

COMPANY UPDATE

NORTHLAND

Northland Resources S.A.

Dated February 1, 2012

IMPORTANT INFORMATION

This company update (the "Company Update") has been prepared by Northland Resources S.A. (the "Company" and together with its subsidiaries, the "Group"). The Company Update is being furnished for informational purposes only and nothing in here shall imply that the Company Update constitutes an offer to buy, subscribe or sell any securities of the Company. By receiving the Company Update, you agree to be bound by the following terms, conditions and limitations

Please refer to section 3 "Risk Factors" for further description of certain risk factors associated with the Company and its operations. For the definitions of terms used throughout this Company Update, see Section 4 "Definitions and Glossary of Terms".

The information contained in this Company Update has not been independently verified. No representation or warranty (express or implied) is made as to the accuracy or completeness of any information contained herein, and it should not be relied upon as such. None of the Group or its directors, officers, employees, advisors or representatives (collectively the "Representatives") shall have any liability whatsoever arising directly or indirectly from the use of this Company Update. By receiving the Company Update, you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company, its business and its shares and other securities. The content of this Company Update is not to be construed as legal, business, investment or tax advice. Each recipient should consult with its own legal, business, investment and tax advisers to legal, business, investment and tax advice.

This Company Update contains certain tables and other statistical analyses (the "Statistical Information"). Numerous assumptions were used in preparing the Statistical Information, which may or may not be reflected herein. As such, no assurance can be given as to the accuracy, appropriateness or completeness of the Statistical Information as used in any particular context; nor as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The contents of this Company Update, including the Statistical Information, are not to be construed as legal, credit, business or tax advice. Any prospective investor should therefore consult its own legal, credit, business or tax adviser as to legal, credit, business and tax advice.

This Company Update may contain "forward-looking information" ("FLI") as such term is defined under applicable Canadian securities laws. FLI is disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action and includes future-oriented financial information ("FOFI") with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection. FOFI is FLI about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action, and presented in the format of a historical balance sheet, income statement or cash flow statement. Similarly, a "financial outlook" is FLI about prospective results of operations, financial position or cash flows that is based on assumptions about future economic conditions and courses of action that is not presented in the format of a historical balance sheet, income statement or cash flow statement.

This Company Update contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Whenever possible, to identify these forward-looking statements, words such as "anticipates", "believes", "expects", "plans", "intends", "potential" and similar expressions have been used. These statements reflect the Group's current belief and are based on currently available information. Accordingly, such forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by such statements.

Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, those factors discussed in section 3 (Risk Factors) below, in addition to risk factors described in its annual information form dated February 22, 2011, and the management's discussion and analysis of results of operations and financial condition for the quarter ended September 30, 2011.

This Company Update is dated February 1, 2012. Neither the delivery of this Company Update nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date.

1	BUSINESS OVERVIEW	4
1.1	Introduction	4
1.2	History and Development.....	5
1.3	Vision and Business Strategy.....	6
1.4	Group Structure – by country	6
1.5	Overview of the Group’s Operations	7
2	THE KAUNISVAARA PROJECT	9
2.1	The Kaunisvaara Project – Sahavaara and Tapuli	9
2.2	Kaunisvaara Mineral Resources Estimates	18
2.3	Kaunisvaara Mineral Reserve Estimates	22
2.4	Kaunisvaara PEA.....	23
2.5	Kaunisvaara DFS 2010 and the 2011 update	23
2.6	Additional Deposits near Kaunisvaara	28
2.7	Project Construction	31
2.8	Principal Project Agreements	37
2.9	Changes to mine scheduling, logistics, Opex and Capex.....	39
2.10	Project Financing Plan	41
3	RISK FACTORS	44
3.1	Possible qualification in restated financial reports related to going concern.....	44
3.2	Liquidity risk	44
3.3	Risk related to future sale of minerals	44
3.4	Competition	45
3.5	Exploration, development and operating risk	45
3.6	Iron ore processing risk	46
3.7	Nature of operations	46
3.8	Construction costs and delays of the Kaunisvaara project	47
3.9	Risks in transportation and logistics solution	48
3.10	Material capital and operating leases to be entered into in order to complete the Kaunisvaara Project	48
3.11	Future agreements, arrangements and permits	49
3.12	Insurance and uninsured risk	50
3.13	Legal and regulatory risk	50
3.14	Government regulations	51
3.15	Permits.....	52
3.16	Health and safety hazards.....	53
3.17	Environmental risk hazards	53
3.18	Uncertainty in the estimation of ore/mineral reserves, mineral resources and metallurgical sampling and studies.....	53
3.19	Uncertainty relating to measured, indicated and inferred mineral resources	54
3.20	Additional ore/mineral reserves	55
3.21	Title to assets and titles.....	55
3.22	Third party reports.....	55
3.23	Currency risk.....	56
3.24	Credit risk.....	56
3.25	Changes in critical accounting estimates could adversely affect financial results.....	56
3.27	Current global financial conditions.....	57
3.28	Capital expenditures risks related to the future cash flows from the Kaunisvaara project	57
4	GLOSSARY OF TERMS	59

1 BUSINESS OVERVIEW

1.1 Introduction

The Group is a development-stage mining group, with two principal projects: the Kaunisvaara iron ore project in Sweden, and the Hannukainen IOCG project in Finland. The projects are primarily located within the Pajala Shear Zone, which is about 250 km long and 10 km wide, and trends north, north-east-south, south-west between northern Sweden and Finland.

After the completion in September 2009 of a positive PEA on the Kaunisvaara iron concentrate project, the Group moved forward with a DFS, which was published on September 27, 2010. The DFS incorporated detailed reports on particular aspects such as geology, resources and reserves, mineral processing, infrastructure, economic feasibility and analysis, iron ore concentrate pricing and environmental considerations. A supplement to the DFS was produced in May 2011 to take into account the results of the further work done by the Group in relation to the planned logistics solution for the Kaunisvaara Project. Please refer to Section 2.5 for further information on the DFS and the supplement to it.

The Kaunisvaara project will comprise the Tapuli and Sahavaara mines, a processing plant with two production lines and other related infrastructure, and a fully integrated logistics solution for the delivery of iron ore concentrate from Kaunisvaara to the ice-free port of Narvik in Norway. The Tapuli mine is planned to begin first shipments in the first quarter of 2013 and the Sahavaara mine in 2016. The Kaunisvaara project is expected to produce approximately 4.4 million dmtpa of high-grade, high-quality iron magnetite concentrate, to be sold as a premium product to pellet producers as well as to sinter plants. The Group has, at the date of this Company Update, entered into long term agreements for 100% off-take with established market counterparties Standard Bank Plc, Tata Steel UK Limited and Stemcor UK Limited.

The Group has a project financing plan in place with projected sources of funds for, and the application of such funds to, the capital expenditures and related contingencies for the development, construction and completion of the Tapuli mine, the processing plant and the logistics solution through to December 31, 2014. By that time, the Group expects its generation of cash flow to be able to service the debt and finance the development of the Sahavaara mine.

In Finland, the Group owns the brown-field Hannukainen IOCG project. The Group published a positive PEA on Hannukainen in the second quarter of 2010. The Group is planning production of about 2 Mtpa of iron ore concentrate from the deposit based on Hannukainen's current NI 43-101 compliant resources. The DFS for the Hannukainen project is expected to be published during the first quarter of 2012.

Concurrently with these activities, the Group is actively exploring iron ore and IOCG targets both within and in proximity to the Pajala Shear Zone, with a view to extending the potential mine life of Kaunisvaara and Hannukainen. The most advanced target is the Pellivuoma deposit some 15 km from the mill, for which the Group currently is preparing a exploitation concession application. The DFS for the Pellivuoma deposit is expected to be published during the second quarter of 2012. Pellivuoma is an asset of the Group.

1.2 History and Development

Year Key events

1987	<ul style="list-style-type: none">• Group incorporated as a biotech company
2003	<ul style="list-style-type: none">• Group emerged as an exploration company with the name North American Gold Inc.• Commenced conducting business in Sweden following option agreement to acquire 60% of the Barsele Norra project
2004	<ul style="list-style-type: none">• Entered into option agreement with Anglo American Plc. ("Anglo") to acquire certain properties in the Pajala area, including the Sahavaara and Tapuli projects
2005	<ul style="list-style-type: none">• Group changed name to Northland Resources Inc.• Staked multiple targets in Finland, including the past-producing Hannukainen mine
2006	<ul style="list-style-type: none">• Announced a NI 43-101 compliant gold resource calculation for Barsele Norra project• Acquired remaining 40% ownership in the Barsele Norra project• Conducted two financings in the Oslo market, and was subsequently listed on the Oslo Stock Exchange• Delivered first NI 43-101 compliant resource statement for the Sahavaara project• Commenced drilling at Hannukainen
2007	<ul style="list-style-type: none">• Group exercised its option with Anglo, acquiring 100% of the Pajala area properties• Completed USD 100 million financing in the Oslo market• Received an exploitation Concession for the Barsele Norra project• Announced the first NI 43-101 compliant resource calculation for Hannukainen
2008	<ul style="list-style-type: none">• Announced the first NI 43-101 compliant resource calculation for Tapuli• Group's shares were graduated from the TSX Venture Exchange to the Toronto Stock Exchange• Announced the results of the first PEA for Kaunisvaara (Sahavaara and Tapuli) and Hannukainen Deposits• Granted exploitation Concession for the Tapuli project• Announced an updated NI 43-101 resource calculation for Tapuli
2009	<ul style="list-style-type: none">• Closure of North American offices, and focus on development of Kaunisvaara• Filing of environmental permit for the Tapuli project• Announced first NI 43-101 compliant resource calculation for Pellivuoma• Announced the positive results from the PEA on the Kaunisvaara project• Initiated PEA for the Hannukainen IOCG project
2010	<ul style="list-style-type: none">• Group announced migration from Canada to Luxembourg in January, and name change to Northland Resources S.A.• NI 43-101 compliant updated Mineral Resource estimates completed in April for the Tapuli, Sahavaara and Pellivuoma iron ore deposits• Released the positive results of the PEA for Hannukainen IOCG project and the scoping study of ITmk3[®] in May• Entered into off-take agreements for the entire production with Stemcor UK Limited, Tata Steel UK Ltd and Standard Bank Plc as well as Letters of Intent ("LoI") for funding of working capital with Stemcor UK Limited, subordinated loans with Standard Bank Plc and financial leases with Caterpillar Financial S.à r.l.• Group announced in July that, in parallel to Kemi port in Finland, the deep-water, ice-free port of Narvik in Norway is also subject of a study to ship out the iron ore from Kaunisvaara• The Swedish/Finnish Border River Commission granted the environmental permit for mining of 20 Mtpa ore in the Tapuli mine and production of magnetite concentrate in the Kaunisvaara mill• An extraordinary general meeting of the shareholders passed a resolution to change the accounting year to coincide with the calendar year• Announced the positive outcome of the DFS on Kaunisvaara• Entered into an LoI to sell its non-ferrous assets (including the Barsele gold project) in Sweden• Receives exploitation Concession for the Sahavaara mine• Iron ore Deposits at Tapuli, Sahavaara and Pellivuoma declared of "national interest for mineral production" by the Geological Survey of Sweden• The Group completes CAD 256.51 million offering of Shares• Fully permitted for first production in Kaunisvaara• The Group files an exploitation Concession application and EIA program for the Hannukainen project• The Group signs agreement with Peab for initial civil works the Kaunisvaara project

Year	Key events
2011	<ul style="list-style-type: none"> • The Group signs agreement with Vattenfall for the power supply to Kaunisvaara • The Group signs an agreement with Metso for long-lead items and basic engineering for the Kaunisvaara project and basic engineering for the process plant system for the Kaunisvaara Project • The Group signs an agreement with Caterpillar for the Kaunisvaara project mobile equipment • The Swedish Transport Administration and the Group sign an LoI and an agreement on cooperation regarding transport solutions • The Group signs an agreement with Pöyry for engineering and construction support for the Kaunisvaara project The Group finalizes the sale of its Swedish non-ferrous assets, including the Barsele Gold Project, to Orex Minerals Inc. The Group signs a ten-year agreement with Forcit to supply explosives for Kaunisvaara • Positive update on the Group's Kaunisvaara project confirming the logistic solution and an NPV of USD 934 million • The Group signs agreement with Peab for the civil works at the Kaunisvaara iron ore project • The Group buys properties in preparation for the Hannukainen mine in Finland • The Group and Kiruna Wagon to design a prototype for new railcars • The Group signs agreement with FineWeld for process water systems • The Group signs an LoI with logistics specialists to manage the Kaunisvaara logistics solution • The Group obtains final approval to operate an iron ore terminal in Narvik • Swedish Government confirms its commitment to increase the capacity on Malmbanan rail line • The Group appoints Peab to initiate the removal of the Tapuli ore body overburden • The Company Strengthens its Kaunisvaara Operational Management Team • The Group receives the construction permit for the Narvik Iron Ore Terminal • Swedish Transport Authority declares its commitment to grant the maximum dispensation (90 tonnes) for the trucks to transport the concentrate • The Transport Authority undertakes an extensive investigation of measures needed for upgrading the infrastructure including roads and rail connection • At the end of December, the Group signs an agreement with Standard Bank of South Africa Limited for a short-term bridge loan of USD 50 million

1.3 Vision and Business Strategy

The Group is in the business of acquiring, exploring and evaluating Mineral Resource properties, and developing, taking into production and operating the properties when the Group's evaluation is completed. Currently the Group has interests in mineral properties located in Sweden and Finland. The Group's vision is to become a leading producer and European supplier of high quality iron concentrate. The Group pursues a strategy of developing its projects towards production.

The Group believes that these strategies, coupled with its exploration stage projects located in Sweden and Finland, will allow it to develop into a substantial European iron product supplier while simultaneously producing important amounts of gold and copper as by-products. The Group is in the process of executing its exploration and development plans in support of this vision.

1.4 Group Structure – by country

The Group currently consists of the Company and the following subsidiaries:

Name	Country of incorporation	Field of activity	Ownership interest
North American Gold (Barbados) Inc	Barbados	Dormant company	100%
BGB Inc	Barbados	Dormant company	100%
Northland Resources AB	Sweden	Mineral company	100%
Northland Exploration Sweden AB* (formerly Barsele Guld AB)	Sweden	Exploration company	100%
Northland Sweden AB**	Sweden	Holding company	100%

(formerly Northland Resources Tapuli Mine AB)			
Northland Logistics AB*	Sweden	Logistics company	100%
(formerly Northland Exploration Sweden AB)			
Northland Mines OY	Finland	Mineral company	100%
Northland Exploration Finland OY	Finland	Exploration company	100%
Northland Logistics AS	Norway	Logistics company	100%

* This entity has changed its name as from November 18, 2011

** This entity has changed its name as from December 22, 2010

Please see Group Structure for an overview of the ownership and corporate structure of the Group as at the date of this Company Update. All subsidiaries of the Company are, directly or indirectly, wholly-owned.

1.5 Overview of the Group's Operations

The Group is focusing on advancing its two main projects in northern Sweden and Finland. The Kaunisvaara project is located in northern Sweden, while the Hannukainen project is located across the border in northern Finland. The Group also controls multiple known iron occurrences and targets in the Pajala/Kolari area, some of which have historic (non NI 43-101 compliant) Mineral Resources as calculated by previous operators, the Swedish Geological Survey, SGU or the Geological Survey of Finland, GTK.

Figure 1: Overview of the Group's main projects in northern Sweden and Finland

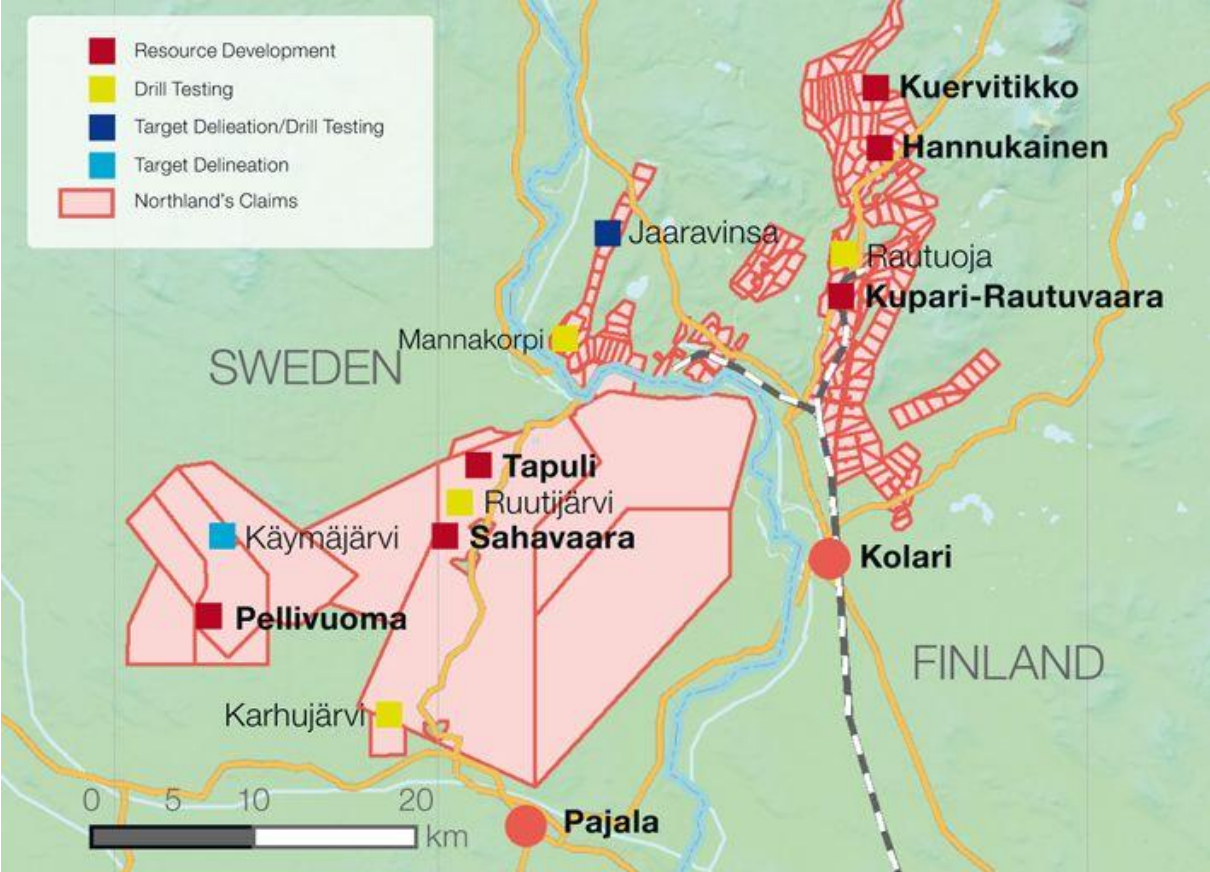


Source: Northland Resources S.A.

The Group has invested in projects and exploration targets in mining friendly Sweden and Finland due to their political stability and established mining environment. Both countries have a long mining history, and both the SGU and GTK make advanced databases and archives of drill cores available to exploration companies. An additional feature is the excellent infrastructure available, with roads, rail and electricity on or close to the projects and a modern and efficient logistics system is well-established via roads, rail, air and water. Sweden and Finland are major suppliers of minerals as well as mineral processing and mining equipment to Europe and the world. The general infrastructure with power production and distribution, internet communication and other important

prerequisites are of highest international standard in these countries. The Nordic countries are well known for their well developed and predictable legal system, the high education level, skilled labor force and the political and social stability.

Figure 2: Overview of Concessions in Kolari and Pajala



Source: Northland Resources S.A.

As seen in the above map, the Swedish/Finnish border is defined by the Muonio River. A rail line that begins at the idle Rautuvaara mine connects with a spur to the historic (demolished and reclaimed in 2007/2008) cement plant at Äkäsjokisuu, runs by the town of Kolari, and connects with the ports in the Gulf of Bothnia, just 200 km to the south. The road from Pajala towards Svappavaara, which is intended to be utilized for road transport of the final product from Kaunisvaara, can also be seen in the bottom left of the map.

Also seen in more detail in the map above is the location and corresponding Concession boundaries of each of the 26 mineral occurrences, including 18 magnetite (iron oxide) occurrences, including two historic mines (Rautuvaara and Hannukainen) and numerous deposits and occurrences with copper and gold credits located in the Kolari/Pajala area. These deposits and occurrences are 100% controlled by the Group. The area of the Concessions measures about 50 km from South West to North East, covering about 100,000 ha. The proximity of Concessions ensures that upon development, much of the infrastructure can be shared, thus reducing the need for extensive Capex.

2 THE KAUNISVAARA PROJECT

2.1 The Kaunisvaara Project – Sahavaara and Tapuli

2.1.1 Property Description and Location

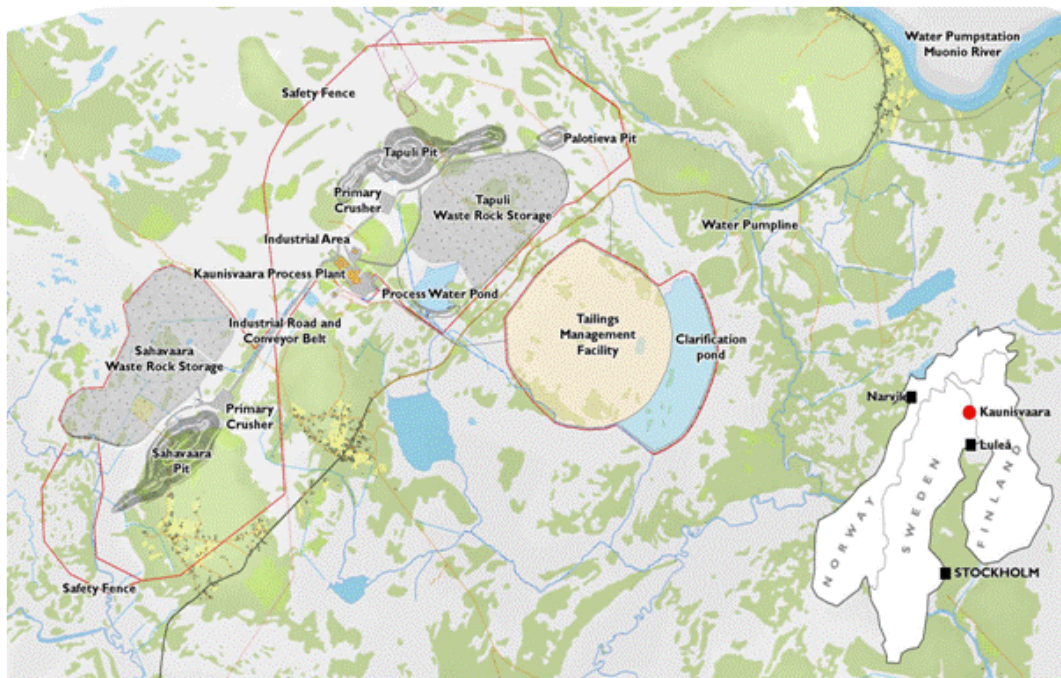
The Kaunisvaara project is a development stage project which when constructed will comprise two conventional open pit mines and a magnetite processing operation producing a concentrate product. Kaunisvaara Project is approximately 30% complete with first shipment scheduled for the first quarter 2013. Associated infrastructure includes access, service and dumper roads, a process plant building, stockpile buildings, an administration building, workshops and truck bays, warehouse, metallurgical laboratory, plant services building, two pump station buildings and an assay laboratory.

The Kaunisvaara project comprises two iron ore deposits: Tapuli and Sahavaara, located approximately 100 km north of the Arctic Circle in the municipality of Pajala and near the village of Kaunisvaara. The Sahavaara deposit is located close to the Sahavaara village. This has historically been referred to as "Stora Sahavaara", however Northland has now generalized the name to simply Sahavaara. The Tapuli deposit is located approximately 4 km to the north of Sahavaara. The Tapuli deposit also includes the smaller Palotieva deposit to the north.

The town of Pajala is located approximately 140 km from the regional centre of Gällivare by road, where major mines are in operation. The regional hospital is located in Gällivare. Kaunisvaara lies some 210 km north of the major city of regional capital of Luleå, which has more than 70,000 inhabitants, further health care facilities and Northern Scandinavia's leading mining university. Access from Luleå is possible by road and air services to Pajala airport.

Hannukainen lies approximately 180 km from the regional capital of Rovaniemi in Finland which has 60,000 inhabitants. Hannukainen can be accessed on the Finnish side by rail or domestic flights to Levi or Kittilä, and then road. From Sweden, Hannukainen can be accessed by air to Pajala and the road.

Figure 3: Kaunisvaara Project Overview



Source: Northland Resources S.A.

The landscape in the Kaunisvaara area is dominated by an abundance of bogs and small lakes and some hills, constituting the highest coastline following the glaciation period. There is a glacial till cover on most of the area, with little outcropping of bedrock. The elevation of the Deposits ranges from 175 to 220 m above sea level. Northern Sweden is a temperate forest zone with mild summers and cold winters, and moderate rainfall or snow.

2.1.2 Title and Ownership

On December 8, 2004, Northland Resources Inc (formerly North American Gold Inc.) announced that it had entered into a Letter of Agreement with Anglo American Exploration B.V., Holland, Filial Sverige (Anglo), a wholly owned subsidiary of Anglo American Exploration plc, to acquire a 100 percent interest in the "Swedish Pajala Properties" also referred to as the "Pajala Project" which includes the Tapuli and Sahavaara magnetite deposits. This Agreement was amended and the terms of the original agreement restated in the "Option, Royalty and Back-In Agreement" (Agreement) dated April 5, 2005. During December of 2007, Northland exercised its option of cash payment for this agreement and entered into an Offer to Purchase Agreement which allowed the company to negotiate final terms of the Asset Purchase Agreement by January 31, 2008. The binding Asset Purchase Agreement has been executed by both parties. Subsequently the Group controls all its Kaunisvaara Deposits 100%, free of any back-in-right or royalty.

All Permits and Concessions for the Tapuli and Sahavaara deposits are held by the Northland Resources AB. The Permits and Concessions are not subject to any encumbrances, royalties or other obligations, other than a 0.2% landowner and state royalty (calculated based on quantity of ore mined, percentage mineral in the ore and the average commodity price during the years).

Northland Resources AB Exploration Permits

<u>Name</u>	<u>Diarynr</u>	<u>Area</u>	<u>Appl date</u>	<u>Dec date</u>	<u>Valid from</u>	<u>Valid to</u>	<u>Owners</u>
Tapuli K nr 2	2008001340	17,8592	2008-03-14	2008-11-20	2008-11-20	2033-11-20	Northland Resources AB (100%)
Tapuli K nr 2	2008000359	129,5771	2008-03-14	2008-11-20	2008-11-20	2033-11-20	Northland Resources AB (100%)
Sahavaara K nr 1	2008000360/ 2009000287	106,8250	2008-03-14	2010-10-28	2010-10-28	2035-10-28	Northland Resources AB (100%)

Northland Resources AB Claims

<u>Name</u>	<u>Licence ID</u>	<u>Diarynr</u>	<u>Area</u>	<u>Appl date</u>	<u>Dec date</u>	<u>Valid from</u>	<u>Valid to</u>	<u>Owners</u>
Sahavaara nr 2	2004:155	2004000884	16456,1100	2004-11-19	2004-12-21	2004-12-21	2012-12-21	Northland Resources AB (100%)
Sahavaara nr 4	2010:39	2009001324	4453,1700	2009-10-05	2010-01-28	2010-01-28	2013-01-28	Northland Resources AB (100%)
Käymäjärvi nr 10	2007:90	2006001604	3381,7500	2006-12-19	2007-03-20	2007-03-20	2013-03-20	Northland Resources AB (100%)
Käymäjärvi nr 14	2010:92	2010000169	1945,5500	2010-02-11	2010-05-11	2010-05-11	2013-05-11	Northland Resources AB (100%)
Sahavaara nr 5	2010:114	2010000390	297,6100	2010-03-25	2010-08-10	2010-08-10	2013-08-10	Northland Resources AB (100%)
Kokkovuoma nr 2	2010:124	2010000391	279,3800	2010-03-25	2010-09-07	2010-09-07	2013-09-07	Northland Resources AB (100%)
Käymäjärvi nr 11	2007:278	2007000630	1455,0000	2007-05-18	2007-10-16	2007-10-16	2013-10-16	Northland Resources AB (100%)
Kokkovuoma nr 3	2010:152	2010000462	10829,8400	2010-04-13	2010-10-18	2010-10-18	2013-10-18	Northland Resources AB (100%)
Kokkovuoma nr 1	2007:305	2007000765	8796,1300	2007-06-12	2007-11-06	2007-11-06	2013-11-06	Northland Resources AB

									(100%)
Käymäjärvi nr 12	2007:341	2007000919	3839,5000	2007-07-18	2007-12-12	2007-12-12	2013-12-12	Northland Resources AB	(100%)
Sahavaara nr 3	2005:181	2005000632	473,1393	2005-07-11	2011-10-31	2005-09-14	2014-09-14	Northland Resources AB	(100%)
Käymäjärvi nr 13	2009:22	2008001124	725,0000	2008-08-28	2009-01-23	2009-01-23	2015-01-23	Northland Resources AB	(100%)

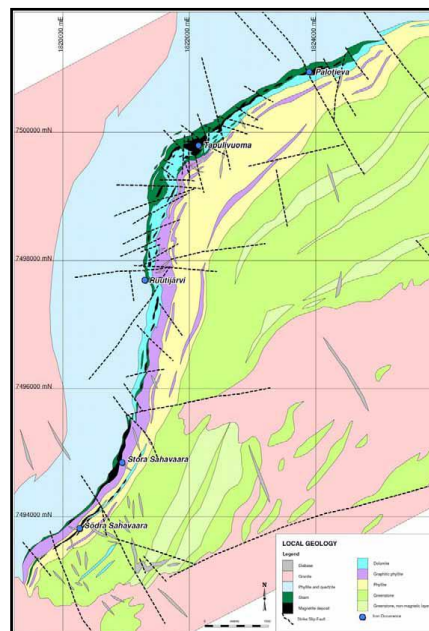
Source: Mining Inspectorate of Sweden.

2.1.3 Geology and Mineralization

The Kaunisvaara Deposits are located within the Pajala Shear Zone, which forms part of the Baltic-Bothnian mega-shear. The Pajala Shear Zone is a 30 to 50 km-wide system of thrust and reverse faults which were active during the Svecofennian orogenic events (1.91-1.81 Ga). The Deposits occur within metasedimentary rocks of Paleoproterozoic-age, which form part of the central Lapland Greenstone Belt of Northern Sweden. The meta-sediments consist of quartzite, dolomites, phyllites and schists overlying a greenstone unit. The Pajala Shear Zone hosts approximately 30 iron ore deposits, some of which contain significant copper and gold concentrations.

The Deposits of the Kaunisvaara project are located adjacent to the westernmost thrust fault of the Pajala Shear Zone along the margin of the Karelian craton. The supracrustal rocks of the area consist of Karelian (2.5-2.0 Ga) quartzite, dolomite marbles, black schists, mica schists and mafic metavolcanic rocks with minor Svecofennian (1.96-1.85 Ga) phyllites and quartzitic phyllites. The intrusives in the immediate area of the Deposits are dominantly gabbro and diabase (1.89-1.77 Ga) with relatively late-orogenic granites (1.82-1.79 Ga) to the west. Metasomatic skarns occur in association with the magnetite Deposits. Magnetite and associated chalcopyrite are the primary economic ore minerals occurring within magnetite-dominated Ca-Mg-silicate skarn.

Figure 4: Sahavaara and Tapuli Bedrock Geology



Source: Northland Resources S.A.

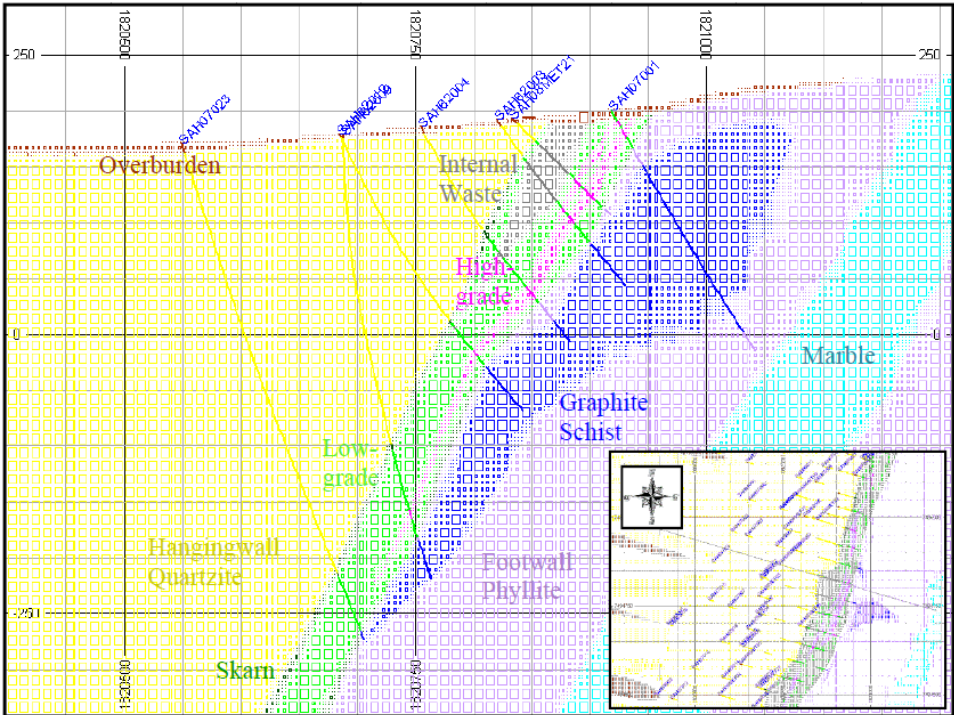
2.1.4 Sahavaara Geology and Mineralization

The Sahavaara deposit occurs as a continuous "seam" located between a hanging-wall quartzite and footwall graphitic schist. Minor remnants of skarn-altered dolomite occur within the deposit

and likely reflect the original protolith. At Sahavaara, the mineralization consists of one main lens and a smaller adjacent mineralized lens. The main mineralisation domain (Stora Sahavaara) has a NNE-SSW orientated strike length of 1300 m, dips at 50-70 degrees to the west, plunges to the north and is concordant with the host sedimentary rocks. The mineralization is generally open down-dip below the limits of the resource model. The mineralization comprises magnetite, serpentine, pyrrhotite, pyrite, and tremolite. Phlogopite, diopside, chlorite, talc, valleriite, chalcocopyrite, graphite, scapolite, vesuvianite, and apatite also occur as minor constituent minerals.

The Sahavaara deposit geometry, as can be seen in the cross section below, shows a dipping (50°-70° west), roughly tabular sheet, which is amenable for both open pit and underground block cave type mining. It is similar in shape to the Kiruna iron ore mine, which is owned by LKAB.

Figure 5: Geology of Sahavaara deposit with Cross Section



Source: Northland Resources S.A.

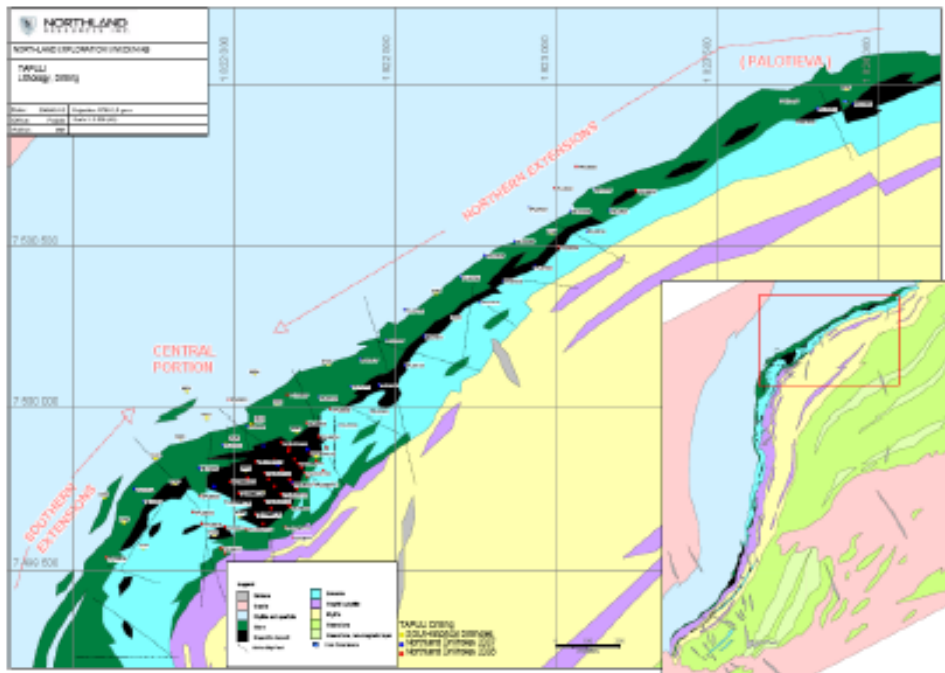
2.1.5 Tapuli Geology and Mineralization

The Tapuli deposit is situated within the north-western limb of a major, north-east-trending anticline within the supracrustal rocks and on the westernmost margin of the Pajala Shear Zone. Structurally Tapuli is situated in the same north-east-south-west trending shear zone as Sahavaara. The main central portion of the deposit, and thickest part of the deposit (up to 200 m), was formed along a significant north-east-trending flexure in the major fold axis.

The bedrock at Tapuli consists of Precambrian supracrustal sedimentary sequences. The Tapuli mineralized lenses follow a stratigraphic corridor approximately 2 km long. The deposit occurs as set of stratabound, semicontinuous, tabular bodies. The Mineralization in the central portion of the trend is by far the most economically important in terms of its size, grade, and continuity. The deposit has been outlined by drilling to depths ranging from the surface to 300 m below surface, with bands of contiguous magnetite Mineralization with variable iron grades ranging from 10 to 200 m in thickness. The Mineralization remains open down-dip below the limits of the Mineral Resource

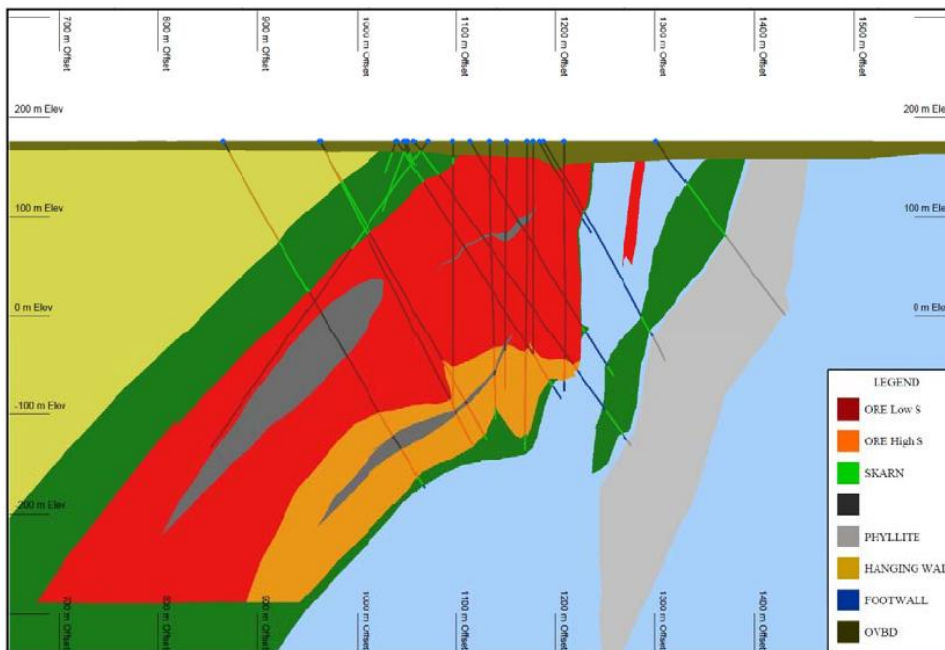
and the vertical extent of the deposits is not delineated. The generalized surface geology at Tapuli and cross section across the central Tapuli deposit is shown in the figures below.

Figure 6: Tapuli Deposit Geology



Source: Northland Resources S.A.

Figure 7: Typical geological section in the Central Portion of Tapuli



Source: Northland Resources S.A.

The deposit has been outlined by drilling to depths ranging from the surface to 300 m below surface, with bands of contiguous magnetite mineralization with variable iron grades ranging from

10 to 200 m in thickness. The mineralization remains open down-dip below the limits of the resource and the vertical extent of the deposits is not delineated.

The dip of the mineralised lenses is concordant with the surrounding metasedimentary units and ranges from 45 to 60 degrees, the main dip direction varying between WNW to NW. The Tapuli magnetite deposit occurs as a relatively continuous mineralized trend, with occasional moderate displacements by crosscutting, sub-vertical faults, core breakage and crushing within the mineralized zones and wall rocks provide evidence of faulting. Interpretation of magnetic signatures and the close-spaced drillhole spacing has provided clear evidence of discontinuity offsets in most cases. Several north- and northwest-trending faults are apparent from the stratigraphic and mineralization displacements.

The sole mineralization mineral at Tapuli is magnetite, although small amounts of chalcopyrite have been detected in relatively sulphur-rich layers near the footwall at depth. Pyrite and pyrrhotite occur locally, usually in isolated, trace amounts in the upper, low sulphur portion of the deposit. In the sulphur-richer parts of the deposit, these two minerals provide the primary sources of sulphur.

2.1.6 Kaunisvaara Resource Work Completed

The Kaunisvaara ore field, comprising Sahavaara (Stora, Östra and Södra) and Tapuli (including Palotieva) deposits were discovered by a geologist named V. Tanner in 1918.

In the 1960's the Swedish Geological Survey ("SGU"), with funding and technical assistance from LKAB, began the Iron Ore Inventory Program of the province of Norrbotten. Ground magnetic and gravity surveys were conducted over the northern portion of the Kaunisvaara field focusing on Tapuli and Stora Sahavaara. Diamond drilling commenced in 1961 on the Sahavaara occurrences and throughout the early 1960's exploration of Stora Sahavaara progressed, leading to the delineation of a Mineral Resource of 82 Mt averaging 41% Fe. During the latter part of the 1960's exploration focused on the Tapuli deposit, leading to the delineation of an additional Mineral Resource of 60 Mt averaging 29% Fe.

The Group has actively been exploring the area since 2005 and to date drilled 385 holes totaling 66,284m on the two deposits referred to in this project, including holes for metallurgical testing. All core produced up to 2008 was cut at the Group's core facility in Kolari, Finland, while the ones from 2009 were treated at the Group's facility in Pajala, Sweden. The metallurgical testwork programme was developed by Bo Arvidson Consulting LLC based on existing data from the deposits and experience of working with similar ones. Bench scale testwork was performed on Tapuli drill cores by GTK in Finland to establish crushing and grinding requirements, and to develop conceptual flowsheets. The bench scale testwork was complemented by pilot plant testwork indicating that a final product could be produced meeting the required marketing specifications of 69% Fe and less than 1% SiO₂, 2% MgO, 0.05% S. Similar testwork was also performed on the Sahavaara deposit indicating a similar upfront flowsheet. However, due to high sulphur levels, a flotation circuit is also required.

2.1.7 Sahavaara Work Resource Completed

The Stora Sahavaara project was drilled by the SGU from 1961 to 1965. The program consisted of 63 holes and a report was published in 1967. A small test shaft was also developed to a depth of a few 10s of meters. LKAB, in conjunction with the SGU, conducted mineralogical, metallurgical and scoping studies during the mid 1970's on the Sahavaara and Tapuli magnetite ores. Very little work was carried out between then and 2005 when the Group acquired the project. The SGU established that the "Kaunisvaara Iron Ore Field" consisting of the Södra, Östra and Stora Sahavaara,

Ruutijarvi, Tapuli and Palotieva contain a significant magnetite resource with additional by-product copper credits.

The Group has systematically drill-tested the magnetite body using large diameter core where possible. The Group geologists have also re-logged and re-sampled the historic core stored in the SGU core archive. The large diameter core also provided sufficient material for initial metallurgical test work and completion of a NI 43-101 compliant Mineral Resource calculation in May 2006. During the spring of 2007, The Group hired a local excavation contractor to clear the overlying glacial till and prepare the access ramp for the start of the underground phase of a bulk sample. After completion of an access ramp to the magnetite, the contractor blasted a 50 meter long horizontal tunnel within the magnetite from which a 2,000 tonne bulk sample of material was collected. A representative sample of this material was then sent to the metallurgical testing laboratory (SGS Group) in Ontario, Canada. During the third quarter 2008, the Group completed bulk sampling at Sahavaara, by drilling 30 holes, totaling 3,726 meters. Additional metallurgical drill core was taken during 2008 to provide a representation of all the ore types in the Mineral Resource and more definitive metallurgical testing took place at GTK in Finland during 2009. Data from assaying of metallurgical holes was imported to the Group's database during the fall of 2009 to be used in future Mineral Resource calculations. SRK Consulting (UK) Ltd. updated the Mineral Resource model in March 2010 and issued a NI 43-101 Technical Report based on the additional drilling and DTT testing.

2.1.8 Sahavaara Metallurgical Testwork

In early 2007, the Group collected a 2,000 tonne underground bulk sample, a portion of which was analyzed by the metallurgical testing laboratory (SGS Group) in Canada. Late in 2007, Corus Group R&D (Netherlands) completed a pelletizing test on 2.5 tonnes of iron ore concentrate generated by the bulk sample program. The results demonstrate that the pellets made from the Sahavaara first pilot plant concentrate needed further development in order to produce satisfactory quality pellets.

During the first quarter 2009 additional metallurgical testing and process development was undertaken at GTK in Finland on drill core samples combined to represent the ore types to be expected across Sahavaara. The testing aimed to see if the levels of Fe could be elevated and the levels of MgO could be reduced, and to provide improvements to the process conditions by reducing reagent consumption and the time for flotation.

Additional testwork with a large representative sample composed by numerous drill cores for bench testing and a pilot plant conducted in late 2009 and early 2010 confirmed that a high-grade concentrate could be produced with a sulphur level at 0.05% S. The work included additional comminution testing for the crushing and grinding model; preparation of a representative sample for the development of a flow sheet for Sahavaara; pilot plant testing to provide sufficient concentrate for additional metallurgical testing and to generate tailings for settling and disposal tests (environmental); preparation of sufficient concentrate for further pelletizing test work (DR and BF) to be blended with concentrate from Tapuli; and shipping samples for vendor testing. Subsequently, pellet testwork by SGA in Germany with a blend of Sahavaara and Tapuli products, proportioned according to projected future production schedule, demonstrated that very good DR pellets can be produced with an attractive blend with hematite fines, enhancing the ultimate pellet Fe grade. Initial results with BF pellets are promising. In the second quarter of 2010, metallurgical testing for the DFS and associated studies was completed. Pelletizing test work was continued by SGA (DR and BF pellets) with Tapuli concentrate blended with concentrate from Sahavaara. The final results of the pellet testing indicated that the very good quality pellets could be produced from the Kaunisvaara concentrates.

2.1.9 Tapuli Resource Work Completed

Tapuli was drilled by the SGU between 1965 and 1969. Twenty-six holes were drilled on the Tapuli occurrence, totaling 6,280 m; of these, the majority have density determinations. Geophysical work (magnetic and gravity) was completed by the SGU in 1971 and concluded that the central core of high grade ore may be continuous to a depth in excess of 2,000 m. Little further work was done until the Group acquired the project in 2004.

A comprehensive review of historic and recent information for Tapuli and Palotieva was completed; and historic drill logs, assays, surveys, and other important information were converted into the Group's digital data base management and geographic information system. An exploration/development drilling program was designed and implemented with the objective of verifying the results of existing historical drilling completed by the SGU in the late 1960's, and potentially extend the limits of the known magnetite zone at Tapuli and Palotieva.

The Group has systematically drilled the magnetite body, and when appropriate has used large diameter core, which has provided sufficient material for initial metallurgical test work.

In June 2007, the Group announced the results from a 33-hole drill program and the initial results of the metallurgical testing at the Tapuli magnetite deposit. The results supported the Group's management's current view that the Tapuli body is a potential source of low sulphur iron ore, accessible by open pit mining operations with a relatively low stripping ratio.

The Group's 2007 drilling program added 37 holes for a total of 5,697 m. All the drill holes were integrated into the current database, which contained a total of 5,603 iron analyses. Two historic drill holes were twinned to verify lithological and assay reliability with good correlation. Because the Tapuli-area deposits had been explored previously, the Group was able to move directly to in-fill and deeper hole drilling.

In January 2010, the Group commenced with condemnation drilling at Tapuli, with the intent to test the Tapuli waste rock area, sand storage area and other planned industrial sites in the Kaunisvaara area.

SRK Consulting (UK) Ltd. updated the resource model in March 2010 and issued a NI 43-101 Technical Report based on the additional drilling and Davis Magnetic Tube ("DTT") testing.

2.1.10 Tapuli Metallurgical Test Work

In conjunction with the drilling, the Group initiated a major metallurgical test program at Tapuli including DTT and x-ray mineralogical analysis. The DTT and assay results indicate that a high grade, low sulphur iron concentrate may be achievable through magnetic separation only.

A representative bulk sample of 25 tonnes of drill core from Tapuli was collected in the first quarter of 2009 and was processed in a pilot plant at GTK in Finland, in order to:

- Prove the bench-scale developed process flow-sheet on a larger scale;
- Provide a sample of high quality concentrate for evaluation by prospective customers and further metallurgical test work;
- Gain process data for commercial plant design; and
- Produce tailing fractions for an environmental permit application.

Two separate processing runs of the pilot plant were conducted, each consisting of coarse cobbing, followed by rod mill-ball mill grinding, wet cobbing, fine grinding and six stage low intensity magnetic separation.

In the fall of 2009, metallurgical test work required for the definitive feasibility study was completed. The work included additional comminution testing for the crushing and grinding model; finalization of the flow sheet development for Tapuli; further extensive testing of a representative sample to generate tailings for settling and disposal tests (environmental); preparation of sufficient concentrate for additional pelletizing test work (DR and BF pellets) to be blended with concentrate from Sahavaara; and shipping samples for vendor testing. In the second quarter of 2010, metallurgical testing for the DFS and associated studies was completed. Pelletizing test work continued at SGA Germany (DR and BF pellets) with Tapuli concentrate blended with concentrate from Sahavaara. The final results of the pellet testing indicated that the very high quality pellets could be produced from the Kaunisvaara concentrate.

2.1.11 Kaunisvaara Permitting

As at the date of this Company Update, the Group is in receipt of all necessary exploitation concessions and environmental permits required in order to carry out the first phase of the Kaunisvaara project. The first phase will comprise the construction of the necessary facilities to enable the Group to extract and process iron ore and to produce the iron ore concentrate from the Tapuli mine, from which first shipment is expected to commence in the first quarter of 2013. The Group has applied for, but not yet received, the remaining environmental permit to enable development of the Sahavaara mine. Such permit is expected in the third quarter of 2012. Additionally, certain further permits, authorizations and licenses will be required to be obtained in relation to the construction and operation of the planned logistics solution for the transport of iron ore concentrate to be shipped from the port at Narvik.

While all permits necessary for the construction of the Port in Narvik are in place, the final land use, construction and environmental permits for the construction and use of the planned transshipment terminal in Pitkäjärvi are not.

The land use permit is needed as part of the property where the Pitkäjärvi terminal is proposed to be built, is on property owned by the Swedish State. The body that grants the land use permit is The Reindeer Management Delegation (*Sw.: rennäringsdelegationen*), at the County Administrative Board of Norrbotten (*Sw.: länsstyrelsen*), where a meeting is scheduled to be held on February 1, 2012 regarding such permit.

The construction permit for the Pitkäjärvi transshipment terminal is required from the Kiruna Municipality. All required filings by the Group have been made in this regard and a final decision on the permit is expected shortly.

The environmental permit is granted by the Environmental Delegation at the County Administrative Board in Norrbotten. All required filings by the Group have been made in this regard and a final decision on the handling of the permit is expected shortly.

The Group anticipates the receipt of these permits.

In the event of a delay in the receipt of the Pitkäjärvi permits, the Group expects to be able to use alternative temporary solutions to ship iron ore to its customers. The decision to pursue a temporary alternative route must be made at the latest end March 2012 in order to not affect the planned shipment schedule in first quarter of 2013. The Group has currently identified, and is evaluating, other viable alternatives:

One alternative could be a temporary transshipment terminal in Gällivare in Sweden which would be at a site previously used for transshipment by the mining company Boliden. Here, the existing rail route from Gällivare to Narvik would be used. This option may be operational by first quarter 2013, and would need an agreement with the Gällivare municipality. This terminal is expected to have capacity to handle all planned volumes of material in 2013 and 2014. The Capex is expected to be limited and the Opex is expected to increase marginally as a result of the use of smaller 60 ton trucks and a longer rail distance.

Another alternative would be to truck the concentrate to the Finnish rail in Kolari and rail the material to a port in Finland for further shipment. This alternative could be operational beginning January 2013 and no permits are required.

On October 1, 2010, the Border River Commission lost its authority to issue environmental permits and such authority reverted to the Swedish Environmental Court (Miljöödomstolen) in Umeå. However, the Border River Commission will remain a regional reference authority for the monitoring of practice in permit matters, and its decisions prior to October 1, 2010 remain valid.

The exploitation concession according to the Mineral Law was issued by the Mine Inspector on October 28, 2010. An application for an environmental permit according to the Environmental Code for whole Kaunisvaara area including the permit previously granted by the Border River Commission and the additional permit needed for the Sahavaara mine was submitted to the Environmental Court in Umeå, Sweden on December 7, 2010 and extended in an updated application submitted June 21, 2011. The sulphur content of the orebody at the Sahavaara mine (which is higher than that at the Tapuli mine) will require certain additional processes to be undertaken at the Kaunisvaara project's processing plant. These additional processes are industry standard techniques, namely a floatation circuit to remove the majority of the sulphur content from the Sahavaara ore and certain special arrangement and practices at the tailings management facility.

2.2 Kaunisvaara Mineral Resources Estimates

2.2.1 Introduction

Information contained in this Company Update relating to estimated Mineral Resources for the Tapuli and Sahavaara ore bodies is taken from a report prepared by SRK Consulting (UK) Limited dated October 3, 2010. Information to estimates of the Mineral Reserves for the Tapuli and Sahavaara ore bodies is taken from a report prepared by SRK Consulting (UK) Limited dated June 1, 2011 (the –SRK Technical Report). SRK has not undertaken any further technical work subsequent to publication of the said Technical Reports.

The Mineral Resources and Mineral Reserve estimates for the Tapuli and Sahavaara mines, as set out in this Company Update and in the SRK Technical Report, are defined and classified according to Canadian National Instrument 43-101-Standards of Disclosure for Mineral Projects (NI 43-101) and the Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Mineral Reserves: Definitions and Guidelines (December 2005) (the CIM Code), and have been estimated in conformity with the Canadian Institute of Mining, Metallurgy and Petroleum's Estimation and Mineral Resources and Mineral Reserve Best Practice Guidelines.

Estimates of Mineral Reserves and Mineral Resources are largely dependent on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies that derive estimates of mining costs based on anticipated tonnage, expected recovery rates and capital expenditures and other factors. Mineral Resources and Mineral Reserves are distinguishable from each other in that Mineral Resources represent mineralization of potential economic interest that

has been identified through exploration and sampling, whereas Mineral Reserves represent the subset of Mineral Resources that economic, technological and environmental analysis has identified as extractable according to an officially approved plan. No assurance can be given that the Mineral Resources and Mineral Reserves presented in this Company Update will be recovered at the quality or yield presented. Furthermore, a decline in the prevailing iron ore price or increases in capital or operational costs could have a negative impact on the amount of, and could result in the Group restating or reducing the amount of, the estimated Mineral Reserves.

The full NI 43-101 compliant Technical Reports dated October 3, 2010 and June 1, 2011 in respect of the Kaunisvaara project is available for download at www.sedar.com and the Group's website.

The following provides the two individual Mineral Resource statements which make up the Kaunisvaara project.

2.2.2 Mineral Resources Statement for the Tapuli Iron Ore Project

The table below shows the Mineral Resources for the Tapuli iron ore deposit, using a 10% Fe cut-off:

Mineral Resource Category	Tonnes (Mt)	Fe Total %	S %	SiO₂ %	MgO %	Al₂O₃ %	CaO %	P %	Mn %
Measured	52.8	27.02	0.23	25.31	17.90	2.10	6.31	0.07	0.08
Indicated	54.6	25.04	0.24	28.63	17.05	2.05	8.72	0.05	0.11
Meas+Ind	107.4	26.01	0.23	26.99	17.47	2.08	7.53	0.06	0.09
Inferred	24.7	24.58	0.23	28.53	17.75	2.00	7.80	0.06	0.10

*The Mineral Resource for the Tapuli deposit was constrained within mineralized solids defined by a 10% Fe grade cut-off and within a Lerchs-Grossman pit shell defined by the following assumptions; a metal price of USD 1.10/dmtu for magnetite concentrate; slope angles varying between 38-47 degrees; mining recovery of 95%; mining dilution of 5%; mine operating cost of USD 1.10/tonne; incremental mine cost of USD 0.06/tonne/12m; high sulphur process cost of USD 5.30/tonne ore; low sulphur process cost of USD 3.75/tonne ore; G&A cost of USD 0.30/tonne ore; concentrate transport cost of USD 2.113/tonne ore; concentrate grade of 68.50%Fe; Low Sulphur (<0.5%S) Fe Recovery = $-0.0000002349*Fe6 + 0.0000409000*Fe5 - 0.0027807227*Fe4 + 0.0939905986*Fe3 - 1.6906632925*Fe2 + 16.8668152871*Fe + 0.7364853172$; Medium Sulphur (>0.5%S and < 1.0%S) Fe Recovery = $0.0015079856*Fe3 - 0.1530754340*Fe2 + 6.1103552318*Fe + 0.5611866936$; High Sulphur (>1.0%S) Fe Recovery = $0.0005075760*Fe3 - 0.0879614412*Fe2 + 4.9092379827*Fe + 1.1566475907$.*

Potential Tonnage

SRK Consulting (UK) Ltd. has identified 45-55Mt of potential tonnage that falls within the resource pit shell that form potential targets of future exploration. The potential quantity of tonnes is conceptual in nature as there has been insufficient exploration in these areas. It is uncertain if further exploration will result in these targets being delineated as a Mineral Resource. These potential tonnages reflect a range of material within SRK Consulting (UK) Ltd's solid models outlining the interpreted down dip extent of Mineralization.

Key Resource Estimation Assumptions, Parameters and Methods

Mineral Resource estimate was based on a database comprised of 17,376 samples from 161 drill holes. Predominant drill hole spacing was on a nominal 50 m grid. Solid modeling the Mineralization based on 10%Fe cut-off resulted in two separate ore zone areas Palotieva and Tapuli. Palotieva measures 360 m along strike and 10-30 m across strike and was modeled to a depth of 475 m. Tapuli measures 2.7 km along strike and 10-250 m across strike and was modeled to a depth of 475 m. Drill hole intercepts within these solids were composited to 4 m lengths which were

subsequently used for statistics and grade interpolation. The density dataset was comprised of 1,605 density samples collected by the Group. Two separate Fe grade based density regression formulas were generated for each of the zone solids. Grade interpolation was comprised of ordinary kriging and validated against original assay results and mean composite grades.

Mineral Resource Classification

Mineral Resource classification was based on a variety of criteria. Measured Mineral Resource classification was based on low geological complexity, drill hole spacing much less than the 2/3rd maximum variogram range along strike, blocks interpolated with optimized search parameters; and slope of regression dominantly greater than 0.8. Indicated resources were based on all of the same criteria as measured except with a slope of regression greater than 0.5. Inferred Mineral Resources were assigned to blocks by extending the indicated boundary 50 m down dip and ensuring that deeper drill hole intercepts were included.

2.2.3 Mineral Resource Statement for the Sahavaara Iron Ore Project

The table below shows the Mineral Resources for the Sahavaara iron ore deposit, using a 10% Fe cut-off:

Mineral Resource Category	Tonnes (Mt)	Fe Total %	S %	SiO ₂ %	MgO %	Al ₂ O ₃ %	CaO %	P %	Mn %
Measured	30.2	42.96	2.66	14.85	14.43	1.32	1.61	0.07	0.10
Indicated	56.6	38.14	1.55	20.08	14.73	1.32	4.02	0.05	0.12
Meas+Ind	86.8	39.82	1.93	18.26	14.63	1.32	3.18	0.06	0.11
Inferred	34.7	37.28	1.44	20.99	15.21	1.20	4.13	0.04	0.11

The Mineral Resource estimate for the Sahavaara deposit was constrained within ore solids defined by a 10%Fe grade cut-off and within a Lerchs-Grossman pit shell defined by the following assumptions; a metal price of USD 1.10/dmtu for magnetite concentrate; slope angles varying between 49 and 54 degrees; a mining recovery of 95%; mining dilution of 5%; mine operating costs of USD 1.40/tonne; incremental mine operating costs of USD 0.06/tonne/12m; process operating costs of USD 5.30/tonne ore; G&A costs of USD 0.30/tonne ore; concentrate transport costs of USD 3.488/tonne ore; a concentrate grade of 69.9%Fe. In addition the optimisation assumed low sulphur ore ($S < 0.5\%$) Fe recovery = $0.0000048981 * Fe_5 - 0.0007163586 * Fe_4 + 0.0398624195 * Fe_3 - 1.0588373844 * Fe_2 + 14.2588045522 * Fe + 0.0446129086$; medium sulphur ore ($0.5\% < S < 1.0\%$) Fe recovery = $0.0000009037 * Fe_5 - 0.0002056897 * Fe_4 + 0.0160166116 * Fe_3 - 0.5717121551 * Fe_2 + 10.5203767140 * Fe - 1.4317216058$; and high sulphur ore ($> 1.0\% S$) Fe recovery = $-0.1174169928 * Fe_2 + 5.6286181054 * Fe$.

Potential Tonnage

SRK Consulting (UK) Ltd. has identified 4-5Mt of potential tonnage that falls within the Mineral Resource pit shell as well as another 55-65Mt of potential down dip tonnage below the pit shell that form potential targets of future exploration. The potential quantity of tonnes is conceptual in nature as there has been insufficient exploration in these areas. It is uncertain if further exploration will result in these targets being delineated as a Mineral Resource. These potential tonnages reflect a range of material within SRK Consulting (UK) Ltd's solid models outlining the interpreted down dip extent of Mineralization.

Key Resource Estimation Assumptions, Parameters and Methods

The Sahavaara Mineral Resource estimate was based on a database comprised of 8,906 samples from 182 drill holes amounting to 9,608 m of samples. The predominant drill hole spacing was on a nominal 50 m grid. Solid modelling of the Mineralization based on 10% Fe cut-off resulted in two separate ore zones; Stora Sahavaara measuring 1.2 km along strike, approximately 800 m depth and 10-80 m across strike and Södra Sahavaara measuring 1.2 km along strike, 700 m depth and

5 to 65 m across strike. A second high grade cut-off of 50% Fe was used to define a continuous high grade zone contained within the core of the Stora Sahavaara deposit. Drill hole intercepts within these solids were composited to 6 m lengths which were subsequently used for a statistical analysis and grade interpolation. Three separate Fe grade based density regression formulas were generated for each of the zone solids. The density dataset was comprised of 1,200 density samples collected by the Group. Grade interpolation was comprised of ordinary kriging and validated against original assay results and mean composite grades.

Mineral Resource Classification

Mineral Resource classification was based on a variety of criteria. Measured Mineral Resource classification was based on areas of low geological complexity, a drill hole spacing much less than the 2/3rd of the maximum variogram range along strike, blocks interpolated with optimized search parameters and with a slope of regression being dominantly greater than 0.8. Indicated Mineral Resources were based on all of the same criteria as Measured Mineral Resources except with a slope of regression greater than 0.5. Inferred Mineral Resources were assigned to blocks by extending the indicated boundary 50 m down dip and ensuring that deeper drill hole intercepts were included.

2.2.4 Cautionary Statements

The effective date of the Tapuli and Sahavaara Mineral Resource estimates is October 3, 2010. The Fe% presented in each of the above tables is not meant to imply recoverable product. Mineral Resources for the Tapuli and Sahavaara iron projects have been classified according to the "CIM Standards on Mineral Resources and Reserves: Definitions and Guidelines (December 2005)" by Howard Baker (MAusIMM) an independent Qualified Person as defined by NI 43-101.

Mineral Resources were estimated in conformity with generally accepted CIM "Estimation and Mineral Resources and Mineral Reserve Best Practices Guidelines". SRK Consulting (UK) Ltd. is not aware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing or other relevant issues that could potentially affect the estimate of Mineral Resources. The Mineral Resources may be affected by further exploration drilling which may increase or decrease the estimate. The Mineral Resources may also be affected by subsequent assessments of mining, environmental, processing, permitting, taxation, socio-economic and other factors. There is insufficient information at this stage to assess the extent to which the resources will be affected by these factors that are more fully assessed in a definitive feasibility study.

The quantity and grade of reported Inferred Mineral Resources in this Company Update are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured Mineral Resource; and it is uncertain if further exploration will result in upgrading them to an indicated or measured Mineral Resource category.

Database Validation

The QA/QC program for the Group's Tapuli and Sahavaara drilling consists of alternating the insertion of a blank or standard sample on a regular basis within the sample train. Because the Group employs several standards with varying grades these are also alternated. Also, samples are flagged regularly for the primary laboratory to prepare a lab duplicate for analysis by a second laboratory. The ALS Chemex analytical laboratory analyzed the samples in batches of 81 and each batch has multiple samples for testing for cross contamination and reproducibility of results.

SRK Consulting (UK) Ltd. found that the results of the above described QA/QC program indicate that the Group's Tapuli and Sahavaara assay databases were appropriate for Mineral Resource estimation.

Data Verification

Dr. Mike Armitage (CEng), Chairman of SRK Consulting (UK) Ltd. and of SRK Consulting (Global) Ltd., Principal Consultant (Resource Geology) of SRK Consulting (UK) Ltd., as qualified person completed the verification of data on which the Tapuli and Sahavaara Mineral Resource estimates were based. This verification included an assessment of QA/QC data, sample preparation and Assay methodologies, core recoveries, density data, data inputs, survey data and validation of historic exploration data used in the estimate. Data was validated by using field checks, statistical methods and evaluating written protocols.

Qualified Person

Petri Peltonen, Ph.D. is Vice President of Exploration for the Group and its Qualified Person in accordance with NI 43-101 responsible for overseeing the execution of the Group's exploration programs and for verifying that the information presented in this Prospectus is an accurate summary. Dr. Peltonen is an accredited Chartered Professional member of the Australasian Institute of Mining and Metallurgy, MAusIMM (CP) (Member #306710), and Member of the European Federation of Geologist (EurGeol #961).

Mineral Resources of the Tapuli and Sahavaara projects have been estimated and categorized for reporting purposes by Dr. Mike Armitage (CEng), Chairman of SRK Consulting (UK) Ltd. and of SRK Consulting (Global) Ltd., Principal Consultant (Resource Geology) of SRK Consulting (UK) Ltd. Dr. Armitage is a Qualified Person as defined by the NI 43-101 and is an independent consultant to the Group.

2.3 Kaunisvaara Mineral Reserve Estimates

2.3.1 Introduction

The Group issued a press release on September 27, 2010 with the first Mineral Reserve estimates for the Tapuli and Sahavaara iron ore deposits. A new Technical Report has since been prepared by SRK Consulting (UK) Limited in accordance with the CIM Code. This report, dated June 1, 2011, constitutes the basis for the estimates relating to the Mineral Reserves for the Tapuli and Sahavaara ore bodies below.

The Kaunisvaara Project's Mineral Reserves estimate as at June 1, 2011 is approximately 164.8 million tonnes, of which 81.9 million tonnes are classified as proven reserves and 83.0 million tonnes are classified as probable reserves. The overall Mineral Reserve estimate has an average iron grade of 31.10%.

The total Mineral Reserve estimates for the Kaunisvaara Project as at June 1, 2011, are summarized in the following tables:

2.3.2 Total Mineral Reserves for Kaunisvaara

The table below shows the total Mineral Reserves for the Tapuli and Sahavaara iron ore deposits:

Mineral Reserve Category	Tonnes (Mt)	Fe Total %	S %	SiO₂ %	MgO %	Al₂O₃ %	CaO %	P %	Mn %	TiO₂ %	K₂O %
Proven	81.9	32.98	1.11	21.34	16.66	1.78	4.53	0.07	0.09	0.14	0.50
Probable	83.0	32.51	1.00	23.30	15.91	1.61	5.53	0.05	0.11	0.12	0.39
Proven + Probable	164.9	32.74	1.06	22.33	16.28	1.70	5.23	0.06	0.10	0.13	0.44

This table includes technical information, which requires subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, SRK does not consider them to be material.

2.3.3 The following tables show the estimated Mineral Reserve statements for the Tapuli mine and the Sahavaara mine respectively:

The table below shows the Mineral Reserves for the Tapuli iron ore deposit:

Mineral Reserve Category	Tonnes (Mt)	Fe Total %	S %	SiO₂ %	MgO %	Al₂O₃ %	CaO %	P %	Mn %	TiO₂ %	K₂O %
Proven	51.7	27.14	0.21	25.14	17.96	2.04	6.24	0.06	0.08	0.17	0.63
Probable	42.8	25.32	0.23	28.33	16.89	2.02	8.78	0.05	0.11	0.15	0.46
Proven + Probable	94.5	26.31	0.22	26.59	17.47	2.03	7.39	0.06	0.09	0.16	0.55

2.3.4 Mineral Reserve Statement for the Sahavaara Iron Project

The table below shows the Mineral Reserves for the Sahavaara iron ore deposit:

Mineral Reserve Category	Tonnes (Mt)	Fe Total %	S %	SiO₂ %	MgO %	Al₂O₃ %	CaO %	P %	Mn %	TiO₂ %	K₂O %
Proven	30.2	42.96	2.66	14.85	14.43	1.32	1.61	0.07	0.10	0.09	0.28
Probable	40.2	40.17	1.81	17.94	14.88	1.19	2.90	0.05	0.11	0.09	0.31
Proven + Probable	70.4	41.37	2.18	16.61	14.68	1.24	2.35	0.06	0.11	0.09	0.29

2.4 Kaunisvaara PEA

In September 2009, the Group published a PEA on the Kaunisvaara project, a study that was performed by renowned industry consultants such as Jacobs E&C Limited (formerly Aker Solutions ASA), and Scott Wilson. The PEA demonstrated that the Kaunisvaara project stands to be financially rewarding with robust operating margins and high rates of return, as well as technically feasible. Based on the positive PEA outcome, the Group decided to continue with a feasibility study on the Kaunisvaara project, and the results of such feasibility study were published in June 2010.

2.5 Kaunisvaara DFS 2010 and the 2011 update

In September 2010, the Group published a DFS on the Kaunisvaara project, a study that was performed by renowned industry consultants such as Jacobs E&C Limited (formerly Aker Solutions ASA) and SRK. The DFS demonstrated that the Kaunisvaara project stands to be financially rewarding with robust operating margins and high rates of return, as well as technically feasible. Based on the positive DFS, the Group decided to continue into the execution phase of the Kaunisvaara project.

On May 18, 2011, the Group published an update of the DFS, including the results of the DFS on the logistics, a revision to the estimated premium for the Group's high quality, low impurity Fe concentrate, the impact of recent optimization studies on engineering costs and operating estimates and revisions to Capex including sustainable capital, using current exchange rates. The updated DFS of the Kaunisvaara project shows a doubling of the NPV. This study also confirms the positive economics, with an increase of return, measured in IRR, and remaining strong margin in spite of an increase of operational expenses.

The highlights of the DFS update in May 2011 included:

- After interest and tax, NPV¹ of USD 934 million and an IRR of 24.0% using a discount rate of 8% (compared to the September 2010 DFS: NPV estimate of USD 463 million and an IRR of 18.8% using a discount rate of 8%)
- Pre-tax and interest, NPV of USD 1,461 million and an IRR of 32.0%¹ using a discount rate of 8% (compared to the September 2010 DFS: NPV estimate of USD 774 million and an IRR of 24.7%)
- Capex to reach 5 MT of USD 765 million excluding Capex related to the logistics solution, with adjustments for cost optimization and current exchange rates (compared to USD 694 million in September 2010 DFS)
- Cost optimization reduced initial Capex by USD 14 million
- Currency adjustments increased Capex by USD 85 million.
- LOM Capex was reduced to USD 892 million from USD 908 million (compared to September 2010 DFS)
- Cost optimization expected to reduce LOM Capex by USD 111 million
- Currency adjustments expected to increase Capex by USD 95 million
- Total Opex per tonne of concentrate delivered FOB at the port of Narvik for the LOM is estimated to average USD 58.80 per tonne concentrate (compared to the September 2010 DFS estimate of USD 53.76 per tonne)
- Mining costs are estimated to be USD 3.50 per tonne lower
- Logistics costs are estimated to be to USD 8 per tonne higher
- Independent market analyst, RMG, have now included an estimated premium for the Group's pellet feed of USD 7 per Fe-unit.

¹ This is based on the Group's estimated IRR and NPV before tax and interest which are consistent in all material respects with the equivalent pre-tax estimates determined by SRK Consulting (UK) Ltd. and presented in the NI 43-101 report.

As part of the NI 43-101 process, SRK has reviewed the Mineral Resource and Mineral Reserve statements and the capital and Opex estimates for the Kaunisvaara project. SRK's estimates for IRR and NPV before tax and interest presented in the NI 43-101 are consistent in all material respects with the pre-tax estimates derived by the Group and presented in the DFS.

A complete NI 43-101 compliant report dated June 1, 2011 summarizing the results of the DFS on the Kaunisvaara project has been filed on SEDAR on www.sedar.com.

DFS results overview

The DFS for the Kaunisvaara project includes the Tapuli and Sahavaara magnetite iron ore deposits. They will provide feed to a single, multi-line processing facility in Sweden.

The DFS was led by Jacobs E&C Limited (formerly Aker Solutions ASA) which was responsible for overall study management and coordination. Jacobs E&C Limited was supported by a number of specialist service groups and subconsultants.

DFS results in detail

¹ This is based on the Company's estimated IRR and NPV before tax and interest which are consistent in all material respects with the equivalent pre-tax estimates determined by SRK and presented in the NI 43-101 report.

As part of the NI 43-101 process, SRK has audited the updated capital and Opex estimates for the Kaunisvaara project. SRK's estimates for IRR and NPV before tax and interest presented in the NI 43-101 are consistent in all material respects with the pre-tax estimates derived by the Group and presented in the DFS.

Optimization work reduces expected mining cost

Since completing the initial DFS study in September 2010, the Group optimized operating and engineering costs which resulted in a 27% decrease in the expected total mining cost over the LOM and a 22% reduction in expected cost per tonne of ore.

Optimization studies identified some low-margin/high-stripping ore which could be excluded from the production schedule and improve economics. By removing approximately 11.2Mt of ore from the mine plan, the Group could reduce waste rock production by nearly 154Mt and overburden removal by 2.6Mm³. Decreasing waste production has several positive effects including lower Capex (less equipment to purchase) and lower direct costs (for items such as explosives, fuel, etc.) The optimization has reduced the Capex over the LOM with USD 88 million and the Opex over the LOM has been reduced by USD 352 million.

DFS on Logistics

In the September 2010 DFS, the logistic costs were only presented at a scoping study level. Since that time, the Group and the Swedish Transport Administration have signed an LoI on co-financing and an agreement on cooperation covering the comprehensive transport solution, in other words, how the iron ore concentrate will be transported from the Kaunisvaara process plant to the port of Narvik, Norway.

The updated 2011 DFS confirmed the viability of the plan presented in the September 2010 DFS. The logistics included:

- Trucking from Kaunisvaara to Pitkäjärvi terminal (Svappavaara) (150 km). The anticipated truck size was 104 tonnes gross (compared to 170 tonnes trucks in September 2010 DFS). The anticipated size is based on an evaluation of existing dispensation as well as a thorough consideration of the expected outcome of the joint studies and work with the Swedish Transport Association will produce.
- Trans-loading from truck to rail in Svappavaara with a new terminal (Pitkäjärvi)
- Rail using 100 tonne rail cars on the already existing rail line between Svappavaara and Narvik (226 km)
- A new terminal and berth in Narvik port with the capacity to load Cape Size vessels.

Capex

The revised DFS Capex in order to reach 5 million tonnes capacity (end 2014) was estimated at USD 765 million, adjusted for revised exchange rates and a 10% contingency. This compares to an initial Capex estimate in the DFS of USD 694 million. The increase is largely the result of a change in SEK/USD exchange rate assumptions. Capex for the 17 years LOM was estimated at USD 892 million, including sustainable capital adjusted for the revised exchange rate and a 10% contingency. This number compares with the original DFS estimate of USD 908 million (including a 10% contingency). A comparison to the current and previous Capex estimate is shown in the table below.

DFS 2011 Capex details

USD million, incl 10% contingency	Capex September 2010 DFS	Updated Capex with optimization benefits	Updated Capex with FX adjustment and optimization benefits¹²
Areas breakdown	End 2014	End 2014	End 2014
Mines, dikes, mobile mining equipment	139	136	148
Mines – crushing stations & conveyors	58	55	58
Plant – stream Sahavaara	122	115	125
Plant – stream Tapuli	174	147	163
Tailings & water ponds/lines	34	34	43
Power supply	15	13	16
Filtration plant/common equipment & infrastructure	91	108	127
Owners cost	57	57	70
Closure cost	4	-	-
Logistics	-	15	15
Total	694	680	765

Exchange rates

The Opex and the Capex in the September 2010 DFS used an exchange rate of 8.125 SEK/USD. Since then the SEK has strengthened considerably against the USD. To reflect this, 2/3 of the Capex in SEK has been adjusted using a new rate of 6.40 SEK/USD and 1/3 at 6.95 SEK/USD which was the exchange rate at the time of the equity offering in December 2010. The impact of these exchange rate changes is USD 85 million in Capex.

Opex

The revised total Opex for the LOM operation is estimated to be USD 58.80 (including 5% contingency) per tonne of concentrate (dry) delivered FOB to the Port of Narvik, Norway. This compares to USD 53.76 per tonne in the September 2010 DFS. A comparison of the current and previous DFS estimates is shown in table below:

Cost category	September 2010 DFS	Updated logistics DFS, presented May 18, 2011
Mining	21.12	17.64
Process	12.31	12.60
General & Administration	1.36	1.45
Transportation	18.36	26.37
Royalties	0.26	0.36
Other	0.35	0.38
Total	53.76	58.80

As shown above, the increase in the Opex is largely a result of an increase in transportation costs to Narvik, partially offset by lower mining costs.

Permitting

¹ Capex adjusted - 2/3 using a new rate of 6.40 SEK/USD and 1/3 at 6.95 SEK/USD.

The Swedish/Finnish Border River Commission has approved the environmental permit for the Tapuli mine and the Kaunisvaara mill. The Group received an exploitation concession for the Sahavaara Deposit on October 28, 2010. The remaining environmental permit application for Sahavaara, was submitted to the Environmental Court on December 7, 2010 which the Group, if granted, expects to receive in the third quarter of 2012.

The Group's iron ore Deposits of Tapuli and Sahavaara have been classified by the SGU as being of "national interest for mineral production", according to Chapter 3 in the Environmental Code. The designation of the Deposits as being of "national interest for mineral production" strengthens the Group's upcoming applications for environmental permits and exploitation Concessions.

Mining

Mining operations at Tapuli and Sahavaara mines will utilize drill and blast techniques and consist of a conventional shovel, wheel loader and truck open pit operation, moving, respectively, approximately 35 Mt and 44 Mt of ore and waste per year at peak production. Iron ore concentrate will be hauled to the pit rim, crushed and transported overland by conveyor to the process plant.

Mineral Processing for Tapuli and Sahavaara

Process development work has been conducted in several programs on all the Mineral Resources by the Group staff and consultants and the resulting process flow sheets have been confirmed by pilot plant program. The two Kaunisvaara process lines are engineered based on verified scale up procedures to make the processing simple, reliable, energy and resource efficient with minimum emissions and flexible to accommodate ore feed variability.

The process is based on primary crushing at the mine and material is transported by conveyors to the process plant, where primary autogenous or semi-autogenous grinding takes place. The ground product is separated using low intensity magnet separators (LIMS), which reject a substantial portion of the silicate gangue material with minimal loss of iron units. The magnetic concentrate is then ground in a second stage by stirred mills (Vertimills) to a particle size at which the magnetite is fully liberated from the gangue minerals and hence suitable for the final stage magnetic separation, again using LIMS. The Tapuli ore will produce a high-grade concentrate, which will be dewatered by air pressure filtration and transported by road to the rail head. The tailings slurry will undergo thickening to recover process water, then pumped to a tailings deposition facility where also final cleaning of the effluent water takes place. The Sahavaara ore contains minor quantities of magnetic sulphides. In order to achieve the concentrate target quality, the magnetite concentrate from Sahavaara requires further upgrading using flotation techniques, where these minerals will be removed. The combined product from Tapuli and Sahavaara, which is ready for pelletizing by customers without further grinding, will be transported by road to the rail head at Svappavaara. Tailings management is the same as for Tapuli. The tailings storage facility will ultimately be covered by essentially inert material.

Infrastructure and Logistics

Transport costs for the iron ore concentrate from the mine to the end customer are crucial to the feasibility of the project. Therefore the Group, in cooperation with Swedish, Norwegian and Finnish transport authorities, has spent a lot of effort in finding the best possible transport solution. The DFS of May 2011, describes the transportation from the mines in Kaunisvaara to the port in Narvik. Shipping from Narvik is a cost-efficient alternative as Narvik is a deep-water port with ice-free conditions for Cape-Size vessels (above 150,000 dwt).

The current logistics solution includes:

- Truck transportation from Kaunisvaara to Pitkäjärvi for reloading to railway wagons

- Rail transportation from Pitkäjärvi to Narvik on the railway track 'Malmbanan' – currently used for iron ore transport by other operations in the region
- Use the Fagernes terminal in Narvik as a temporary solution (minimum 10 years) and the Group is working with the municipality to find a long-term terminal solution.

It is intended that Savage will manage the entire logistics solution and provide the necessary rail services. Negotiations is currently ongoing with Peab for the truck transport services and Grieg for the management of port operations. Service contracts with these logistics providers are expected to be finalized by March, 2012.

2.6 Additional Deposits near Kaunisvaara

Pellivuoma

A third iron ore deposit, Pellivuoma, is located adjacent to Kaunisvaara. This deposit is an asset of Northland Resources AB. Long term, the company plans to develop this deposit to extend the Kaunisvaara project's life of mine materially, or increase the production or a combination thereof.

Property Description, Location, Title and Ownership

The Pellivuoma deposit is located approximately 18 km west of Kaunisvaara. The Group has reported, in the NI 43-101 compliant report "Mineral Resource Estimate for the Tapuli Iron project, Pajala Municipality, Norrbotten County, Sweden, March 26, 2010 by SRK Consulting (UK) Ltd.", that Pellivuoma contains 38.5 Mt with 30.1% Fe in the measured category and 18.8 Mt with 29.9% Fe in the indicated category. Additionally, the deposit contains 37.8 Mt with 29.3% Fe classified as Inferred Mineral Resources. The Mineral Resource for the Pellivuoma deposit was constrained within ore solids defined by a 10% Fe and 2% S grade cut-off and within a Lerchs-Grossman pit shell defined by preliminary technical, cost and price assumptions. Reserves have not yet been estimated for the Pellivuoma deposit.

The Group acquired the Pellivuoma deposit through staking in 2007. Pellivuoma is located within the Exploration Licence Käymäjärvi Nr. 10 (registered owner: Northland Resources AB; grant date: September 2, 2010; expiry date: March 20, 2013; area: 3,382 hectares). The Pellivuoma deposit has been declared by the SGU as being of "national interest for mineral production", according to Chapter 3 in the Swedish Environmental Code. The designation of the deposit as being of "national interest for mineral production" would strengthen an application for environmental permits and exploitation concessions in respect of the deposit.

Geology and Mineralization

The bedrock at Pellivuoma consists of Precambrian supracrustal sedimentary sequences, and an extensive granite batholith.

Pellivuoma Resource Work Completed

The Pellivuoma deposit was discovered by Nordsvenska Malmfält 1919 and was declared a State Mining Field in 1924.

The Group acquired the Pellivuoma project in mid-2007 as an exploration prospect hosting a near-surface magnetite body. During 2008, the Group drilled 12 holes totalling 1,812.65 m (as published in the press releases dated July 14, 2008, and September 8, 2008) and delineated a continuous magnetite Mineralization along the strike of 500 m with an overall width of up to 250 m.

Following the decision to prepare a definitive feasibility study on Pellivuoma, the Group is fast-tracking the database check, including primary data archiving, and quality QA/QC.

SRK Consulting (UK) Ltd. updated the resource model in March 2010 and issued a NI 43-101 Technical Report based on the additional drilling and DTT testing.

Pellivuoma Metallurgical Test Work

The initial testwork program for the Pellivuoma deposit was completed at the GTK in Outokumpu, Finland. The geological work and initial DTT identified two distinct zones at Pellivuoma - the "upper" zone of the project that contained higher sulphur content, and the "lower" zone containing less sulphur, which is separated from the upper zone by a thrust fault. Drill core samples were selected to be representative of the ore types present and metallurgical evaluation was undertaken to establish the best process flow-sheet.

Mineral Resource Statement for Pellivuoma

The table below shows the Mineral Resources for the Pellivuoma iron ore deposit, using a 10% Fe cut-off:

Mineral Resource Category	Tonnes (Mt)	Fe Total %	S %	SiO₂ %	MgO %	Al₂O₃ %	CaO %	P %	Mn %
Measured	38.54	30.13	0.36	22.90	21.46	1.12	3.41	0.03	0.17
Indicated	18.80	29.86	0.52	25.07	20.18	1.06	4.04	0.03	0.29
Meas+Ind	57.34	30.04	0.41	23.61	21.04	1.10	3.62	0.03	0.21
Inferred	37.81	29.28	0.77	25.99	18.66	1.21	4.96	0.02	0.37

*The Mineral Resource for the Pellivuoma deposit was constrained within ore solids defined by a 10% Fe and 2% S grade cut-off and within a Lerchs-Grossman pit shell defined by the following assumptions; a metal price of USD 1.10/dmtu for magnetite concentrate; slope angles varying between 48-51 degrees; mining recovery of 95%; mining dilution of 5%; mine operating cost of USD 1.40/tonne; incremental mine cost of USD 0.06/tonne/12m; high sulphur process cost of USD 5.30/tonne; G&A cost of USD 0.30/tonne; concentrate transport cost of USD 2.455/tonne; concentrate grade of 69.90%Fe; Fe Recovery= 0.0000068357*Fe4+ 0.0015601638*Fe3-0.1305013842*Fe2+ 5.0427383556*Fe + 16.7575888290.*

Potential Tonnage: SRK Consulting (UK) Ltd. has identified a further 20-25Mt of potential down dip tonnage below the pit shell that form potential targets of future exploration. The potential quantity of tonnes is conceptual in nature as there has been insufficient exploration in these areas. It is uncertain if further exploration will result in these targets being delineated as a Mineral Resource. These potential tonnages reflect a range of material within SRK Consulting (UK) Ltd.'s solid models outlining the interpreted down dip extent of Mineralization.

Key Resource Estimation Assumptions, Parameters and Methods: Mineral resource estimate was based on a database comprised of 9,576 samples from 71 drill holes. Predominant drill hole spacing was on a nominal 50 m grid. Solid modelling the Mineralization based on 10% Fe lower and 2% S upper cut-off resulted in three separate ore zones; a central, eastern and western zone. The central zone measures 650 m along strike, 20-200 m across strike and was modelled to a depth of 500 m. The eastern zone measures 260 m along strike and 2-30 m across strike and was modelled to a depth of 500 m. The western zone measures 320 m along strike and 10-50 m across strike to a depth of 500 m. Drill hole intercepts within these solids were composited to 6 m lengths which were subsequently used for statistics and grade interpolation. The density dataset was comprised of 1,455 density samples collected by the Group. A single Fe grade based density regression formula was applied to the block model. Grade interpolation was comprised of ordinary kriging and validated against original assay results and mean composite grades.

Mineral Resource Classification: Mineral Resource classification was based on a variety of criteria. Measured Mineral Resource classification was based on low geological complexity, drill hole

spacing much less than the 2/3rd maximum variogram range along strike, blocks interpolated with optimized search parameters; and slope of regression dominantly greater than 0.8. Indicated Mineral Resources were based on all of the same criteria as measured except with a slope of regression greater than 0.5. Inferred Mineral Resources were assigned to blocks estimated in search volume two, using double the optimum search parameters determined.

Cautionary Statements

The effective date of the Pellivuoma Mineral Resource estimates is March 26, 2010. The Fe% presented in the above table is not meant to imply recoverable product. Mineral Resources for Pellivuoma have been classified according to the "CIM Standards on Mineral Resources and Reserves: Definitions and Guidelines (December 2005)" by Howard Baker (MAusIMM) an independent Qualified Person as defined by NI 43-101.

Mineral Resources were estimated in conformity with generally accepted CIM "Estimation and Mineral Resources and Mineral Reserve Best Practices Guidelines". SRK Consulting (UK) Ltd. is not aware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing or other relevant issues that could potentially affect the estimate of Mineral Resources. The Mineral Resources may be affected by further exploration drilling which may increase or decrease the estimate. The Mineral Resources may also be affected by subsequent assessments of mining, environmental, processing, permitting, taxation, socio-economic and other factors. There is insufficient information at this stage to assess the extent to which the resources will be affected by these factors that are more fully assessed in a definitive feasibility study.

The quantity and grade of reported Inferred Mineral Resources in this Company Update are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured Mineral Resource; and it is uncertain if further exploration will result in upgrading them to an indicated or measured Mineral Resource category.

Database Validation: The QA/QC program for the Group's Pellivuoma drilling consists of alternating the insertion of a blank or standard sample on a regular basis within the sample train. Because the Group employs several standards with varying grades these are also alternated. Also, samples are flagged regularly for the primary laboratory to prepare a lab duplicate for analysis by a second laboratory. The ALS Chemex analytical laboratory analyzed the samples in batches and each batch has multiple samples for testing for cross contamination and reproducibility of results. SRK Consulting (UK) Ltd. found that the results of the above described QA/QC program indicate that the Group's Pellivuoma assay databases were appropriate for Mineral Resource estimation.

Data Verification: Howard Baker as qualified person completed the verification of data on which the Pellivuoma Mineral Resource estimates were based. This verification included an assessment of QA/QC data, sample preparation and assay methodologies, core recoveries, density data, data inputs, survey data and validation of historic exploration data used in the estimate. Data was validated by using field checks, statistical methods and evaluating written protocols.

Qualified Person: Company Update Petri Peltonen, Ph.D., is Vice President of Exploration for the Group and its Qualified Person in accordance with National Instrument 43-101 responsible for overseeing the execution of the Group's exploration programs and for verifying that the information presented in this Company Update is an accurate summary. Dr. Peltonen is an accredited Chartered Professional member of the Australasian Institute of Mining and Metallurgy, MAusIMM (CP) (Member #306710), and Member of the European Federation of Geologist (EurGeol #961).

Mineral Resources of Pellivuoma have been estimated and categorized for reporting purposes by Mr. Howard Baker, MAusIMM, Principal Mining Geologist of SRK Consulting (UK) Ltd. Mr. Baker is a Qualified Person as defined by the NI 43-101 and is an independent consultant to the Group.

Mining, Mine Design, Metallurgy and Process Design

The mine at Pellivuoma will be open pit mine. Waste rock at the mine will be hauled via truck to waste facilities immediately adjacent to the mine. The feed from Pellivuoma requires upgrading by removing sulphide minerals using flotation techniques. It is envisaged that ore from Pellivuoma will be processed at Kaunisvaara.

Pellivuoma DFS

A DFS on the Pellivuoma deposit has been undertaken, and is expected to be finalized in the second quarter of 2012. An exploitation Concession application for Pellivuoma will be completed as soon as sufficient information on the Mineral Resource is available.

2.7 Project Construction

Northland's strategy for managing the contracting requirements in relation to the Kaunisvaara Project has been first to seek out and hire appropriately skilled and experienced personnel to assume key roles within the Group structure with responsibility for managing the needs in relation to the different areas of project development. Where a shortfall exists the company has brought in suitably qualified consultants to enhance its team. The overall project execution plan has then been developed taking into account the collective past experience of the team, the status of design, the current workload of suitable contractors and the need to have strict controls over costs and schedule. A modified EPCM approach utilizing large experienced Scandinavian construction contractors complemented by an experienced Northland Team has been utilized in the execution of the Kaunisvaara Project. As at the date of this Company Update all the preparatory work for the construction phase at the site in Kaunisvaara has been completed and the project has moved into the major construction phase. More than 400 people are currently working at site on multiple shifts. The project is currently 30% complete and running on schedule and within budget and over 90% of the Capex has been committed under contract this far.

During 2011 the construction work progressed rapidly and focused in a number of different areas. The initial focus early in 2011 was to establish an onsite quarry and utilize material to construct the dyke around the Tapuli deposit to allow for effective dewatering which would allow for efficient removal of the overburden peat layer. This was successfully completed toward the end of Q2 2011. The subsequent dewatering of the water from the peat layer proved to be very successful and was completed on time and on budget at the end of Q2 2011.

In the Q3 2011 a subsequent contract for the removal of the peat overburden from Tapuli was awarded to Peab and by year end the Tapuli ore had been exposed. By year end over 500,000 M³ of peat material has been removed. Currently the construction contractor is removing up to 100,000 M³ per week and well on target to complete the project on budget and schedule. This rapid progress will allow for earlier than planned start of mining operations ensuring a smooth transition to operation start up.

Early in the year Northland awarded a contract for the purchase of the Mine Mobile Equipment to PON Equipment AB for the supply of Caterpillar and Bucyrus mine mobile equipment. The first batch of equipment is scheduled for delivery in the middle of 2012 in line with ramp up of mining operations. This contract covers the supply of the first batch of the mining haulage trucks, loading shovels as well as ancillary equipment. Subsequent to this contract Northland procured adequate tires for the haulage trucks to try to mitigate the risk of potential supply shortages.

For the process plant a basic engineering contract was awarded to Metso Minerals in January 2011 and it was followed by a contract for the long-lead items for the Tapuli line of the process plant. The long lead items contract mainly consisted of key items for the Tapuli line including the first SAG mill, crusher and Vertimills for the Tapuli line. These early orders were required to maintain the implementation schedule. During the basic engineering modifications of the process chain components are made, enhancing the overall projected process efficiency and reliability while reducing maintenance requirements. By end of the quarter, basic engineering had progressed sufficiently to enable the initial earthwork phase of the on-site construction to begin.

In April a contract which is the largest contract on the Kaunisvaara project was awarded to Metso Minerals for the turn-key engineering, and supply of equipment as well as process construction of the process plant. The Agreement covers the complete equipment package for the processing plant, including two primary gyratory crushers, two autogenous grinding mills, seven vertimills ("VTM 3000"), magnetic separators and seven VPA press filters.

Currently Metso continues to perform above expectation on the development of the process plant and detailed engineering is progressing well. All equipment including the SAG mills, primary crusher and the verti mills all remain on track to be delivered as per the scheduled delivery on June 29th 2012. The contract is currently is forecasted to be slightly under budget and ahead of schedule. Metso are due to start site work in April 2012 with mechanical completion planned for November 2012.

At the end of May 2011 Northland agreed a contract with Peab for the construction of the civil works associated with the industrial area. The scope covers all the civil works for the Kaunisvaara Project including detailed engineering, earthworks, foundations, buildings and related works. The scope includes crusher stations, conveyor tunnels, stockpile buildings, mill foundations and the construction of the process plant building. Also included are the truck workshop and a number of smaller buildings. Construction of the civil works is expected to be completed in the third quarter of 2012.

Over the summer construction work focused on the major earthworks in the industrial area and the construction of the major foundations namely those for the process building and the grinding mills. The long days of the Northern summer enhanced the efficiency of the construction teams as they worked in a double shift cycle and rapid progress was achieved. As the winter approached the steel columns for the process plant building were erected as the construction site moved in a 24 hours a day operation, with the steel erected at night and civil construction continuing by day. Again the weather was in the Group's favor, as the mild weather early in winter enhanced productivity such that by end of 2011, the roof of the building and the majority of the side cladding have been installed for both lines.

Work has also progressed in parallel in other areas of the industrial area such that at the date of this Company Update, all foundation work as well as the majority of the concrete foundations for the stockpile buildings, the Tapuli crusher and the conveyor tunnels from the stockpile to the process plant building had been completed. Fig 8 below provides a good overview as of the end of November of work progress which shows construction in full swing. The steel work for the truck workshop had been erected and ground works complete.

The development of process water system is another key set of contracts that work progressed rapidly throughout the year. The water systems consist of 2 major contracts, the construction of the process water dam and the construction of the water systems. The water systems contract which was awarded to a Finnish company Fine Weld OY during the summer comprises of engineering and design, all pump stations and related civil works for the water systems. The total

length of pipeline is approximately 40 km and consists of the laying of a pipeline from the Munio river to the process water pond and then various locations around the site as well as the construction of a number of pump stations at the Muonio river and throughout the site. Pipe laying progressed extremely fast with up to 180 meters being installed per day during the summer and to date the majority of the water pipe has been completed.

At the end of Q4 2011 11 out of 11.5 km piping from Muonio river to the process water pond was complete as well as earth works for two pump stations. Work with pump stations is ongoing as well as preparations for tailings pipes to the TMF area. The project is currently running slightly ahead of schedule and on budget

The process water dam was awarded early in 2011 and mobilization and construction was rapid over the summer period and the project was completed toward the end of Q3 2011. This dam will be brought in operation early in Q2 and has been already inspected by the Swedish dam safety inspectorate and approved for operation.

The power supply was identified early in the project as a key risk to the schedule however the risk been mitigated as Vattenfall have performed extremely well over the last year. In late 2010 a contract was awarded to Vattenfall (see project agreements below) for the construction of both a 40 kV line for construction power and a 130 kV line for the permanent power. Early in Q1 2011 the 40 kV line was installed which provided construction power to the site and this will form the backup emergency power later during operations. Toward the end of the year construction of the 130 kV line was in full swing with all the power poles installed and the starting of the laying of the conductor itself on the poles. Early in the project this was also deemed a schedule risk but the latest contractor schedule updates indicate that this work will be completed ahead of schedule.

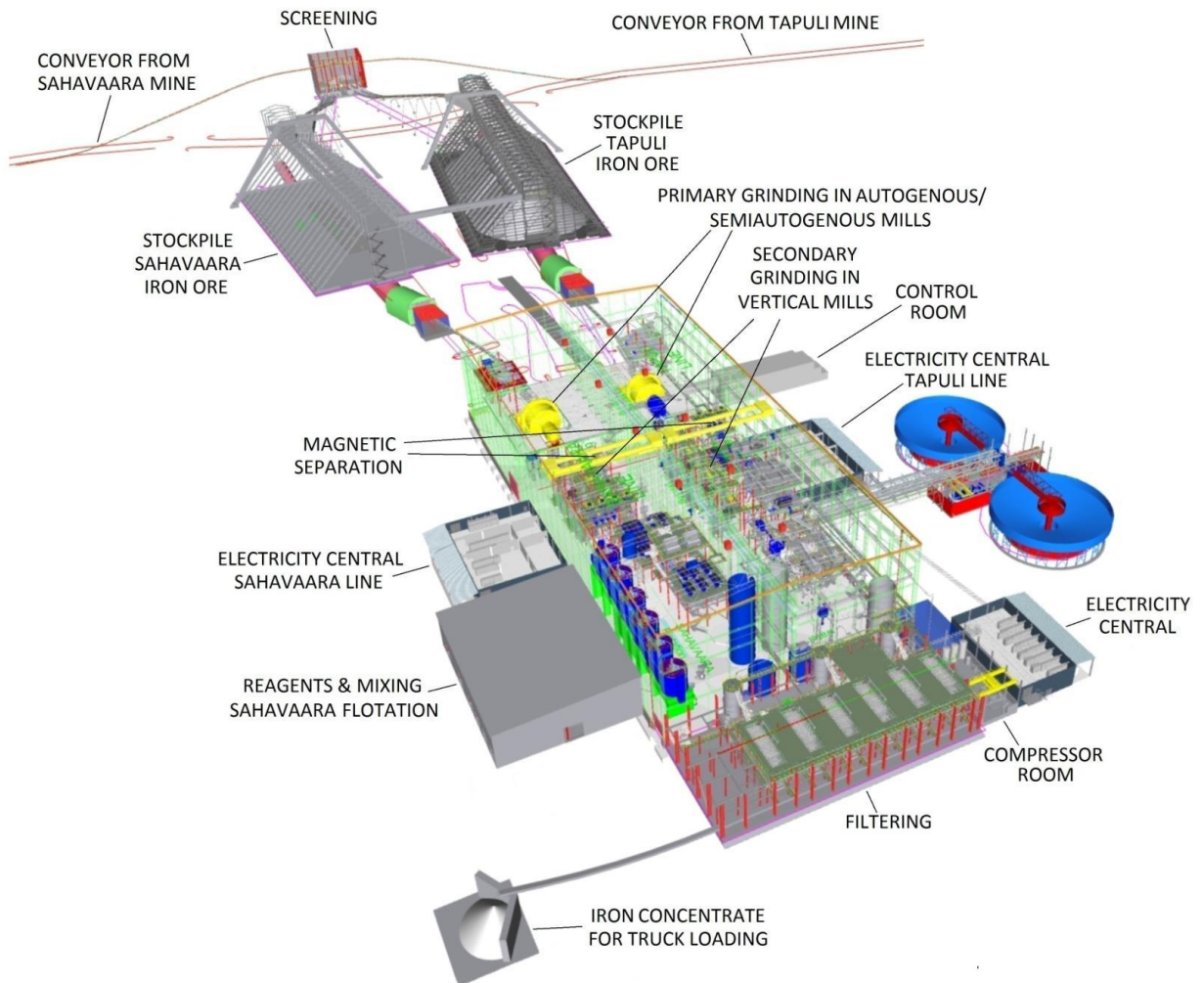
Figure 8: Construction at the Kaunisvaara Project site, November 2011



Source: Northland Resources S.A.

The building to the left is the processing plant and further to the left corner are the two stock piles. In the right upper corner is the quarry used for aggregate material.

Figure 9: Kaunisvaara process plant



Source: Northland Resources S.A.

The logistics chain is also progressing according to plan.

Since June 2010 where an updated plan for the logistics has been provided, the Group has engaged numerous consultants into an integrated team to allow a holistic approach to be developed for the complete logistics chain. This integrated team consists of consultants from Norconsult, who are currently finalizing the detailed engineering for the port of Narvik, a team from Tyréns, who have developed a detailed engineering plan for the development of the rail/road terminal at Pitkäjärvi as well as Vectura who have been involved with Northland from a very early stage are involved in the planning of the purchasing of wagon and locos, contracts, evaluating tenders contact and contacts with Swedish, Norwegian and Finish rail authorities. They are assisting in the process to find an operator for trains and also to source suitable lessors for wagons.

Towards year end 2011 a number of crucial agreements were achieved towards the advancement of the logistics solution. In early December 2011, Narvik Municipality Planning Committee granted the Group a construction permit for the iron ore terminal at Fagernes in Narvik, Norway. Work on the construction of the jetty has already started and is progressing well. At the end of December the Swedish Transport Authority ("STA") granted Northland permission to proceed with trial testing of the 90 tonnes transportation truck as an initial step toward the awaited dispensation.

Figure 10: 90 tonnes Demo truck



Source: Northland Resources S.A.

The Swedish Transport Authority has declared its commitment to grant the maximum dispensation for the truck Northland intends to use to transport its high-quality magnetite concentrate.

In August 2011, Northland signed a letter of intent with three logistic specialist companies to manage and develop the logistics solution between the Kaunisvaara mines and the port of Narvik. The letter covered the initial agreements for the companies to support Northland in the development of the logistics solution. The intention is that Savage shall assume the overall responsibility for the coordination, management and cooperation between the three parties and coordinate the work program. In addition, Savage will ensure an appropriate railway transport solution through the procurement of subcontractors and rail operators while Peab, or other trucking operator, will be responsible for the operation of road transport by truck as well as the construction of the infrastructure necessary at the Pitkäjärvi terminal and Port of Narvik and Grieg Logistics, or other port operator, will be responsible for the operation of the terminal facility in the port of Narvik. These final agreements are expected to be finalized by end of first quarter of 2011 see significant future agreements below.

Figure 11: Construction work at the Fagernes Terminal in Narvik, Norway



Source: Northland Resources S.A.

Peab has started the construction work for Northland's iron ore terminal in Narvik, Norway.

2.8 Principal Project Agreements

The following Section provides a summary of the principal agreements which the Group has, as at the date of this Company Update, entered into relating to the construction and operation of the Kaunisvaara Project. It also identifies those agreements of a significant or material nature which the Company expect to enter into after the date of this Company Update. The following summaries are not intended to be full statements of the terms of the agreements referred to.

Set out below are two tables. The first sets out those project agreements that have, as at the date of this Company Update, been executed with respect to the Kaunisvaara Project. The second table identifies other material agreements that are expected to be required in the future with respect to the Kaunisvaara Project and which have not been entered into as at the date of this Company Update.

In addition to those agreements described in the second table below, the Group expects there to be certain other agreements for supply of equipment or services that will be required during construction and operation of the Kaunisvaara Project but are considered to be less significant and generally represent equipment or services that are readily available in the marketplace.

Executed Material Agreements

The project agreements referred to in the table below have, as at the date of this Company Update, been executed with respect to the Kaunisvaara Project.

Agreements	Description
<i>Construction and Supply Agreements</i>	
1 Process plant supply agreement with Metso Minerals (Sweden) AB	Agreement for the supply of mineral processing equipment and services for the two processing lines of the Kaunisvaara Project, and basic engineering for the process plant system of the Kaunisvaara Project.
2 Long lead items supply agreement with Metso Minerals (Sweden) AB	Agreement for the supply of long lead items in respect of the mineral processing plant for the Kaunisvaara Project.
3 Mill and liner supply and inspection services agreement with Metso Minerals (Sweden) AB	Agreement for the supply of mill lining components, a mill liner handler and tools in relation to the processing plant.
4 Mobile mining equipment supply agreement with PON Equipment AB	Agreement for the supply of Caterpillar mobile mining equipment to us for use at the Kaunisvaara Project site.
5 Power connection agreement with Vattenfall Eldistribution AB	Agreement for the construction of new overhead power lines to the Kaunisvaara Project site.
6 Agreement for supply of explosives, accessories and services with Forcit Sweden AB	Agreement for the supply of explosives, accessories and services in connection with the Kaunisvaara Project.
7 Water system agreement with FineWeld Sverige AB	Agreement for the engineering and design of all pump stations and related civil works for the water and piping systems for the Kaunisvaara Project.
8 Industrial area civil and building agreement with Peab Sverige AB	Agreement for the civil works for the Kaunisvaara Project, including detailed engineering, earthworks, foundations, buildings and related works.
9 Mill lining service and inspection agreement with Metso	Agreement for a five-year mill lining service and inspection program for the Kaunisvaara mill.
10 Main power supply line agreement with Vattenfall Eldistribution AB	Agreement for the main power supply with a capacity of 130 kV for the process plant.
11 Removal of overburden agreement with Peab Sverige AB	Agreement to remove an overburden consisting of peat, moraine and waste rock at the Tapuli mine.
12 Port of Narvik lease agreement	Agreement with the Port of Narvik which grants the permit to lease the Narvik Terminal for a period of 10 years, plus extension options.
13 Agreement for the purchase of a shiploader	Agreement with a third party for the purchase of a shiploader at Narvik with a 3,600 tph loading capacity.
<i>Off-take Contracts</i>	
14 Iron ore supply agreement with Stemcor UK Ltd	Agreement for the supply of a certain percentage of the annual iron ore concentrate production of the Kaunisvaara Project.
15 Iron ore supply agreement with Standard Bank Plc	Agreement for the supply of a certain percentage of the annual iron ore concentrate production of the Kaunisvaara Project.
16 Iron ore supply agreement with Tata Steel UK Ltd	Agreement for the supply of a fixed amount of the annual iron ore concentrate production of the Kaunisvaara Project.

Significant Future Agreements

These agreements have not, as at the date of this Company Update, been entered into by the Group, but constitute the principal agreements which the Group expects to enter into in relation to the Kaunisvaara Project after the date of this Company Update.

Agreements	Description
Mining	
1 Mobile mining equipment maintenance agreement	Agreement for the ongoing maintenance and repair of the mobile mining equipment for the Kaunisvaara Project.
2 Operation maintenance of the process plant contract	Agreement for the operation and maintenance of the processing plant.
Rail	
3 Wagon manufacturing contract	Manufacturing contract with a third party manufacturer in relation to the design and manufacture of rail wagons for the Kaunisvaara Project.
4 Rail operation agreement	Agreement with a third party operator for the operation and management of the rail operations.
Port	
5 Port construction agreement	Agreement with a third party for the construction of the port facilities terminal in Narvik.
6 Port operation and management agreement	Agreement with a third party for the operation and management of the port operations.
Overall Logistics	
7 Logistics operating agreement	Agreement between Northland Logistics AB and Northland Resources AB for the provision of transportation and logistics services.
8 Logistics management agreement	Agreement between Northland Logistics AB and a third party for the overall management and coordination of the Project Logistics solutions.

2.9 Changes to mine scheduling, logistics, Opex and Capex

During the latter half of 2011 a number of changes and reviews to the project resulted in the development of a revised base case. In the earlier base case the plan was to develop the logistics as a separate financed entity. However to assure full control of the logistics solution, it was decided that logistics should be brought inside the project and as a result the overall Capex of the project increased. A number of reviews were also conducted to the mine sequence to try to optimize the project ramp up further and to also mitigate certain risks related to the permitting of Sahavaara.

The environmental permit for the Tapuli mine is already in place having been granted by the Border River Commission in 2010. However, the Sahavaara environmental permit is not currently in place. The permit, which was submitted early in 2011 is expected to be granted during the 3rd Quarter of 2012. The Company, however, sought to mitigate the risk of any delays.

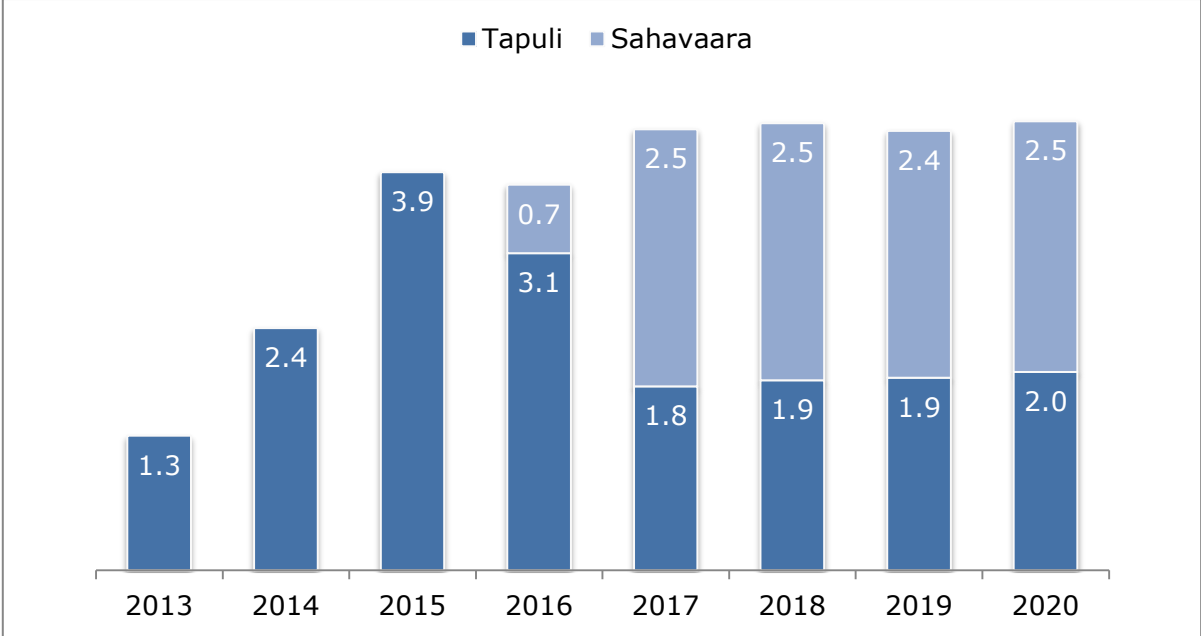
Following detailed investigation, the Company determined that the Tapuli mine alone was capable of supplying the required 12 million tonnes of ore for a period of 2 years. This is also the maximum period of time that the Company felt would be required to finalize the issuance of the Sahavaara permit

As a further result of this optimization we were also able to delay a certain amounts of Capex related to the Sahavaara mine, thereby reducing eternal financing requirements.. This delayed Capex is up to USD 50 million. A summary of the main changes is provided below.

Tapuli mine will commence production from the end of 2012, with expected production of 1.3 million dmtpa in 2013, 2.4 million dmtpa in 2014, 3.9 million dmtpa in 2015. In 2016, Tapuli

production will be 3.1 million dmtpa, while Sahavaara will produce 0.7 million dmtpa. From 2018, the combined production will be approximately 4.4 million dmtpa from the two mines. See figure 2 below for the full planned project sequence over the initial year. By applying this sequence to the project we will achieve almost full planned concentrate production through 2015 while benefiting from delayed Capex spend and mitigated exposure to any delay in the Sahavaara permit.

Figure 12: Mine Production Sequence, million dry metric tonnes



Source: Northland Resources S.A.

The logistics solution used in the DFS was to be financed separately. To assure the best logistics solution, the Company has decided that the logistics should be included as part of the overall project. This has resulted in an increase in Capex, representing the full cost of the logistics solution and a reduction in budgeted Opex, as the costs of third party ownership have been eliminated.

The updated project financing plan is outlined below

2.10 Project Financing Plan

Northland Resources S.A. Equity Issue Sources & Uses

Sources	USDm	Uses	USDm
New equity	250	Kaunisvaara Project	169
		General & Administration	33
		Hannukainen DFS, further work and underground study	20
		Transaction costs	15
		Other exploration	13
Total	250	Total	250

Kaunisvaara Sources & Uses from Project Start to December 31, 2014

Sources	USDm	Uses	USDm
Contributed equity to Kaunisvaara	262	Acquisition, exploration and development	82
New equity to Kaunisvaara	169	Capex Kaunisvaara	629
Unconditional share holder contribution ...	38	Capex Logistics	179
		Capex additional Contingency	67
Total equity	469	Total Capex	875
New bond.....	450	Transaction costs	25
Proposed equipment leases	58	Bond DSRA and interest	174
		Equipment Leases *.....	29
Total debt	508	Cash	54
Net operating cash flow	262		
Total	1,239	Total	1,239

The Group is preparing for a cost overrun facility of USD 40 million. The intention is to cover any additional Capex or Opex in case of shortage of funds just before moving into the production phase.

Capex – Update January 2012

The revised Capex in order to reach 4.4 million dmtpa capacity (end 2014) has been estimated at USD 875 million, adjusted for revised exchange rates and a additional contingency. This compares to an initial Capex estimate in the updated DFS May 2011 of USD 765 million. The increase is to be referred mainly to the inclusion of the logistics solution.

Capex for the 17 years LOM at January 2012 is estimated at USD 1,085 million, including sustainable capital adjusted for the revised exchange rate and a 10% contingency. This number compares with the original DFS estimate of USD 892 million (including a 10% contingency). A comparison to the current and previous Capex estimate is shown in the table below.

USD million, incl 10% contingency	DFS May 2011	New Plan, January 2012
Areas breakdown		
Mines – dikes, mobile mining equipment	148	100
Mines – crushing stations & conveyors	58	34
Plant – stream Sahavaara	125	112
Plant – stream Tapuli	163	160
Tailings & water ponds/lines	43	40
Power supply	16	15
Filtration plant/common equipment & infrastructure	127	121
Owners cost	70	47
Closure cost	0	0
Logistics	15	179
Total	765	808
Additional contingency	0	67
Total, incl contingency	765	875

Opex

The revised total Opex following the update in January 2012 for the LOM operation is estimated to be USD 55.60 (including 5% contingency) per tonne of concentrate (dry) delivered FOB to the Port of Narvik, Norway. This compares to USD 58.80 per tonne in the May 2011 Update. A comparison of the current and previous estimates is shown in table below:

Cost category	May 2011 Update	New Plan 2012
Mining	17.6	18.4
Process	12.6	12.5
General & Administration	1.5	1.4
Transportation	26.4	22.4
Royalties	0.4	0.4
Other	0.4	0.6
Total	58.8	55.6

The reason for the Opex reduction is the lower transportation and handling cost as a consequence of owning the logistics.

Net Present Value (“NPV”)

As a consequence of the increase in Capex, i.e. the inclusion of the logistical chain, the IRR has decreased in comparison with the DFS update, and is shown in the table below.

	DFS update May 2011	New Plan, January 2012
NPV @ 8% pre tax and funding	USD 1,461m	USD 1,366m
IRR pre tax and funding	32.0%	28.8%
NPV @ 8% post tax and funding	USD 934m	USD 800m

IRR post tax and funding

24.0%

20.1%

Pre-tax and interest, NPV of USD 1,366 million using a discount rate of 8% and an Internal Rate of Return ("IRR") of 28.8% (compared to the DFS update May 2011: NPV estimate of USD 1,461 million and an IRR of 32.0%).

After interest and tax, NPV of USD 800 million using a discount rate of 8% and an IRR of 20.1% (compared to the DFS update May 2011: NPV estimate of USD 934 million using a discount rate of 8% and an IRR of 24.0%).

3 RISK FACTORS

3.1 Possible qualification in restated financial reports related to going concern

Since the Group's annual report for 2010, the Group has applied the International Financial Reporting Standards (IFRS) as adopted by the European Union in the Group's financial reporting. As a consequence of the Group's shares being listed on the Toronto Stock Exchange, the Group is under an obligation to restate and publicly disclose audited annual report for 2010 and interim reports for 2011 in accordance with IFRS as adopted by Canada (the "Restatement"). The Company intends to publicly disclose the Restatement and its fourth quarter report for 2011 (the "Q4 Report"), and expects that the Group's statement for the Q4 Report, and the Group's statement and the auditor's audit opinion for the Restatement, may be qualified related to going concern based on the Group's liquidity and funding resources. An ordinary audit regarding Q4 2011 is presently being carried out, but the Group's quarterly reports are not subject to any audit review, and no financial due diligence or auditor comfort letters are carried out nor prepared for the purposes of this Company Update.

3.2 Liquidity risk

Liquidity risk encompasses the risk that the Group may not be able to meet its financial obligations as they fall due. As at 31 December 2011 the Group had a cash balance of KUSD 37,649. Accordingly, management has concluded that the Group has sufficient cash for the next few weeks, excluding the Standard Bank bridge financing. The Group is actively seeking financing in order to develop its projects, but there is no guarantee that the Group will be able to obtain the financing necessary to complete the development. The Group stated in its third quarter report for 2011 that the Group expects current cash to last until January 2012. On 21 December 2011, the Group reported that it had signed a USD 50 million bridge financing with Standard Bank. The bridge financing is not a long term financing, and includes various conditions for draw downs thereunder. No assurance can be made that the bridge financing is sufficient to finance the Group until other sources of financing have secured. Furthermore, no assurance can be made that the conditions for draw downs under the bridge financing can be complied with.

3.3 Risk related to future sale of minerals

The Group is dependent on future sales of minerals. Although the Group will strive to enter into sales agreements, including off-take agreements for future sales, no assurance can be given that the Group will be able to sell produced minerals at such terms and conditions as is favorable for, or necessary to sustain the operations of, the Group. Furthermore, the Group is a development-stage mining company, and several risk factors including those set out herein and other risk factors currently not known to the Group may result in delays for start of production of minerals for sale or in a worst case scenario result in the Group not being able to commence production as currently contemplated or at all. The occurrence of any such risk factors may have an adverse effect for the Group's operations and financial position. The Company has entered into certain off-take agreements regarding the sale of expected production under the Kaunisvaara Project. The Group may in the future enter into further such off-take agreements for the Kaunisvaara Project or other projects. Such agreements have, and may have, certain representations, terms and conditions in order to result in firm commitments, and no assurance can be made that such representations, terms and conditions can or will be satisfied. Further, no assurance can be made that the Company is able to maintain such off-take agreements in place, nor replace or obtain such agreements on satisfactory terms. Failure of this may have an adverse effect for the Group's operations and financial position. Such off-take agreements may also confer firm commitments upon the Company to deliver products in the future. If the Group, for whatever reason, is not able to produce the products in accordance with the terms of such agreements, such noncompliance or violation of these agreements may have adverse effect for the Group's operations and financial position. Even

if the Group is able to meet the requirements set out in each off-take contract, there is no assurance that the contract counterparties will be willing or able to purchase the production at the prices or quantities they have agreed to in the off-take contracts. If one of the off-take counterparties defaults or if the contract is otherwise terminated in accordance with its terms, there can be no guarantee that the Group will be able to find a new counterparty willing to enter into a replacement off-take contract with similar pricing, quantity and quality terms or at all. The Group's off-take contracts have, and any such future contracts may have, certain representations, terms and conditions in order to result in firm commitments, and no assurance can be made that such representations, terms and conditions can or will be satisfied. Such termination or violation of these contracts by the relevant counterparties, depending upon the Group's ability to enter into replacement contracts of equivalent value, could materially and adversely affect the Group's business, results of operations and financial condition or prospects. Additionally, the three off-take contracts entered into and under which the Group has contracted to sell the entire anticipated iron ore concentrates production of the Kaunisvaara Project for the first seven years of its operations, each calculate the price at which the Group is able to sell consignments of iron ore concentrates by reference to a separate reference price. The reference prices in the off-take contracts provide for the addition of an iron content premium per Fe-unit, however do not guarantee any value in respect thereof; nor do they guarantee the addition of a value in use premium, although the off-take contracts do provide for either a value in use premium to be negotiated in good faith between the parties or for adjustments of the price by reference to iron content, moisture and impurities. The reference prices used under the off-take contracts are comparatively new, and have been used in the iron ore market only for a period of approximately two to three years. Each of these factors, taken together or individually, could materially and adversely affect the Group's business, results of operations and financial condition or prospects.

3.4 Competition

The mining industry is highly competitive in all of its phases. The Group faces strong competition from other mining and exploration companies in connection with the acquisition and exploration of properties capable of profitably producing the commodities it seeks. Many of these companies have greater resources than the Group and, as a result, the Group may be unable to acquire or maintain attractive properties on terms it considers acceptable, in which case its exploration activities, development activities and financial condition could be affected adversely.

3.5 Exploration, development and operating risk

The Group's activities are primarily directed towards exploration and the development of its exploration projects. The Group is also actively engaged in searching for additional exploration projects in Sweden and Finland. Mineral exploration and development involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. There is no assurance that the Group's mineral exploration activities will result in any discoveries of new bodies of ore that will be economically feasible 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. Discovery may not result in a producing mine. The commercial viability of a mineral deposit is also dependent upon a number of factors that are beyond the Group's control. Some of these factors are the attributes of the deposit, such as size, grade and proximity to infrastructure; commodity prices which, are highly cyclical; government policies and regulation, including regulations relating to prices, necessary permits taxes, royalties, land tenure, land use, importing and exporting of minerals; and environmental protection. The exact effect of these factors cannot be accurately

predicted, and the combination of these factors could result in the Group not receiving an adequate return on invested capital. There is no certainty that the expenditures made by the Group in its search for and evaluation of mineral deposits will result in discoveries of commercially viable quantities of ore. In addition, if the Group discovers a mineral deposit, it would take several years from the initial phases of exploration until production is possible, if any. During this time, the economic feasibility of production may change. As a result of these uncertainties, there can be no assurance that the Group will successfully acquire additional mineral rights.

3.6 Iron ore processing risk

In addition to the Tapuli mine and the Sahavaara mine, the Group will operate an iron ore processing plant on the Kaunisvaara project site. The Group may experience practical or technical problems in the construction of the plant or in the application of its processing technology to the iron ore. Any prolonged outage or shutdowns at the plant due to technical problems or otherwise could substantially increase production costs. The Group's inability efficiently to process iron ore into iron ore concentrate in a cost effective manner and in the grades that it currently anticipated and as required under its off-take contracts could materially adversely affect the saleability of the product and the Group may not be able to realize the anticipated premiums or may even be required to apply discounts to its prices, which could materially and adversely affect its business, results of operations, contractual obligations under various supply contracts and its financial condition or prospects.

3.7 Nature of operations

The Group is in the process of exploring and developing its mineral resource properties. To date, the Group has not earned any revenues and is considered to be in the development stage. The realization of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain the necessary financing to develop these properties, and future profitable production or proceeds of disposition from these properties. The mines, the processing plant and their related infrastructure have not yet been constructed, the Group's planned logistics solution has not yet been implemented and its commercial operations have not yet commenced. In addition to the Tapuli mine and the Sahavaara mine, the Group will operate an iron ore processing plant on the Kaunisvaara Project site. In the development and ramp-up phase, the Group may experience practical or technical problems in the construction of the mines and/or the plant or in the application of mining and processing technology to the iron ore studies.

Any prolonged outage or shutdowns at the plant due to technical problems or otherwise could substantially increase costs of production. The Group is highly dependent on its ability to develop, construct, commission and operate the Kaunisvaara project within the planned timeframe and in accordance with the capital cost estimated by the Group. The Group's estimations are based on estimates relevant to the information and level of design and engineering studies, the accuracy of which cannot be assured due to the inherent uncertainty of future projections, the fact that some of these studies may be out of date and the limitations imposed by multiple focused. Accordingly, the cost estimates on which the Group is relying do not represent fixed costs and may vary as construction progresses. Additionally, the capital expenditure assumed in these studies are also estimates and may vary from the actual capital expenditures required to implement the mining plan, the operation of the processing plant and the integration and development of the Group's planned logistics solution. The Group expects, and in its estimates assume, that the first production of iron ore concentrate at Tapuli will occur during the first quarter of 2013, with project completion at the end of the first half of 2016. A significant part of the Group's anticipated capital expenditure represents variable costs. Also, while certain material contracts for the construction and development of the Kaunisvaara project have been signed, the Group is still in the process of

negotiating other material contracts, which are expected to cover, among other things, the development of a terminal and certain port facilities. If the Group does not agree the outstanding material contracts that are required, the Group may incur increased costs and/or the Kaunisvaara project may be significantly delayed as a result. The Group has not engaged a single contractor to construct the Kaunisvaara Project on a fixed-price, turn key basis and the contracting strategy is to engage component contractors separately. Accordingly, the Group will only have recourse against individual contractors who are engaged but fail to perform their separate tasks rather than against one single overarching contractor, though several contractors such as Metso and Peab are responsible for a substantial amount of the work on the Kaunisvaara Project and the impact of their failure to perform their obligations is significant. While the Group intends to have appropriate insurance in place in respect of the Kaunisvaara Project, the failure of a particular contractor to perform their obligations may not trigger the terms of that insurance or the Group's insurance may not be sufficient to fully ameliorate the harm. Further, there can be no assurance that the Group will be able to enter into the full complement of insurance policies that are currently planned to or that those policies will be entered into in a timely fashion. If the counterparties to the contracts relating to the Kaunisvaara Project fail to fulfil their obligations, the Group will bear the full risk of such failure as opposed to a third party, which may affect the Group's ability to complete the Kaunisvaara Project. Failure to complete the Kaunisvaara Project would materially and adversely affect the Group's business, results of operations, financial condition or prospects.

3.8 Construction costs and delays of the Kaunisvaara project

The mines, the processing plant and their related infrastructure have not yet been constructed, the Group's planned logistics solution has not yet been implemented and its commercial operations have not yet commenced. The Group is highly dependent on its ability to develop, construct, commission and operate the Kaunisvaara project within the planned timeframe and in accordance with the capital cost estimated by the Group. The Group's estimations are based on estimates relevant to the information and level of design and engineering studies, the accuracy of which cannot be assured due to the inherent uncertainty of future projections, the fact that some of these studies may be out of date and the limitations imposed by multiple focused studies.

Accordingly, the cost estimates on which the Group is relying do not represent fixed costs and may vary as construction progresses. Additionally, the capital expenditure assumed in these studies are also estimates and may vary from the actual capital expenditures required to implement the mining plan, the operation of the processing plant and the integration and development of the Group's planned logistics solution. The Group expects, and in its estimates assume, that the first production of iron ore concentrate at Tapuli will occur during the first quarter of 2013, with project completion at the end of the first half of 2016. A significant part of the Group's anticipated capital expenditure represents variable costs. Also, while certain material contracts for the construction and development of the Kaunisvaara project have been signed, the Group is still in the process of negotiating other material contracts, which are expected to cover, among other things, the development of a terminal and certain port facilities. If the Group does not agree the outstanding material contracts that are required, the Group may incur increased costs and/or the Kaunisvaara project may be significantly delayed as a result.

Furthermore, even in those cases where the Group has signed contracts, it is possible that the Group's counterparties will have to negotiate their own contracts with sub-contractors, and any delays in such negotiations could delay the Kaunisvaara project. Completion of construction and commencement of production of iron ore concentrate may be delayed, or require the expenditure of significant additional funds, by factors outside the Group's control, such as the inability or failure of contractors to complete construction of the Kaunisvaara project in a timely manner, the failure of contractors to enter into agreements with their sub-contractors in a timely manner, changes in

the regulatory environment, industrial disputes, unavailability of parts, machinery or operators, inability to obtain the necessary permits, dispensations, licenses or approvals from government authorities or third parties, unforeseen geological, physical or weather conditions, natural disasters, labour shortages or stoppages, political and other factors, or factors at least partially within the control of the Group, such as requested changes to the technical specifications of the plant design, failure to enter into additional agreements with contractors or suppliers in a timely manner, shortage of capital and undisclosed changes to the detailed engineering plans. Any construction delay could delay the production of iron ore concentrate, which could, even in those cases where the Group can seek some remedies for delays imposed upon it by the failures of the Group's counterparties, have a material adverse impact on its cash flow and financial performance, its ability to meet some or all of its contractual supply obligations, and, in certain circumstances, delays could allow the Group's contractors to terminate their contracts with the Group. Any delay or increase in costs could materially and adversely affect the Group's business, results of operations, financial condition or prospects.

3.9 Risks in transportation and logistics solution

Northland's operations require transportation and logistics solutions which are currently not in operation. The commercial viability of the Kaunisvaara Project depends on the Group's ability to successfully to finalize the development of planned logistics solution for the transportation and delivery of the iron ore concentrates from the Kaunisvaara Project's processing plant in Sweden to the port of Narvik in Norway. The Group intend to transport the iron ore concentrate by truck using public roads from the processing plant to a railhead in Svappavaara and then by rail from Svappavaara to Narvik, where the Group has dedicated facilities at the port for the storage and loading of concentrate onto ships. Although the road and rail infrastructure currently exists, such infrastructure will need to be upgraded and/or expanded in certain respects to accommodate increased use by the Group and other parties. The Group will need to obtain rights to land, and to construct facilities, at Pitkäjärvi that will enable the Group to transfer iron ore concentrate from trucks onto rail cars which will be especially designed for the Group's use. While all permits for the construction of the Port in Narvik are in place, the final permit for the construction and use of the Pitkäjärvi transshipment terminal is not. While the Group anticipates the receipt of this permit, there is a risk that the permit may be delayed or not granted. It will also be necessary to enter into arrangements with third parties for the supply, lease or sale to use of rail cars and locomotives used to transport iron ore concentrate from Svappavaara to Narvik, and arrangements for the provision to us of train operating services, as well as to complete arrangements for the lease of facilities at the port in Narvik, and to upgrade such facilities to accommodate the Group's operations and requirements.

3.10 Material capital and operating leases to be entered into in order to complete the Kaunisvaara Project

The Group has not yet entered into all material capital lease arrangements for the acquisition of material items of mining equipment, which are accounted for as a source of financing in the project financing plan and which the Group will be required to enter into in order to be able to successfully fund and operate the Kaunisvaara Project. Although we are in discussions with relevant third parties, no assurance can be given that the Group will be able successfully to reach agreement with such third parties or that any such agreements will be finalized on terms and conditions that are currently contemplating and are reflected in the project financing plan. Further, if the Group is unable successfully to reach agreement with such third parties, there can be no assurance that it will be able to find replacement providers for such material mining equipment on similar pricing and other terms, or at all. If the Group is unable successfully to reach agreement with third parties for the capital lease of such material assets, it may be required to purchase the relevant assets, which would require significant capital expenditure not presently contemplated and there can be no

assurance that the Group will be able to obtain or raise the additional funds necessary to fund completion of the Kaunisvaara Project.

3.11 Future agreements, arrangements and permits

There are various agreements to be entered into, arrangements to be put in place and permits to be obtained in order for the Group to complete the Kaunisvaara Project, including for logistics, environmental and construction purposes. No assurance can be made that the Group will be able to have such agreements, arrangements and permits in place at acceptable terms, in the contemplated time schedule or at all. The commercial viability of the Kaunisvaara Project depends not only on the developing of the Tapuli and Sahavaara ore bodies, the dual-line processing plant and the related facilities in and around Kaunisvaara, but also on the Group's capability of entering into contracts that will allow the Company to utilize the rail and port infrastructure and to complete the necessary upgrades and alterations to those facilities so as to create an integrated transportation system from Kaunisvaara to the port of Narvik. The company intends to transport its iron ore concentrates by truck and rail to the Norwegian port of Narvik where the Group leases space in the port for a terminal and berth. Some of the facilities that the Group intends to use will need to be upgraded, built or expanded in order to handle the increased demands that will be placed on them due to the movement of iron ore concentrates. In particular, (i) facilities need to be built at Pitkäjärvi/Svappavaara, where the Group expects to load the iron ore concentrates from the trucks into the train cars; and (ii) certain expansions to the Narvik port facilities will need to occur in cooperation with the relevant road, rail and port authorities. The Group has applied for a dispensation from the Swedish Transport Administration (*Sw.: Trafikverket*) for heavier trucks than the current maximum allowable of 60 tonnes gross weight. Although the authority has declared its commitment to grant the maximum dispensation for the truck Northland intends to use, there is no guarantee this will be obtained at the time such trucks are required. A smaller truck size will entail higher costs than anticipated in the DFS for the Kaunisvaara Project. As the combination of road, rail and port facilities on which the Kaunisvaara Project will rely has never been previously used in the manner proposed and the detailed arrangements for access to such road and rail facilities have not been finalized with the relevant owners/operators, it is possible that additional work of which the Company is not currently aware may be required and/or that the costs of maintaining such facilities may be greater than it is currently contemplating. The railway that the Company intends to use to transport its iron ore concentrates is a public railway, access to which is regulated by the Swedish Transport Administration in Sweden and the Norwegian National Rail Administration (*No.: Jernbaneverket*) in Norway. If demand were to exceed supply on the railway, the available slots would be allocated considering the socio-economic benefits of the transports or, in the event that such demand arises after the annual allocation has been made, with regards to the time when the conflicting applications were made.

The allocation is made without regard to previous years' allocations among the parties requesting slots. In such circumstances, it is possible that the Kaunisvaara Project may not have sufficient access rights to transport all the iron ore concentrates the Company is capable of producing with the result that it may be forced to temporarily find alternative routes for transportation or reduce production of iron ore concentrates and/or deliveries of iron ore concentrates to the customers. Furthermore, the Company may not be able successfully enter into agreements with third parties who are to provide services that will enable to implement the logistics solution. Any failure to implement in a timely manner or maintain continuous operations of the intended logistics solution, particularly if such were to occur repeatedly or for a prolonged period of time, could disrupt the timely delivery of iron ore concentrates to customers which would adversely affect the Group's revenues and could result in the termination of one or more of the off-take contracts which the Group currently have in place and/or claims by customers under those contracts for damages for breach of the supply obligations. While the Group might, in such a case, be able to sell its iron ore

concentrates to alternative third parties, there can be no guarantee that such a price would not be materially worse than under the supply contracts or that the Group could sell its supply at all. In addition, the Group could be required to incur unexpected capital or operating costs to rectify such failures, and such expected costs could materially and adversely affect the Group's business, results of operations, financial condition or prospects.

3.12 Insurance and uninsured risk

The Group's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground failures, drill hole cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, snow falls and avalanches. Such occurrences could result in damage to exploration equipment, personal injury or death, environmental damage to the Group's properties or the properties of others, delays in exploration activities, monetary losses and possible legal liability.

Although the Group maintains insurance policies to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with an exploration of the Group's operations and may not be adequate to cover any particular liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration activities is not generally available to companies in the industry on acceptable terms.

It is not always possible to obtain insurance against all such risks and the Group may decide not to insure against certain risks because of high premiums associated with insuring against those risks or for other reasons. Furthermore, insurance coverage may not continue to be available at economically feasible premiums, or at all. Losses arising from events that are not insured or are not adequately insured may cause the Group to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

3.13 Legal and regulatory risk

Mining and construction operations in Sweden, Norway and Finland are subject to a variety of general and industry-specific regulations concerning the environment, the health and safety of employees, land access, infrastructure creation and access, royalties, taxation, accounting policies and other matters. In addition, certain types of operations require the use of certain mining and construction methods and equipment, submission of impact statements and approval thereof by government authorities. Compliance with such existing laws and regulations may cause delays or require capital outlays in excess of those anticipated, which, in turn, could have a material adverse effect on the Group's operations. Additionally, if these laws and regulations were to change and, as a result, material additional expenditure were required to comply with such new laws and regulations, restrictions or delays in the development of the Kaunisvaara and Hannukainen projects or significant additional costs could occur that would cause the Kaunisvaara and Hannukainen projects to become uneconomic. Substantially all of the Group's activities are subject to environmental permitting and regulation. These regulations and subsequent permits regulate, among other things, emissions to air and water as well as noise, vibrations and land reclamation. They also set forth regulations for management of solid and hazardous waste. Environmental legislation is evolving in a manner which may result in stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation will not adversely affect the Group's activities. Various competent authorities' approvals and permits are required in connection with the Group's activities. To the extent approvals and permits are required and not obtained, the Group may be curtailed or prohibited from proceeding with

planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities, pursuant to which the Group may be required to cease or curtail its operations or take corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties, such as the Group, engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of their exploration and development activities and may be subjected to civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Group and cause increases in exploration expenses or require abandonment of or delays in the exploration and development of new mining properties. In addition, the Group requires certain building permits, dispensations and authorizations in relation to certain aspects of its planned logistics solution for the Kaunisvaara project, for example the transshipment terminal in Pitkäjärvi. If the Group is unable to obtain these permits and authorizations, or if they are revoked or not renewed once issued, its ability to complete its planned logistics solution may be materially impaired, with the consequence that it would be unable to deliver its iron ore concentrate to its customers. Certain laws and regulations, particularly those related to environmental legislation, are evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation will not adversely affect the Group's activities. Any delays or increased costs as a result of existing regulations, new regulations or fines for a breach of such regulations could materially and adversely affect the Group's business, results of operations, financial condition or prospects.

3.14 Government regulations

The exploration and development activities of the Group are subject to various laws governing exploration, development, mining, processing, taxes, labour standards and occupational health and safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Group believes that its exploration and development activities are currently being carried out in accordance with all applicable laws, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing exploration and development activities or more stringent implementation thereof could have a substantial material adverse effect on the Group.

The Group's operations may be affected in varying degrees by government regulations with respect to, for example, restrictions on exploration, development, processing, production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. Changes in exploration, mining or investment policies or shifts in political attitude could materially adversely affect the Group's financial results.

In addition, the Group requires certain building permits, dispensations and authorizations in relation to certain aspects of its planned logistics solution for the Kaunisvaara and Hannukainen projects. If the Group is unable to obtain these permits and authorizations, or if they are revoked

or not renewed once issued, its ability to complete its planned logistics solution may be materially impaired, with the consequence that it would be unable to deliver its iron ore concentrate to its customers. Certain laws and regulations, particularly those related to environmental legislation, are evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation will not adversely affect the Group's activities. Any delays or increased costs as a result of existing regulations, new regulations or fines for a breach of such regulations could materially and adversely affect the Group's business, results of operations, financial condition or prospects.

3.15 Permits

Although the Group has or will receive title opinions in relation to its concessions, exploration permits, environmental licenses and other property that has been considered as material to the Group, there is no guarantee that title to such assets will not be challenged or impugned. The Group has not conducted surveys of the concessions, permits, licenses and other property in which it holds a direct or indirect interest, and therefore the exact area or location for such concessions, permits and licenses may be in doubt. The Group's concessions, permits and licenses may be subject to prior unregistered agreements, transfers, leases or native land claims and title may be affected by such unidentified or unknown claims or defects. Furthermore, any concession, permit or license may be withdrawn or the terms and conditions therefore be changed by the relevant authority in case the Group does not comply with its obligations under applicable laws or such specific concession, permit or license or if there otherwise are compelling reasons, e.g. effects of the operations that could not have been foreseen at the time of authorization of such concessions, permits and licenses. Obtaining the necessary governmental licenses or permits is a complex and time-consuming process involving numerous jurisdictions. There can be no assurance that the Group will be able to maintain or obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects. The Kaunisvaara Project will, upon completion, include the Tapuli and Sahavaara mines, each of which requires certain permits prior to the commencement of its development, including an environmental permit for each mine. Additionally, permits for the processing of the ore from each mine in a two line processing plant are required. To date, the Group has received all the principal permits that are required in order to operate Tapuli and Sahavaara except for an environmental permit for the Sahavaara mine. The permit for the Tapuli mine and the Kaunisvaara mill allows mining of up to 20 Mt per annum of ore and the processing of ore in the Kaunisvaara mill from Tapuli or similar ore with other origin. The permit also approved the construction of the mill with two processing lines and a nominal capacity of 12 Mt per annum of ore and 5 Mt of concentrate. This permit is valid and irrevocable, independent of additional applications and permits related to the Kaunisvaara operations. 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 Sahavaara environmental permit also, when and if granted, provide for a right to process the ore from the Sahavaara pit with increased sulphide levels. Unless and until the Group obtains such environmental permit, it will not be able to commence the development of the Sahavaara mine. An application was made on December 7, 2010 and amended in June 2011 to the relevant authorities in Sweden to obtain this environmental permit for the Sahavaara mine. It is management's belief that, the Sahavaara environmental permit is expected to be granted by the third quarter of 2012.

While the Group does not currently anticipate any difficulty in obtaining the Sahavaara environmental permit in a timely manner, the relevant authority in Sweden handling the permit

application is not the same as the authority that granted the Tapuli environmental permit, and the Sahavaara mine involves certain environmental issues related to the presence and disposal of sulphide contained within the Sahavaara orebody that were not addressed in the application for the Tapuli environmental permit because those sulphides are not present in the Tapuli orebody. No assurance can be given that the outstanding environmental permit for the Sahavaara mine will be granted in a timely manner or at all, or that if granted such permit will not be subject to one or more conditions that the Group would be unable to meet or that could require the Group to change the plans for the Sahavaara mine, delay the completion of the Sahavaara mine, or increase the cost of constructing and/or operating the Sahavaara mine. To mitigate the risk of the Sahavaara environmental permit is not granted by the end of the third quarter of 2012, the Company has now resolved to construct both lines of the processing plant as planned and to delay the development of the Sahavaara orebody. Tapuli ore will be processed in both lines of the processing plant. The Group is confident that it will be able to operate in this manner for up to approximately 24 months, after which it would be necessary to reduce the rate of production at the Tapuli orebody. Accordingly, it should be possible to achieve and maintain economically viable levels of production from the Kaunisvaara Project should there be a delay in obtaining the Sahavaara environmental permit of at least 24 months beyond the date on which the Group currently expect to obtain the permit. However, should there be any significant further delay in obtaining, or should the Group fail to obtain, the Sahavaara environmental permit this would materially and adversely affect its business, results of operations, financial condition or prospects.

3.16 Health and safety hazards

The Group cannot guarantee that none of its employees will ever be injured or become ill from any occupational disease related to the workplace, or that such injuries or diseases may not have any implications on the Group. The materialization of any of the foregoing may have a material and adverse effect on the Group's business, results of operations and financial condition or prospect.

3.17 Environmental risk hazards

All phases of the Group's exploration and development activities are subject to regulation by governmental agencies under various environmental laws in the various jurisdictions in which it operates. These laws address emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species, and reclamation of lands disturbed by mining operations. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Group and may cause material changes or delays in the Group's intended activities. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Group's operations or result in substantial costs and liabilities to the Group in the future. Furthermore, environmental hazards which are unknown to the Group at present and which have been caused by previous or existing owners or operators may exist on the Group's properties.

3.18 Uncertainty in the estimation of ore/mineral reserves, mineral resources and metallurgical sampling and studies

The figures for ore/mineral reserves and mineral resources contained herein, or otherwise disclosed by the Group, are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that ore/mineral reserves can be mined or processed profitably, if at all. There are numerous uncertainties inherent in estimating ore/mineral reserves and mineral resources, including many factors beyond the Group's control. Such estimation is a subjective process, and the accuracy of any reserve or

mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term operating factors relating to the ore/mineral reserves, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause any ore body to be unprofitable in any particular accounting period. In addition, there can be no assurance that recoveries derived from small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Fluctuation in commodity prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate of ore/mineral reserves or mineral resources may require revision of such estimates. The actual volume and grade of reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of ore/mineral reserves and mineral resources, or of the Group's ability to extract these ore/mineral reserves, could have a material adverse effect on the Group's results of operations and financial condition. The Group has not disclosed updated figures for ore/mineral reserves and mineral resources since 1 June 2011. No assurance can be made that the aforementioned report provides an accurate or complete description of the Group's ore/mineral reserves and mineral resources.

While there has been metallurgical testing of the Kaunisvaara and Hannukainen projects' iron ore from samples, by its very nature, mineralization is not homogeneous and the samples may not be representative of the broader orebody. The test work conducted to date has been on samples, which the Group believes to be representative of the orebody at the Tapuli and Sahavaara and Hannukainen mines. However, there is a risk that this may not be the case. If the ore mined at the Tapuli, Sahavaara and Hannukainen mines does not perform in the iron ore processing plant as expected based on trials that have been conducted, or if it has a materially different percentage of iron ore or other chemical composition than currently expected, the Group's ability to process the iron ore in the processing plant or to attract the price for its iron ore concentrate that the Group anticipates may be adversely impacted. This may, in turn, materially and adversely affect the Group's business, results of operations, financial condition or prospects.

3.19 Uncertainty relating to measured, indicated and inferred mineral resources

There is risk that measured, indicated and inferred mineral resources cannot be converted into mineral reserves as the ability to assess geological continuity is not sufficient to demonstrate economic viability. Due to the uncertainty of measured, indicated and inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to proven and probable mineral reserves as a result of continued exploration.

The disclosure in this Company Update (including in the documents incorporated by reference) of a scientific or technical nature of the Group's material properties, including disclosure of mineral reserves and resources, is based on technical reports prepared for those properties in accordance with NI 43-101 and other information that has been prepared by or under the supervision of "qualified persons" (as such term is defined in NI 43-101) and included in this Company Update with the consent of such persons. The technical reports have been filed on SEDAR and can be reviewed at www.sedar.com. Actual recoveries of mineral products may differ from reported mineral reserves and resources due to inherent uncertainties in acceptable estimating techniques. In particular, "indicated" and "inferred" mineral resources have a great amount of uncertainty as to their existence, economic and legal feasibility. It cannot be assumed that all or any part of an "indicated" or "inferred" mineral resource will ever be upgraded to a higher category of resource. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Investors are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into proven and probable reserves, or that any proven or probable reserves will lead to economically viable production or production at all.

3.20 Additional ore/mineral reserves

Because mines have limited lives based on proven and probable ore/mineral reserves, the Group must continually replace and expand its ore/mineral reserves in order for a mine to continue production. The life-of-mine estimates for the Group's anticipated operations may not be correct, and ultimately, the Group's ability to maintain or increase its anticipated annual production will be dependent on its ability to bring new mines into production and/or to expand ore/mineral reserves at its then existing mines.

3.21 Title to assets and titles

The Group's title to its properties may be subject to disputes or other claims. Although the Group has exercised reasonable due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. There may be valid challenges to the title of the Group's properties, which, if successful, could impair the Group's ability to explore, develop and/or operate its properties or to enforce its rights with respect to its properties. The Group's title may be subject to prior unregistered or native land claims by the indigenous Sami people, and its title may be adversely affected by unidentified or unknown defects. If the Group's title to its material real properties required for the development of the Kaunisvaara and Hannukainen projects were to be challenged or impugned, this could increase the costs associated with the two projects and, if the Group was unable to settle or resolve such issues, require the Group to cease such developments in whole or in part, or change the manner in which the Kaunisvaara and Hannukainen projects are developed. Any changes in the Group's planned development of the Kaunisvaara and Hannukainen projects could materially and adversely affect the Group's business, results of operations, financial condition or prospects. Other parties may dispute the Group's title to the properties in which it has an interest and such properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected encumbrances or defects or government actions. An impairment to or defect in the Group's title to its properties could have a material adverse effect on the Group's business, financial condition or results of operations. In addition, such claims, whether or not valid, will involve additional costs and expenses to defend or settle which could adversely affect the Group's profitability.

3.22 Results from current Definitive Feasibility Studies

According to normal practice in the industry, the Group is performing Definitive Feasibility Studies ("DFS") for its projects. Currently the Company is preparing DFS on its Hannukainen Project as well as its Pellivuoma deposit. There is no assurance that the Group's activities and assessments in connection with the DFS will verify the preliminary results earlier communicated to the market. The commercial viability of a mineral deposit is dependent upon a number of factors that are beyond the Group's control as described above and could result in the Group not receiving an adequate return on invested capital. There is also a risk that the DFS cannot be completed in the time frame expected as this is dependent upon receiving complete and accurate information from a number of consultants involved in the DFS work. A delay in finalizing the DFS could also mean, due to changes beyond the control of the Group, that it is no longer viable to open new mining operations.

3.22 Third party reports

This Company Update contains references to reports prepared by third parties. The scope of each of these reports is limited, and the opinions, conclusions, information and observations contained therein are given as at their respective dates and subject to the limitations and qualifications specified therein, including with respect to their reliance upon certain information provided to them by the Group and other third parties.

3.23 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. The Group monitors this exposure, but had no hedge positions at December 31, 2011.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Group's result before tax due to changes in the carrying value of monetary assets and liabilities.

	Effect on result before tax for the eleven months ended December 31, 2010	Effect on result before tax for the year ended January 31, 2010	Effect on result before tax for the year ended January 31, 2009	Effect on result before tax for the year ended January 31, 2008
	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)
	USD million	USD million	USD million	USD million
Increase foreign exchange rate +5%				
SEK	12.56	4.30	2.16	1.72
EUR	1.86	1.73	1.61	0.93
USD	0.32	0.10	1.10	0.41
NOK	0.49	1.36	2.00	5.27
GBP	1.39	0.25	0.14	0.20

A decrease in foreign exchange rates of 5% would have the opposite impact on income.

3.24 Credit risk

The Group considers that the following financial assets are exposed to credit risk: cash, accrued interest receivable, prepaid expenses and deposits. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfill a contractual obligation. The Group has never held any asset backed paper instruments. The Company seeks to place its cash with reputable financial institutions. Accordingly, the Company believes that it is exposed to minimal credit risks at the current time, although the current concerns surrounding financial institutions globally have increased the risk of a credit default by a major financial institution impacting the Group. The Group only deposits cash surpluses with major banks of high quality credit standing. Except for a bridge facility from Standard bank, the maximum exposure to credit risk at the reporting date is the carrying value of each class of any possible accounts receivable.

3.25 Changes in critical accounting estimates could adversely affect financial results

The Group's most significant accounting estimates relate to the carrying value of the Group's mineral property assets. The accounting policies in relation to metal and mineral properties are set out in full in the Group's annual financial statements. Management regularly reviews the net carrying value of each metal and mineral property. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses if carrying value can be recovered. Management's estimates of mineral prices, mineral resources and operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term, which could adversely affect the future net cash flows to be generated from the properties. Another significant

estimate relates to accounting for stock based compensation. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Group's stock options granted/vested during the year.

3.26 Tax

There has not been performed any tax assessment or due diligence for tax purposes.

3.27 Current global financial conditions

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by, inter alia, subprime mortgages, state crises and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of the Group to obtain equity or debt financing in the future on terms favourable to the Group. If these increased levels of volatility and market turmoil continue, the Group's operations could be adversely impacted and the trading price of Shares may be adversely affected.

3.28 Capital expenditures risks related to the future cash flows from the Kaunisvaara project

The Group is planning to develop the Tapuli mine, the processing plant and the planned logistics solution prior to the development of the Sahavaara mine. There is a risk that the funds available to the Group prior to completion of the Tapuli mine, the processing plant and ancillary facilities and the planned logistics solution will not be sufficient to progress construction of the Kaunisvaara project to the stage where the Group is able to generate operating cash flows from Tapuli's production. The Group assumes, accounting for contingencies that it will need to incur more than USD 620 million of capital expenditure prior to production commencing at Sahavaara. Furthermore, there is a risk that even if the Group is able to generate cash flows from Tapuli's production, the amount of such cash flows actually generated (together with other funds available to the Group, if any) may not be sufficient to fund completion of the Kaunisvaara project. As a result the Group may be required to cease, slow or delay certain or all further construction works until it was able to raise additional funds. Any such cessation or delay could result in third parties exercising their rights of termination under certain material agreements and/or the Group being required to pay liquidated damages or other amounts to third parties under such agreements.

The amount of operating cash flow that the Group will be able to derive from the Kaunisvaara project prior to its completion depends upon a number of factors, many of which are entirely outside the Group's control. Such factors include, but are not limited to, the prevailing iron ore price, the quality of the iron ore concentrate the Group is able to produce, and the Group's ability to deliver iron ore concentrate to its customers in a timely manner and the level of operating expenditures incurred by the Group. Accordingly, there can be no assurance that the operating cash flows derived from the Kaunisvaara project prior to its completion will be equal to or greater than the amounts assumed in the Group's funding plan or sufficient (when taken with other funds available to the Group) to fund completion of the Kaunisvaara project. In the event of a shortfall in pre-completion operating cash flows, there can be no assurance that the Group will be able to obtain or raise the additional funds necessary to complete the Kaunisvaara project or that any associated delays or increased costs of completing the Kaunisvaara project will not have a material adverse effect on the Group's business, results of operations and financial condition. Any

requirement for the Group to seek additional funding sources or any delay in completion of the Kaunisvaara project could materially and adversely affect the Group's business, results of operations, financial condition or prospects.

3.29 Changes in critical accounting estimates could adversely affect financial results

The Group's most significant accounting estimates relate to the carrying value of the Group's mineral property assets. The accounting policies in relation to metal and mineral properties are set out in full in the Group's annual financial statements. Management regularly reviews the net carrying value of each metal and mineral property. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses if carrying value can be recovered. Management's estimates of mineral prices, mineral resources and operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term, which could adversely affect the future net cash flows to be generated from the properties. Another significant estimate relates to accounting for stock based compensation. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Group's stock options granted/vested during the year.

4 GLOSSARY OF TERMS

Terms and expressions used in the mining industry and technical terms used in the description of the Group are set out below.

Auger:	Tool designed for boring holes into soil or soft/weak rock.
Bankable/Definitive Feasibility Study or BFS/DFS:	A comprehensive design and costing study of the selected option for the development of a mineral project in which appropriate assessments have been made of realistically assumed, geological, mining, metallurgical, economic, marketing, legal, environmental, social governmental, engineering, operational and all other modifying factors which are considered in sufficient detail to demonstrate at the time of reporting (i) that extraction is reasonably justified (economically mineable) and (ii) the factors finance the development of the project.
Beneficiation:.....	Preparation of ores by drying, flotation or magnetic separation to improve the grade by removing associated impurities.
Direct Reduction or DR:.....	An alternative route of iron making developed to overcome some of the difficulties of conventional blast furnaces.
Dmtu:	Dry metric tonne units.
Dmtpa	Dry metric tonne per annum.
DTT:	Davis Magnetic Tube Test - the standard test used to predict magnetic ores response.
EPCM:	Engineering, procurement and construction management.
EIA:	Environmental Impact Assessment.
Fe:	Chemical symbol for iron (total Fe content).
Flowsheet:.....	Diagram showing progress of material or ore through a preparation or treatment plant.
Grade:	Relative quantity or the percentage of ore mineral or metal content in an ore body.
Hydraulic mining:	Use of strong water jet to move deposits of sand and gravel from original site to separating equipment, where sought-for mineral is extracted.
HYL:	A variant of DRI production that is able to process ores with elevated levels of sulphur.
Inferred mineral resource:	The part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
IOCG:	Iron oxide-copper-gold.
JORC Code:	the code of the Joint Ore Reserve Committee of the Australian Institute of Mining and Metallurgy for reporting mineral resources and ore reserves which set out the minimum standards, recommendations and guidelines for the public reporting of exploration results, mineral resources and ore reserves.
Metallurgical:	Describing the science concerned with the production, purification and properties of metals and their applications.
Mill:	Equipment used to grind crushed rocks to the desired size for mineral extraction.
Mineral resource:.....	A concentration or occurrence of natural, solid, inorganic or fossilised organic material in or on the Earth's crust in such form and quantity and

of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

Mt	Million tonnes.
Mtpa:	Million tonnes per annum.
NPV:	Net present value.
Ore:	Material from which a mineral or minerals of economic value can be extracted.
Pellet:	A small spherical marble-sized ball of iron ore used in steelmaking.
Preliminary Economic Assessment or PEA:	The first level of engineering study that is performed on a mineral deposit to determine its economic viability. This is usually performed to determine whether the expense of a full pre-feasibility study and later full feasibility study is warranted. The studies may be completed internally by the Group or by independent engineers.
Pre-feasibility study/PFS:	A comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and where an effective method of mineral processing has been determined. This study must include a financial analysis based on reasonable assumptions of technical, engineering, operating and economic factors and evaluation of other relevant factors which are sufficient for a qualified person acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve.
Sinter:	Process for agglomerating ore concentrate in which partial reduction of minerals may take place and some impurities may be expelled prior to subsequent smelting and refining.
Sinter feed:	Iron ore product used to make sinter.
SiO ₂ :	Silica.
T:	A metric tonne (1,000kg).
Tailings:	Material that remains after all metals/minerals considered economic have been removed from the ore.
Tpa:	Tonnes per annum.
VIU:	Value-in-use.

NORTHLAND

Northland Resources AB

Datavägen 14
SE-977 54 Luleå
Sweden

Telephone: +46 (0)920 779 00

Facsimile: + 46 (0)920 779 99

www.northland.eu