TECHNICAL REPORT ON THE KARAS PROPERTY

ONTARIO, CANADA

Prepared For:

NORTHERN IRON CORP.

Author:

Christopher Hutchings, P. Geo.

NI 43-101 Report

Original Date: January 08, 2011

Revision I Date: February 21, 2011

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(Source – Northern Iron Corp.)

Item 3.0: SUMMARY

Item 4.0: INTRODUCTION

Terms of Reference

4.1: Preparation of Report

Form 43-101F Technical Report titled "***Technical Report On The Karas Property, Ontario, Canada***" has been prepared for **Northern Iron Corp** ('NIC'), Suite 658, United Kingdom Building, 409 Granville Street, Vancouver, B.C., Canada, V6C 1T2 by Christopher Hutchings, P. Geo., President, **KIEX Consulting Limited** ('KIEX'), 8 White's Road, Carbonear, NL, Canada, A1Y 1A4 at the request of Mr. Peter Arendt, P. Eng., President and CEO of Northern Iron Corp., December 2, 2010. Mr. Hutchings is a qualified person and has an independent relationship with respect to Northern Iron Corp.

4.2: Purpose of Report

This technical report has been prepared for Northern Iron Corp. with respect to a *Qualifying Transaction*.

4.3: Sources of Information

Sources of technical information and data specifically related to the Karas property are Ontario Geological Survey and Ontario Ministry of Northern Development Mines and Forestry assessment files and publications, Geological Survey of Canada publications and a 2010 Northern Iron Corp. assessment report by L. Hills and R. Sanabria (the primary authority).

4.4: Scope of Personal Inspection

Scope of a personal inspection involved a brief property visitation (September 29, 2010) by Christopher Hutchings prior to commencement of Northern Iron Corp. drilling program, to observe mineralized outcrop locations and the property in general. Onsite discussions at Karas were held with Northern Iron Corp. Vice President, Exploration - R. Sanabria, M. Sc., EurGeol., P. Geo., field guide for the inspection.

Item 5.0: RELIANCE ON OTHER EXPERTS

Disclaimer

This technical report has been prepared by the author (qualified person) exclusively without reliance on other experts.

Terminology: Karas North and Karas South are used interchangeably with Northern Karas and Southern Karas. BIF refers to Banded Iron Formation.

Independent verification of legalities and nontechnical issues is beyond the scope of this report.

Use of the report for project financing and filing on SEDAR is permitted by the author.

Item 6.0: PROPERTY DESCRIPTION AND LOCATION

6.1, 6.2, 6.3, 6.4, 6.5: Property Area, Geographic Location, Mineral Tenure, Issuer Title & Interest, Boundary Location

The Karas property, approximately 3200 hectares in size, consisting of 15 unpatented contiguous mining claims, is situated on NTS Map Sheet 052K/14SE, Karas Lake Township, Red Lake Mining Division, District of Kenora, Northwest Ontario.

Ontario Ministry of Northern Development, Mines and Forestry (MNDMF) lists the registered holder (Internet Mining Claim Information updated December 21, 2010) of the Karas property claims as English, Perry Vern (100.00%). The author understands Perry English transferred 100% interest in mining claims numbered: 4257010, 4214514, 4214515, 4214516, 4214517, 4222961, 4222962, 4222963, 4222964, 4222965, 4222966, 4222967, 4222968, 4222969, 4222970 to Northern Iron Corp., October 22, 2010 and the MNDMF accepted the transfer on January 12 2011.

6.6: Location of All Known Mineralized Zones Relative to Outside Boundaries

Four predominant banded iron formation (BIF) magnetite occurrences – designated by NIC as Southern Karas, Northern Karas, 5000 and Hook - form a broken elongated curvilinear pattern in the shape of a double-ended question mark. This pattern straddles the property, and is approximately centralized in a northeast-southwest direction which verges towards the east and west outside boundaries of the claims.

6.7: Issuer's Property Interests and Agreements

<u>To the extent known by the author:</u>

The author understands Northern Iron Corp. has acquired outright ownership of the Karas property. Under the terms of an option agreement, Perry English (the Vendor) is to (1) transfer 100% ownership of the 15 mining claims comprising the property, as well as other claims comprising other properties, (2) receive a series of staged cash payments, the remainder of which consist of $25,000 to English by Jan. 31, 2012 and $40,000 to English by Jan. 31, 2013 and (3) be issued 50,000 shares of Northern Iron Corp. within 30 days of the anniversary of a)NIC going public or b) may31,2011, or c)claims being assigned to an assignee, as well as be issued an additional 50,000 shares within two years of the aforementioned date, and an additional 50,000 shares within three year of the aforementioned date. All technical information in the possession of the Vendor and 100% interest in the claims were transferred to Northern Iron Corp. October 22 2010 (transfer application currently being processed by the Ministry of Northern Development, Mines and Forestry). Northern Iron Corp. must also be deemed a reporting or listed issuer in any jurisdiction by May 31, 2011.

6.8: Environmental Liabilities to Which the Property is Subject

The author is unaware of any environmental issues affecting Karas property and understands environmental studies were not required nor conducted by Northern Iron Corp. or Perry English.

6.9: Permits to be Acquired and if Obtained

The author understands, with respect to Karas property, that exploration or environmental permits were not required. Northern Iron Corp. followed general Canadian and Ontario exploration guidelines in adherence to the Ontario Mining Act, 'A Practitioner's Guide for Planning and Permitting a Mineral Development Project in Ontario'.

6.10: First Nations Issues

The author understands Northern Iron Corp. opened preliminary discussions with the Lac Seul and Wabauskang First Nations bands in accordance with the *Mining Amendment Act, 2009* with respect to Aboriginal Consultation, Mineral Tenure and Private Property Rights and Mineral Exploration and Development. Both bands are part of the Anishinabe Nation and may be covered by Treaty 3, although they may not actually have a reserve in the Karas Lake area. It is assumed by NIC, the bands do have traditional lands in the area.

Item 7.0: ACCESSIBILITY, CLIMATE, LOCAL RESOURCES - INFRASTRUCTURE AND PHYSIOGRAPHY

7.1: Accessibility

Karas is situated approximately 20 km northeast of Ear Falls. Connecting to paved Route 105, the all weather gravel South Bay Road logging road, situated immediately west of Emarton Lake, traverses the property in a north-south direction. A power line mimics the road's location in the vicinity of the claims. Excellent access is also provided by secondary gravel roads branching off the South Bay Road.

7.2: Climate

Red Lake District, situated in northwest Ontario, experiences a continental climate, with warm summers and cold winters. Temperatures range from 27°C to lows of -30°C, with winter lasting until April or May and freeze-up by mid-November. Drilling is often carried out in the winter months due to snow cover facilitating mobility.

7.3-7.4: Local Resources – Infrastructure

The Township of Ear Falls, located on the north shore of Lac Seul, having a population of 1,153 persons is situated 69 km south of the Municipality of Red Lake, the primary industrial centre for the Red Lake Mining District. The site of world class gold mining operations, a very skilled mining labour force is attracted to Red Lake, having a population of 4,526. Specifically in the Ear Falls area, in addition to mining, forestry, lumber production and hydroelectric power are important primary industries. The area is a very popular tourist hunting, fishing and wilderness experience destination. Transportation within the Red Lake District is by road, rail or air.

7.5: Physiography

Karas property is predominantly situated on dry ground with gentle topography, interspersed by three small centralized lakes – Emarton, Karas and Hazell. Vegetation varies from coniferous and deciduous trees. Drift and bedrock occur as two distinct patches in immediate proximity and between Emarton and Karas and touching south of Hazell Lake and a separate patch southwest of Emarton Lake. Outcrop varies from 25-100% very locally; with till and stratified deposits between 1-3m thick in depressions. Scattered patches of glaciofluvial sand and gravel deposits; 1-5 m thick, with dots occur on the property's southeast extremity. Deep water glaciolacustrine laminated to varved clay, silt and fine sand; 1-50 m thick, is ubiquitous.

Item 8.0: HISTORY

8.1: Prior Ownership and Ownership Changes

Earliest dated claim holders within portions of the current Karas property boundaries, circa 1956-57 and 1976-77, were Dome Exploration (Canada) Ltd. and Hudson Bay Exploration and Development Company Ltd, respectively. It is assumed the property may have been Crown land until staked in 2008 by Perry English and optioned/purchased by NIC in 2010.

8.2: Previous Exploration

<u>Dome Exploration (Canada) Limited</u>

<u>1956:</u> A grid based dip needle survey was carried out over a known banded iron formation in the mid-western part of the Karas property, west of Emarton Lake. The survey utilizing 800-foot spaced lines outlined a "large steeply plunging fold with a thickened crest near the middle". An airborne magnetometer survey was recommended.

<u>1957:</u> An aeromagnetic survey over a large area encompassing the current entire Karas property was initiated to identify other possible targets for exploration. A later ground magnetic survey recommended drilling 5 to 10 holes in the sections of highest magnetic intensity. Drilling in 1957 consisted of three holes totalling 600.76 meters, drilled to the west of Emarton Lake on the current NIC Karas South magnetic anomaly. All three intersected magnetite in banded iron formation from the top to the bottom of the hole with average grades of 23-29% Fe.

<u>Hudson Bay Exploration and Development Company Limited</u>

1976: An airborne survey was conducted over the northeast portion of current Karas claim block. A report of this work is not available.

1977: Ground based electromagnetic (EM-17) surveys were conducted over a portion of the northern Karas property. The ground based survey picked up several well defined linear conductors in the area. Folding of the strata was suspected. Diamond drilling was recommended.

8.3: Historical Resources

Shklanka (1968) states Bluffy Lake Prospect "Reserves estimated at 21 million tons grading 22.8% Fe available in open pit to a depth of 500 feet. Tests indicate that a concentrate grading 67.41% Fe, 5.32% SiO_2 could be produced". Companion Policy 43-101CP, 2005, Rules and Policies, PART 2 DISCLOSURE, Use of Historical Estimates 2.9(2) states "Under section 2.4(a) we expect disclosure of historical estimates from third party reports, including government databases, to identify the original source and date of the estimates". Attempts by the author to relocate the original source and date of the estimate were unsuccessful. The author suggests the historical estimate be considered an historical reference of grade and tonnage not resources. Relevance and reliability of the historical estimates, in the opinion of the author, would both have to be taken in same context and be considered a guideline. Actual computation records of the historical estimates apparently may not exist. The author is unaware of any recent estimates available to issuer. Historical estimates, in the author's opinion, are not compatibly stated with respect to Sections 1.2 – **Mineral Resource** and 1.3 – **Mineral Reserve** of the Instrument.

8.4: Property Production

The author is unaware of production having being undertaken to date on Karas property. Item 8.4 is not applicable to this Form 43-101F1 Technical Report.

Item 9.0: GEOLOGICAL SETTING

9.1: Regional Geology

The Karas property is situated within the Western Superior Province, North Caribou Superterrane and Uchi Domain (East Uchi Subprovince). The North Caribou superterrane is the largest domain with Mesoarchean ancestry of the Superior Province. Basement consists of ca. 3.0 Ga juvenile plutonic and minor volcanic belts upon which were deposited early (2.98-2.85 Ga) rift-related and younger (2.85-2.72 Ga) arc sequences. The Uchi domain preserves a ca. 300 m.y. record of tectonstratigraphic evolution along the southern margin of the North Caribou superterrane. The Berens River plutonic arc complex and English River subprovinces bound the Uchi-Confederation greenstone belt to the north and south, respectively. The Birch-Uchi belt, similar to Red Lake belt, has been affected by two penetrative regional deformational events, both are characterized by greenschist and amphibolite-facies regional metamorphism.

9.1.1 Local Geology

Neoarchean age (2800-2600 Ma) rocks of the English River and Confederation assemblages, Bluffy Lake and Wenasaga Lake batholiths and the Bruce Lake pluton, locally occur in the immediate vicinity of Karas property. Within the English River assemblage are iron formations.

9.1.2 Mineral Deposits

Red Lake, a prolific, diversified mining district, is considered to be one the largest gold mining camps in Canada. Exploration for gold, iron and base metals has been ongoing since the early 20th Century. Iron formation deposits directly relevant to this report, in the Red Lake District, specifically along the Uchi-English River subprovince boundary include Bluffy (Whitemud property), Kesaka (El Sol property), Avis (Papaonga property) and the closed Griffith Mine (Griffith property). The magnetite-bearing deposits have similar geological characteristics. Deposits/properties are held by Northern Iron Corp. and listed by the Ontario Geological Survey as currently not being mined.

9.2: Property Geology

Property bedrock geology is comprised of volcano-sedimentary rocks, respectively of the Confederation and English River assemblage affinities and felsic/mafic intrusives. Schistose submarine metasediments are predominant, tapering in a wedge-shaped contact with pink granite and granodiorite. Banded iron formation (BIF), primarily silicate and iron oxide facies, occur within the metasedimentary unit stratigraphy, possibly within the same broad stratigraphic horizon. Several faults, having similar trends, occur in vicinity of the BIF unit, particularly in proximity to areas of multiple or offset bands.

9.2.1: Geophysical Signatures

Ground magnetic expression of Southern Karas anomaly is highlighted as a very strongly magnetic north-south trending feature interpreted to be a double isoclinal fold of a nearly vertical BIF with steeply plunging fold axes. BIF bands are superimposed on magnetic anomaly. Total magnetic field anomalies in the 5000 area scattered outcrop was observed, occur as small isolated to connected linear features interpreted by NIC as mostly thin cherty seams. Banded iron formations, in the Hook and Northern Karas survey areas correspond with historical magnetic anomalies from 1957 surveys, and anomalies delineated in the 2010 field surveys. The Hook anomaly has a much smaller surface expression compared to the Southern Karas and 5000 anomalies, and consists of only a single narrow banded iron formation devoid of the tight isoclinal folding. The Northern Karas anomaly is explained as BIF clasts forming as breccias within a high strain corridor or regional shear zone.

Item 10.0: DEPOSIT TYPES

Stratiform iron deposits of the Canadian Shield include Lake Superior and Algoma-type iron formations. Canadian Algoma-type iron-formations are the second most important source of iron ore after the taconite and enriched deposits in Lake Superior-type iron-formations. Iron deposits in Algoma-type iron-formations consist mainly of oxide and carbonate lithofacies that contain 20 to 40% Fe as alternating layers and beds of micro- to macro-banded chert or quartz, magnetite, hematite, pyrite, pyrrhotite, iron carbonates, iron silicates and manganese oxide and carbonate minerals. The deposits are interbedded with volcanic rocks, greywacke, turbidite and pelitic sediments; sequences are commonly metamorphosed. Karas property exhibits features similar to Algoma-type iron formation deposits.

Item 11.0: MINERALIZATION

11.1: Overview

Archean banded iron formation (BIF) is the only known geological unit of potential economic value on the property. Karas, Hook, and 5000 deposits are iron formations of the Algoma-type, and consist predominantly of magnetite oxide facies (taconite) type iron formation, with minor iron-bearing silicates and iron-lean sections. Narrow transitional facies of silicate iron formation containing minimal magnetite occasionally occur. Areal variance in BIF outcrop widths throughout the property were observed by NIC personnel. True thickness ranges from 2.0 meters to greater than 5.0 meters. Some bands appear to average 10-15 meters thick; however differentiation of individual taconites is difficult due to folding. Individual descriptions of all BIF occurrences with respect to the 2010 program follow:

11.2 Occurrences

11.2.1 Karas North and South Occurrences

The Karas occurrences are subdivided as North and South, both hosted by metasediments. Karas South consists of a cluster of primarily 2, to at least a total of 4 contorted (folded) broken BIF segments situated within a 0.50 x 0.45 km area. Karas North forms a NW projection from Karas South, approximately 0.75 km in length comprised of a linear band consisting of at least 7 broken segments having a 0.25 km wide blob-like tip. The broken segments are interpreted to be products of fold limbs breaking off due to folding and minor faulting.

On Karas North a small sliver of mafic metavolcanics occurs adjacent to a BIF band and polymictic granite breccia. NIC personnel observed several BIF outcrops to have tightly folded to linear 1.0-2.0 m thick (true thickness) magnetite beds and possibly BIF clasts formed breccias within a high strain corridor or regional shear zone.

Karas South is located under approximately 10 meters of overburden. Geophysical estimation of average true 'surface' widths is 25 meters, with a maximum of 40 meters and a minimum of 5 meters. The occurrence is interpreted from drilling (KA-10-01) as a tight triple isoclinal-fold affecting a banded iron formation created by the intersection of two shear zones. Several parasitic folds and broken fold limbs surrounding the main folds are inferred from ground magnetic survey interpretation. BIF thickness is thought to increase at fold hinges. Magnetite in various grades was encountered in all sections of DDH KA-10-01 from 6.09 m to 193.00 m depth. Average grade of all sampled sections was 22.61% Fe of the mineralized BIF. The highest grades of Fe intersected were 8.5m of mineralization grading 32.87% Fe beginning at 34.9m depth, 12m of mineralization grading 30.68% Fe beginning at 61m depth, and 9m of mineralization grading 33.39% Fe beginning at 127m depth. NIC observations also indicate the hole terminated prior to another BIF intersection. Thicknesses encountered in the drill hole are not true to the best of present knowledge.

11.2.2 5000 Occurrence

The 5000 occurrence is medially situated on the Karas property BIF trend, southwest of the Hook occurrence and consists of possibly a cluster of nine contorted broken BIF segments within a 0.45 x 0.45 km area and a single 1.33 km length band to the southwest. BIF is hosted by metasediments; the cluster is bounded by two NE-SW trending faults. Suspected appreciable thickening of the taconite bands at the fold hinges occurs in a triple fold with tight isoclinal folding. Banded iron formation beds ranging in true thickness from 1.0 cm to 0.50 m are abundantly interspersed with thicker beds of metasediments.

11.2.3 Hook Occurrence

The known extent of the Hook occurrence, having a pronounced bend, is approximately 3.0 km. The northern extremity is visibly offset by a NE-SW trending fault. BIF was observed as tightly folded to linear 1.0-2.0 m thick (true thickness) magnetite beds in metasediments without isoclinal folding. NIC considered tightly folded BIF in close proximity to a shear zone in contact with granite, and surface gossans produced by local sulphidization to have gold rather than iron potential.

Item 12.0: EXPLORATION

12.1: General

The 2010 exploration program on the Karas property by Northern Iron Corp. included reconnaissance geological mapping, rock sampling and ground-based magnetic surveys during the summer and limited diamond drilling, consisting of one hole, in the autumn.

12.2: Geological Mapping

Geological mapping was conducted by NIC personnel over selected portions of the property due to time constraints and thick bush. A geological interpretation of the area was produced through a combination of geological mapping, topographical analysis and geophysical interpretation.

12.3: Rock Sampling

Northern iron Corp. undertook a grab sample program over portions of the Karas property for shear-hosted gold mineralization. Areas selected for favourable structural and geological setting were based on exposed mineralization and alteration typical of Archean greenstone belts. A total of 62 samples were collected from rocks that either showed sulphide mineralization or alteration favourable to host gold mineralization in a shear-hosted mesothermal gold system.

12.4 Geophysics

A ground Overhauser magnetic survey was carried out by NIC personnel on 4 grids - Karas South, Karas North, 5000 and Hook. Interpretation was performed by Northern Iron Corp's personnel. Magnetic responses were used to infer the location, distribution and geometry of BIF's in the property. Comparison of geophysical results on four grids, the optimum target selected for drilling was determined to be the Karas South anomaly, interpreted to be a triple isoclinal fold of a nearly vertical banded iron formation with steeply plunging fold axes, which was drill tested by DDH-KA-10-01.

12.5 Drilling

An initial drilling program consisting of one hole was undertaken by NIC, autumn 2010. Site of the hole was selected from interpretation of NIC field collected geological and geophysical data and, in part, validation of previous work.

Item 13.0: DRILLING

The 2010 diamond drilling program undertaken by Northern Iron Corp., October 4-12, covers a single hole KA-10-01 (194.50 meters), drilled on the Karas South occurrence. NIC interpreted DDH No. KA-10-01 intersected three distinct iron formations drilling through the hinge of one fold (and went through two iron formations folded together; here considered as one) and the limb of the next fold roughly based on drill hole location, geophysics and variations in magnetite content down the hole. The hole terminated in low iron content schistose meta-sedimentary rocks believed by NIC to be a bed between mineralized zones. One more fold limb of the banded iron formation and possibly more would have been intersected if the hole continued. True thickness of the mineralization and orientation of the mineralization are unknown.

Item 14.0: SAMPLING METHOD AND APPROACH

Core sampling and cutting by NIC were restricted to mineralized intervals of banded iron formation containing appreciable amounts of magnetite. Sample intervals were laid out nominally at 3m intervals, but were also delimited at lithic contacts at shorter intervals. All of the core samples were sawn in half using a diamond saw. One half of the core was returned to the core box and the other half was packaged and labelled as individual samples. Chain of custody involved personal delivery of samples in sealed tamper proof plastic sample bags stored in tied rice bags transported to the SGS preparation laboratory, Red Lake by NIC personnel.

Item 15.0: SAMPLE PREPARATION, ANALYSES AND SECURITY

All in-lab sample preparation mandated by Northern Iron Corp. was performed by SGS, Red Lake facility, and splits were sent to SGS Lakefield for iron ore XRF analysis. Analysis at the SGS Lakefield, Ontario laboratory included SiO_2, Al_2O_3, Fe_2O_3, MgO, CaO, Na_2O, K_2O, TiO_2, P_2O_5, MnO, Cr_2O_3, V_2O_5, Ni, Zr and S. Control quality by SGS consisted of analyzing 6 laboratory duplicates. NIC QA/QC measures undertaken involved insertion of 3 field blanks with the submitted samples.

Item 16.0: DATA VERIFICATION

A verification attempt of NIC drilling results, undertaken by the author, was terminated when informed in mid December 2010 certain analytical methods used by ALS Laboratory Group were only performed in Australia and not at the North Vancouver facility.

Item 17.0: ADJACENT PROPERTIES

Item 17.0 is not applicable to this form 43-101F1 Technical Report.

Item 18.0: MINERAL PROCESSING AND METALLURGICAL TESTING

Item 18.0 is not applicable to this Form 43-101F1 Technical Report.

Item 19.0: MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

Item 19.0 is not applicable to this Form 43-101F1 Technical Report.

Item 20.0: OTHER RELEVANT DATA AND INFORMATION

Item 20.0 is not applicable to this Form 43-101F1 Technical Report.

Item 21.0: INTERPRETATION AND CONCLUSIONS

21.1: Results and Interpretation

Initial diamond drilling and geophysical interpretation by Northern Iron Corp. have identified a banded iron formation body of un-quantified parameters on the Karas property. Specifically the Karas South occurrence appears to be an upright structure undefined in three dimensions and internal anatomy. Drilling confirmed the presence of several folded units of BIF referenced to a magnetic anomaly, supporting the assumed model of banded iron formation folding, interpreted as a triple isoclinal fold of a nearly vertical BIF with steeply plunging fold axes. Folded BIF is considered by NIC to create favourable deposit geometry for open pit mining compared to a single sub-vertical bed of banded iron formation by reducing the stripping ratio. A Phase I drilling program on Karas South is proposed by the author as the *first* step in order to achieve the compliancy level for initial resource estimation and would involve delineation and possibly infill drilling consisting of two-hole profiles along the compressed strike length of the occurrence.

21.2: Conclusions

The Karas South occurrence demonstrates positive upgradeable potential and traits for hosting economic BIF mineralization. First pass evaluation by Northern Iron Corp. achieved its objective regarding existence and very preliminary outline of the iron formation target via ground magnetic signature and a single drill hole validation. A definition drilling program is required to initially delineate mineralization continuity and grade for subsequent undertaking of NI 43-101 compliant resource estimation.

Item 22.0: RECOMMENDATIONS

Current accumulated expenditures by Northern Iron Corp. on the property total $114,888.00. No work previous to that presented in this report was conducted on the Karas property by Northern Iron Corp. Recommendations for a Phase I work program include implementation of drilling, supported by geological and geophysical surveys to investigate the iron formation. A drilling program, totalling 2550 meters, should be aimed at initial profiling for mineralization continuity determination using two to three holes per profile for down-dip intersections. KIEX recommends a proposed budget of $1,002,512.00 (Cdn) to undertake the program.

Item 4.0: INTRODUCTION

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Diamond drilling, Karas Lake area, 3 logs and location map, Dome Exploration (Canada) Limited assessment file 52K14SE0028 by P. W. Richardson, 1957.

Report on the airborne magnetometer survey over and surrounding stakings of the Dome Exploration (Canada) Limited Bluffy Lake area, Red Lake Mining Division, Kenora District, Ontario, *in* Dome Exploration (Canada) Limited, assessment file 52K14SE0035 by P.W. Richardson, 1957.

Report on the magnetometer survey of part of the property of Dome Exploration (Canada) Limited, Bluffy Lake area, Red Lake Mining Division, Kenora District, Ontario, *in* Dome Exploration (Canada) Limited assessment file 52K14SE0035 by T. Koulomzine and L. Brossard, 1957.

Electromagnetic surveys of Group “K” and Group “L”, , in Group “H, J, K, L, M, N, O, P, Q, R, S, T and V”, Trout Lake River Area, Ontario; Hudson Bay Exploration and Development Company Limited assessment file 52K16NE0401, by R. O. MacTavish, 1977.

Other citations are specified in the text of this document and/or Item 23.0: References.

Published scientific papers provided general geological information for Karas Lake Township including documented mineral deposits in the vicinity. Additional data was sourced from Northern Iron Corp. correspondence with the author.

4.4: Scope of Personal Inspection

Scope of a personal inspection involved a brief property visitation (September 29, 2010) by Christopher Hutchings, prior to commencement of Northern Iron Corp. drilling program, to observe mineralized outcrop locations and the property in general. Onsite discussions at Karas were held with Northern Iron Corp. Vice President, Exploration - R. Sanabria, M. Sc., EurGeol., P. Geo., field guide for the inspection.

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Use of the report for project financing and filing on SEDAR is permitted by the author.

Item 6.0: PROPERTY DESCRIPTION AND LOCATION

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The Karas property, approximately 3200 hectares in size, consisting of 15 unpatented contiguous mining claims (Table 1), is situated on NTS Map Sheet 052K/14SE, Karas Lake Township, Red Lake Mining Division, District of Kenora, Northwest Ontario (Figure 1, 2). Approximate centre of the property is located at Longitude 93^{o}07’30”W; Latitude 50^{o}47’30”N (491,500mE, 5,626,500mN – NAD 83, Zone 15).

Mining properties staked under the **Ontario Mining Act** give the claim holder exclusive rights to explore for any mineral staked on Crown land with the exception of sand, gravel and peat. Ground staked claims do not include surface rights and are not legally surveyed. Expenditures of $ 400.00 annually per 16 hectare claim unit for approved assessment work, non-applicable to Year I, are required with respect to Year II and subsequent years until the claim holder applies for a mining lease.

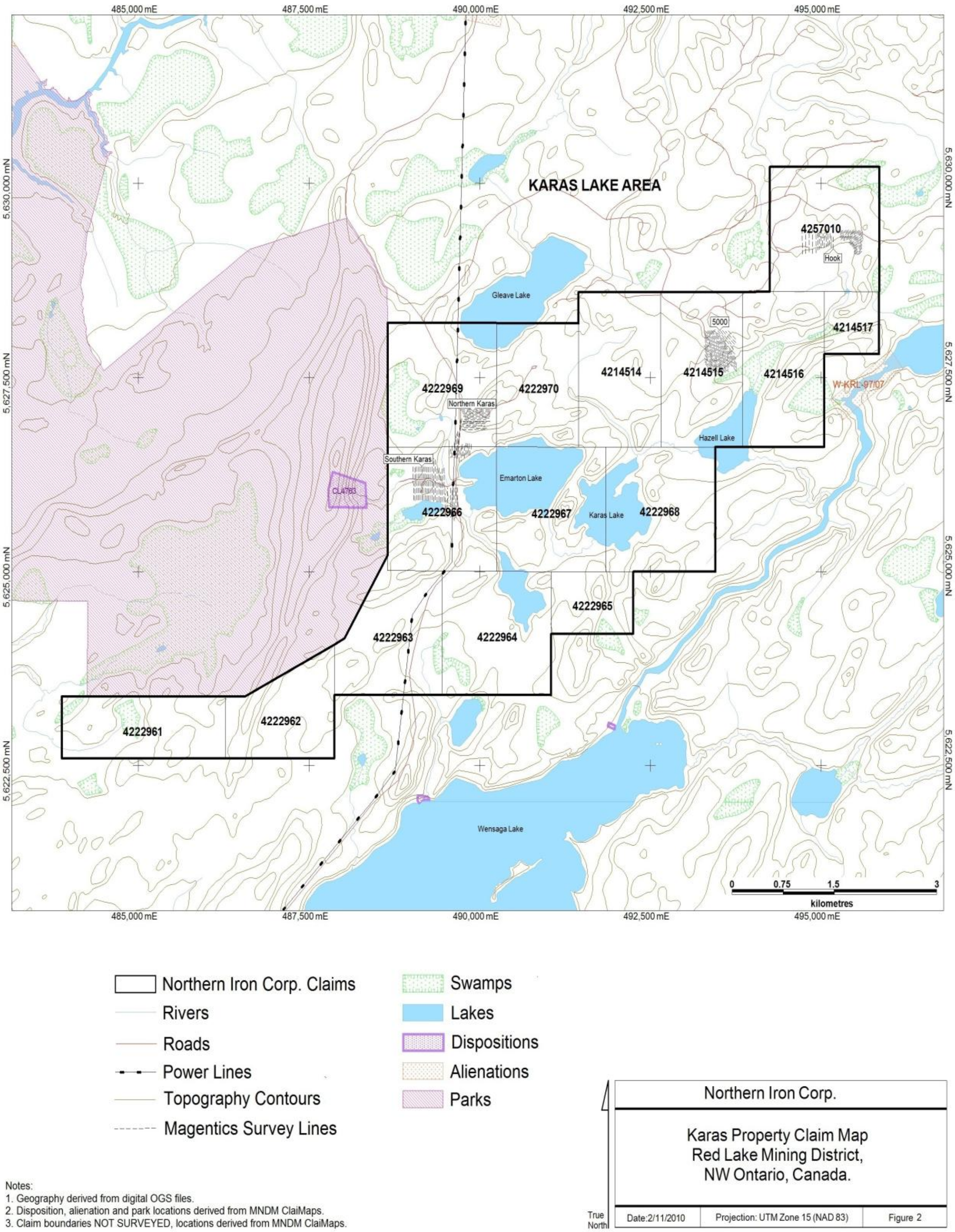
Table 1: Karas Property Mining Claims Statistics

Holder (100.00%)	Claim No	Claim Units	Recorded Date	Report Due Date
Perry Vern English	KRL4257010	16	2010-Jun-28	2012-Jun-28
Perry Vern English	KRL4214517	4	2008-Jun-10	2010-Dec-31
Perry Vern English	KRL4214516	15	2008-Jun-10	2010-Dec-31
Perry Vern English	KRL4214515	15	2008-Jun-10	2010-Dec-31
Perry Vern English	KRL4214514	15	2008-Jun-10	2010-Dec-31
Perry Vern English	KRL4222970	12	2008-Jun-10	2010-Dec-31
Perry Vern English	KRL4222969	16	2008-Jun-10	2010-Dec-31
Perry Vern English	KRL4222968	16	2008-Jun-10	2010-Dec-31
Perry Vern English	KRL4222967	16	2008-Jun-10	2010-Dec-31
Perry Vern English	KRL4222966	16	2008-Jun-10	2010-Dec-31
Perry Vern English	KRL4222965	6	2008-Jun-10	2010-Dec-31
Perry Vern English	KRL4222964	16	2008-Jun-10	2010-Dec-31
Perry Vern English	KRL4222963	14	2008-Jun-10	2010-Dec-31
Perry Vern English	KRL4222962	12	2008-Jun-10	2010-Dec-31
Perry Vern English	KRL4222961	12	2008-Jun-10	2010-Dec-31

Ontario Ministry of Northern Development, Mines and Forestry (MNDMF) lists the registered holder (Internet Mining Claim Information updated December 21, 2010) of the Karas property claims as English, Perry Vern (100.00%). The author understands Perry English transferred 100% interest in mining claims numbered: 4257010, 4214514, 4214515, 4214516, 4214517, 4222961, 4222962, 4222963, 4222964, 4222965, 4222966, 4222967, 4222968, 4222969, 4222970 to Northern Iron Corp., October 22, 2010 and the MNDMF accepted the transfer on January 12 2011.

Mining claim Order 2010-Mar-25 states “Minister’s order extends time until and including 2010-Dec-31 for work and filing thereof” for all claims with the exception of KRL 4257010. The author understands NIC has filed an assessment report with Mining Lands Section, MNDMF.

Figure 2: Karas Property Claim Location

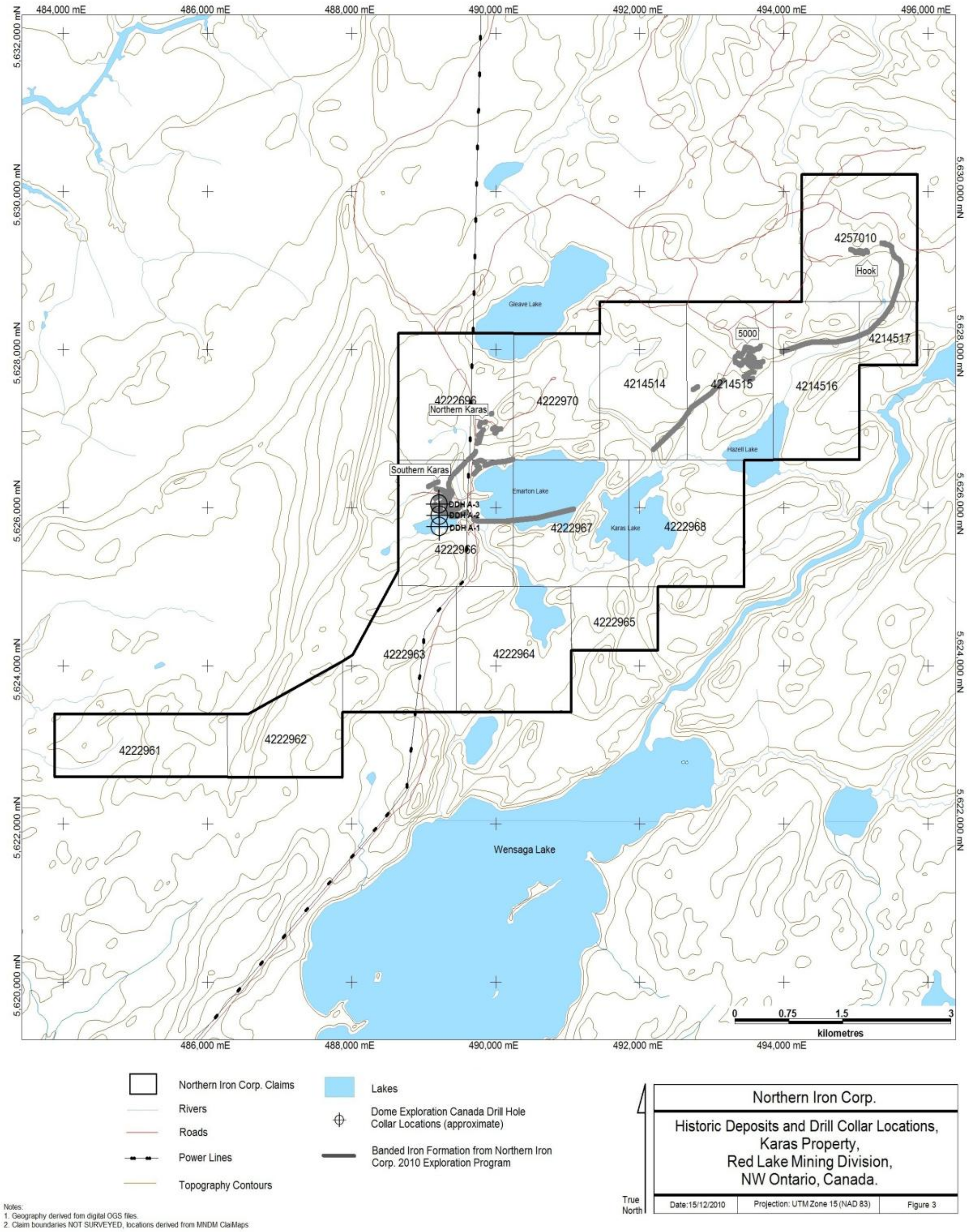


(Source – Northern Iron Corp.; OGS Files; MNDM ClaiMaps)

6.6: Location of All Known Mineralized Zones Relative to Outside Boundaries

Four predominant banded iron formation (BIF) magnetite occurrences – designated by NIC as Southern Karas, Northern Karas, 5000 and Hook - form a broken elongated curvilinear pattern in the shape of a double-ended question mark, which straddles the property approximately centralized in a northeast-southwest direction and verging towards the east and west outside boundaries of claims. Unrolled, approximate length of the BIF outlined by outcrop and magnetic expression exceeds 7 km. The BIF curves away from a provincial park having a coterminous eastern boundary (Figure 3, 4) with the claims which extend approximately 14.2 km and 4.8 km in NE-SW and N-S directions, respectively.

Figure 3: Karas Property Historical Deposit and Drill Collar Locations



(Source – Northern Iron Corp.; OGS Files; MNDM ClaiMaps)

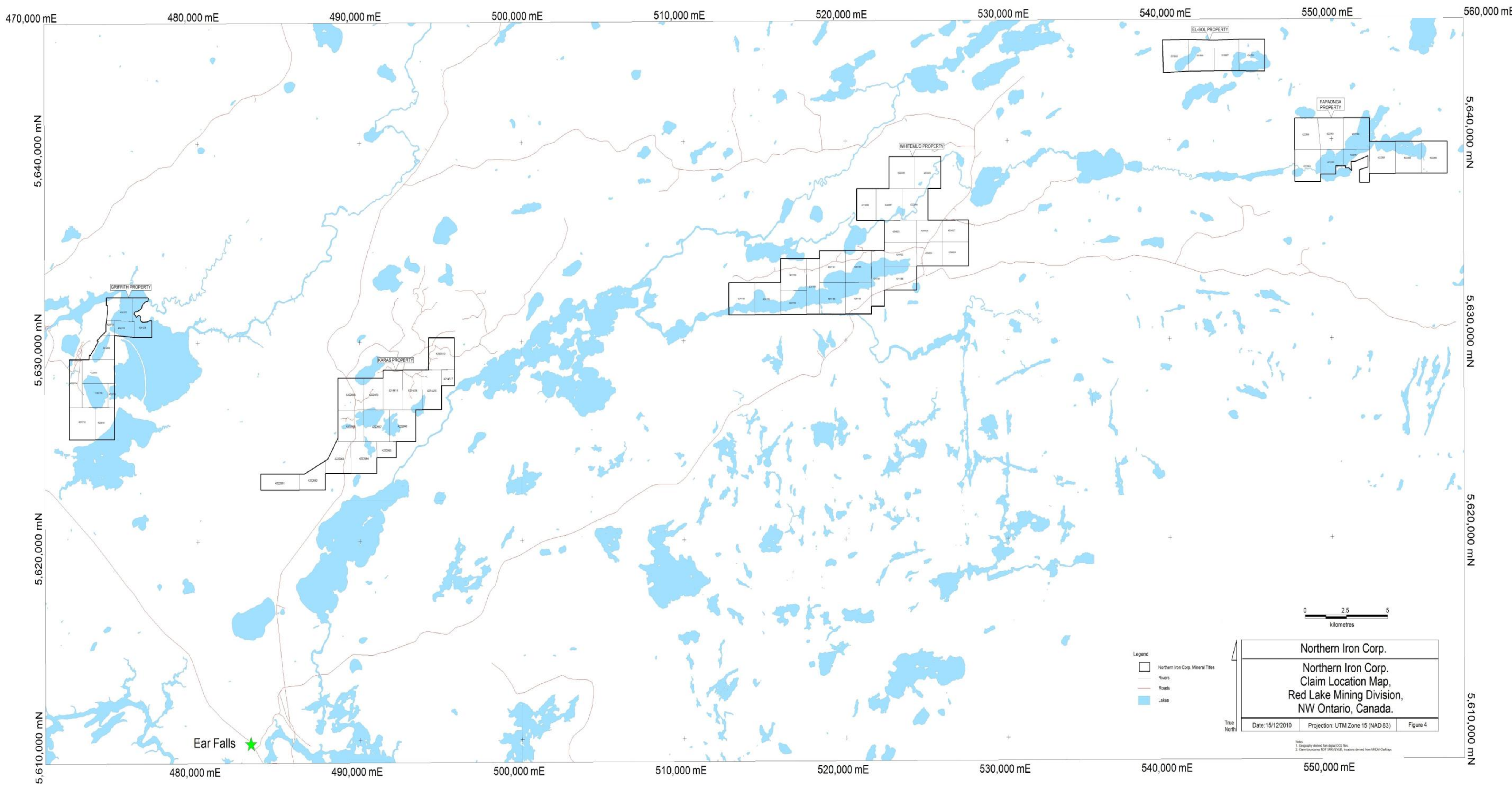
6.7: Issuer's Property Interests and Agreements

To the extent known by the author:

The author understands Northern Iron Corp. has acquired outright ownership of the Karas property, as well as other claims comprising other properties, namely the Whitemud and Papaonga properties, as well as one named Avis which was allowed to lapse December 31 2010. Under the terms of the option agreement, the issuer, Mr. Perry Vern English, is to receive a series of staged cash payments, the remainder of which consist of $25,000 to English by Jan. 31, 2012 and $40,000 to English by Jan 31, 2013 and be issued 50,000 shares of Northern Iron Corp. within 30 days of the anniversary of a) NIC going public or b) may 31, 2011, or c) claims being assigned to an assignee, as well as be issued an additional 50,000 shares within two years of the aforementioned date, and an additional 50,000 shares within three years of the aforementioned date. All technical information in the possession of the Vendor and 100% interest in the claims were transferred to Northern Iron Corp. October 22 2010. The claim transfer was approved by the ministry of northern development and mine February 4 2011. Northern Iron Corp. must also be deemed a reporting or listed issuer in any jurisdiction by May 31, 2011.

Griffith, Whitemud, El Sol and Papaonga properties (Figure 4) were also acquired by Northern Iron Corp. in 2010. Interests of the issuer are unknown by the author and are non-applicable to this Technical Report.

Figure 4: Northern Iron Corp. Property Locations, Red Lake District, Ontario



(Sources – MNDM ClaiMaps, OGS/Google Earth, Northern Iron Corp.)

6.8: Environmental Liabilities to Which the Property is Subject

The author is unaware of any environmental issues affecting Karas property and understands environmental studies were not required nor conducted by Northern Iron Corp. or Perry English.

6.9: Permits to be Acquired and if Obtained

The author understands, with respect to Karas property, exploration or environmental permits were not required. Northern Iron Corp. followed general Canadian and Ontario exploration guidelines in adherence to the Ontario Mining Act, 'A Practitioner's Guide for Planning and Permitting a Mineral Development Project in Ontario'.

6.10: First Nations Issues

The author understands Northern Iron Corp. opened preliminary discussions with the Lac Seul and Wabauskang First Nations bands in accordance with the *Mining Amendment Act, 2009* with respect to Aboriginal Consultation, Mineral Tenure and Private Property Rights and Mineral Exploration and Development. Both bands are part of the Anishinabe Nation and may be covered by Treaty 3, although they may not actually have a reserve in the Karas Lake area. It is assumed by NIC, the bands do have traditional lands in the area.

Item 7.0: ACCESSIBILITY, CLIMATE, LOCAL RESOURCES - INFRASTRUCTURE AND PHYSIOGRAPHY

7.1: Accessibility

Karas is situated approximately 20 km northeast of Ear Falls. Connecting to paved Route 105, the all weather gravel South Bay Road logging road, situated immediately west of Emarton Lake, traverses the property in a north-south direction. A power line mimics the road's location in the vicinity of the claims. Excellent access is also provided by secondary gravel roads branching off the South Bay Road (Figure 2, 3, 6).

7.2: Climate

The Red Lake District, situated in northwest Ontario, experiences a continental climate, consisting of warm summers and cold winters, temperatures ranging from 27^{o}C to lows of -30^{o}C, with winter lasting until April or May and freeze-up by mid-November. Drilling is often carried out in the winter months due to snow and ice cover facilitating mobility.

7.3-7.4: Local Resources – Infrastructure

The Township of Ear Falls, located on the north shore of Lac Seul, having a population of 1,153 persons is situated 69 km south of the Municipality of Red Lake, the primary industrial centre for the Red Lake Mining District.

The site of world class gold mining operations, a very skilled mining labour force is attracted to Red Lake, having a population of 4,526. Specifically in the Ear Falls area, in addition to mining, forestry, lumber production and hydroelectric power are important primary industries. The area is a very popular tourist hunting, fishing and wilderness experience destination.

Transportation within the Red Lake District is by road, rail or air. Paved Route 105 connects Ear Falls and Red Lake with the Trans Canada Highway (Route 17), 100 km to the south. Ore was moved from the Griffith Mine (closed) via railway - the rail bed still exists - connecting with the Canadian National Railway line to the south. Small airfields in relatively close proximity to Karas are situated at Ear Falls and Red Lake.

Water sources are available, locally; sufficiency requires determination. A hydroelectric power line, assumed to be sourced from the Ear Falls hydro dam, crosses the property (Figure 2, 3).

7.5: Physiography

Karas property, having a general elevation of 380 meters above sea level, is surrounded by lakes and 'south' flowing rivers. The property is predominantly situated on dry ground with gentle topography, interspersed by three small centralized lakes – Emarton, Karas and Hazell and boggy areas. Two smaller ponds, flow into Emarton, respectively from the west and south. Gleave Lake and larger Wensaga Lake occur respectively on the northern boundary and south of the property (Figure 2, 3). Vegetation varies from coniferous to deciduous trees.

Surficial geology consists of four mapped units. Drift and bedrock occur as two distinct patches in immediate proximity and between Emarton and Karas and touching south of Hazell Lake and a separate patch southwest of Emarton Lake. Outcrop varies from 25-100% very locally; till and stratified deposits occur between 1-3m thick in depressions. Scattered patches of glaciofluvial sand and gravel deposits; 1-5 m thick, with dots occur on the property's southeast extremity. Deep water glaciolacustrine laminated to varved clay, silt and fine sand; 1-50 m thick, is ubiquitous. Holocene-aged organic deposits of peat, muskeg and/or bog overlie the Late Wisconsinson proglacial and glacial units SW and NE of Hazell Lake. Ice flow direction from glacial striations is predominantly 270^{o}.

Item 8.0: HISTORY

8.1: Prior Ownership and Ownership Changes

Earliest dated claim holders within portions of the current Karas property boundaries, circa 1956-57 and 1976-77, were Dome Exploration (Canada) Ltd. and Hudson Bay Exploration and Development Company Ltd, respectively. Identity of the owner or succession of owners, roughly between 1978 and 2008 are unknown to the author. It is assumed the property may have been Crown land until staked in 2008 by Perry English and optioned/purchased by NIC in 2010.

8.2: Previous Exploration

<u>20th Century</u>

During the 20th Century two separate exploration endeavours were carried out by Dome Exploration (Canada) Limited and Hudson Bay Exploration and Development Company Limited.

on the Karas property. Endeavour I conducted by Dome Exploration (Canada) Limited in 1956-57, consisted of ground and airborne geophysics and diamond drilling. Endeavour II conducted by Hudson Bay Exploration and Development Company Limited in 1976-77 consisted of airborne and ground EM surveys. Details for each corporation are described below:

Dome Exploration (Canada) Limited

1956: A grid based dip needle survey was carried out over a known banded iron formation in the mid-western part of the Karas property, west of Emarton Lake. The survey utilizing 800-foot spaced lines outlined a “large steeply plunging fold with a thickened crest near the middle”. NIC refers to the anomaly as Southern Karas. An airborne magnetometer survey was recommended.

1957: An aeromagnetic survey over a large area encompassing the current entire Karas property was initiated to identify other possible targets for exploration. In addition to outlining several magnetic anomalies of lesser significance, three anomalies comparable to the Emarton Lake west anomaly were discovered. NIC refers to two of the larger anomalies as Hook and 5000. A follow-up grid-based ground magnetic survey in the vicinity of the present Karas South anomaly outlined 9 strong anomalies *“bunched together in a relatively small area and their arrangement suggests a series of sharply folded parallel magnetite bands some 100 to 200 feet apart”*. Diamond drilling 5 to 10 holes “in the sections of highest magnetic intensity” was recommended.

Historical drilling by Dome Exploration (Canada) Limited in 1957 consisted of three holes totalling 600.76 meters, drilled to the west of Emarton Lake (Figure 3) on the current NIC Karas South magnetic anomaly. All three intersected magnetite in banded iron formation (massive magnetite interbedded with greenschist facies schists and crosscut by syenite dykes) from the top to the bottom of the hole with average grades of 23-29% Fe. All three holes intersected multiple 4.0 m to 8.0 m intervals of massive magnetite grading 36-38% Fe. Specific information per drill hole is tabulated in Table 2.

Table 2: Karas Property Historical Drill Hole Information

Hole #	Easting	Northing	Az	Dip	Length (m)	Location	Overburden (m)	Year
A-1	489,210mE	5,625,750mN	360°	-45°	200.86	Bluffy*	12.50	1957
A-2	489,210mE	5,625,890mN	360°	-45°	199.65	Bluffy*	6.40	1957
A-3	489,210mE	5,626,030mN	360°	-45°	200.25	Bluffy*	7.62	1957
Total					600.76			

* In 1957, Karas was referred to as the Bluffy Lake area **(Source – Richardson, 1957)**

Summary logs and a grid location map are available for all holes drilled by Dome Exploration (Canada) Limited. Core size is unknown. The author is unable to confirm the location of archived core from the 1957 drilling program and understands from NIC that the core may not exist. An attempt to locate historical collar/casing locations in the field during 2010 was unsuccessful. Precise UTM coordinates are, at best, an educated guess. Information related to historical drilling procedures was not located by NIC or the author. Procedures, in the author’s opinion, were probably similar to industry counterparts with one exception. Richardson (1957) reported the following intersections:

A-1: 57.0 ft @ 25.5% Fe, 233.8 ft @ 24.1% Fe, 141.6 ft @ 26.8% Fe av* (av = average)

A-2: 226.4 ft @28.7% Fe, 141.9 ft @ 24.1% Fe av, 178.2 ft @ 22.6% Fe av

A-3: 140.8 ft @ 26.6% Fe av, 122.6 ft @ 23% Fe av + discrete magnetite seams >35% Fe

Assay values are quoted on Dome Exploration (Canada) Limited Drill Core Log and Sample Record sheets as *'assay value % estimated'*. Core analysis, thus, would seem to be visual rather than analytical, and in the author's opinion unreliable, strictly not in accordance with modern **CIM Exploration Best Practices Guidelines** with respect to NI 43-101 reporting. The author did not locate documentation with respect to security procedures followed by Dome Exploration (Canada) Limited for the 1957 drilling program. Precise collar elevations are unknown by the author. Down hole deviations were corrected (observed on Dome Exploration logs by the author). Dome Exploration (Canada) Limited collar locations were based upon a ground grid system, requiring verification on a UTM coordinate system. It is the author's opinion, based upon available information, re-establishment of drill collar locations and elevations should be attempted though information value is not critical due to the paucity of holes since NIC will undoubtedly drill in the same locality. Exploratory methods and standards (QA/QC programs) in Canada, ½ a century ago, are acknowledged to be different. Further verification of historical drilling results, in the author's opinion, is not necessitated.

<u>Hudson Bay Exploration and Development Company Limited</u>

1976: An airborne survey was conducted over the northeast portion of current Karas claim block. A report of this work is not available; record of the survey is found only as a reference in the 1977 assessment report.

1977: Ground based electromagnetic (EM-17) surveys were conducted over thirteen areas southeast of Red Lake, including a portion of the northern Karas property. The ground based survey picked up several well defined linear conductors in the area. Folding of the strata was suspected because of the change in strike of these conductors. Most of the anomalies displayed good conductivity with the in-phase amplitudes being medium to high and the in-phase to out-of-phase ratios being greater than one. Diamond drilling was recommended.

<u>21^{st} Century</u>

Details of field work by Perry English, if any, are unknown to the author.

8.3: Historical Resources

Shklanka (1968) states Bluffy Lake Prospect "Reserves estimated at 21 million tons grading 22.8% Fe available in open pit to a depth of 500 feet. Tests indicate that a concentrate grading 67.41% Fe, 5.32% SiO_2 could be produced". Companion Policy 43-101CP, 2005, Rules and Policies, PART 2 DISCLOSURE, Use of Historical Estimates 2.9(2) states "Under section 2.4(a) we expect disclosure of historical estimates from third party reports, including government databases, to identify the original source and date of the estimates". Attempts by the author to relocate the original source and date of the estimate were unsuccessful. The author suggests the historical estimate be considered an historical reference of grade and tonnage not resources. Relevance and reliability of the historical estimates, in the opinion of the author, would both have to be taken in same context and be considered a guideline. Actual computation records of the historical estimates apparently may not exist. The author is unaware of any recent estimates available to issuer. Historical estimates, in the author's opinion, are not compatibly stated with respect to Sections 1.2 – **Mineral Resource** and 1.3 – **Mineral Reserve** of the Instrument.

8.4: Property Production

The author is unaware of production having being undertaken to date on Karas property. Item 8.4 is not applicable to this Form 43-101F1 Technical Report.

Item 9.0: GEOLOGICAL SETTING

9.1: Regional Geology

The Karas property is situated within the Western Superior Province, North Caribou Superterrane and Uchi Domain (East Uchi Subprovince).

The North Caribou superterrane is the largest domain with Mesoarchean ancestry of the Superior Province. Basement consists of ca. 3.0 Ga juvenile plutonic and minor volcanic belts upon which were deposited early (2.98-2.85 Ga) rift-related and younger (2.85-2.72 Ga) arc sequences. It was severely reworked by continental arc magnetism at 2.75 to 2.70 Ga. The terrane has wide transitional margins in both the north and south. The Uchi domain preserves a ca. 300 m.y. record of tectonstratigraphic evolution along the southern margin of the North Caribou superterrane. This region hosts some of the largest mineral deposits of the western Superior region, including the Red Lake gold camp. Aeromagnetic trends show complex structural configuration of supracrustal rocks in a chain of greenstone belts separated by large lobes of plutonic material. The stratigraphic record preserved (which includes Red Lake and Confederation Lake greenstone belts) reflects a history of protracted rifting beginning ca. 2.99 Ga followed by a protracted period of continental arc magnetism at 2.94 to 2.91, 2.90 to 2.89, 2.85 and 2.75 to 2.72 Ga, punctuated by one or more unconformities (Percival, 2007).

The Berens River [plutonic arc complex] and English River subprovinces bound the Uchi-Confederation greenstone belt to the north and south, respectively, with the Janette Lake and Trout Lake batholiths to the east and west. This greenstone belt was previously interpreted as three distinct mafic to felsic volcanic cycles that formed between ca. 2960 and 2740 Ma. These cycles were later reinterpreted as the Balmer (Ca. 2960 Ma), Woman (ca. 2840 Ma) and Confederation (ca. 2740 Ma) lithotectonic assemblages. The distribution, structure, and geochemistry of units within the Confederation assemblage (ca. 2740 Ma) indicate it formed as a rifted arc. However the tectonic settings of the older volcanic units are ambiguous (Rogers et al, 2000). The steeply dipping, 1 to 3 km wide, brittle-ductile east-trending Sydney Lake-Lake St. Joseph fault, having over 450 km of strike length, separates rocks of the North Caribou margin to the north from metasedimentary schists and migmatitic rocks of the English River terrane to the south (Uchi-English River subprovince boundary fault). Distinguished from adjacent regions by supracrustal rocks of metasedimentary origin, the English River terrane also displays high metamorphic grade, and a prominent east-west structural grain. Based upon the turbiditic nature of its chemically immature greywackes, the setting of the English River terrane has traditionally been considered a fore-arc basin or an accretionary prism. Sedimentary facies vary from submarine fan on the northern margin, with associated banded iron formation, to deep-water wackes further south (Percival, 2007).

The Birch-Uchi belt, similar to Red Lake belt, has been affected by two penetrative regional deformational events, and a possible older non-penetrative event, in addition to local strain events induced by the emplacement of plutons marginal to, and within the belt (Sanborn-Barrie et al, 2004). Supracrustal rocks of the Red Lake and Birch-Uchi belts are characterized by mineral assemblages typical of greenschist- and amphibolite-facies regional metamorphism (Rogers et al, 2000).

9.1.1 Local Geology

Bedrock exposure on a local scale for the Karas area is estimated to be <0.50-1.0% and the stratigraphic succession is 'pieced together' data from scattered outcrops. Correlation of general stratigraphy (Table 3) may not represent true chronostratigraphical relationships. Accuracy of the following information cannot be confirmed by the author.

Table 3: Local Karas Area Geology and Tectonstratigraphic Assemblages

NEOARCHEAN (2800-2600 Ma)	
Bruce Lake pluton	
	Gsk11di Diorite, quartz diorite
Bluffy Lake batholith	
	Gbe11tn Tonalite, granodiorite (diorite and quartz diorite phases)
Wenasaga Lake batholith	
	Gms65gr Peraluminous granite to granodiorite
English River assemblage >2696 Ma <2704 Ma	
	Feg6sm Metasedimentary migmatite/gneiss
	Feg6if Chert-magnetite ironstone (past producer - Griffith Mine)
	Feg6wk Fine grained clastic rocks and siliclastics and chert-magnetite iron formation
Inferred unconformity	
Inferred unconformity	
Unconformity	
Confederation assemblage ca. 2745-2735 Ma	
	Tcf12it Intermediate volcanic rocks

(Source – abbreviated adaption from GSC Open File 4256 / OGS Map P.3460)

Description of local geology (Figure 5) refers to units of the English River and Confederation assemblages, Bluffy Lake and Wenasaga Lake batholiths and the Bruce Lake pluton in the immediate vicinity of Karas (Figure 5). Simplistically, all units are of Neoarchean age (2800-2600 Ma) and appear to have an elongated E-W expression in mapped outline. GSC Open File 4256 / OGS Map P.3460 illustrate Karas property banded iron formation to be hosted by intermediate volcanic rocks (pyroclastics) assigned to the Confederation assemblage (ca. 2745-2735 Ma). Metasediments identified by Northern Iron Corp. geological mapping and drilling indicate the host rocks are English River assemblage. At least one unconformity and two inferred unconformities separate the Confederation assemblage with the >2696 Ma <2704 Ma English River assemblage consisting of metasedimentary migmatites / garnet-biotite-feldspar gneiss primarily situated south, west and east of the property. Within the English River assemblage are iron formations, in particular tectonically thickened chert-magnetite iron formation of the Griffith Mine, a past producer. The property is flanked to north by diorite and quartz diorite of the Bruce Lake pluton, to the east by intermediate intrusive rocks of the Bluffy Lake batholith and southwest by granite and granodiorite of the Wenasaga Lake batholith. A major E-W trending fault occurs on the north side of the Bruce Lake pluton and cuts the Confederation assemblage volcanic unit. South of the Wenasaga Lake batholith, the Sydney Lake Fault Zone trends E-W bending NE to terminate in the vicinity of the Karas property (Sanborn-Barrie et al, 2004).

9.1.2 Mineral Deposits

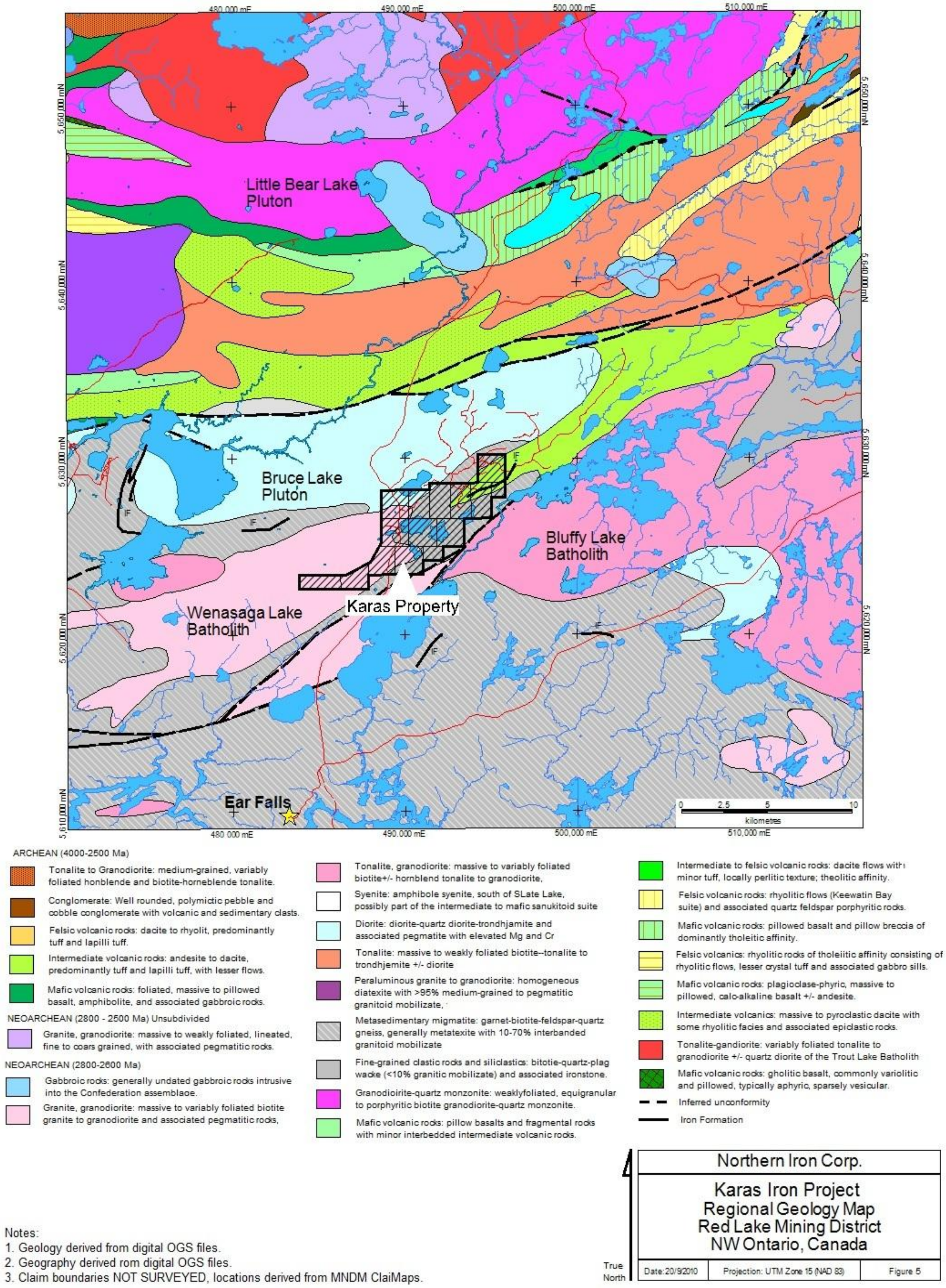
Red Lake, a prolific, diversified mining district, is considered to be one the largest gold mining camps in Canada. Exploration for gold, iron and base metals has been ongoing since the early 20th Century. Epigenetic, structurally-controlled greenstone lode gold deposits are hosted by quartz-carbonate veins primarily, quartz-arsenopyrite replacement zones, pyrite and sulphide replacement bodies and quartz veins. Three of the largest gold deposits comprising the bulk of the gold found in the Red Lake District, are adjacent to a regional unconformity. Volcanogenic massive sulphide mineralization associated with proximal chloritic and alumino-silicate alteration occur in the Red Lake and Birch-Uchi greenstone belts, the latter is host to the South Bay Mine, a past producer. Silver bearing copper and zinc sulphides are associated with exhalative chert and felsic volcanics.

Iron formation deposits directly relevant to this report, in the Red Lake District, specifically along the Uchi-English River subprovince boundary include Bluffy (Whitemud property), Kesaka (El Sol property), Avis (Papaonga property) and the closed Griffith Mine (Griffith property). Deposits/properties (Figure 1, 4) are held by Northern Iron Corp. and listed by the Ontario Geological Survey as currently not being mined. The magnetite-bearing deposits have similar geological characteristics.

Situated near Bruce Lake 19 km WNW of Karas property, hosted by English River assemblage metasedimentary rocks in contact with the Bruce Lake intrusion, thickened widths acquired by folding, characterize two magnetite-chert bearing iron formation deposits comprising the Griffith Mine. The Karas prospect is located structurally within a closed fold. The Bluffy, Kesaka and Papaonga prospects are respectively 30, 55 and 61 km ENE of Karas property. The Bluffy Lake prospect is a magnetite-quartz iron formation hosted by greywacke intruded by numerous narrow syenite dikes. Kesaka Lake prospect is a folded taconite iron formation consisting of bands or intercalations of magnetite, recrystallized chert and argillaceous mudstone. Located on Papaonga Lake, the Avis prospect consists of magnetite-rich banded iron formation occurring within a volcanic-sedimentary unit.

Further east within the Uchi subprovince, Patricia Mining Division, Trist Lake area, on the Lake St. Joseph property held by Rockex Limited, taconite iron formation occurring within a volcanic-sedimentary assemblage and comprising the Eagle, Wolf and Fish Island deposits consists of specular hematite and magnetite, and may, in part, have increased thickness caused by folding.

Figure 5: Regional Geology



(Source – Geological Survey of Canada, Open File 4256, 2004)

9.2: Property Geology

Property bedrock geology (Figure 6) is comprised of 10 map units consisting of volcano-sedimentary rocks, respectively of the Confederation and English River assemblage affinities and felsic/mafic intrusives; contacts are inferred. Schistose submarine metasediments are predominant, tapering in a wedge-shaped contact with massive pink medium grained granite of the Wensaga Lake batholith, granite and granodiorite of the Bruce Lake pluton, west and northwest, respectively within property boundaries and intermediate intrusive rocks of the Bluffy Lake batholith, to the southeast outside property boundaries.

Thick interbedded intermediate to mafic volcanic flows and pillow basalts occur as discreet and lenticular bodies on the west and central portions of the property possibly folded at the northeastern extremity. Metamorphic grade for meta-volcanics/sediments is upper greenschist to lower amphibolite facies.

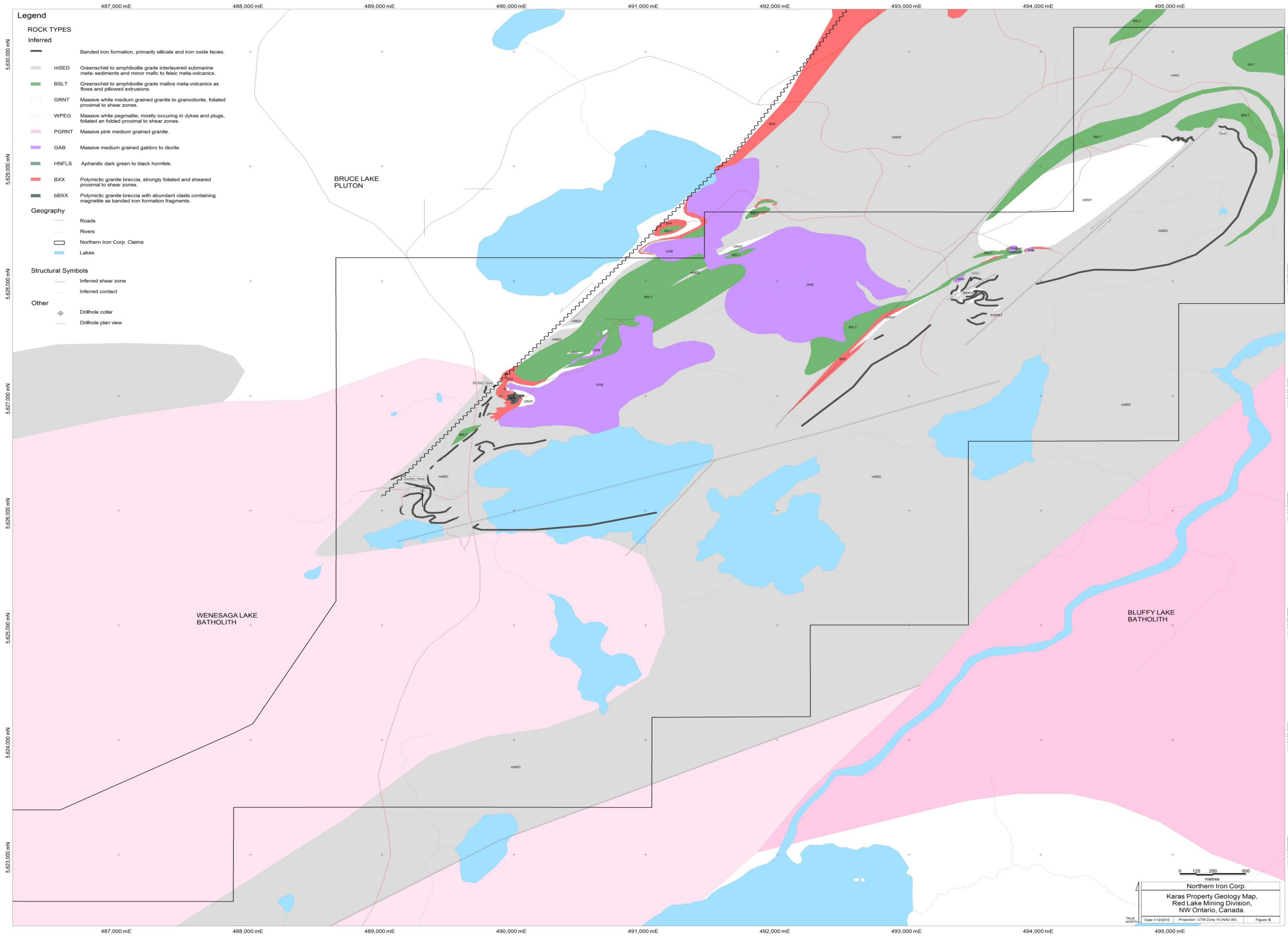
The meta-volcanics/sediments have been intruded by, and locally brecciated, with minor migmatization proximal to several granitic intrusions and associated pegmatite dykes, ranging in size from less than one km^2 to the massive Bruce Lake pluton. Composition of the smaller intrusive bodies appears similar to the pluton with the exception of granite and pegmatite northwest of Hazell Lake.

Two bodies of massive medium grained gabbro to diorite, in contact with both the metasediments and metavolcanics, occur between Emarton and Gleave Lake.

Banded iron formation (BIF), primarily silicate and iron oxide facies, occur within the metasedimentary unit stratigraphy, possibly within the same broad stratigraphic horizon. The BIF consists of multiple ‘bands’ west and north of Emarton Lake and Hazell Lake, respectively and a conspicuous hook shaped outline at the property’s northeastern extremity conforming to a suspected fold observed in the metavolcanics.

A NE-SW trending shear inferred to cut the Wenesaga Lake batholith traverses the property by Gleave Lake. The Sydney Lake Fault Zone cuts the Wenesaga Lake batholith in proximity to the SE property boundary. Several faults, having similar trends, occur in vicinity of the BIF unit, particularly in proximity to areas of multiple or offset bands.

Figure 6: Karas Property Geology (Source – OGS; Northern Iron Corp.)



9.2.1: Geophysical Signatures

Aeromagnetic expression of the Karas property BIF magnetite deposits is a regional feature, exceeding 11 km in length, exhibiting a strong northeast trend. Amplitudes of three magnetic anomalies - 5,000 gammas each for Karas and 5000 occurrences and 4000 gammas for the Hook occurrence displaying its unique shape - contrast with lower values over granite to the southwest and east. Approximately midway on the mineralized trend, the positive magnetic anomaly is somewhat pinched out north of Karas Lake situated between Emarton Lake and Hazell Lake.

Utilizing the results of the 1957 ground based dip needle survey by Koulomzine and Brossard Ltd. for Dome Exploration (Canada) Limited, and second derivative maps of regional airborne magnetic surveys of northwest Ontario compiled by the Ontario Geological Survey, Northern Iron Corp. conducted ground-based magnetic surveys over four prospective magnetic anomalies named the Southern Karas, Northern Karas, 5000 and Hook on the Karas property (Figure 2, 3, 6). Magnetic data was used as an aid in interpreting stratigraphy, identifying banded iron formations and delineating structures. Several strong sub-linear anomalies closely associated with weaker responses were defined in the 1957 survey on Southern Karas and interpreted by NIC as complexly, isoclinally folded banded iron formation, with nearly vertically plunging fold axes.

Southern Karas anomaly is highlighted as a very strongly magnetic north-south trending feature interpreted to be a double isoclinal fold of a nearly vertical BIF with steeply plunging fold axes. BIF bands are superimposed on magnetic anomaly (Figure 7).

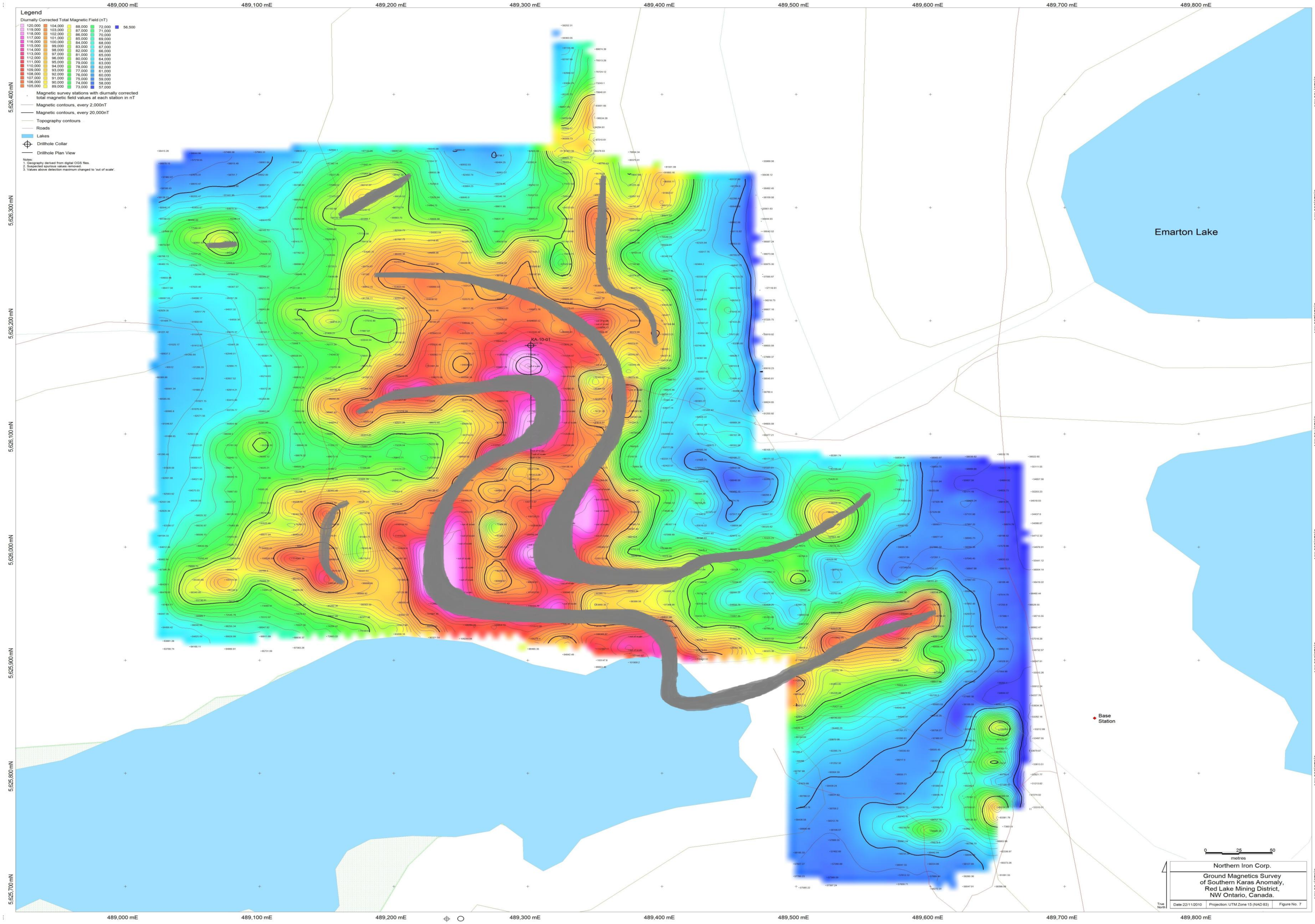
In the 5000 anomaly area scattered outcrop was observed, and the total magnetic field anomalies occurring as small isolated to connected linear features were interpreted by NIC as mostly thin cherty seams.

Banded iron formations, in the Hook and Northern Karas survey areas, were observed outcropping in several places, always corresponding with historical magnetic anomalies from 1957 surveys, and anomalies delineated in the 2010 field surveys.

The Hook anomaly has a much smaller surface expression compared to the Southern Karas and 5000 anomalies, and consists of only a single narrow banded iron formation devoid of the tight isoclinal folding.

The rather choppy signal pattern in the Northern Karas anomaly is explained as BIF clasts forming as breccias within a high strain corridor or regional shear zone.

Figure 7: Karas South Magnetic Anomaly – BIF Superimposed (Source – Northern Iron Corp.)



Item 10.0: DEPOSIT TYPES

Stratiform iron deposits of the Canadian Shield include Lake Superior and Algoma-type iron formations. Canadian Algoma-type iron-formations are the second most important source of iron ore after the taconite and enriched deposits in Lake Superior-type iron-formations. Iron deposits in Algoma-type iron-formations consist mainly of oxide and carbonate lithofacies that contain 20 to 40% Fe as alternating layers and beds of micro- to macro-banded chert or quartz, magnetite, hematite, pyrite, pyrrhotite, iron carbonates, iron silicates and manganese oxide and carbonate minerals. The deposits are interbedded with volcanic rocks, greywacke, turbidite and pelitic sediments; sequences are commonly metamorphosed. Karas property exhibits similar features as the nearby Griffith Mine, a typical northern Ontario Algoma-type iron formation deposit (Gross, 1993, 1996). Characteristics are summarized below:

Algoma-Type Iron Formation Model

Tectonic Settings: Algoma-type iron-formations are deposited in volcanic arcs and at spreading ridges.

Age of Mineralization: They range in age from 3.2 GA to modern protolithic facies on the seafloor and are most widely distributed and achieve the greatest thickness in Archean terranes (2.9 to 2.5 GA).

Depositional Environment / Geological Setting: They form both near and distal from extrusive centres along volcanic belts, deep fault systems and rift zones and may be present at any stage in a volcanic succession.

Host/Associated Rocks: Rocks associated with Algoma-type iron-formations vary greatly in composition, even within local basins, and range from felsic to mafic and ultramafic volcanic rocks, and from greywacke, black shale, argillite, and chert interlayers with pyroclastic and other volcaniclastic beds and/or their metamorphic equivalents.

Deposit Form: Iron ore deposits are sedimentary sequences commonly from 30 to 100 m thick and several kilometres in strike length. In most economic deposits, isoclinals folding or thrust faulting have produced thickened sequences of iron-formation.

Structure/Texture: Micro-banding, bedding and pencontemporaneous deformation features of the hydroplastic sediment, such as slump folds and faults, are common, and can be recognized in many cases in strongly metamorphosed oxide lithofacies. Ore mineral distribution closely reflects primary sedimentary facies. The quality of oxide facies crude ore is greatly enhanced by metamorphism which leads to the development of coarse granular textures and discrete grain enlargement.

Ore Mineralogy: Oxide lithofacies are composed of magnetite and hematite. Some deposits consist of siderite interbedded with pyrite and pyrrhotite.

Gangue Mineralogy (Principal and subordinate): Quartz, siderite or ferruginous ankerite and dolomite, manganoan siderite and silicate minerals. Silicate lithofacies are characterized by iron silicate minerals including grunerite, minnesotaite, hypersthenes, reibeckite and stilpnomelane, associated with chlorite, sericite, amphibole, and garnet.

Weathering: Minor oxidation of metal oxide minerals and leaching of silica, silicate and carbonate gangue. Algoma-type iron-formations are protore for high-grade, direct shipping types of residual-enriched iron deposits.

Genetic Model: Algoma-type iron-formations were formed by the precipitation of iron and silica in colloidal size particles by chemical and biogenic precipitation processes. Their main constituents evidently came from hydrothermal-effusive sources and were deposited in euxinic to oxidizing basin environments, in association with clastic and pelagic sediment, tuff, volcanic rocks and a variety of clay minerals.

Associated Deposits: Transitions from Lake Superior to Algoma-type iron-formations occur in areas where sediments extend from continental shelf to deep-water environments along craton margins. Algoma-type iron-formations host stratiform and non-stratiform gold deposits.

Grade and Tonnage: Orebodies range in size from about 1000 to less than 100 Mt with grades ranging from 15 to 45% Fe, averaging 25% Fe. Precambrian deposits usually contain less than 2% Mn.

Economic Limitations: Usually large-tonnage open pit operations. Granular, medium to coarse-grained textures with well defined; sharp grain boundaries are desirable for the concentration and beneficiation of the crude ore. Strongly metamorphosed iron-formation and magnetite lithofacies are usually preferred. Oxide facies iron-formation normally has a low content of minor elements, especially Na, K, S, and As, which have deleterious effects in the processing of the ore and quality of steel production from it. (Adapted from Gross, 1993, 1996)

Item 11.0: MINERALIZATION

11.1: Overview

Archean banded iron formation (BIF) is the only known geological unit of potential economic value on the property. Karas, Hook, and 5000 deposits are iron formations of the Algoma-type, and consist predominantly of magnetite oxide facies (taconite) type iron formation, with minor iron-bearing silicates and iron-lean sections. Narrow transitional facies of silicate iron formation containing minimal magnetite occasionally occur. Areal variance in BIF outcrop widths throughout the property were observed by NIC personnel. Thickness ranges from 2.0 meters to greater than 5.0 meters. Some bands appear to average 10-15 meters thick; however differentiation of individual taconites is difficult due to folding. Individual descriptions of all BIF occurrences with respect to the 2010 program follow:

11.2 Occurrences

<u>11.2.1 Karas North and South Occurrences</u>

The Karas occurrences (Figure 3, 6) are subdivided as North (489,940mE; 5,626,960mN) and South (489,250mE; 5,626,100mN). Karas South consists of a cluster of primarily 2, (Figure 6, 7) to at least a total of 4 contorted (folded) broken BIF segments situated within a 0.50 x 0.45 km area forming the apex of a V-shaped outline consisting of a single BIF band extending east approximately 1.25 km, projected underneath Emarton Lake. Karas North forms a NW projection from Karas South, approximately 0.75 km in length comprised of a linear band consisting of at least 7 broken segments having a 0.25 km wide blob-like tip consisting of an unspecified number of iron formation bands and an associated easterly trending 0.63 km length band consisting of 3 broken segments situated on the north side of Emarton Lake (other side of the V-shape). The broken segments are interpreted to be products of fold limbs breaking off due to folding and minor faulting.

Glacial till cover on the gentle topography varies from 4.0 to 10.0 m depth. Large outcrops of BIF are exposed on Karas North; a single small outcrop containing minor BIF in close proximity of a power line adjacent to South Bay Road occurs on Karas South (observed by the author). Approximate elevations vary between 390-410 meters and 390 meters above sea level for Karas North and South, respectively.

Both south and north occurrences are hosted by metasediments, in close proximity to the Wenesaga Lake batholith, the contact giving the metasediments a distinctive wedge-shaped appearance.

On Karas North a small sliver of mafic metavolcanics occurs adjacent to a BIF band and polymictic granite breccia. Gabbro and metavolcanics are nearby. At this locality, NIC personnel observed several BIF outcrops to have tightly folded to linear 1.0-2.0 m thick (true thickness) magnetite beds and possibly BIF clasts formed breccias within a high strain corridor or regional shear zone; a NE-SW trending fault occurs in the immediate area. The outcrops correspond to historical magnetic anomalies outlined during the 1957 surveys, and anomalies delineated in the 2010 field surveys.

Karas South is located under a swamp and approximately 10 meters of overburden. The closest outcrops of BIF lithologies were observed to be 4.0+ and 6.0+ meters thick (true thickness) and approximately 200 meters and 400 meters distant, respectively. Geophysical estimation of Karas South average true 'surface' widths is 25 meters, with a maximum of 40 meters and a minimum of 5 meters. Karas South is interpreted from drilling (DDH No. KA-10-01) by Northern Iron Corp. as a tight triple isoclinal-fold affecting a banded iron formation created by the intersection of two shear zones. Several parasitic folds and broken fold limbs surrounding the main folds are inferred from ground magnetic survey interpretation. BIF thickness is thought to increase at fold hinges.

Magnetite in various grades was encountered in all sections of DDH KA-10-01 from 6.09 m to 193.00 m depth (Figure 8). Average grade of all sampled sections was 22.61% Fe of the mineralized BIF. The highest grades of Fe intersected were 8.5m of mineralization grading 32.87% Fe beginning at 34.9m depth, 12m of mineralization grading 30.68% Fe beginning at 61m depth, and 9m of mineralization grading 33.39% Fe beginning at 127m depth (Table 4).

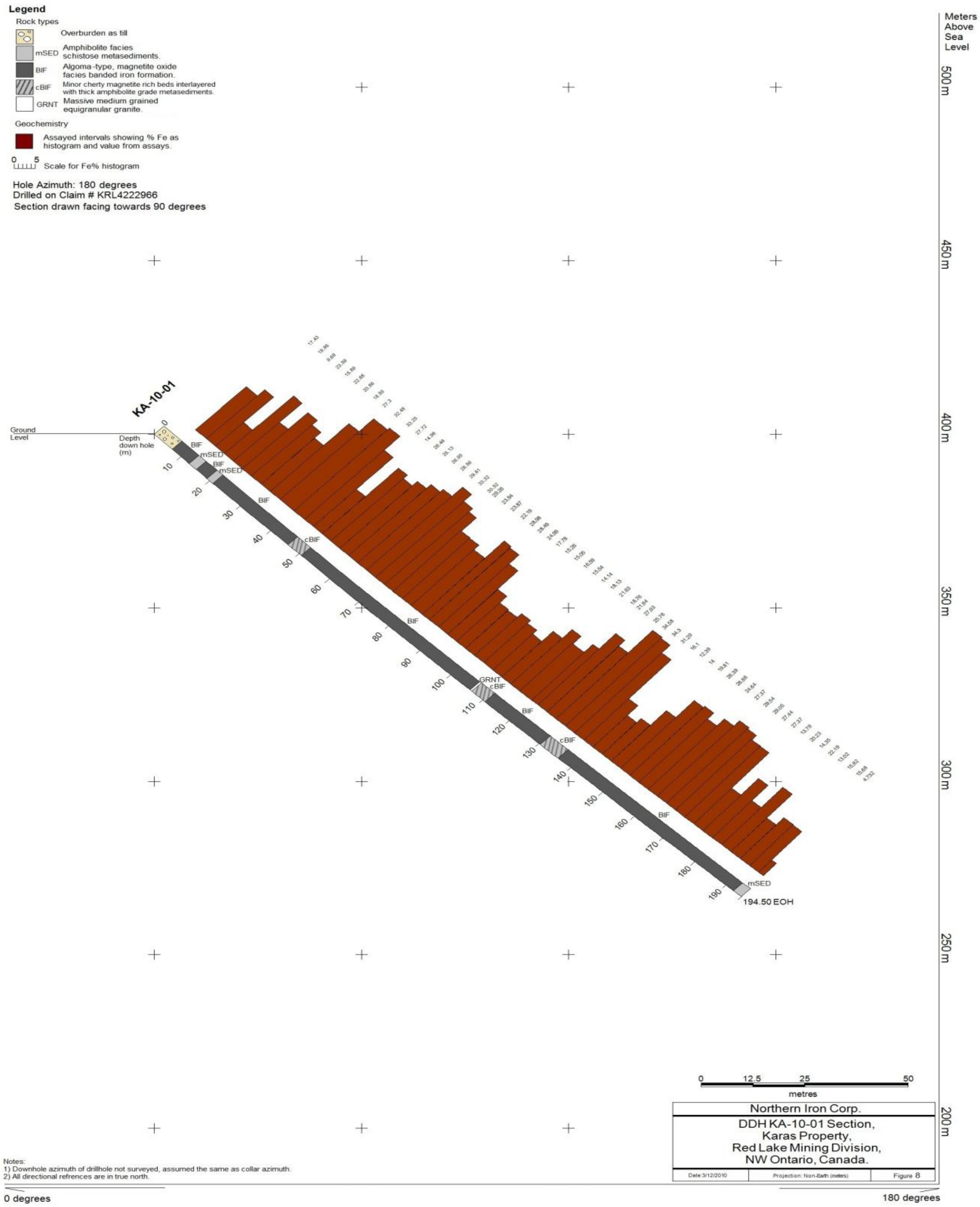
Table 4: Karas South DDH No. KA-10-01 Highlighted Intersections

Intersection (m)	Length (m)	Fe%
34.90-43.40	8.50	32.87
61.00-73.00	12.00	30.68
127.00-136.00	9.00	33.39

(Source – Northern Iron Corp., 2010)

Average silica content for DDH KA-10-01 was 50.45% SiO_2, and the average sulphur content was 0.04% S in the mineralized sections. Thickness of BIF bands encountered in drill core was typically 0.5 m to 4.0 m thick with upper contacts being more gradational. Thicknesses encountered in the drill hole are not true to the best of present knowledge. Assuming vertical dip of the unit, the true thickness of these bands approximates 0.26m to 2.1m. An 8.0 meter thick band with a true (?) thickness of approximately 4.2m was observed within the higher grade (29%+Fe) material. Abundant cherty bands were observed to be common in metasediments both for a couple of meters above and below the main banded iron formation. Interbeds had significantly less magnetite, but were usually comparatively thin, (0.2-0.4m thick). NIC observations also indicate the hole terminated prior to another BIF intersection.

Figure 8: Karas South Occurrence DDH No. KA-10-01 Section



(Source – Northern Iron Corp.)

11.2.2 5000 Occurrence

The 5000 occurrence (493,500mE; 5,627,800mN), having an approximate elevation of 380-410 meters above sea level, is medially situated on the Karas property BIF trend southwest of the Hook occurrence (Figure 3, 6) and consists of possibly a cluster of nine BIF contorted broken segments within a 0.45 x 0.45 km area and a single 1.33 km length band to the southwest.

BIF is hosted by metasediments; the cluster is bounded by two NE-SW trending faults. Pegmatite dykes occur in proximity to the one shear. A sliver of metavolcanics in contact with a small mafic intrusive is situated in close proximity to the west.

Topography is gentle; overburden cover varies from 0.20 to 2.0 meters. NIC personnel hand stripped an approximately 50m^2 area of moss and stump covered BIF outcrop (observed by the author). Suspected appreciable thickening of the taconite bands at the fold hinges occurs in a triple fold with tight isoclinal folding. Banded iron formation beds ranging in thickness from 1.0 cm to 0.50 m are abundantly interspersed with thicker beds of metasediments. Northern Iron Corp. concluded the high metasediment-to-magnetite ratio observed in the stripped outcrop, and relatively low magnetic signature makes this occurrence, though tightly folded, less attractive than the Karas South area.

11.2.3 Hook Occurrence

The Hook occurrence (495,400mE; 5,629,350mN) , having an approximate elevation of 400 meters above sea level, situated on claim no. 4257010 was staked in 2010 following the observance of a large 'hook' shaped magnetic anomaly by NIC personnel while researching government airborne magnetic surveys covering other areas of the Karas Property. Known extent of the occurrence (Figure 3, 6) having a pronounced bend is approximately 3.0 km. The northern extremity is visibly offset by a NE-SW trending fault. Curvature of the ‘bend’ mimics proximally located folded (?) metavolcanics. Iron formation outcrop exposure on the gentle topography is excellent with maximum till cover of 0.20 m where present. BIF was observed as tightly folded to linear 1.0-2.0 m thick magnetite beds in metasediments without isoclinal folding. NIC personnel observed outcrops of banded iron formation corresponded with historical magnetic anomalies from 1957 surveys, and anomalies delineated in the 2010 field surveys. NIC considered tightly folded BIF in close proximity to a shear zone in contact with granite, and surface gossans produced by local sulphidization (sample NIC-031 returned 0.20 g/t Au) to have gold rather than iron potential suggesting BIF-hosted gold may be more attractive for the Hook area.

Item 12.0: EXPLORATION

12.1: General

The 2010 exploration program on the Karas property by Northern Iron Corp. included reconnaissance geological mapping, rock sampling and ground-based magnetic surveys during the summer and limited diamond drilling, consisting of one hole, in the autumn. Program coordination, NIC and contractor personnel were under the direct supervision of Raul Sanabria, the company's qualified person with respect to the project

12.2: Geological Mapping

Geological mapping was conducted by NIC personnel over selected portions of the property due to time constraints and thick bush. A geological interpretation of the area was produced through a combination of geological mapping, topographical analysis and geophysical interpretation.

12.3: Rock Sampling

Northern iron Corp. undertook a grab sample program over portions of the Karas property for shear-hosted gold mineralization within the Confederation greenstone belt. Areas selected for favourable structural and geological setting were based on exposed mineralization and alteration typical of Archean greenstone belts and rare metals associated with pegmatite. Sample collection, conducted by Northern Iron Corp. personnel was carried out prior to diamond drilling. A total of 62 samples were collected from rocks that either showed sulphide mineralization or alteration favourable to host gold mineralization in a shear-hosted mesothermal gold system including several samples taken from a pegmatite in the 5000 area to test for rare metals. Samples were taken using a chisel and a sledge hammer or a geological hammer. Sample position was recorded using WAAS enabled Garmin eTrex Venture GPS units using UTM NAD 83 zone 15 datum. Samples were individually packaged and sealed in tamper proof poly sample bags in the field. These bags were labelled and stored in the core shack until transport by NIC personnel to the Red Lake SGS preparation facility for assaying at SGS Canada Inc. Lakefield, Ontario facility.

12.4 Geophysics

A ground Overhauser magnetic survey was carried out by NIC personnel on 4 grids (Figure 2) - Karas South (25m/10km) [line spacing & total km], Karas North (10-25m/9.1km), 5000 (14m/14.4km) and Hook (12.5/25-50m/8.36km).

The survey was conducted using two GSM 19 Overhauser roving magnetometers with detection minimum at 0nT and maximum at 120,000nT, purchased from GEM Systems Inc. by Northern iron Corp. The magnetometers sensor was located on a vertical staff attached to a back frame carried by the operator. WAAS enabled Garmin eTrex Venture GPS units using UTM NAD 83 zone 15 datum were used for navigation and positioning. The accuracy of the GPS units varied with weather and tree cover between ±2m and ±6m, though for the most part they maintained an accuracy of ±3m. A GSM 19 Overhauser base magnetometer was used to diurnally correct the data from the roving magnetometers daily, the sensor was located on a staff stuck in the ground approximately the same height as the roving magnetometers. This base magnetometer was set up (Figure 7) in an area determined from historical 1957 geophysical work to represent the background magnetic field, which was approximately 5650nT and took readings at four second intervals. 50Hz Filters were used on all magnetometer units and both tuning and initializing of the units was automated for the roving magnetometers (the magnetometers constantly re-tuned to the local average magnetic field and tracked changes in that field in order to obtain more accurate readings), while initializing was manually set for the base magnetometer and tuning was automated.

GPS were used to locate each station and record it, while simultaneously performing a magnetometer reading at the station. Lines were designed normal to the strike if the formations. The high magnetic gradients in this area led to difficulties in tracking the average field between readings. This led to 'false zero' readings being recorded when the total magnetic field increased by 1000nT or more between stations. This problem was dealt with in a variety of ways. Firstly, stations were spaced only 10m apart to help reduce magnetic gradients between stations to detectable limits. Secondly, if the gradient was still too high between stations and the magnetometer unit recorded false zeroes, a combination of manual retuning and multiple repeat readings was used to help the unit detect the correct magnetic field. These techniques were often successful in acquiring an accurate reading.

Data was diurnally corrected daily by linking the base and roving magnetometers and running an automated program built into the GSM software. Post processing of the data was completed on-site. Diurnal corrections were applied, no topography corrections were applied as topography was deemed to be too gentle and host rocks un-magnetic (granites and metasediments) enough so as not to substantially affect magnetic readings. Coincident data points were averaged and the data was hand filtered for 'false zero' readings which were removed from the data set; only six were found. These false zeroes were the result of failure to notice and correct the zero in the field. The method on inverse distance weighing was used graph the data with a second degree power weight model (cell size 5m, search distance 50m, search extrapolations: 3, 4 search sectors, max 3 min 2 samples per sector).

Interpretation was performed by Northern Iron Corp's personnel. Magnetic responses were used to infer the location, distribution and geometry of BIF's in the property. Interpretation of magnetic data was supported by the location of more ellipsoidal responses in area of high deformation, close to shear zones, and in the convergence area of two or more shear zones. Comparison of geophysical results on four grids – Karas North, Karas South, 5000 and Hook, the optimum target selected for drilling was determined to be the Karas South anomaly, interpreted to be a triple isoclinal fold of a nearly vertical banded iron formation with steeply plunging fold axes, which was drill tested by DDH-KA-10-01.

NIC suggested high magnetic gradients on the Karas property make continuous reading magnetometers (walking magnetometers) a more likely choice for a ground survey, as the wide spacing between stations in roving magnetometer surveys may lead to gradients too steep for the sensors to detect between stations, as in the 2010 survey.

12.5 Drilling

An initial drilling program consisting of one hole was undertaken by NIC, autumn 2010. Site of the hole was selected from interpretation of NIC field collected geological and geophysical data and, in part, validation of previous work. Particulars are described in Item 13.0: Drilling.

Item 13.0: DRILLING

13.1 Summary and Interpretation

The 2010 diamond drilling program undertaken by Northern Iron Corp., October 4-12, covers a single hole KA-10-01 (194.50 meters), drilled on the Karas South occurrence. DDH KA-10-01 (Figure 3, 6, 7) is located in the same area as the three historical Dome Exploration (Canada) Limited drill holes approximately 173 meters northeast of hole A-3 drilled at the same inclination (-45°) but having a 180° azimuth instead of 360° used for the three 1957 holes. The same folded iron formation was targeted. Core was not oriented. Summary logs, cross section (Figure 8), plan and assay certificates were examined by the author. Generally, RQD documentation indicates core recovery was excellent. The NIC drilling program, in the opinion of the author, is satisfactory. Specific details of the hole are listed in Table 5.

Table 5: Karas Property 2010 Drilling Information

Hole #	Easting	Northing	Az	Dip	Length (m)	Location	Overburden (m)	Core Size
KA-10-01	489,306mE	5,626,174mN	180°	-45°	194.50	Karas South	6.09	NQ2

(Source - Hills and Sanabria, 2010)

NIC interpreted DDH No. KA-10-01 intersected three distinct iron formations drilling through the hinge of one fold (and went through two iron formations folded together; here considered as one) and the limb of the next fold roughly based on drill hole location, geophysics and variations in magnetite content down the hole. The hole terminated in low iron content schistose meta-sedimentary rocks believed by NIC to be a bed between mineralized zones. One more fold limb of the banded iron formation and possibly more would have been intersected if the hole continued. The author is in agreement.

True thickness of the mineralization and orientation of the mineralization are unknown.

13.2: Drilling Procedures

Drilling, utilizing contractor services of More Core Diamond Drilling Ltd. of Stewart, B.C., was conducted using one B-15 skid drill was moved and supported with a bulldozer and a low bed haul truck. Pick-up trucks were used to transport the drilling crews and geologists to and from the drill site. The program was based out of the Trillium Motel in Ear Falls, Ontario. The drilling was done on two 12 hour shifts per day.

An existing road was used for access into the drill site and the drill pad area was located on the road in a clear-cut and needed no clearing. The road to the drill site needed some repair which was undertaken by Esker Logging of Red Lake, Ontario. Wooden drill pads were not constructed; the drill was placed directly on level ground, and further levelled with the use of a CAT bulldozed and some logs. WAAS enabled GPS surveying of the drillhole collar location and was done at the end of the program by Northern Iron Corp's on-site geologist. The 'zero' elevation mark for all downhole measurements was surface. Topography contours were used as the elevation surface for the drillhole. Collar elevation is approximately 389 meters above sea level.

The drilling site was selected to test the Karas South magnetic anomaly interpreted to represent the greatest concentration of magnetite. The site for KA-10-01 was on a dirt road west of the South Bay road (around Km 15), with a 180^{o} azimuth and -45^{o} dip. The hole was designed to cut the interpreted folded iron formation normal to the sub-parallel limbs.

After each 12 hour drilling shift the core was mobilized to Ear Falls, Ontario by Northern Iron Corp. or More Core Diamond Drilling secured in trucks. The core was geo-technically and geologically logged by Northern iron Corp's personnel, and is currently stored and secured in a core shack facility in Ear Falls, rented by Northern Iron Corp. from Ackewance Exploration & Sve from Red Lake. Following completion, casing was left in the hole and the casing entry point was marked with a cut branch and flagging tape. Procedures, in the author's opinion, are quite satisfactory.

13.3: Drill Hole Surveys

The drill was positioned on the ground and aligned with a flagged foresight and was later checked by the project geologist using a WAAS enabled GPS. Drillhole collar inclination was set using a carpenter's inclinometer. Downhole surveys were conducted approximately every 50m downhole with a Ranger single shot downhole survey tool purchased from Ranger Survey Systems Canada, Inc. owned by More Core Diamond Drilling Ltd. and operated by the drill crew. However since the instrument was affected by the magnetic field associated with the iron formation, only measurements of inclination were accepted as valid. Downhole drill hole azimuths were assumed to be the same as the collar azimuth. The author agrees this methodology is acceptable.

Item 14.0: SAMPLING METHOD AND APPROACH

Core sampling and cutting by NIC were restricted to mineralized intervals of banded iron formation containing appreciable amounts of magnetite. Sample intervals were laid out nominally at 3m intervals, but were also delimited at lithic contacts at shorter intervals. Non-mineralized commercial siliceous gardening stone was inserted into the sample stream as field blanks at a ratio of 20 true samples to 1 field blank.

Sample intervals and numbers were marked on the cut side of the core post-cutting using red lumber crayons. Metal tags containing sample number and interval information were stapled into core trays near the beginning of each sample. The field blank tag was included and positioned just behind the tag of the preceding sample. After samples were marked and tagged, the core boxes were photographed with core wet.

All of the core samples were sawn in half using a diamond saw. One half of the core was returned to the core box and the other half was packaged and labelled as individual samples for transport to Red Lake SGS preparation facility. Blank samples were prepared given sequential sample numbers and inserted where indicated.

Upon termination of logging, lids were screwed into all core boxes, and boxes were stored, cross-piled in the yard outside the Ear Falls core shack. Ackewance Exploration & Svc rented the core shack, located in Ear Falls to Northern Iron Corp. and undertook drill core cutting, sample packaging and core storage under NIC supervision. Chain of custody involved personal delivery of samples in sealed tamper proof plastic sample bags stored in tied rice bags transported to the SGS preparation laboratory, Red Lake by NIC personnel.

The author is not aware of any drilling or sampling factors with respect to the 2010 program that could affect the accuracy and reliability of results, with respect to material impact. Sampling by NIC is understood to be representative and unbiased, in the author's opinion. Parameters to establish drill standardized core sampling intervals would seem to be based upon magnetite distribution and intersection lengths of the BIF host. Sampling method included continuous sampling of mineralized sections and included high, low grade and intermediate non-mineralized intervals.

Item 15.0: SAMPLE PREPARATION, ANALYSES AND SECURITY

15.1: Sample Preparation

All in-lab sample preparation mandated by Northern Iron Corp. was performed by SGS, Red Lake facility, and splits were sent to SGS Lakefield for iron ore XRF analysis. Each sample was weighed in air and weighed when submerged in water. Each of the drill core samples including the field inserted blank were cone-crushed dry to 75% passing 2mm, split to 350g and pulverized to 85% passing 75µm.

The author understands there was no aspect of sample preparation involvement by employees, officers, directors or associates of the issuer.

15.2: Analysis

Analytical records observed by the author show Northern Iron Corp. submitted 62 drill core samples for analysis at the Lakefield, Ontario, Canada laboratory of SGS Canada Inc. having ISO 9001 and ISO/IEC 17025 accreditation. Signed Certificate of Analysis (LR Report: CA02754-Nov10 – Final Report) dated December 02, 2010, analysis included SiO_2, Al_2O_3, Fe_2O_3, MgO, CaO, Na_2O, K_2O, TiO_2, P_2O_5, MnO, Cr_2O_3, V_2O_5, Ni, Zr and S reported as percentage. Whole rock analysis was by XRF with the exception of S using whole rock analysis by carbon sulphur analyzer.

Gold assays were performed at SGS Red Lake site, 62 rock grab samples were analyzed by FAA313 expressed as ppb, g/t and oz/t.

15.3: Quality Assurance – Quality Control (QA-QC)

Control quality by SGS consisted of analyzing 6 laboratory duplicates. Northern Iron Corp. QA/QC measures undertaken involved insertion of 3 field blanks with the submitted samples (65 in total).

Field blanks showed only minor contamination, with the highest value being 2.04% Al_2O_3 and Fe_2O_3 and all other values being less than or equal to 1. This was deemed acceptable contamination, and the results are therefore considered reasonably accurate. Lab duplicates had an average discrepancy error of 1.38%, mainly due to difference in Na_2O, MnO, and S percent values between duplicate samples. The greatest error in Fe% between duplicates was a decrease of 0.8% in the duplicate sample. Discrepancies, in the author's opinion, are insignificant.

15.4: Adequacy

Sample preparation, security and analytical procedures utilized by Northern Iron Corp., in the opinion of the author, are considered to be sufficiently adequate based upon meticulous documentation and current excellent preservation state of archived core.

Item 16.0: DATA VERIFICATION

A verification attempt of NIC drilling results was undertaken by the author. NIC took one representative 3.0 meter length sawn ¼ core size sample from DDH KA-10-01 following the author's instructions who was not onsite to personally supervise selection, cutting and bagging the sample. Chain of custody included cutting and bagging (sealed plastic bag) supervision by NIC at the Ear Falls core shack, personal delivery to the NIC Vancouver office, and shipping the packaged sample to the ALS Laboratory Group, 2103 Dollarton Highway, North Vancouver facility. This arrangement was satisfactory to the author. Following submission of the sample to for comparison analysis, R. Sanabria, NIC, was informed by ALS Minerals Division, in an email dated December 6, 2010, analytical method ME-XRF11v was no longer available at the Vancouver facility and ME-XRF11 was only undertaken at the Perth and Brisbane facilities, Australia. The author was informed of the situation December 13, 2010. Due to the lengthy turnaround time associated with the Australian facilities and finalization date of this technical report, the matter was terminated.

Item 17.0: ADJACENT PROPERTIES

The author understands the definition of adjacent properties with respect to the Instrument is not applicable to this form 43-101F1 Technical Report in accordance to National Instrument 43-101 Standards of Disclosure for Mineral Projects, 2005, Part 1, Definitions and Interpretation, Subsection 1.1 (a) – "adjacent property" means a property in which the issuer does not have an interest. Adjacent iron formation properties within the immediate Red Lake Mining Division area of direct concern to the issuer are Griffith, Whitemud, El Sol and Papaonga; properties in which Northern Iron Corp. holds interest.

Item 18.0: MINERAL PROCESSING AND METALLURGICAL TESTING

The author is unaware of such testing having been undertaken to date on Karas property. Item 18.0 is not applicable to this Form 43-101F1 Technical Report.

Item 19.0: MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

The author is unaware of such estimates having being undertaken to date on Karas property. Item 19.0 is not applicable to this Form 43-101F1 Technical Report.

Item 20.0: OTHER RELEVANT DATA AND INFORMATION

The author is unaware of other data and/or information relevant to the Technical Report that is not contained in this document.

Item 21.0: INTERPRETATION AND CONCLUSIONS

21.1: Results and Interpretation

Initial diamond drilling and geophysical interpretation by Northern Iron Corp. have identified a banded iron formation body of un-quantified parameters on the Karas property. Specifically the Karas South occurrence appears to be an upright structure undefined in three dimensions and internal anatomy. Drilling confirmed the presence of several folded units of BIF referenced to a magnetic anomaly, supporting the assumed model of banded iron formation folding, interpreted as a triple isoclinal fold of a nearly vertical BIF with steeply plunging fold axes. Folded BIF is considered by NIC to create favourable deposit geometry for open pit mining compared to a single sub-vertical bed of banded iron formation by reducing the stripping ratio.

To outline mineralization (tonnage and grade) having significant magnitude for further appraisal, several concerns with respect to the Karas South prospect have to be recognized: (1) a sufficient demonstration of continuity of intersections between holes; (2) uniformity or non-uniformity in grade with depth and along strike; and (3) structural complexity. Based upon current understanding of Karas South from available information, the author considers these issues require address with respect to comprehensive delineation and evaluation.

A sequential drilling program, in the author's opinion, is required on Karas South to determine if sufficient parameters are present for eventual NI 43-101 compliant resource estimation.

A Phase I drilling program on Karas South is proposed by the author as the *first* step in order to achieve the compliancy level for initial resource estimation. This Phase I program would involve delineation and possibly infill drilling consisting of two-hole profiles along the compressed strike length of the occurrence. It is anticipated intermediate spaced profiles drilled during a Phase II program, not specified in this report, would adequately increase confidence levels regarding correlation between holes, any irregular distribution of the mineralization and provide better understanding.

Prospecting and sampling of structures for BIF-hosted gold with respect to the Hook occurrence, in the author's opinion, is of considerably lesser priority, but should be continued.

21.2: Conclusions

The Karas South occurrence demonstrates positive upgradeable potential and traits for hosting economic BIF mineralization. First pass evaluation by Northern Iron Corp. achieved its objective regarding existence and very preliminary outline of the iron formation target via ground magnetic signature and a single drill hole validation. A definition drilling program is required to initially delineate mineralization continuity and grade for subsequent undertaking of NI 43-101 compliant resource estimation.

Item 22.0: RECOMMENDATIONS

22.1: Recommended Work Program

Current accumulated expenditures by Northern Iron Corp. on the property total $114,888.00 (Table 6). No work previous to that presented in this report was conducted on the Karas property by Northern Iron Corp.

Table 6: Dates and Costs of Work Performed

From Date	To Date	Work Type	Unit of Work	Cost Per Unit ($)	Actual Cost ($)
03/06/2010	14/07/2010	Mapping	$/day	712	27801
06/09/2010	30/09/2010	Geophysics	$/day	884	22110
04/10/2010	12/10/2010	Drilling	$/m	77	15049
05/10/2010	13/10/2010	Core Teck/Logging	$/day	651	5867
05/10/2010	10/10/2010	Core Cutting	$/day	275	1650
17/10/2010	01/11/2010	Assays	$/sample	23	3042
04/10/2010	12/10/2010	Drill MOB/DMOB consumables and field costs	N/A	Fixed	26783
03/06/2010	30/09/2010	Exploration Supplies	N/A	Fixed	311
05/10/2010	13/10/2010	Core Shack Rental	N/A	Fixed	2044
02/09/2010	06/09/2010	Kiex Consulting Limited	N/A	Fixed	1256
03/06/2010	13/10/2010	Transportation Costs	N/A	Fixed	553
03/06/2010	13/10/2010	Hotel	N/A	Fixed	5715
03/06/2010	13/10/2010	Meals	N/A	Fixed	2056
03/06/2010	13/10/2010	WSIB	N/A	Fixed	651

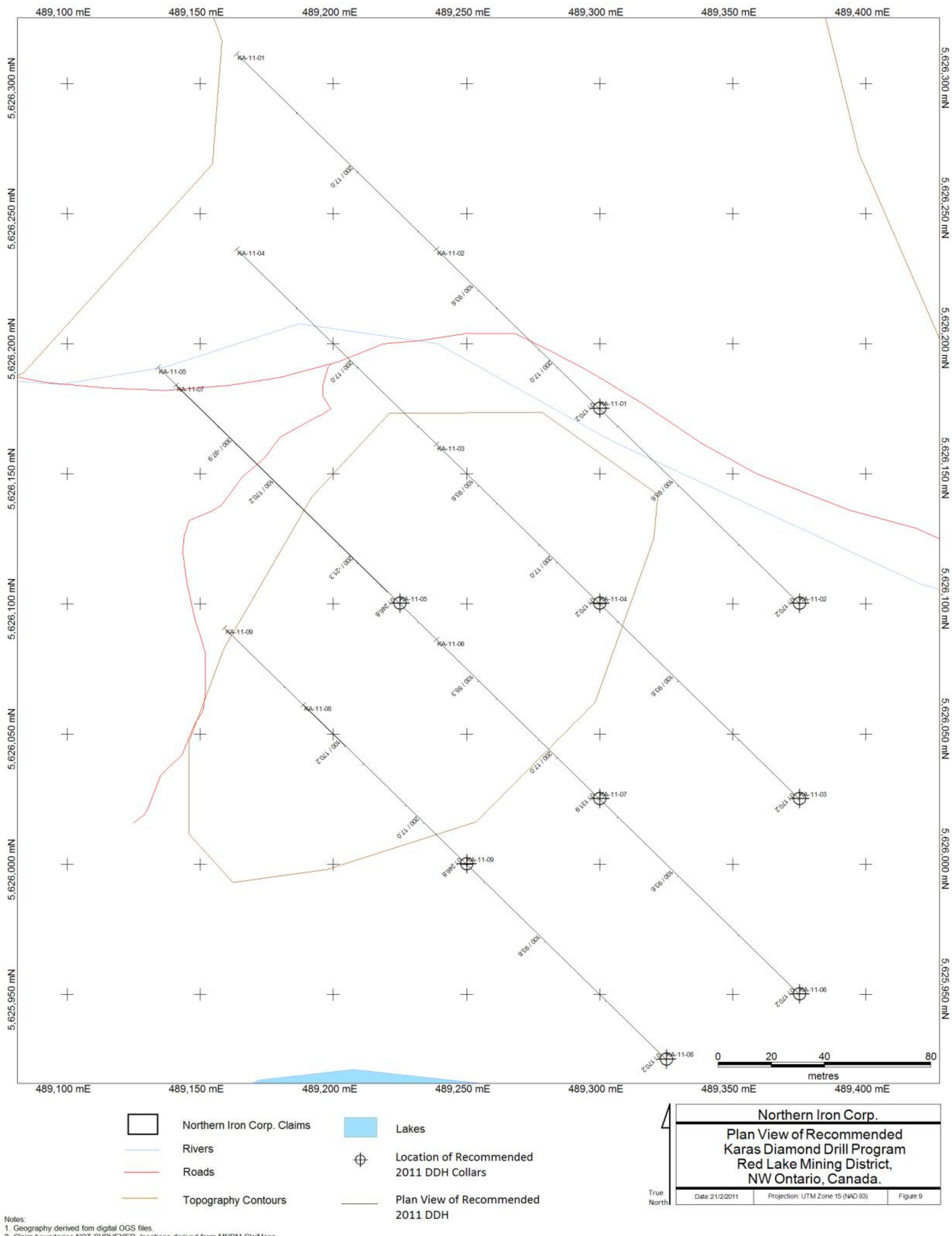
Recommendations for a Phase I work program include implementation of drilling, supported by geological and geophysical surveys to investigate the iron formation.

1. A drilling program, totalling 2550 meters, should be aimed at initial profiling for mineralization continuity determination of the Southern Karas iron formation. An initial 2 - 3 holes per profile for down-dip intersections are recommended, followed by limited infill profiling, possibly to increased depth, to attempt refinement of earlier definition parameters for delineation. Refer to Table 7 for drill plan specifics and Figure 9 for a plan view of the suggested drill plan. The target, the Southern Karas iron formation, is located under approximately 5-10m of overburden, and open at depth. This drilling is not contingent on any other preliminary work recommended in phase I.

Table 7: 2011 Recommended Drill Plan

DDH	UTM E	UTM N	Elevation (masl)	Azimuth (°)	Dip (°)	Length (m)	Core Size
KA-11-01	489300	5626175	400	315	-50	300	NQ2
KA-11-02	489375	5626100	400	315	-50	300	NQ2
KA-11-03	489375	5626025	400	315	-50	300	NQ2
KA-11-04	489300	5626100	400	315	-50	300	NQ2
KA-11-05	489225	5626100	400	315	-50	200	NQ2
KA-11-06	489375	5625950	400	315	-50	300	NQ2
KA-11-07	489300	5626025	400	315	-50	350	NQ2
KA-11-08	489325	5625925	400	315	-50	300	NQ2
KA-11-09	489250	5626000	400	315	-50	200	NQ2

Figure 9: Plan View of Recommended Karas Diamond Drill Program



(Source – Northern Iron Corp., OGS files and MNDM ClaiMaps)

2. Ground magnetic coverage is incomplete and additional surveys should be undertaken over the remainder of the BIF unit in particular in the Hook occurrence area; including independent interpretation for verification purposes.

3. Selected locations of overburden covered BIF outcrop should mechanically trenched/stripped for detailed mapping and sampling purposes.

4. Geological mapping/sampling should be completed over the entire BIF strike length for better definition of the iron formation with limited attention applied to gold prospecting.

5. Although improbable and non-essential to the success of the project, relocation of historical collars should be attempted and any archived drill core found, logged and assayed.

6. Future core analysis should include specific gravity determinations, tied to QA-QC programs.

7. Geophysical and/or geological modelling should be initiated to attain a better understanding of the targeted iron formation.

KIEX recommends a proposed budget of $ 1,002,512.00 to undertake the program (Table 8).

Table 8: Karas Property Proposed Budget – Phase I Work Program

ITEM	COST
Drilling (2550m)	$ 382,500.00
Personnel	$ 110,000.00
Trenching	$ 20,000.00
Modelling	$ 25,000.00
Geophysics	$ 30,000.00
Analysis	$ 50,000.00
Lodging, Food, Travel	$ 100,000.00
Purchases/Rentals	$ 75,000.00
Contingency	$ 79,250.00
Management & Overhead	$ 130,762.00
TOTAL (Cdn $)	**$ 1,002,512.00**

Advancement to Phase II is contingent upon receipt of positive results received from Phase I.

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Item 24.0: DATE AND SIGNATURE PAGE

CERTIFICATE OF QUALIFIED PERSON

Date: June 17, 2011

I, Christopher Hutchings, P. Geo. do hereby certify that:

(a) I reside and have an office at 8 White's Road, Carbonear, NL, Canada, A1Y 1A4.

(b) I am author of this report titled *"Technical Report on the Karas Property, Ontario, Canada"* dated June 17, 2011, prepared for *Northern iron Corp.*, Vancouver, B. C., V6C 1T2.

(c) I hold a B.Sc. (1974) in Geology from Memorial University of Newfoundland and have practised my profession continuously for 37 years. I am a Professional Geoscientist, registered (1990 - Member No. 02193) with Professional Engineers and Geoscientists, Newfoundland and Labrador. Experience spans volcanogenic massive sulphides, carbonate-hosted lead-zinc, sedimentary exhalative zinc-lead-silver, volcanic redbed copper, sediment-hosted stratiform copper, epithermal and mesothermal gold, banded iron formation, iron-formation-hosted gold, iron-oxide-copper-gold-uranium, iron skarn, volcanic-hosted uranium, magmatic nickel-copper and other deposit types. I am President and Senior Geoscientist of KIEX Consulting Limited, incorporated 1979, a single person general consulting practise (PEGNL Permit No. D0007). I am the qualified person for the purposes of this report.

(d) I personally visited Karas property September 29, 2010; a visit of approximately three hours duration.

(e) I am responsible for the entire report specified in section (b).

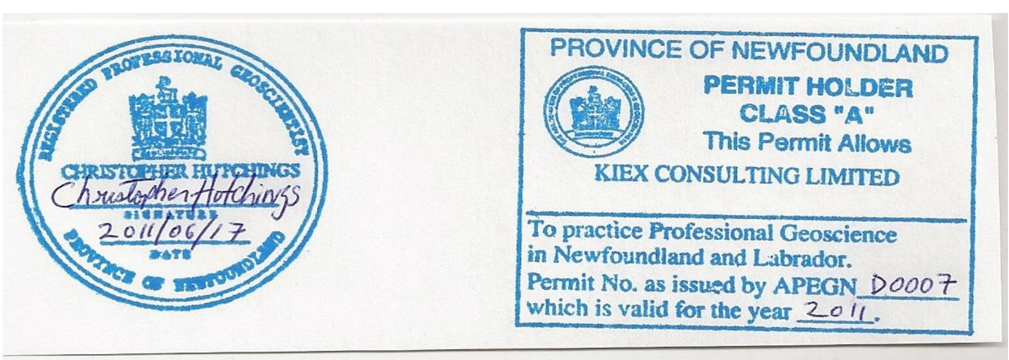
(f) KIEX Consulting Limited and I, both, are independent and are not affiliated with Northern Iron Corp. KIEX Consulting Limited and I do not have direct or indirect interest in either the property described or in Northern Iron Corp. and do not expect to receive any such interest.

(g) I have not had any prior involvement with the property that is the subject of the Technical Report.

(h) I have read this Instrument and the Technical Report has been prepared in compliance with this Instrument. And

(i) As of the date of this certificate, June 17, 2011, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

SEALS



Christopher Hutchings, P. Geo. KIEX Consulting Limited