activities in the Sahavaara mine was filed in June 2011. The application is entitled the Kaunisvaara Operational Permit, and it is now subject to management by the Environmental Court and review by reference authorities. Some responses have been received, but the County Administration's statement is pending. Northland intends to respond to these comments during November, aiming for a court hearing during the fall 2012 and a permit issued during second half of 2012.

The existing exploitation concession for the Tapuli mine is being expanded to cover a southern extension of the ore body that has been identified as a reserve in the mining plan.

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This is envisaged to be a routine procedure by the Mine Inspector, as the area is already covered by the existing Tapuli mine environmental permit and an extension of an existing concession.

Documents for the construction permit covering a pumping station at the Muonio River have been filed with the Pajala Community.

The requirements for permits for the Pitkäjärvi re-loading terminal are subject to discussion between the Kiruna Community, the County Administration Board and Northland. Although Northland is expecting to reach a resolution within shortly, temporary solutions exist and are being evaluated, should the process extend in time

The logistics road and rail is subject to a profound and comprehensive study including consultations managed by the Swedish Transport Authority, which will provide a final decision on dispensation for trucks heavier than today's standard, of 60 gross tonnes, reinforcement and possible new construction of roads and bridges, and in the future an extension of the rail from Pitkäjärvi. The study is expected to be final during the fourth quarter of 2011.

Kaunisvaara Marketing

Off-take Agreements and Product Quality:

The entire planned production of 5 million tonnes per year was fully committed during 2010 in firm off-take agreements with three well-established global partners, for terms of up to 10 years. One million tonnes per annum were committed to Stemcor, another one million tonnes to Tata Steel UK Ltd. ("Tata Steel UK") and the remaining 3 million tonnes to Standard Bank Plc ("Standard Bank").

The contract with Tata Steel UK includes technical cooperation for product verification and product development. This cooperation has started and has this far resulted in confirmation of Northland product properties and suitability for its purpose.

The contract with Standard Bank includes cooperation in identifying, evaluating and prioritizing of preferred end-users of the Kaunisvaara pellet feed. This work has started and will be an ongoing process between Northland Resources and Standard Bank. Initial visits to potential end users have provided us with valuable feed-back about the perception of our product from the Chinese end market. Similar joint-marketing efforts with Stemcor have started with meetings with potential end users in Europe.

The preferred end-users for the Kaunisvaara pellet feed are:

- those who can best benefit from the chemical and physical properties of the product and where Northland can gain additional value-in-use premium
- those where Northland best can benefit from freight advantages
- or for other strategic reasons provide the best long-term prospect as a "valued customer"

The Kaunisvaara pellet feed is a high-grade magnetite pellet feed, grading 69% Fe with low impurities (0.046%S, 1.10%SiO₂, 0.18%Al₂O₃, 0.04%P and 2.65% MgO). The main advantages include:

- Ready ground for direct use in pelletizing. No additional material preparation such as dry grinding is necessary.
- Energy from the magnetite oxidation lowers the pellet plant fuel consumption.
- Low silica and alumina lead to lower flux requirements and hence lower energy consumption in electric arc or blast furnace iron making.

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- High MgO content replaces other fluxes used in pelletizing and used elsewhere in iron making processes.
- Low in harmful trace impurities including K, Na, P and V.
- Significant reduction in CO₂ emissions by reducing energy requirements.

The potential premium is based on the following factors:

1. Grade premium – The base price is sinter feed and concentrates with a typical grade of 62% Fe. The premium has traded between USD 3 to 7 per tonne for every 1% Fe above 62%. Historically the range has been between USD 3 per tonne in times of weak demand to a high level of more than USD 11 per tonne.
2. Low impurity premium – The Kaunisvaara concentrate is expected to have low impurities (see specification above). In early February 2011, the Steel Index launched a new iron ore reference price for 62% Fe, low alumina (2%), sinter fines/concentrate, CFR China. Note that the Kaunisvaara pellet feed potentially has significantly lower alumina content than this new reference price. Early trading of this new reference price is supportive of the Northland arguments with pricing of USD 3.30 per tonne higher than that of a 62% Fe product with normal alumina content.
3. In addition, the Kaunisvaara pellet feed will have an advantageous shipping cost per iron unit because of the high Fe-content and the low moisture. Also Northland believes that it will be able to obtain competitive shipping rates due to the availability of cape size vessels that have just discharged in Rotterdam. Further details are available in the Logistics DFS which was completed and published in May 2011.

Looking at the potential value today, the Company estimates the additional revenue to USD 49 per tonne, when compared to a 62% reference products as supported by Raw Material Group's long term price forecast for a product of our quality. The high grade in the Kaunisvaara pellet feed makes the product competitive in the world market.

Northland and Standard Bank have recently made plant visits to potential Chinese end users during which the product properties were confirmed by plant managers in China. It was also concluded that the best value for the product would be using it as a pellet feed.

It should be noted that Northland has been identified, by the European Steel Industry, a growing interest in high-grade quality raw materials feed, including pellet feed. There is also some recognition that because of the deteriorating properties of traditional sinter feed, there is some potential to use high grade magnetite concentrate as a feed into sinter plants. Initial testing indicates that the Northland magnetite pellet feed performs better in sinter tests than had previously been expected and, indeed, that there are potentially some opportunities for the mills to benefit from using the Northland pellet feed when compared with some hematite concentrates. Additional testing will be done during the fourth quarter of 2011.

2. Pellivuoma Project, Sweden

Pellivuoma is located approximately 15 km west of Sahavaara. The Company controls 100% of the exploration permit, which totals 11,346 hectares. In addition to the magnetite resource, banded iron formations plus multiple copper and gold anomalies occur within the permit boundaries.

During the third quarter of 2011, SRK Consulting ("SRK") and Jacobs, formerly Aker Solutions, made progress on the DFS. SRK finalized the mineral resources and the mine plan, and the production schedules were completed. It is currently envisioned that Pellivuoma will have a 10-year mine life with a production of approximately 6 million tonnes per year of ore, and that the ore will be transported by conveyor to the Kaunisvaara process plant that is currently under construction.

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A DFS for Pellivuoma is now expected to be finalised towards the end of the first quarter of 2012.

3. The Hannukainen Iron-Ore Copper Gold (“IOCG”) Project, Finland

Update on the DFS

The ongoing DFS on the Hannukainen project continued during the third quarter 2011 and work is progressing very well. Jacobs are currently managing a number of sub-consultants on the Study such as SRK, Pöyry, etc., all of whom have experience from the Kaunisvaara DFS.

The results achieved to-date with the pilot plant has been encouraging with good recoveries of gold, and the production of an excellent quality of concentrate.

In the third quarter, a number of key milestones were reached on the project:

- SRK finalized the mineral resource numbers, pit design and production schedule all of which will form the basis to complete the mineral reserve numbers.
- The metallurgical flow sheet was finalized with the completion of the pilot plant test work at the Geological Survey of Finland and the grinding test work at SGS Canada. The development of the design of the process plant has now begun.

It is expected that during the fourth quarter, most of the technical work will be completed and the focus will switch to the CAPEX and OPEX estimates. The economic results of the Hannukainen DFS are now expected in first quarter of 2012.

Northland is also undertaking a scoping level study for a possible underground mine at the Hannukainen project. This is being managed by the same team currently undertaking the Hannukainen DFS. This Preliminary Economic Assessment is expected in first quarter of 2012.

Environmental, Health and Safety

Work on the operational permit for the Hannukainen mine continues. The Hannukainen Environmental Impact Assessment (“EIA”) report will be completed during first quarter 2012, in parallel to the completion of the DFS report. Closely related to the EIA process, a Land Use Plan document is being developed in consultation with the local and regional authorities. After these documents have been filed and approved, the permitting process itself will continue into 2013 for ancillary permits, according the Finnish rules and regulations.

Separate meetings related to Hannukainen EIA and social impact assessment studies were held with Hannukainen landowners, reindeer herders association and regional authorities of Northern Finland.

General

Senior Northland management in Finland continue to host a number of meetings with the federal and municipal governments, the Finnish Transport Agency, businesses in the region and local stakeholders providing them with an update and receiving feedback on the development of the Hannukainen iron ore project.

On September 21, 2011, Northland completed the final agreement for the purchase of the Äkäslompola lots. A total of 69 vacation house lots were bought from Metsähallitus. They were financed with a bank loan. The lots will be used as a part of compensation package for Hannukainen landowners.

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Meetings were held with the Finnish authorities, Ministry of Employment and the Economy (“TEM”) and the Finnish Safety and Chemicals Agency (“TUKES”), concerning the new Mining Act and extraction fees. Interpretation of the new legislation is still partly open. Discussion with authorities continues.

4. Exploration

Exploration

Hannukainen

During the third quarter of 2011, the Company launched a deep drilling program at Hannukainen. This is unrelated to, but it is being conducted under the management of the ongoing Hannukainen DFS. The drilling program consists of 17 long drill holes (totalling 7,240 meters) targeted to deep extensions of the Hannukainen Fe-Cu-Au deposit, in order to provide better constraints for the extent and grade of underground resources. To date, 8 of 17 drill holes (3,448 meters) have been completed. Drilling has provided plenty of new information on the structure of the Hannukainen ore body. The results will be announced as soon as all the chemical assays are available.

Exploration has also continued in support of the Hannukainen DFS work. Assays from condemnation drilling at Hannukainen site have confirmed that the planned area for infrastructure, i.e. process plant, waste rock disposal areas and the tailings pond are free of any signs of mineralization, and can thus be released for their planned use. Condemnation drilling has also been completed at the area for the planned concentrate filtration plant and loading station. Assays are pending.

Rautuoja Fe-Cu-Au Deposit

In August, exploration launched a step-out resource lineation drilling program at Rautuoja – one of Company’s major near-Hannukainen mine exploration targets. The program consisted of 5 drill holes totalling 1,570 meters. Two of the holes targeted SW extensions of the main Fe-Cu-Au mineralization, while 3 are back holes for the main profiles targeted to increase the resources at depth. Rautuoja has been drilled to the 150 m level, and is known to have significant additional potential at depth. So far, 3 of these holes (1,086 meters) have been completed, and results are encouraging. Drilling has returned tens of meters long intersections of good Fe-Cu-Au magnetite-chalcopyrite mineralization. These new discoveries are expected to have a positive impact on mineral resources of the Rautuoja satellite deposit. Rautuoja is located only 10 km from Hannukainen plant and has good potential to provide additional feed to the plant in mid-to long-term future.

Vice President Exploration

Following the resignation of Dr. Vladimir Benes, Vice President Exploration, on September 30th, 2011, Northland appointed Dr. Petri Peltonen, former Managing Director of Northland Exploration Finland, as a Vice President Exploration, effective October 1st, 2011.

Qualified Person

Dr. Petri Peltonen, Vice President of Exploration, is the Company’s Qualified Person for exploration/geology. Dr. Peltonen is a member #306710 of the AusIMM, and is the Qualified Person as defined by National Instrument 43-101.

Forward-looking information

Certain statements contained in this MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance of achievements of the Company to be materially different from any future results, performance

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or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below.

Results of Operations

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. Going forward, the financial year will follow the calendar year, beginning on January 1 and ending on December 31. The three and nine month interim periods now end on September 30, 2011 whereas the comparative figures end on October 31, 2010.

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 was changed to US Dollar (USD), effective 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.

For the three months ended September 30, 2011, the Company had a consolidated net loss of USD 3.9 million (USD 0.02 per share) compared to a net profit of USD 1.2 million (USD 0.01 per share) for the three months ended October 31, 2010.

For the first nine months of 2011, the Group had a consolidated net loss of USD 3.7 million (USD 0.02 per share) compared to a net loss of USD 13.6 million (USD 0.12 per share) for the same period previous year.

The operating loss during the three months ended September 30, 2011 was USD 2.6 million compared to a loss of USD 6.4 million for the third quarter 2010 and for the first nine months the operating loss was USD 12.8 million compared to a loss amounting to USD 15.6 million for the nine month period ended October 31, 2010.

Net financial items were negative USD 0.9 million at the end of the third quarter 2011 compared to an income of USD 7.6 million for the third quarter 2010. The net gain in the first nine months 2011 entirely relates to the first quarter and in total the Group generated an income of USD 9.4 million compared to an income of USD 2.0 million for the first nine months 2010. The positive change is due to the strengthening of SEK against USD on the cash held on deposits and due to a positive effect on the period end revaluation of inter-company loans denominated in SEK at the level of the parent company as well as interest income generated on the deposit.

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Quarterly Information

The following table provides information for the eight quarters ended September 30, 2011:

	3 rd quarter ended Sep 30, 2011	2 nd quarter ended Jun 30, 2011	1 st quarter ended Mar 31, 2011	4 th quarter ended Dec 31, 2010	3 rd quarter ended Oct 31, 2010	2 nd quarter ended Jul 31, 2010	1 st quarter ended Apr 30, 2010	4 th quarter ended Jan 31, 2010
Total income USD'000	517	816	707	182	64	57	89	(134)
Net profit (loss) USD'000	(3,928)	(8,665)	8,872	(7,617)	1,221	(2,731)	(12,132)	(13,402)
Net profit (loss) per share USD	(0.02)	(0.04)	0.04	(0.05)	0.01	(0.03)	(0.11)	(0.12)

Liquidity and Capital Resources

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations as they fall due. As at September 30, 2011, the Company had a cash balance of USD 119.9 million. The Group's financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Group will realize its assets and discharge its liabilities in the normal course of business. 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. The Group expects current cash to last until January 2012. To ensure there is sufficient time to complete the financing 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.

Mineral Properties Expenditures

Sweden - During the three months ended September 30, 2011, USD 0.7 million was spent on exploration in Sweden and for the first nine months the total expenditure was USD 2.2 million.

Finland - During the three months ended September 30, 2011, USD 5.8 million was spent on exploration in Finland and for the first nine months the total expenditure was USD 14.9 million. Of that amount, the major expenditures included consulting fees, salaries and wages, drilling costs and travel and accommodation costs, mainly related to the Hannukainen DFS.

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Mines under Construction

	<u>USD'000</u>
Cost as of February 1, 2010	-
Transferred from exploration and evaluation assets (refer to note 8)	69,842
Additions	4,778
Net exchange differences	330
	<hr/>
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)
	<hr/>
Cost as at September 30, 2011	<u>164,006</u>

Investments on the Kaunisvaara project totalled USD 57.5 million during the three months ended September 30, 2011 and during the first nine months of 2011, it totalled USD 95.5 million.

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	
	September 30, 2011 USD'000	October 31, 2010 USD'000	September 30, 2011 USD'000	October 31, 2010 USD'000
Consulting fees	473	314	172	100
Management fees	256	675	49	109
Share-based payments	347	381	29	109
Termination payments	166	-	-	-
	<hr/>			
Total	1,241	1,370	249	317

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

	Nine months ended		Three months ended	
	September 30, 2011 USD'000	October 31, 2010 USD'000	September 30, 2011 USD'000	October 31, 2010 USD'000
Salaries and director fees	1,933	1,409	677	437
Share-based payments	1,715	1,471	411	626
Termination payments	-	919	-	-
	<hr/>			
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.

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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.

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

Other Data

Additional information relating to Northland, including the Company's 2010 annual information form is available on SEDAR at www.sedar.com.

Share Position Outstanding Options

As at November 10, 2011 the Company's outstanding share position included 226,598,899 common shares, and 8,885,000 share incentive stock options. The option breakdown is as follows:

Outstanding

Exercise Price (C\$ per option)	Exercise Price (U\$ per option)	Outstanding Options	Weighted Average Exercise Price (C\$ per Option)	Weighted Average Exercise Price (U\$ per Option)	Weighted Average Remaining Contractual Life
\$1.00 - \$1.39	\$0.96 - \$1.33	3,585,000	\$ 1.08	\$ 1.04	4.79
\$2.33	\$2.24	200,000	\$ 2.33	\$ 2.24	0.20
\$3.03-\$3.27	\$2.91-\$3.14	700,000	\$ 3.13	\$ 3.01	4.10
\$3.36 - \$3.86	\$3.22 - \$3.70	4,400,000	\$ 3.46	\$ 3.32	3.54
Outstanding as at November 10, 2011		8,885,000	\$ 2.45	\$ 2.35	4.01

Exercisable

Exercise Price (C\$ per option)	Exercise Price (U\$ per option)	Outstanding Options	Weighted Average Exercise Price (C\$ per Option)	Weighted Average Exercise Price (U\$ per Option)	Weighted Average Remaining Contractual Life
\$1.00 - \$1.39	\$0.96 - \$1.33	3,585,000	\$ 1.08	\$ 1.04	4.79
\$2.33	\$2.24	200,000	\$ 2.33	\$ 2.24	0.20
\$3.36 - \$3.86	\$3.22 - \$3.70	1,900,000	\$ 3.40	\$ 3.27	3.41
Exercisable as at November 10, 2011		5,685,000	\$ 1.90	\$ 1.82	4.16

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Financial Instruments

The carrying value of the Company's financial instruments, consisting of cash held in interest bearing accounts with major bank institutions and accounts payable approximate their fair value due to the short-term maturity of such instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Accounting Standards Adopted during the Period

There were no new accounting policies adopted during the three months ended September 30, 2011.

Accounting 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

Risk and Uncertainties

The presentation of financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include valuation of share-based payment, the estimation of future income tax asset valuation allowances and the use of impairment analyses for property, equipment and resource properties. Actual results could differ from those estimates.

Exploration and Development

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The results of the DFS on the Kaunisvaara Project were released September 27, 2010 and an update was released on May 18, 2011. The Hannukainen project is a brown-field project with a positive PEA including a NI 43-101 compliant resource statement. There is no assurance that the Company's mineral exploration activities will result in any discoveries of new bodies of ore that will be economical for commercial production. Discovery of mineral deposits is dependent upon a number of factors and significantly influenced by the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit is also dependent upon a number of factors that are beyond the Company's control. Some of these factors are the attributes of the deposit, commodity prices, government policies and regulation and environmental protection.

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Price Volatility – Iron Ore (Magnetite), Gold, Copper, and Other Metals

The market prices for iron ore (magnetite), gold, copper, and other metals are volatile and cannot be controlled. There is no assurance that, if commercial quantities of iron ore (magnetite), gold, copper, and other metals are discovered, a profitable market may continue to exist for a production decision to be made or for the ultimate sale of the metals. As the Company is currently not in production, no sensitivity analysis for price changes has been provided or carried out.

Permits

The Company's current and anticipated future operations, including further exploration, development activities and commencement of production on the Company's properties, require permits from various governmental authorities in Sweden and Finland. There can be no assurance that all permits which the Company requires for the construction of mining facilities and the conduct of mining operations will be obtainable on reasonable terms, or at all. Delays or a failure to obtain such permits, or a failure to comply with the terms of any such permits that the Company has obtained, could have a material adverse impact on the Company. There also can be no assurance that once permits are awarded that they will not be challenged at any time.

Impairment of Exploration and Evaluation Assets

The need to write-down exploration and evaluation assets is assessed in accordance with the requirements in IFRS 6 Exploration for and Evaluation of Mineral Resources, when facts and circumstances suggest that the carrying amount for an exploration and evaluation asset may exceed its recoverable amount. If there are indications of impairment, the Group performs an impairment test in accordance with IAS 36 Impairment of assets.

The major focus of exploration, Kaunisvaara (including the properties Tapuli and Sahavaara), Pellivuoma and Hannukainen are identified by the Group as cash generating units based on an impairment test which will be performed when needed. As at September 30, 2011, exploration and evaluation assets amounted to USD 60.0 million (December 31, 2010: USD 45.7 million) and mines under construction amounted to USD 164.0 million at September 30, 2011 (December 31, 2010: USD 75.0 million).

Liquidity Risk

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations as they fall due. The Group is today debt free and the investments made in the Kaunisvaara project is up until this point entirely funded by equity. However, additional funding is necessary to complete the project and there is no guarantee that the Group will be able to obtain the necessary financing.

Foreign Currency Risk

The Group is exposed to foreign currency risk mainly due to inter-company loans granted by the parent company and denominated in the functional currencies of the subsidiaries as well as to its cash balances that are denominated in currencies other than the functional currencies in which they are measured.

Share-based Payments

The Group measures the cost of equity-settled transactions with officers, directors, employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 13 to the financial statements.

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Taxes

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine whether deferred tax assets can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. As at December 31, 2010, the Group had tax loss carry forwards amounting to USD 45.9 million. These losses relate to subsidiaries that have a history of losses. Between 2016 and 2020, 5% expires and this relates to Finland; the remaining 95% relates to Luxembourg and Sweden and do not expire and may not be used to offset taxable income elsewhere in the Group.

These subsidiaries do not have taxable temporary differences or any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

Other Risks

Other risks facing the Company include among others competition, environmental and insurance risks and share price volatility.

Other Matters

Disclosure Controls and Procedures

As required by the Multilateral Instrument 52-109 issued by the Canadian Securities Administrators, the Company's Chief Executive Officer and Chief Financial Officer have made certain certifications related to the information in the Company's annual filings (as this term is defined in Multilateral Instrument 52-109, Certification of Disclosure in Issuers" Annual and Interim Filings) with the provincial securities legislation.

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Controls over Financial Reporting

Management of the Company is responsible for designing internal controls over financial reporting for the Company as defined under Multilateral Instrument 52-109 issued by the Canadian Securities Administrators. Management has designed such internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS. There have been no changes in the Company's internal controls over financial reporting that occurred during the year that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Coming Report Dates

Fiscal Year ended December 31, 2011, Audited Financial Statements and MD&A, including Q4 results: February 16, 2012

Annual General Meeting 2012

The 2012 Annual General Meeting of Northland S.A will be held on Wednesday, May 16, 2012 in Luxembourg.

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Recent developments at the Kaunisvaara site:



Construction of the Process Plant in Kaunisvaara. The steel works are currently being installed 24/7 on the site.



Overburden removal at Tapuli mine ore body. The work is ahead of schedule and is expected to be completed by September 2012.



Vertimill 3000 ready to be shipped to Kaunisvaara.