



**MANAGEMENT DISCUSSION AND ANALYSIS**

**OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2013**

Date: 27 January 2014

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# NORTHERN IRON CORP.

Canadian Funds  
(Unaudited)

## REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

### TO OUR SHAREHOLDERS:

This Management Discussion and Analysis (“MD&A”) supplements, but does not form part of, the Financial Statements for the year ended 30 September 2013. Consequently, the following discussion and analysis of the financial condition and results of operations for Northern Iron Corp. (“Northern Iron” or the “Company”), should be read in conjunction with the Audited Interim Financial Statements for the year ended 30 September 2013, and related notes therein, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”), consistently applied.

Discussion of the Company, its operations and associated risks are further described in the Company’s filings, available for viewing at [www.sedar.com](http://www.sedar.com). A copy of this MD&A will be provided to any applicant upon request.

### FORWARD-LOOKING STATEMENTS

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth in the Company’s filings and herein. Additional information regarding the Company, including copies of the Company’s continuous disclosure materials is available through the SEDAR website at [www.sedar.com](http://www.sedar.com).

The table below sets forth the significant forward-looking information included in this MD&A:

| <b>Forward-Looking Information</b>    | <b>Key Assumptions</b>                        | <b>Most Relevant Risk Factors</b>   |
|---------------------------------------|---|---|
| Future funding for ongoing operations | The Company will be able to raise these funds | The Company has disclosed that this may be difficult and failure to raise these funds will materially impact the Company’s ability to continue as a going concern |

### FUTURE OUTLOOK

The resource definition drilling program at the Griffith Mine commenced in August of 2012 and 11 holes totalling 3730m were completed by 21 September 2012. The holes were drilled around the perimeter of the North Pit. Past production indicated the higher grades and larger resource are located towards the South end of the pit. This should be the priority area for delineation drilling. It is estimated that a minimum of 10,000 metres will be required on the south-west and north-east. Fence drilling can be carried out from the East side, and fan drilling farther South.

Since June of 2013 all field activities have ceased and deep cost cutting measures have been adopted to preserve capital. At the current burn rate the Company has sufficient cash reserves until mid 2016. There are additional cost cutting measures that come about in May 2014 that will provide the Company with additional cash into January 2017.

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The Company is focusing the majority of its efforts in introducing the Griffith mine project to prospective industry partners in North America. It is the intention of management to attract a large industry partner into the project to provide expertise and capital to advance the project.

#### **GENERAL**

Northern Iron is a mineral exploration company focused on developing high quality iron ore opportunities in the Red Lake Mining Division of Ontario, Canada, which is a past-producing iron ore district. The Company is a 100% owner of five iron ore properties in the Red Lake district containing significant historical resources with grades ranging from 22% to 31% Fe<sub>2</sub>O<sub>3</sub>. Northern Iron is listed on the TSX Venture Exchange and commenced trading on 26 August 2011.

#### **SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD**

On 11 October 2012, the Company announced that it has acquired a 100% interest in four mineral claims located in the Red Lake mining district of Ontario (the "Karas Claims"). These claims are strategic and extend the Company's claims around the Karas property. In consideration for the 100% interest in the Karas Claims, the Company issued to a vendor 100,000 common shares. In addition, the Company has acquired a 100% interest in two mining claims, along with surface rights, adjacent to the past producing Griffith Mine Property. In consideration, the Company issued 1,500,000 common shares.

On 9 November 2012, the Company signed a purchase agreement with the optionors of the El Sol property Option Agreement whereby the Company purchased the 2% Net Smelter Royalty ("NSR") from the optionors for \$160,000. All liabilities to the optionors have been dispensed and the Company is free and clear of all obligations.

On 13 November 2012, the Company announced the signing of an asset purchase agreement under which Ontario Iron Mining Inc. ("OIMI") will acquire 100% of the El Sol and Whitemud Properties from the Company for \$5,000,000 cash. The full sale price will be paid on successful completion of OIMI's exclusive four month due diligence and transfer of property titles. On 29 May 2013, the Company announced that OIMI had determined not to conclude the purchase of Northern Iron's El Sol and Whitemud properties at this time. The asset purchase agreement expired on 30 June 2013.

Northern Iron completed the Karas drill program in mid-November 2012, with a total of 20,400m in 51 holes drilled on the property. Due to current market condition, all work has been put on hold.

Dewatering of the Griffith Mine North Pit began on 24 October 2012. Equipment and materials were mobilized on site in early October following the receipt of the Permit To Take Water, which was granted by the Ministry of Environment and allows Northern Iron to pump out the top 25m of water in the Griffith Pit. Despite the freezing of the Griffith Pit in late November, dewatering operations were able to continue until 03 January 2013, when the pumps were shut down and removed from the site. During the ten weeks of dewatering, approximately 4 billion litres of water was removed from the pit, lowering the water level by more than 16 feet.

Throughout the dewatering operations, Northern Iron staff implemented a water monitoring program designed to ensure there were no negative impacts on the receiving Bruce Lake.

On 16 September 2013, the Company announced the appointment of Lisa Maxwell as the Company's corporate secretary.

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#### EVENTS SUBSEQUENT TO 30 SEPTEMBER 2013

On 23 December 2013, the Company announced that Rick Brown has resigned as the Chairman of the Board and as a director of the Company effective immediately.

#### EXPLORATION AND EVALUATION ASSETS

Details of exploration and evaluation activities are as follows:

|  |                                |
|--|--------------------------------|
| <b>01 October 2011</b>                                   | \$ 3,203,580                   |
| Drilling   | 1,899,268                      |
| Geological and consulting                                | 858,867 <sup>(i)</sup>         |
| Assaying   | 221,210                        |
| Acquisition  | 145,000 <sup>(ii)</sup>        |
| Admin and camp   | 126,073                        |
| Staking  | 84,998                         |
| Transportation   | 69,395                         |
| Reports and mapping                                      | 600                            |
| <b>Total expenditures during the twelve month period</b> | <b>\$ 3,405,411</b>            |
| <b>Total cumulative as at 30 September 2012</b>          | <b>\$ 6,608,991</b>            |
| Dewatering   | <b>1,043,858</b>               |
| Geological and consulting                                | <b>745,879</b>                 |
| Drilling   | <b>469,444</b>                 |
| Acquisition  | <b>298,250<sup>(iii)</sup></b> |
| Assaying   | <b>119,438</b>                 |
| Admin and camp   | <b>107,045</b>                 |
| Transportation   | <b>57,823</b>                  |
| Staking  | <b>34,986</b>                  |
| Reports and mapping                                      | <b>22,250</b>                  |
| Geochemical  | <b>3,047</b>                   |
| <b>Total expenditures during the twelve month period</b> | <b>\$ 2,902,020</b>            |
| <b>Total cumulative as at 30 September 2013</b>          | <b>\$ 9,511,011</b>            |

<sup>(i)</sup> Included in geological and consulting are share-based payments in the amount of \$6,578.

<sup>(ii)</sup> Included in acquisition are stock issuances valued at \$114,000.

<sup>(iii)</sup> Included in acquisition are stock issuances valued at \$138,250.

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#### RESULTS OF OPERATIONS

The loss for the year ended 30 September 2013 was \$932,760 which compares to a loss of \$1,267,242 for the year ended 30 September 2012. The main fluctuations in costs are as follows:

|                                       | 12 Months<br>2013       | 12 Months<br>2012 | 3 Months<br>2013      | 3 Months<br>2012 |
|---------------------------------------|-------------------------|-------------------|-----------------------|------------------|
| <b>Consulting fees</b> (rounded '000) |                         |                   |                       |                  |
| Variance (decrease)                   | \$ 559,000<br>(221,000) | \$ 780,000        | \$ 52,000<br>(64,000) | \$ 116,000       |

Consulting fees were reduced as a result of a focus on cost control. Additionally, performance-based bonuses paid in the comparative period did not recur during the year ended 30 September 2013.

|   | 12 Months<br>2013    | 12 Months<br>2012 | 3 Months<br>2013     | 3 Months<br>2012 |
|---|----------------------|-------------------|----------------------|------------------|
| <b>Shareholder relations</b> (rounded '000) |                      |                   |                      |                  |
| Variance increase (decrease)                | \$ 203,000<br>90,000 | \$ 113,000        | \$ 9,000<br>(21,000) | \$ 30,000        |

These costs peaked in the past twelve months as the Company retained the services of additional investor relations consultants. Management expects that these costs will decline and stabilize.

|  | 12 Months<br>2013     | 12 Months<br>2012 | 3 Months<br>2013     | 3 Months<br>2012 |
|--|-----------------------|-------------------|----------------------|------------------|
| <b>Share-based payments</b> (rounded '000) |                       |                   |                      |                  |
| Variance (decrease)                        | \$ 2,000<br>(202,000) | \$ 204,000        | \$ 1,000<br>(65,000) | \$ 66,000        |

The Company incurs share-based payment expense upon the vesting of options within the period. The expense incurred in the period reflects the fair value of options issued to officers, directors, and consultants. In contrast to the current period, the comparative period saw substantial options issuances.

|                              | 12 Months<br>2013      | 12 Months<br>2012 | 3 Months<br>2013      | 3 Months<br>2012 |
|------------------------------|------------------------|-------------------|-----------------------|------------------|
| <b>Travel</b> (rounded '000) |                        |                   |                       |                  |
| Variance (decrease)          | \$ 150,000<br>(55,000) | \$ 205,000        | \$ 13,000<br>(14,000) | \$ 27,000        |

Travel expenses have decreased during the period as result of an on-going focus on cost control. All amounts are within the scope of management's expectations and further decline is expected going forward.

|   | 12 Months<br>2013     | 12 Months<br>2012 | 3 Months<br>2013      | 3 Months<br>2012 |
|---|-----------------------|-------------------|-----------------------|------------------|
| <b>Amortization expense</b><br>(rounded '000) |                       |                   |                       |                  |
| Variance increase                             | \$ 154,000<br>142,000 | \$ 12,000         | \$ 117,000<br>113,000 | \$ 4,000         |

Amortization expense increased significantly during the current period as the Company acquired field equipment for the dewatering program on the Griffith property.

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#### SELECTED ANNUAL INFORMATION

Financial Data since Inception:

| Fiscal Year Ended                        | IFRS        | IFRS        | IFRS       | GAAP      |
|--|-------------|-------------|------------|-----------|
|  | Sep-13      | Sep-12      | Sep-11     | Sep-10    |
| Total Revenues                           | 11,000      | -           | -          | -         |
| Loss from Continuing Operations          | (1,300,000) | (1,474,000) | (643,000)  | (601,000) |
| Loss and Comprehensive Loss for the Year | (933,000)   | (1,267,000) | (555,000)  | (601,000) |
| Loss per Share (Basic and Diluted)       | (0.01)      | (0.02)      | (0.02)     | (0.04)    |
| Total Assets                             | 11,940,000  | 13,196,000  | 14,446,000 | 2,337,000 |
| Working Capital                          | 1,378,000   | 5,779,000   | 10,627,000 | 671,000   |

The loss and comprehensive loss for the year ended 30 September 2013 was reduced as the Company focused on cash conservation.

#### SUMMARY OF QUARTERLY RESULTS

| Three months ended      | IFRS       | IFRS       | IFRS       | IFRS       | IFRS       | IFRS       | IFRS       | IFRS       |
|-------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                         | Sep 13     | Jun 13     | Mar 13     | Dec -12    | Sep-12     | Jun-12     | Mar-12     | Dec-11     |
|                         | \$         | \$         | \$         | \$         | \$         | \$         | \$         | \$         |
| Total revenue           | 10,730     | -          | -          | -          | -          | -          | -          | -          |
| Loss for the period     | (114,653)  | (170,928)  | (331,464)  | (315,715)  | (87,602)   | (384,803)  | (380,417)  | (414,420)  |
| Loss per share          | (0.00)     | (0.00)     | (0.01)     | (0.01)     | (0.00)     | (0.01)     | (0.01)     | (0.01)     |
| Total assets            | 11,939,619 | 11,868,180 | 12,828,384 | 13,339,631 | 13,196,398 | 13,197,923 | 13,530,331 | 13,990,509 |
| Working capital surplus | 1,377,531  | 1,463,581  | 1,816,346  | 3,396,396  | 5,778,579  | 7,309,104  | 8,102,075  | 9,431,293  |

The losses reported during the three month period ended 30 September 2013 are lower than the comparative period as a result of the Company's focus on cost control.

The losses reported in the three month period ended 30 September 2013 are consistent with management's expectations considering the level of operations at that time.

#### OUTSTANDING SHARES

As at 30 September 2013 and at the date of the report, the Company had 76,629,875 common shares issued and outstanding versus 74,979,875 common shares issued and outstanding at 30 September 2012. The fully diluted amount of 80,654,875 represents options of 4,025,000. No warrants were outstanding as at 30 September 2013 or the date of this report.

As at the date of this report, there have been no subsequent changes to the number of shares, options, or warrants outstanding.

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#### **FINANCIAL POSITION AND LIQUIDITY**

The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities, and taxes payable. The Company has no speculative financial instruments, derivatives, forward contracts or hedges.

As at 30 September 2013 the Company had a working capital of \$1,378,000 compared to a working capital of \$5,779,000 as at 30 September 2012. Working capital has decreased as there has been no fund raising activity recognized in the twelve month period ended 30 September 2013.

Cash used in operating activities during the year ended 30 September 2013 totalled \$981,574 (Preceding period: \$1,623,726). This is consistent with expectations of management.

Cash used in investing activities during the year ended 30 September 2013 totalled \$3,375,277 (Preceding period: \$3,226,028). This increase results from the Company's exploration and evaluation program which has been proactive and intense.

No cash was raised in financing activities during the year ended 30 September 2013 (Preceding period: \$35,000).

#### **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

##### **a) Fair values of financial assets and liabilities**

The Company's financial instruments include cash, amounts receivable, accounts payable and accrued liabilities, and taxes payable. As at 30 September 2013 and 30 September 2012, the carrying value of cash is fair value. Amounts receivable, accounts payable and accrued liabilities and taxes payable approximate their fair value due to their short-term nature.

##### **b) Market risk**

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

##### **c) Credit risk**

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 Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada accordingly the Company believes it not exposed to significant credit risk.

##### **d) Interest rate risk**

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

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#### **e) Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. To manage this risk the Company maintains only the minimum amount of foreign cash required to fund its on-going exploration expenditures. As at 30 September 2013 and 30 September 2012, the Company holds no cash denominated in foreign currency and therefore is not exposed to significant foreign currency risk.

#### **f) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at 30 September 2013, the Company had a cash balance of \$1,609,513 to settle current liabilities of \$342,567. The Company is not exposed to significant liquidity risk.

### **CAPITAL RESOURCES**

Northern Iron has no recent history of profitable operations. Therefore, it is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of adequate revenues.

It will be necessary for Northern Iron to arrange for additional financing to meet its on-going exploration and overhead requirements.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. Although Northern Iron successfully completed financing in the year ended 30 September 2011, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable.

### **CAPITAL MANAGEMENT**

Northern Iron identifies capital as cash and share capital. Northern Iron manages its capital in a manner consistent with the risk characteristics of the assets it holds. All sources of financing are analysed by management and approved by the Board. To maintain or adjust its capital structure, Northern Iron may issue common shares, acquire or dispose assets or adjust the amount of cash.

Northern Iron's objective when managing capital is to safeguard Northern Iron's ability as a going concern.

Northern Iron is meeting its objective of managing capital through its detailed review and performance of the due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity and monthly review of financial results. There are no externally imposed capital restrictions and there has been no change in management's approach in capital management for the period ended 30 September 2013.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements as at 30 September 2013 and as at the date hereof.



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#### RELATED PARTY TRANSACTIONS

| Name and Principal Position   | Period | Remuneration<br>or fees <sup>(i)</sup> | Share-based<br>awards | Amounts<br>Receivable<br>(Payable) |
|---|--------|--|-----------------------|------------------------------------|
| Basil Botha - President CEO and Director  | 2013   | \$ 200,000                             | \$ -                  | \$ -                               |
|   | 2012   | 245,000                                | -                     | (8,728)                            |
| G4G Resources Ltd. - a company with<br>directors in common                                    | 2013   | -                                      | -                     | 5,696                              |
|   | 2012   | -                                      | -                     | 32,246                             |
| Golden Hammer – a company of which the VP<br>of Exploration is an owner– consulting fees      | 2013   | 40,000                                 | -                     | -                                  |
|   | 2012   | 215,600                                | -                     | -                                  |
| Clearline – a company of which the CFO is a<br>director, professional fees                    | 2013   | 48,868                                 | -                     | (9,643)                            |
|   | 2012   | 60,406                                 | -                     | (9,000)                            |
| Grant T. Smith – CFO  | 2013   | -                                      | -                     | -                                  |
|   | 2012   | -                                      | 12,244                | -                                  |
| OLF – a company in which a former director<br>of the Company is a partner, for legal services | 2013   | -                                      | -                     | -                                  |
|   | 2012   | 13,542                                 | -                     | -                                  |
| 1514380 Ontario Ltd. – a company owned or<br>controlled by a Director                         | 2013   | 119,500                                | -                     | -                                  |
|   | 2012   | 170,000                                | -                     | (7,015)                            |
| Condor Precious Metals Inc. – a company with<br>directors in common                           | 2013   | -                                      | -                     | 68,516                             |
|   | 2012   | -                                      | -                     | -                                  |
| Director  | 2013   | -                                      | -                     | -                                  |
|   | 2012   | -                                      | 35,833                | -                                  |
| Director  | 2013   | 25,000                                 | -                     | -                                  |
|   | 2012   | 10,000                                 | 30,207                | -                                  |
| Director  | 2013   | -                                      | -                     | -                                  |
|   | 2012   | -                                      | 30,207                | -                                  |
| Director  | 2013   | -                                      | -                     | -                                  |
|   | 2012   | -                                      | 44,402                | -                                  |
| Former director   | 2013   | -                                      | -                     | -                                  |
|   | 2012   | -                                      | 21,779                | -                                  |

(i) For the years ended 30 September 2013 and 30 September 2012.

(ii) 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.

#### DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Consistent with other companies in the mineral exploration industry, Northern Iron has no source of operating revenue. The Company's 30 September 2013 Annual Financial Statements provide a breakdown of the general and administrative expenses for the period under review and an analysis of the capitalized and expensed exploration and development costs incurred on its mineral properties.

#### INVESTOR RELATIONS ACTIVITIES

With respect to public relations, the Company's policy is to provide information from its corporate offices to investors and brokers directly.

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#### **MANAGEMENT**

Northern Iron is dependent upon the personal efforts and commitments of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of Northern Iron could result, and other persons would be required to manage and operate the Company.

#### **DISCLOSURE CONTROLS AND PROCEDURES**

The Chief Executive Officer and Chief Financial Officer of Northern Iron are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Northern Iron's financial statements for external purposes in accordance with IFRS. The design of Northern Iron's internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring. The officers will continue to monitor very closely all financial activities of Northern Iron and increase the level of supervision in key areas. It is important to note that this issue would also require Northern Iron to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten Northern Iron's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. Northern Iron has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports, the integrity and reputation of senior accounting personnel, and candid discussion of those risks with the audit committee.

#### **RISK FACTORS**

Companies operating in the mining industry face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. Following are the risk factors most applicable to the Company:

Exploring and developing mineral resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could impact them, and employs experienced consulting, engineering, insurance and legal advisors to assist in its risk management reviews.

Although the Company has taken steps to verify the title to mineral 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 and title may be affected by undetected defects.

At present the principal activity of the Company is the exploration and development of iron ore resource properties. The feasible development of such properties is highly dependent upon the price of iron ore commodities. A sustained and substantial decline in these commodity prices could result in the write-down, termination of exploration and development work or loss of its interests in identified resource properties. Although such prices cannot be forecasted with certainty, the Company carefully monitors factors that could affect these commodity prices in order to assess the feasibility of its resource projects.

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#### APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this Annual Management Discussion and Analysis.

#### A CAUTIONARY TALE

*This document contains “forward-looking information” which may include, but is not limited to, statements with respect to the future financial or operating performance of the Corporation, its subsidiaries and its projects, the future supply, demand, inventory, production and price of minerals, the estimation of reserves and resources, the realization of reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters.*

*Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of resources; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the resource industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.*

Respectfully submitted on behalf of the Board of Directors,

**“Basil Botha”**

Basil Botha

President & CEO