

PURCHASE AGREEMENT

This purchase agreement is dated as of January 4, 2010 and is between:

LARRY HERBERT,
an individual residing in Red Lake, Ontario (the “Vendor”)

- and -

NORTHERN IRON CORP.,
a corporation incorporated under the laws of
Ontario (the “Purchaser”)

- and -

7020066 CANADA INC.,
a corporation incorporated under the laws of
Canada (“7020066”).

RECITALS:

- A. The Vendor is the recorded holder of a 100% interest in certain mineral claims located in the Province of Ontario and listed in the attached Schedule “A” (collectively, the “Claims”);
- B. The Vendor wishes to sell, and the Purchaser wishes to purchase, all of the Vendor’s interest in the Claims (excluding any surface rights, which will be retained by the Vendor) for the consideration of 2,000,000 common shares in the capital of the Purchaser;
- C. The Vendor will retain the right to a 1% royalty on net smelter returns from the Claims; and
- D. The Vendor and 7020066 previously entered into an agreement dated July 31, 2008 with respect to the purchase of the Claims (the “July 2008 Agreement”). The Vendor and 7020066 have agreed to cancel the July 2008 Agreement. Upon execution of this agreement, the July 2008 Agreement will be null and void and 7020066 will release the Vendor and the Purchaser from any and all obligations and any and all past, present or future claims it may have to the Claims.

THEREFORE, the parties agree as follows:

1. **Purchase.** The Vendor hereby sells to the Purchaser (i) its 100% interest in the Claims (excluding any surface rights, which will be retained by the Vendor), and (ii) all technical information in the possession of Vendor relating to the Claims, for the following consideration:
 - (a) the Purchaser shall create and issue to the Vendor (or to such person or persons as the Vendor may in writing otherwise direct) 2,000,000 common shares in the capital of the Purchaser (the “Shares”), and shall deliver a certificate representing the Shares to Ormston List Frawley LLP (“OLF”), in trust, which shall be released to the Vendor when the Purchaser has

received: (i) evidence that a 100% interest in the Claims, excluding any surface rights, has been formally recorded in favour of the Purchaser by the Mines and Minerals Division of the Ontario Ministry of Northern Development, Mines and Forestry, and (ii) all technical information pertaining to the Claims; and

- (b) the Purchaser shall pay to the Vendor, or as he may in writing otherwise direct, the sum of six thousand dollars (\$6,000.00) within thirty (30) days of the day on which the Purchaser raises an amount of either debt or non-flow-through equity working capital, equal to or greater than five hundred and thousand dollars (\$500,000.00).

2. **Transfer of Interest in the Claims.** The Vendor's interest in the Claims, excluding any surface rights, shall be transferred from to the Purchaser in the form prescribed by the regulations to the *Mining Act* (Ontario) (the "Act") upon execution and delivery of this agreement by the Vendor to the Purchaser, free and clear of all liens, charges and encumbrances of any kind, except for the NSR Royalty (as defined below) in accordance with this agreement. When the Purchaser's interest in the Claims, excluding any surface rights, has been formally recorded, the Purchaser will have an exclusive interest in all rights to the Claims, excluding any surface rights.

3. **Vendor Retains NSR Royalty.** Notwithstanding anything else in this agreement, the Vendor will retain a royalty of 1% (the "NSR Royalty") on net smelter returns in respect of the Claims ("NSR", as that term is defined in the attached Schedule "B").

4. **Mutual Acknowledgement and Agreements of the Parties.** The parties acknowledge and agree that:

- (a) the July 2008 Agreement is hereby cancelled, null and void, and will be of no further force and effect, and, in consideration of the payment of the sum of \$1.00, 7020066 and all of its predecessors, affiliates and related companies and subsidiaries and its directors, officers, employees and agents, both past and present, hereby release the Vendor and the Purchaser and all of their predecessors, affiliates and related companies and subsidiaries and their directors, officers, employees and agents, both past and present, from any and all obligations and from any and all actions, causes of action, suits, proceedings, debts, duties, accounts, bonds, covenants, contracts, claims, sums and sums of money, promises, grievances, executions, demands for damages, loss or injury, costs, interests, and any liabilities whatsoever, both in law and in equity, whether implied or expressed, relating to the July 2008 Agreement; and
- (b) a copy of this agreement, together with any related transfer documents, may be filed with the Mines and Minerals Division of the Ontario Ministry of Northern Development, Mines and Forestry and any other necessary regulatory authorities.

5. **Representations of the Vendor to the Purchaser.** The Vendor represents to the Purchaser that:

- (a) this agreement is a legal, valid and binding obligation of the Vendor, enforceable against it in accordance with its terms under the laws of the Province of Ontario, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting creditors' rights and the discretion exercisable by courts of competent jurisdiction in respect of the availability of equitable and application of equitable principles;
- (b) it has a 100% interest in the Claims, free and clear of any and all royalties, liens, defects, charges or encumbrances of any kind, whether written or oral, other than the NSR Royalty;
- (c) the Claims and interests that comprise the Claims have been validly and properly granted in compliance with the applicable laws and regulations of the Province of Ontario, and are in good standing;
- (d) there are no disputes, threatened or now existing, as to the title of the staking or the recording of the Claims;
- (e) the Claims are free and clear of any and all liens, charges or encumbrances of any kind, whether written or oral, other than the NSR Royalty;
- (f) the Claims are not subject to any agreements, liabilities, or royalties of any kind, whether written or oral, other than the NSR Royalty;
- (g) there are no actions, suits or other proceedings pending against the Vendor at law or in equity before or by any courts or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which may result in any adverse judgment or ruling, or in any liability, in respect of the Vendor's interest in the Claims;
- (h) all taxes and other charges levied on the Claims or any part thereof have been paid up to and including the date of this agreement;
- (i) the transfer of its interest in the Claims, excluding any surface rights, to the Purchaser will not contravene the Act, or any regulation made under the Act;
- (j) it has the full and undisputed power, authority and right to enter into and to perform its obligations under this agreement and to convey its entire beneficial and legal interest in the Claims, excluding any surface rights, to the Purchaser as provided for in this agreement;

- (k) the sale, transfer, assignment and conveyance of the Claims, excluding any surface rights, by the Vendor to the Purchaser herein is exempt from the application of any bulk sales provisions of all jurisdictions in Canada;
- (l) to the best of its knowledge, the Claims are not subject to any aboriginal treaty or land claims;
- (m) to the best of its knowledge during the period in which the Vendor had an interest in the Claims, there have been:
 - (i) no contaminants disposed of at, on, in, under or about the Claims in an amount, concentration or level in excess of that prescribed by the regulations under the *Environmental Protection Act* (Ontario);
 - (ii) no occurrence of any releasing, emitting, discharging, leaching, dumping or disposing of any contaminants from the Claims onto any other property or from any other property onto or into the Claims in violation of any environmental laws; and
 - (iii) no notice of any violations, liens, complaints, suits, orders or other notices with respect to the Claims under any environmental laws which remain outstanding as at the date hereof;
- (n) it is not a non-resident of Canada within the meaning of s.116 of the *Income Tax Act* (Canada); and
- (o) to the best of its knowledge, no mining lands within the Claims lie within areas or lands protected or designated for provincial parks by the government of the Province of Ontario.

Each of the representations made by the Vendor in this agreement is given as at the date of this agreement, and shall not merge upon completion, but will survive the execution of this agreement for a period of three (3) years from the date of this agreement.

6. **Representations of the Purchaser to the Vendor.** The Purchaser represents to the Vendor that:

- (a) this agreement is a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms under the laws of the Province of Ontario, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting creditors' rights and the discretion exercisable by courts of competent jurisdiction in respect of the availability of equitable and application of equitable principles;

- (b) it is duly incorporated and organized, validly subsisting, in good standing, and qualified to carry on business under the laws of the Province of Ontario;
- (c) it has obtained all necessary corporate authorization to execution and perform this agreement, and the consummation of the transactions contemplated in this agreement will not conflict with or result in any breach of any covenants or agreements to which it is a party, or constitute a default under the provisions of its articles of incorporation or constating documents;
- (d) it is lawfully authorized to hold an interest in mineral claims under the laws of the jurisdiction in which the Claims are situated;
- (e) the Shares of the Purchaser to be issued to the Vendor, or to such person or persons as it may in writing otherwise direct, will, at the time of issuance, be validly issued as fully paid and non-assessable common shares in the capital of the Purchaser.

Each of the representations made by the Purchaser in this agreement is given as at the date of this agreement and shall not merge upon completion but rather will survive the execution thereof for a period of two (2) years from the date of this agreement.

7. **Covenants of the Purchaser to the Vendor.** The Purchaser covenants with the Vendor that:

- (a) Esker Logging, a company controlled by the Vendor, will be the Purchaser's preferred supplier for any clearing or scraping operations on the Claims.

8. **Legend.** The Vendor acknowledges that the Shares will be subject to a hold period under applicable securities legislation during which they may not be re-sold, transferred or otherwise disposed of except in accordance with applicable securities laws. The Purchaser will be required to legend the certificates representing the Shares in substantially the following form:

“Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is four months and a day after the later of (i) [insert the distribution date] and (ii) the date the issuer became a reporting issuer in any province or territory.”

9. **Expenses.** Each party will be responsible for its own expenses, including fees and expenses of legal and other professional advisors, incurred in connection with the preparation and execution of this agreement and completion of the transactions contemplated in this agreement. Despite the foregoing, the Purchaser will be responsible for all fees and expenses relating to the formal recording of the Claims, excluding any surface rights, in favour of the

Purchaser by the Mines and Minerals Division of the Ontario Ministry of Northern Development, Mines and Forestry.

10. **Indemnification.** The Vendor shall indemnify and save harmless the Purchaser from and against any and all loss, liability, damage, deficiency, cost or expense of any kind, arising out of any inaccuracy, misstatement or misrepresentation made by the Vendor in this agreement, and any and all actions, suits, proceedings, demands, claims, costs, legal and other expenses incidental to such inaccuracy, misstatement or misrepresentation.

11. **Payments and Communications.** All communications which are or may be required to be given by any of the parties to the other party or parties must be in writing (unless there is a specific provision to the contrary) and delivered by prepaid registered mail or by facsimile transmission (as long as the sender obtains evidence or verification that the transmission has been received). All payments which are or may be required to be given by any of the parties to one or more of the other parties must be delivered by prepaid registered mail. All such communications and payments will be delivered to the receiving party or parties at the following addresses, as applicable:

(a) if to the Vendor:

Larry Herbert
P.O. Box 1059, Hwy. 125
Red Lake, Ontario
P0V 2M0

Phone No.: (807) 735-2302
Fax No.: (807) 735-2372

(b) if to the Purchaser:

Northern Iron Corp.
40 University Ave., Suite 720
Toronto, Ontario
M5J 1T1

Phone: (416) 594-0791
Fax: (416) 594-9690
Attention: Michael T.R. List

(c) if to 7020066:

7020066 Canada Inc.
1068 Queens Avenue
Oakville Ontario, L6H 2B5

Attention: Michael A. Dehn

and if any such payment or communication is sent by prepaid registered mail, it shall be deemed to have been delivered on the fifth business day after it has been mailed, and if delivered by facsimile transmission it shall be deemed to have been delivered at the time of transmission. Notwithstanding the foregoing provisions with respect to mailing, if it may be reasonably anticipated that, due to any strike, lock-out or similar event involving an interruption in postal service, any payment or communication will not be received by the addressee no later than the fifth business day following the mailing of such payment or communication, then the mailing of any such payment or communication shall not be an effective means of delivery, and the parties shall agree in writing upon an alternative means of delivery. Any party may on one or more occasions change its address set forth in this agreement by communicating its new address to the other party or parties in accordance with this section.

12. **Entire Agreement.** With respect to the subject matter of this agreement, this agreement:

- (a) sets forth the entire agreement between the parties and any persons who have in the past or who are now representing any of the parties;
- (b) supersedes all prior understandings and communications, oral or written, between the parties; and
- (c) is acknowledged by all of the parties to be entered into after full investigation without relying upon any statement or representation made by any of them, or by any other person, which is not already contained in this agreement.

No party may rely upon any amendment, promise, modification, statement or representation made by any other party after this agreement has been signed, unless such amendment, promise, modification, statement or representation is in writing and signed by all of the parties.

13. **Further Assurances.** The parties agree to execute such further assurances or agreements and to do all other things that may be required in order to give full force and effect to this agreement and to fully carry out its terms and the transactions contemplated in this agreement, including, without limitation, the preparation of a transfer document effecting the transfer of the Vendor's interest in the Claims, excluding any surface rights, to the Purchaser, and the registration of such transfer document with the Mines and Minerals Division of the Ontario Ministry of Northern Development, Mines and Forestry, and any other necessary authorities.

14. **Time of the Essence.** Time is of the essence of this agreement and no extension or variation of this agreement will operate as a waiver of this provision.

15. **Governing Law.** The laws of the Province of Ontario, and, as applicable, the federal laws of Canada, without giving effect to their principles of conflicts of laws, govern this agreement and all proceedings arising out of it. The parties attorn to the exclusive jurisdiction of the Courts of Ontario.

16. **Contra Preferendum.** The parties have sought, or have had full opportunity to seek, independent legal advice, and, notwithstanding any rule of construction to the contrary, any ambiguity or uncertainty will not be construed against the party who drafted this agreement or any of its provisions.

17. **Successors and Assigns.** This agreement is binding upon and will enure to the benefit of the parties and their respective heirs, administrators, personal representatives, successors and assigns.

18. **Counterparts; Signatures.** This agreement may be signed in counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same agreement. The signed agreement or counterparts may be delivered to the other party or parties as an original or by any electronic means of transmission including, without limitation, facsimile and electronic mail in Portable Document Format or equivalent, and the parties hereby adopt any signatures received by such electronic means as original signatures of the parties.

[SIGNATURE PAGE FOLLOWS]

The parties are signing this agreement as of the date stated in the introductory clause.

Larry Herbert

NORTHERN IRON CORP.

Per: _____

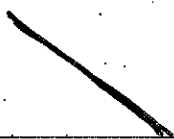

Name: Rick Brown

Title: President

I have the authority to bind the Corporation.

7020066 CANADA INC.

Per: _____

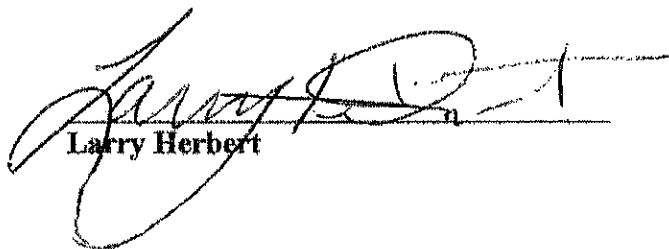

Name: Michael A. Dehn

Title:

I have the authority to bind the Corporation.



The parties are signing this agreement as of the date stated in the introductory clause.




Larry Herbert

NORTHERN IRON CORP.

Per: _____
Name: Rick Brown
Title: President
I have the authority to bind the Corporation.

7020066 CANADA INC.



Per: _____
Name: Michael A. Dehn
Title: ●
I have the authority to bind the Corporation.

SCHEDULE "A"

MINERAL CLAIMS

Claim No.	Status	Recording Date	Claim Due Date	Division - Township	Work Required
1184105	Active	February 19, 2009	February 19, 2011	RED LAKE - BRUCE LAKE	\$4,800
4212693	Active	February 12, 2009	February 12, 2011	RED LAKE - BRUCE LAKE	\$3,600
4222833	Active	February 3, 2009	February 3, 2011	RED LAKE - BRUCE LAKE	\$6,000
4222834	Active	February 3, 2009	February 3, 2011	RED LAKE - BRUCE LAKE	\$4,800
4229700	Active	April 7, 2008	April 7, 2010	RED LAKE - BRUCE LAKE	\$1,200
4229701	Active	April 7, 2008	April 7, 2010	RED LAKE - BRUCE LAKE	\$4,800
4229702	Active	April 7, 2008	April 7, 2010	RED LAKE - BRUCE LAKE	\$6,400
4229705	Active	February 12, 2009	February 12, 2011	RED LAKE - BRUCE LAKE	\$1,200
4241226	Active	April 30, 2008	April 30, 2010	RED LAKE - BRUCE LAKE	\$2,400
4241227	Active	April 30, 2008	April 30, 2010	RED LAKE - BRUCE LAKE	\$4,800
4241228	Active	April 30, 2008	April 30, 2010	RED LAKE - BRUCE LAKE	\$4,400

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SCHEDULE "B"

DEFINITION OF NET SMELTER RETURN ROYALTY

For the purposes of this agreement, the term "NSR" means all monies realized and actually received by the Purchaser from the sale of ores, concentrates, and/or minerals mined or extracted from the Claims (the "**Products**"), including premiums, bonuses and subsidies, less, if the Products require smelting or other processing, all monies paid or payable by the Purchaser on account of:

- (a) all smelting, refining, treatment, selling and other costs, charges and penalties charged by the smelter or other processor of the Products;
- (a) all costs of loading, transporting and insuring such Products from the Claims to the smelter or other processor; and
- (a) freight allowance, government royalties paid or payable, and all taxes (except income taxes) paid or payable by the Purchaser on such Products, including, but not limited to, production, severance, net proceeds, sales and privilege taxes.

In the event that smelting or refining are carried out in facilities owned or controlled, in whole or in part, by the Purchaser, charges, costs and penalties for such operations shall equal the amount the Purchaser would have incurred if such operations were carried out at facilities not owned or controlled by the Purchaser which offer comparable services for comparable products on prevailing terms.

The "NSR Royalty" shall be paid by the Purchaser to the Vendor from the Start of Commercial Production. "Start of Commercial Production" means the first day of the month following the period in which the mill or plant at the site of the Claims processing Products has operated for a period of three consecutive months at a minimum of 70% of its rated production capacity, or if an off-site mill or plant is used for processing the Products, the first day following a period of 30 consecutive business days in which the Products are delivered from the site of the Claims to the off-site mill or plant for processing.

The royalty payments shall be made within thirty days after the calendar quarter in which proceeds from the sale of Products are realized. At those times, the Vendor shall be provided with a statement, with adequate detail, of the calculation of the royalty payments. At any reasonable time on notice to the Purchaser, the Vendor and its agents may inspect the Purchaser's books and records that relate to the royalty payments.