NORTHERN IRON CORP.

FINANCIAL STATEMENTS

30 September 2011 and 2010
Stated in Canadian Funds

To the Shareholders of Northern Iron Corp.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Generally Accepted Accounting Principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of Northern Iron's external auditors.

We draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board Audit Committee and management to discuss their audit findings.

12 January 2011

"Basil Botha"	*"Grant T. Smith"*
Basil Botha, CEO	Grant T. Smith, CFO

MNP LLP

INDEPENDENT AUDITORS' REPORT

To the Shareholders of **Northern Iron Corp.**:

We have audited the accompanying financial statements of Northern Iron Corp., which comprise the statement of financial position as at September 30, 2011 and 2010, and the statements of loss and comprehensive loss, deficit and cash flows for the year and period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northern Iron Corp. as at September 30, 2011 and 2010, and the results of their operations and their cash flows for the year and period then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of these financial statements, which states that Northern Iron Corp. incurred significant losses from operations, negative cash flows from operating activities and has an accumulated deficit. This, along with other matters described in Note 1, indicates the existence of a material uncertainty which may cast doubt about the ability of Northern Iron Corp. to continue as a going concern.

MNP LLP

January 12, 2012

Vancouver, British Columbia

Chartered Accountants

Statement 1

NORTHERN IRON CORP.

Canadian Funds

STATEMENT OF FINANCIAL POSITION

	Note		As at 30 September 2011		As at 30 September 2010
ASSETS					
Current Assets					
Cash		$	10,781,118	$	618,085
Amounts receivable			191,954		23,939
Prepaid amounts and other assets			214,476		91,461
			11,187,548		733,485
Non-current Assets					
Resource property	(4)		3,203,580		1,558,891
Equipment	(5)		55,328		45,112
			3,258,908		1,604,003
		$	14,446,456	$	2,337,488
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities		$	560,508	$	62,190
EQUITY					
Share capital			14,138,090		2,673,471
Contributed surplus – Options *(statement 3)*			211,000		203,000
Contributed surplus – Warrants *(statement 3)*			715,307		-
Deficit *(statement 3)*			(1,178,449)		(601,173)
			13,885,948		2,275,298
		$	14,446,456	$	2,337,488
Nature of Operations and Going Concern	(1)				
Related Party Transactions	(7)				
Commitments	(9)				
Subsequent Events	(12)				

These financial statements were approved on behalf of the board of directors on 12 January 2012 and were signed on its behalf by:

"Basil Botha"

Basil Botha, Director

"Rick Brown"

Rick Brown, Director

-- See Accompanying Notes --

NORTHERN IRON CORP.

Canadian Funds

STATEMENT OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

	Note	Year Ended 30 September 2011	Period ended 30 September 2010
CONTINUING OPERATIONS			
Expenses (Recovery)			
Consulting fees		$ 209,121	$ 275,325
Professional fees		153,161	29,654
Travel		142,290	26,040
Shareholder relations		43,670	52,770
Office and general		42,528	9,804
Transfer agent and filing fees		28,037	-
Amortization		15,785	4,318
Insurance		9,355	433
Stock-based compensation		-	203,000
Bank charges and interest		(1,296)	(171)
Loss from Continuing Operations		$ 642,651	$ 601,173
Future Income tax expense (recovery)		(65,375)	-
Loss and Comprehensive Loss for the year		577,276	601,173
Basic and Diluted Loss per Common Share		$ (0.02)	$ (0.04)
Weighted Average Number of Shares Outstanding		33,298,119	14,000,918

-- See Accompanying Notes --

NORTHERN IRON CORP.

Canadian Funds

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	Note	Shares		Amount	Options		Amount	Warrants		Amount		Deficit		Shareholders' Equity
BALANCE 20 NOVEMBER 2009		-	$	-	-	$	-	-	$	-	$	-	$	-
Issuance of founder's shares for cash		2,000,000		200	-		-	-		-				200
Net loss for the period		-		-	-		-	-		-		-		-
BALANCE AT 31 DECEMBER 2009		2,000,000	$	200	-	$	-	-	$	-	$	-	$	200
Shares on property acquisition		5,000,000		500,000	-		-	-		-		-		500,000
Net loss for the period		-		-	-		-	-		-		-		-
BALANCE AT 31 MARCH 2010		7,000,000	$	500,200	-	$	-	-	$	-	$	-	$	500,200
Issuance of options		-		-	2,600,000		203,000	-		-		-		203,000
Share based payments		2,600,000		260,000	-		-	-		-		-		260,000
Issuance of shares		7,665,000		766,500	-		-	-		-		-		766,500
Shares for professional services		1,000,000		100,000	-		-	-		-		-		100,000
Share issuance costs		-		(13,229)	-		-	-		-		-		(13,229)
Net loss for the period		-		-	-		-	-		-		(567,403)		(567,403)
BALANCE AT 30 JUNE 2010		18,265,000	$	1,613,471	2,600,000	$	203,000	-	$	-	$	(567,403)	$	1,249,068
Issuance of flow-through shares		1,400,000		210,000	-		-	-		-		-		210,000
Shares on property acquisition		8,500,000		850,000	-		-	-		-		-		850,000
Net loss for the period		-		-	-		-	-		-		(33,770)		(33,770)
BALANCE AT 30 SEPTEMBER 2010	(6)	28,165,000	$	2,673,471	2,600,000	$	203,000	-	$	-	$	(601,173)	$	2,275,298

-- See Accompanying Notes --

NORTHERN IRON CORP.

Canadian Funds

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Note	Shares	Amount	Options	Amount	Warrants	Amount	Deficit	Shareholders' Equity
BALANCE 01 OCTOBER 2010		28,165,000	$ 2,673,471	2,600,000	$ 203,000	-	$ -	$ (601,173)	$ 2,275,298
Shares for professional services		80,000	12,000	-	-	-	-	-	12,000
Issuance of flow-through shares		343,333	51,500	-	-	-	-	-	51,500
Share issuance cost		-	(12,000)	-	-	-	-	-	(12,000)
Net loss for the period		-	-	-	-	-	-	(101,578)	(101,578)
BALANCE AT 31 DECEMBER 2010		28,588,333	$ 2,724,971	2,600,000	$ 203,000	-	$ -	$ (702,751)	$ 2,225,220
Shares on property acquisition		50,000	5,000	-	-	-	-		5,000
Net loss for the period		-	-	-	-	-	-	(125,717)	(125,717)
BALANCE AT 31 MARCH 2011		28,638,333	$ 2,729,971	2,600,000	$ 203,000	-	$ -	$ (828,468)	$ 2,104,503
Stock options granted		-	-	300,000	8,000	-	-	-	8,000
Stock options expired		-	-	(600,000)	-	-	-	-	-
Net loss for the period		-	-	-	-	-	-	(58,191)	(58,191)
BALANCE AT 30 JUNE 2011		28,638,333	$ 2,729,971	2,300,000	$ 211,000	-	$ -	$ (886,659)	$ 2,054,312
Issuance of shares		27,967,299	7,929,907	-	-	-	-	-	7,929,907
Issuance of flow-through shares		17,424,243	5,601,915	-	-	-	-	-	5,601,915
Issuance of purchase warrants		-		-	-	36,679,421	608,368	-	608,368
Issuance of agent's warrants		-	(106,939)	-	-	3,964,656	106,939	-	-
Share issuance costs		-	(1,951,389)	-	-	-	-	-	(1,951,389)
Flow-through renouncement		-	(65,375)	-	-	-	-	-	(65,375)
Net loss for the period		-	-	-	-	-	-	(291,790)	(291,790)
BALANCE AT 30 SEPTEMBER 2011	(6)	74,029,875	$ 14,138,090	2,300,000	$ 211,000	40,644,077	$ 715,307	$ (1,178,449)	$ 13,885,948

-- See Accompanying Notes --

NORTHERN IRON CORP.

Canadian Funds

STATEMENT OF CASH FLOWS

	Note	Year Ended 30 September 2011	Period Ended 30 September 2010
OPERATING ACTIVITIES			
Loss for the Period		$ (577,276)	$ (601,173)
Items not Affecting Cash			
Future Income tax expense (recovery)		(65,375)	-
Amortization		15,784	4,318
Stock-based compensation	(6)	-	203,000
Shares issued for services		-	288,648
		(626,867)	(105,207)
Net Change in Non-cash Working Capital			
Amounts receivable		(168,015)	(23,939)
Prepaids amounts and other assets		(123,015)	(55,587)
Accounts payable and accrued liabilities		93,464	62,190
		(197,566)	(17,336)
		(824,433)	(122,543)
INVESTING ACTIVITIES			
Purchase of equipment		(26,000)	(49,430)
Resource property acquisition costs		(20,000)	-
Resource property expenditures		(1,271,942)	(186,642)
		(1,317,942)	(236,072)
FINANCING ACTIVITIES			
Proceeds from share and unit issuances		14,191,690	976,700
Share and unit issuance costs		(1,886,282)	-
		12,305,408	976,700
Net Increase in Cash		10,163,033	618,085
Cash position – beginning of period		618,085	-
Cash Position – End of Period		$ 10,781,118	$ 618,085
Schedule of Non-cash Investing and Financing Transactions			
Shares issued for mineral property acquisition	(4)	$ 5,000	$ 1,372,249
Resource expenditures in accounts payable		339,747	-
Share issuance costs included in accounts payable		65,107	-
Stock-based compensation capitalized as resource property	(4)	8,000	-
Shares issued for services		-	288,648
Shares issued for prepaid and deposits		-	35,874
Shares issued for share issuance costs		12,000	13,229
Supplementary Disclosure of Cash Flow Information			
Exploration expenditures included in prepaid amounts		$ 200,000	$ 50,820
Cash paid for interest		1,543	-
Cash paid for income taxes		-	-

-- See Accompanying Notes --

NOTES TO THE FINANCIAL STATEMENTS

1) Nature of operations and going concern

The Company was incorporated pursuant to the Company Act (Ontario) by registration of its Memorandum and Articles on 20 November 2009. On 09 July 2010 the Company registered in British Columbia for extra provincial registration as the Company's administrative office is located in British Columbia. The Company is classified as a 'Junior Natural Resource-Mining' company.

The Company is in the business of acquiring and exploring mineral properties in Red Lake Mining Division, ON and other locations. There has been no determination whether properties held contain ore reserves, which are economically recoverable. The recoverability of valuations assigned to mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the properties, the ability to obtain the necessary financing to complete development, and future profitable production or proceeds from disposition.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. They do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. The continued operations of the Company are dependent on its ability to find economically recoverable reserves to generate cash flows from operations and/or to obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used and such adjustments could be material.

		30 September 2011		30 September 2010
Working capital	$	10,627,040	$	671,295
Accumulated deficit	$	(1,178,449)	$	(601,173)

2) Significant Accounting Policies

a) Basis of Presentation

The financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles.

b) Management's Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's key estimates relate to recoverability of mineral property costs, asset retirement obligations, estimated useful life of equipment, stock-based compensation, fair value of shares issued in exchange for services and on acquisition of property, and future income tax valuation allowances. Actual results may differ from those estimates.

c) Loss per Share

Basic earnings (loss) per share are calculated using the weighted-average number of shares outstanding during the period. The Company uses the treasury stock method to calculate diluted earnings per share, which assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The effect on loss per share of the Company's outstanding options and warrants is anti-dilutive and, therefore, basic and diluted loss per share amounts are the same.

d) Resource Properties

Costs of acquisition and exploration of mineral properties are capitalized until either commercial production is established or a property is abandoned. Once commercial production has commenced, the net costs of the applicable property are charged to operations using the unit-of-production method based on estimated proven and probable recoverable reserves. The net costs related to abandoned properties are charged to income. Office and administration costs not specifically related to mineral projects are expensed in the year in which they occur.

The Company reviews the carrying value of each property on an annual basis, as a minimum. This review generally is made by reference to the timing of exploration work, work programs proposed and the exploration results achieved by the Company and others. When the carrying value of a property is estimated to exceed its net recoverable amount, provision is made for the decline in fair value.

The amounts shown for the mineral properties represent costs incurred to date and do not reflect present or future values. The recoverability of these capitalized costs is dependent upon the existence of economically recoverable reserves and the ability of the Company to obtain necessary financing to successfully complete their exploration program.

e) Cash and Cash Equivalents

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with maturities at a point of purchase of 90 days or less.

f) Equipment

Equipment is recorded at cost. Amortization is recorded at rates sufficient to write-off the cost of the assets over their estimated useful lives. Amortization rates are as follows:

Computer equipment	45% declining balance basis
Field equipment	20% declining balance basis
Computer software	100% declining balance basis

g) Share capital

Share capital issued for non-monetary consideration is recorded at an amount based on the quoted market value of the Company's shares at the time of issuance.

h) Property Option Agreements

The Company may occasionally acquire or dispose of properties pursuant to the terms of options agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, amounts payable or receivable are not recorded. Option payments are recorded as resource property cost or gains when the payments are made or received.

i) Environmental

The operations of the Company may, in the future, be affected by changes in environmental regulation, including those for future reclamation and site restoration costs. The likelihood of new regulations and the overall effect they might have on the Company vary greatly and are neither measureable nor predictable.

j) Future Income Taxes

The future income tax asset and liability method of accounting for income taxes is used, whereby future income tax assets and liabilities are recorded based on temporary differences between the carrying amounts of balance sheet items and their corresponding tax bases. Future income tax assets also arise from unused tax losses, subject to a valuation allowance, to the extent that it is more likely than not such losses ultimately will be utilized. This method also requires that the future income tax assets and liabilities be measured using the enacted rates and laws that are expected to apply when these assets and liabilities are either to be realized or subsequently settled.

k) Financial Instruments – recognition and measurement

All financial instruments must be recognized, initially, at fair value on the consolidated balance sheet. The Company has classified each financial instrument into the following categories: "held for trading," "loans and receivables," and "other liabilities." Subsequent measurement of the financial instruments is based on their respective classification. Unrealized gains and losses on held for trading instruments are recognized in earnings. The other categories of financial instruments are recognized at amortized cost using the effective interest method. The Company had made the following classifications:

Financial Assets or Liabilities	Category
Cash and cash equivalents	Held for trading
Amounts receivable	Loans and receivables
Prepaid amounts and other current assets	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Due to related parties	Other liabilities

l) Flow-through Shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Recording these expenditures for accounting purposes gives rise to taxable temporary differences. When flow-through expenditures are renounced to the investors, a portion of the future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, are recognized as a recovery of income taxes in the statement of operations.

m) Stock-Based Compensation

The Company uses the fair value method to measure compensation expense at the date of grant of stock options. The fair value of options is determined using the Black-Scholes option pricing model and is amortized to earnings over the vesting period with an offset to contributed surplus. When options are exercised, the corresponding contributed surplus and the proceeds received by the Company are credited to share capital. Forfeitures of stock options are accounted for as incurred.

n) Asset Retirement Obligations

The Company applies the recommendations of CICA Handbook Section 3110 – *Asset Retirement Obligations*. This section requires recognition of a legal liability for obligations relating to retirement of property, plant, and equipment, and arising from the acquisition, construction, development, or normal operation of those assets. The liability for asset retirement obligations must be recognized at fair value in the period in which it is incurred, when a reasonable estimate of fair value can be made. Such retirement costs are added to the carrying value of the asset, and amortized into income on a systematic basis over the useful life. Changes in estimates are accounted for prospectively commencing in the period the estimate is revised. The Company has determined that it has no asset retirement obligations as at 30 September 2011 and 2010.

o) Impairment of Long Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

p) Title to Resource Properties

Although the Company has taken steps to verify the title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers.

q) Adoption of New Accounting Policies

International Financial Reporting Standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after 01 January 2011. The Company is required to adopt IFRS for its year end beginning 01 October 2011. The transition date of 01 October 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended 30 September 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3) Financial Instruments and Risk Management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Statement of Financial Position are carried at amortized cost with the exception of cash, which is carried at fair value. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 30 September 2011.

The fair value of the Company's cash is quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy.

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's cash has been assessed on the fair value hierarchy described above and classified as Level 1.

4) Resource Properties

Details of mineral property activities are as follows:

20 November 2009	**$**	**-**	
Acquisition		1,398,249	
Geological and consulting		92,980	
Contractor services		27,530	
Transportation		17,031	
Staking		14,940	
Survey		3,342	
Admin and camp		2,537	
Assaying		2,282	
30 September 2010	**$**	**1,558,891**	
Drilling		945,452	
Admin and camp		272,835	
Geological and consulting		209,871	(i)
Assaying		70,662	
Survey		68,226	
Acquisition		25,000	(ii)
Transportation		35,313	
Geochemical		9,100	
Staking		8,230	
Total expenditures during the period	**$**	**1,644,689**	
Total cumulative as at 30 September 2011	**$**	**3,203,580**	

(i) Included in geological and consulting is stock-based compensation in the amount of $8,000.
(ii) Included in acquisition is stock-based compensation in the amount of $5,000.

As at 30 September 2011 and 2010, the Company is running an exploration program in these properties to define iron ore economic resources.

The Company holds outright six contiguous mineral properties located in the Red Lake Mining Division.

- 100% interest in 4 mineral claims covering 1,024 hectares, known as the El Sol Property. This agreement is subject to a 2% Net Smelter Royalty ("NSR") upon commencement of commercial production. This NSR will be reduced to 1% upon payment of $1,00,000 to the optionor. To maintain the option agreement in good standing, the Company must perform the following by the specified date:

Date	Shares Issued		Cash Payments		Exploration Expenditures
17 February 2010	500,000	(i)	-		
17 February 2010	8,500,000	(i)	-		
23 August 2012			-	$	500,000
23 August 2013			-	$	1,000,000

(i) Issued
(ii) Paid

- 100% interest in 11 mineral claims covering 1,776 hectares, known as the Griffith Mine Property. The agreement is subject to a 1% NSR upon commencement of commercial production. To maintain the option agreement in good standing, the Company must perform the following by the specified date:

Date	Shares Issued			Cash Payment	
5 January 2010	2,000,000	(i)			
5 January 2010			$	6,000	(ii)

(i) Issued
(ii) Paid

- 100% interest in 15 mineral claims covering 3,200 hectares, known as the Karas Property;
- 100% interest in 22 mineral claims covering 5,168 hectares, known as Whitemud Property.

In order to keep the Karas and Whitemud property agreements in good standing, the Company must perform the following by the specified dates:

Date	Shares Issued			Cash Payment	
03 March 2010	500,000	(i)	$	-	
01 August 2010	-			15,000	(ii)
31 January 2011	-			20,000	(ii)
31 January 2012	-			25,000	
30 June 2012	50,000	(i)		-	
31 January 2013	-			40,000	
31 May 2013	50,000			-	
31 May 2014	50,000			-	
Total	650,000		$	100,000	

(i) Issued
(ii) Paid

- 100% interest in 9 mineral claims covering 2,096 hectares, known as the Papaonga Property. To maintain the option agreement in good standing, the Company must perform the following by the specified date:

Date	Shares Issued			Cash Payment	
26 April 2010			$	5,000	(i)
26 May 2010	500,000	(iii)			

(i) Issued
(ii) Paid
(iii) Issued subsequent to 30 September 2011

5) Equipment

Details are as follows:

		Computer Equipment		Computer Software		Field Equipment		Total
COST OR DEEMED COST								
Balance at 20 November 2009	$	-	$	-	$	-	$	-
Additions		3,753		5,521		40,156		49,430
Balance at 30 September 2010	$	3,753	$	5,521	$	40,156	$	49,430
Balance at 01 October 2011	$	3,753	$	5,521	$	40,156	$	49,430
Additions		-		-		26,000		26,000
Balance at 30 September 2011	$	3,753	$	5,521	$	66,156	$	75,430
DEPRECIATION								
Balance at 20 November 2009	$	-	$	-	$	-	$	-
Depreciation for the period		355		1,380		2,583		4,318
Balance at 30 September 2010	$	355	$	1,380	$	2,583	$	4,318
Balance at 01 October 2011	$	355	$	1,380	$	2,583	$	4,318
Depreciation for the year		1,529		4,141		10,114		15,784
Balance at 30 September 2011	$	1,884	$	5,521	$	12,697	$	20,102
CARRYING AMOUNTS								
At 20 November 2009	$	-	$	-	$	-	$	-
At 30 September 2010	$	3,398	$	4,141	$	37,573	$	45,112
At 30 September 2011	$	1,869	$	-	$	53,459	$	55,328

6) Share Capital

a) Authorized: Unlimited common shares without par value.

b) Issued or allotted and fully paid:

During the fiscal year ended 30 September 2011, the Company renounced $261,500 of flow-through share expenditures, resulting in a future income tax adjustment of $65,375, details of which are disclosed in Note 11.

On 23 August 2011 the Company closed its initial public offering (the “Offering) of Non Flow-Through Units and Flow-Through Units for aggregate gross proceeds of $14,140,190. Pursuant to the Offering, 27,967,299 Non Flow-Through Units were sold at $0.30 per unit for gross proceeds of $8,390,190 and 17,424,243 Flow-Through Units were sold at $0.33 per unit for gross proceeds of $5,750,000. Each Non Flow-Through Unit is comprised of one common share in the capital of the Company (a "Common Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share at a purchase price of $0.50 for a period of 24 months from the closing of the Offering. Each Flow-Through Unit is comprised of one Common Share that qualifies as a "flow-through share" and one-half of one Warrant. The funds raised include an 8% cash commission and 8% agent’s warrants. Each Agent Warrant will be exercisable for one Non Flow-Through Unit at a price of $0.30 for a period of twenty-four months from the closing of the Offering. The Company also paid cash fees of $125,000 and 333,333 Agent Warrants.

On 31 January 2011 the Company issued 50,000 shares at a value of $0.10 for a total value of $5,000 for the acquisition of resource property.

On 16 November 2010 the Company issued 80,000 shares at a value of $0.15 for a total value of $12,000 for agent fees paid as commission to Scott Robinson.

On 15 November 2010 the Company completed the third tranche of a flow-through share private placement 300,000 shares at $0.15 per share for gross proceeds of $45,000.

On 08 October 2010 the Company completed the second tranche of a flow-through share private placement 43,333 shares at $0.15 per share for gross proceeds of $6,500.

On 30 September 2010 the Company completed the first tranche of a flow-through share private placement 1,400,000 shares at $0.15 per share for gross proceeds of $210,000.

On 31 August 2010 the Company issued 8,500,000 shares at a value of $0.10 for a total value of $850,000 to complete acquisition of 4 mineral claims known as the El Sol property.

Between 01 April 2010 and 22 June 2010, the Company issued 2,600,000 shares at nil proceeds as compensation for services performed by directors, officers and consultants. The shares were deemed to have a value of $0.10 each, and stock based compensation expense of $260,000 has been recognized in the income statement as a result of these transactions.

On 07 June 2010 the Company completed a non-brokered private placement through the issuance of 7,665,000 shares at a price of $0.10 per share for total proceeds of $766,500.

On 01 May 2010 the Company issued 1,000,000 shares at a deemed value of $0.10 per share for a total value of $100,000 as payment for professional fees relating to share issuance and other legal costs.

On 03 March 2010 the Company issued 5,000,000 shares at a deemed value of $0.10 per share for a total value of $500,000 relating to the acquisition of the following properties:

- 2,000,000 shares to acquire 11 mineral claims known as the Griffith Mine Property;
- 2,500,000 shares to acquire 22 mineral claims known as the Bluffy-Whitemud and Slate Lake 2 properties, and;
- 500,000 shares as partial acquisition of 4 mineral claims known as the El Sol property.

On incorporation the Company issued 2,000,000 founders shares at $0.0001 for proceeds of $200.

c) Summary of stock option activity

The Company has adopted an incentive stock option plan to grant options to directors, officers, and consultants for up to 10% of the outstanding common shares. The Board of Directors determines the exercise price per share and the vesting period under the plan. The options can be granted for a maximum term of five years.

Details of stock options outstanding as at 30 September 2011 are as follows:

Expiry Date	Exercise Price	2011
01 April 2015	$0.10	550,000
01 June 2015	0.10	25,000
11 June 2015	0.10	1,400,000
01 July 2015	0.10	25,000
28 March 2013	0.30	300,000
		2,300,000

The outstanding options have a weighted average remaining life of the 3.36 years. As at 30 September 2011 and 2010, all of these outstanding options had vested. Total exercisable is 2,300,000 with a weighted average exercise price of $0.13 as at 30 September 2011.

Subsequent to 30 September 2011, the Company issued 1,325,000 stock options, details of which are disclosed in Note 12.

d) Warrants

Warrant activity during the period is summarized as follows:

WARRANT ACTIVITY	30 September 2011		Weighted average exercise price	30 September 2010		Weighted average exercise price
Balance – beginning of period	-	$	-	-	$	-
Issued	40,644,077		0.50	-		-
Exercised	-		-	-		-
Expired	-		-	-		-
Balance – end of period	40,644,077	$	0.50	-	$	-

(i) The number of warrants is expressed in equivalent number of common shares, which may be issuable upon exercise of the warrants.

Details of warrants outstanding as at 30 September 2011 are as follows:

Issued	Expiry		Exercise Price	30 September 2011
23 August 2011	25 August 2013	$	0.50	40,644,077
				40,644,077

The fair value of the warrants were valued at $715,307 and recognized in the financial statements using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions:

	2011
Risk-free interest rate	**1.03%**
Expected dividend yield	**0.00**
Expected stock price volatility	**100.00%**
Expected option life in years	**2.00**

e) Stock-based compensation

Details of the Company's issued stock options to its directors, officers, and consultants and recognized stock-based compensation during the current fiscal period is as follows:

		30 September 2011		30 September 2010
Total options granted		**300,000**		2,600,000
Average exercise price	**$**	**0.30**	$	0.08
Estimated fair value of compensation[1]	**$**	**8,000**	$	203,000
Estimated fair value per option	**$**	**0.03**	$	0.08

[1] The $8,000 fair-value of compensation was awarded for resource property consulting services and capitalized accordingly.

The fair value of the stock-based compensation to be recognized in the accounts has been estimated using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions:

	2010
Risk-free interest rate	**1.70%**
Expected dividend yield	**0.00%**
Expected stock price volatility	**100.00%**
Expected option life in years	**2.00**

Stock-based compensation for the options that vested during the year is as follows:

		30 September 2011		30 September 2010
Number of options vested		**300,000**		2,600,000
Total share-based payment [1]	**$**	**8,000**	$	203,000

The Black-Scholes Option Pricing Model was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and because changes in the highly subjective input assumptions can materially affect the calculated values, management believes that the accepted Black-Scholes model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

7) Related Party Transactions

Transactions and balances with related parties not disclosed elsewhere in the financial statements are as follows for the year ended 30 September 2011:

RELATED PARTY DISCLOSURE

Name and Principal Position	Period (1)	Remuneration or fees(2)	Included in Accounts Payable	Share-based awards
Basil Botha - President CEO and Director	**2011**	$ 65,000	$ 28,383	-
	2010	30,000	-	61,671
G4G Resources Ltd. - a company owned or controlled by the CEO	**2011**	23,845	6,165	-
	2010	-	-	-
Peter Arendt Inc.– a company owned or controlled by the former President, CEO, and Director	**2011**	20,000	-	-
	2010	30,000	-	-
Golden Hammer, a company of which the VP of Exploration is an owner– consulting fees	**2011**	71,400	11,354	-
	2010	53,400	-	25,696
Clearline Chartered Accountants, a company of which the CFO is a director– professional fees	**2011**	51,840	16,419	-
	2010	-	-	-
OLF, a company in which the director of the company is a partner for legal services – professional fees	**2011**	386,172	13,789	-
	2010	100,000	-	35,975
Director	**2011**	-	-	-
	2010	-	-	35,975
Director	**2011**	-	-	-
	2010	-	-	35,975

(1) Twelve month periods ended 30 September 2011 and 30 September 2010
(2) Amounts disclosed were paid or accrued to the related party

These transactions were in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

8) Segmented Disclosure

The Company operates in only one industry segment, the exploration and development of resource properties, and holds assets only in Canada.

9) Commitments

On 12 April 2010, the Company entered into several agreement to acquire certain mineral claims located in the Province of Ontario. The Company has a commitment to the vendors to make both cash, share-based payment, and NSR payments, details of which are outlined in Note 4.

10) Capital Management

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its exploration plan, current obligations and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing, selling assets and incurring debt. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

11) Income Taxes

		30 September 2011		30 September 2010
Loss for the period	**$**	(664,145)	$	(601,000)
Statutory tax rate		27.0%		28.50%
		(179,319)		(171,000)
Stock based compensation not deductible for tax purposes		-		58,000
Tax benefit from share issuance costs		(501,305)		(1,000)
Effect of reduction in tax rates		12,991		10,000
Other non-deductible permanent differences		3,934		1,000
Increase in valuation allowance		729,074		103,000
Future tax recovery	**$**	(65,375)	$	-
Details of the future income tax assets are as follows:				
Non-capital losses carried forward	**$**	423,870	$	99,000
Tax value of share issuance costs in excess of book value		403,029		3,000
Tax value of equipment in excess of book value		5,026		1,000
		831,924		103,000
Valuation allowance		(831,924)		(103,000)
Future income tax assets	**$**	-	$	-

Given that the Company has incurred net loss since the inception of its operation, it cannot be reasonably estimated at this time if it is more likely than not that the Company will realize the benefits from future income tax assets. The estimated valuation allowance will be adjusted in the period it is determined that it is more likely than not that some portion or all of the future tax assets will be realized.

As at 30 September 2011, the Company has accumulated non-capital losses of approximately $1,695,481 (2010 - $396,501) which may be carried forward to apply against future years' income tax, subject to final determination by taxation authorities, and expiring as follows:

Year		Amount
2030	$	396,501
2031		1,298,980
Total	$	1,695,481

12) Subsequent Events

On 11 November 2011, the Company commenced trading on the OTCQX International Marketplace under the symbol “NHRIF”.

On 13 October 2011, the Company appointed a new director to its board. On the same date, the Company issued 200,000 options to this director. These options allow the holder to purchase one common share of the Company at a price of $0.30 before expiration on 13 October 2016.

On 25 October 2011, the Company issued 500,000 common shares pursuant to the option agreement for the Papaonga claims, as disclosed in Note 4.

On 21 December 2011, the Company announced that it signed an agreement whereby the Company will acquire a 100% interest in five mineral claims totaling 848 hectares. The Claims are adjacent to the past producing Griffith mine, situated east and south of the claims acquired by the Company in January, 2010. In consideration for the 100% interest in the claims, Northern Iron will pay the Vendor $6,000 in cash and issue 100,000 common shares of the Company at a deemed price of $0.30 per share.

On 21 December 2011, the Company announced that it has approved the grant of 1,125,000 stock options to officers, directors and consultants of Northern Iron. 700,000 of these options were granted to two directors and the Chief Financial Officer of the Company. 425,000 stock options were granted to Consultants. Each option has a five-year term, and is exercisable for one common share of the Company at an exercise price of $0.30 per share.