No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

*This Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws. Accordingly, the securities offered hereby may not be offered or sold directly, or indirectly, in the United States or to, or for the account or benefit of, U.S. persons (as such terms are defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or pursuant to exemptions from such registration. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account or benefit of, U.S. persons, or any other jurisdiction in which securities may not lawfully be offered for sale. See "Plan of Distribution".*

Initial Public Offering August 11, 2011

PROSPECTUS

NORTHERN IRON CORP.

Minimum Offering: $5,000,000
Maximum Offering: $12,500,000

(Up to 41,666,666 Non Flow-Through Units at $0.30 per Non Flow-Through Unit and up to 15,151,515 Flow-Through Units at $0.33 per Flow-Through Unit)

Northern Iron Corp. ("**Northern Iron**") is hereby qualifying for distribution (the "**Offering**") a combination of up to 41,666,666 non flow-through units (the "**Non Flow-Through Units**") and up to 15,151,515 flow-through units (the "**Flow-Through Units**" and, collectively with the Non Flow-Through Units, the "**Units**") at a price of $0.30 per Non Flow-Through Unit (the "**Non Flow-Through Unit Offering Price**") and $0.33 per Flow-Through Unit (the "**Flow-Through Unit Offering Price**"), subject to a minimum aggregate offering of $5,000,000 (the "**Minimum Offering**") and a maximum aggregate offering of $12,500,000 (the "**Maximum Offering**"). The Units will be issued by Northern Iron and sold pursuant to an agency agreement (the "**Agency Agreement**") dated as of August 11, 2011 between MGI Securities Inc. and Stonecap Securities Inc. (together, the "**Agents**") and Northern Iron. The Non Flow-Through Unit Offering Price and the Flow-Through Unit Offering Price were determined by negotiation between Northern Iron and the Agents. See "Plan of Distribution". The actual aggregate number of Units issued under the Offering could be a combination of Non Flow-Through Units and Flow-Through Units determined by mutual agreement of Northern Iron and the Agents prior to the Closing.

Each Non Flow-Through Unit is comprised of one common share in the capital of Northern Iron (a "**Common Share**") and one common share purchase warrant (a "**Warrant**"). Each Warrant will entitle the holder thereof to purchase one Common Share at a purchase price of $0.50 for a period of 24 months from the date of Closing (as hereinafter defined). Each Flow-Through Unit is comprised of one Common Share (a "**Flow-Through Share**") that qualifies as a "flow-through share" pursuant to the *Income Tax Act* (Canada) (the "**Tax Act**") and one-half of one Warrant.

	Price to the Public	**Agents' Commission** [1]	**Net Proceeds to Northern Iron** [2][3]
Per Non Flow-Through Unit	$0.30	$0.024	$0.276
Per Flow-Through Unit	$0.33	$0.026	$0.304
Total (Minimum Offering)	$5,000,000	$400,000	$4,600,000
Total (Maximum Offering) [3]	$12,500,000	$1,000,000	$11,500,000

Notes:

(1) Northern Iron has agreed to pay a total cash commission of 8% of the gross proceeds from the Offering to the Agents in connection with the Offering. Upon Closing, Northern Iron will also grant to the Agents a number of warrants (the "**Agent Warrants**") equal to 8% of the total number of Units sold under the Offering. Each Agent Warrant will be exercisable for one Non Flow-Through Unit (an "**Agent Unit**") at a price equal to the Non Flow-Through Unit Offering Price for a period of 24 months from the Closing of the Offering. Each Agent Unit will consist of one Common Share and one Warrant. Northern Iron has also agreed to pay to MGI Securities Inc. a work fee of $25,000 and a corporate finance fee that consists of $100,000 and 333,333 Agent Warrants upon the completion of the Offering. This Prospectus qualifies the distribution of the Agent Warrants.

(2) After deducting the Agents' Commission but before deducting expenses of the Offering, which are estimated to be approximately $500,000, and will be paid by Northern Iron from the proceeds of the Offering.

(3) Northern Iron has granted to the Agents an over-allotment option (the "**Over-Allotment Option**"), exercisable in whole or in part, at any time and from time to time, for a period of 30 days from the Closing of the Offering, to require Northern Iron to sell up to an additional 15% of the Units sold pursuant to the Offering (prior to the exercise of this option) at a price equal to the Flow-Through Unit Offering Price, in the case of Flow-Through Units sold pursuant to the Over-Allotment Option (the "**Additional Flow-Through Units**"), and at a price equal to the Non Flow-Through Unit Offering Price, in the case of Non Flow-Through Units sold pursuant to the Over-Allotment Option (the "**Additional Non Flow-Through Units**" and, together with the Additional Flow-Through Units, the "**Additional Units**") to cover over-allotments, if any, and for market stabilization purposes. The number of Flow-Through Units that may be sold under the Over-Allotment Option may not exceed 15% of the Flow-Through Units sold under the Offering. The number of Non Flow-Through Units that may be sold under the Over-Allotment Option may not exceed 15% of the Non Flow-Through Units sold under the Offering. This Prospectus also qualifies the distribution of the Over-Allotment Option and the distribution of the Additional Units issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Additional Units forming part of the Agents' over-allocation position acquires such Additional Units under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or, in the case of Non Flow-Through Units, secondary market purchases. Unless the context requires otherwise, all references to "Units" in this Prospectus shall include Additional Units. If the Over-Allotment Option is exercised in full through the purchase of Additional Units, the total Price to the Public will be $14,375,000, the cash commission paid to the Agents and selling group (if any) for the Offering will be $1,150,000, and the net proceeds of the Offering, before deducting the expenses of the Offering will be $13,225,000. See "Plan of Distribution" and the table below:

Agents' Position	Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	Up to 6,250,000 Additional Units	30 days from the Closing of the Offering	$0.33 per Additional Flow Through Units $0.30 per Additional Non Flow-Through Unit
Agent Warrants	Up to 4,166,666 Agent Units	24 months from the Closing of the Offering	$0.50 per Agent Warrant

As at the date of this Prospectus, Northern Iron does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a United States marketplace or a marketplace outside of Canada and the United States. Northern Iron has applied to list the Common Shares distributed pursuant to this Prospectus on the TSX Venture Exchange (the "**Exchange**"). The completion of the Offering is conditional upon Northern Iron being approved for listing on the Exchange, which listing will be subject to Northern Iron fulfilling all of the listing requirements of the Exchange, including the distribution of the Common Shares to a minimum number of public shareholders.

The Agents conditionally offer the Units, subject to prior sale, if, as and when issued by Northern Iron and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution", subject to the approval of certain legal matters by Ormston List Frawley LLP on behalf of Northern Iron and Osler, Hoskin & Harcourt LLP on behalf of the Agents.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books for the Offering at any time without notice. Other than Units sold in the United States

or to U.S. persons, which will be represented by individual certificates, it is anticipated that a certificate or certificates representing the Common Shares and the Warrants comprising the Units will be issued in registered form to CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee as a global security and will be deposited with CDS on the date of Closing, which is anticipated to be on or about August 18, 2011, or such other date as Northern Iron and the Agents may agree, but in any event no later than August 31, 2011. A purchaser of Units (other than a purchaser of Units in the United States or a U.S. person) will receive only a customer confirmation from a registered dealer that is a CDS participant and from or through which the Units are purchased. See "Plan of Distribution".

An investment in the Units is highly speculative and involves significant risks that should be carefully considered by prospective investors before purchasing such securities. The risks outlined in this Prospectus should be carefully reviewed and considered by prospective investors in connection with an investment in such securities. See "Risk Factors".

Northern Iron's registered and head office is located at Suite 1051, 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

READERS SHOULD RELY ONLY ON INFORMATION CONTAINED IN THIS PROSPECTUS. NORTHERN IRON HAS NOT AUTHORIZED ANYONE TO PROVIDE THE READER WITH DIFFERENT INFORMATION. NORTHERN IRON IS NOT MAKING AN OFFER OF THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER IS NOT PERMITTED. READERS SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE ON THE FRONT OF THIS PROSPECTUS, UNLESS OTHERWISE EXPRESSLY STATED. NORTHERN IRON DOES NOT UNDERTAKE TO UPDATE THE INFORMATION CONTAINED HEREIN, EXCEPT AS REQUIRED BY APPLICABLE SECURITIES LAWS.

AGENTS:

MGI SECURITIES INC.
Suite 300, 26 Wellington Street East
Toronto, Ontario, Canada M5E 1S2
Telephone: (416) 365-4383
Fax: (416) 864-6485

- and -

STONECAP SECURITIES INC.
Suite 900, 181 Bay Street
P.O. Box 779
Toronto, Ontario, Canada M5J 2T3
Telephone: (416) 342-8590
Fax: (416) 342-9941

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ELIGIBILITY FOR INVESTMENT

In the opinion of Davies Ward Phillips & Vineberg LLP, special tax counsel to Northern Iron, based on the current provisions of the Tax Act and the regulations thereto (the "**Regulations**"): (i) provided that the Common Shares are listed on a "designated stock exchange" (within the meaning of the Tax Act), which includes Tiers 1 and 2 of the Exchange, each Common Share, if issued on the date hereof, would be a "qualified investment" under the Tax Act and the Regulations for a trust governed by a registered retirement savings plan, registered retirement income fund, registered disability savings plan, deferred profit sharing plan, registered education savings plan or tax-free savings account (collectively, "**Plans**"); and (ii) provided that Northern Iron and any person who does not deal at arm's length with Northern Iron (within the meaning of the Tax Act) is not an annuitant, a beneficiary, an employer or a subscriber under or a holder of, a Plan, a Warrant, if issued on the date hereof, would be a "qualified investment" under the Tax Act and the Regulations for a trust governed by such Plan.

The Common Shares (whether part of a Unit or issued on the exercise of a Warrant), Flow-Through Shares, and Warrants will not be "prohibited investments" for a trust governed by a tax-free savings account (a "**TFSA**"), provided that, for purposes of the Tax Act, the holder of the TFSA deals at arm's length with Northern Iron and does not have a "significant interest" in Northern Iron or in any corporation, partnership or trust with which Northern Iron does not deal at arm's length. Generally, a holder of a TFSA will not have a "significant interest" in a corporation (such as Northern Iron) if neither the holder nor persons with whom the holder does not deal at arm's length (nor the holder together with such persons) directly or indirectly holds 10% or more of the issued shares of any class of the capital stock of such corporation. Prospective purchasers who may have a significant interest in Northern Iron or a corporation, partnership or trust that does not deal at arm's length with Northern Iron should consult their own tax advisors. Generally, where a TFSA holds property that is a prohibited investment and also is not a qualified investment for such TFSA, the property is not considered to be a non-qualified investment, but remains a prohibited investment.

The Minister of Finance (Canada) has announced proposed amendments to the Tax Act which would extend the application of the penalty tax for holding "prohibited investments" to the annuitant of a registered retirement savings plan or a registered retirement income fund.

It is not anticipated that a trust governed by a Plan would subscribe for Flow-Through Units as the Plan and the holder, annuitant, beneficiary or subscriber of such Plan, as the case may be, would not benefit from a deduction in respect of CEE as described under "Certain Canadian Federal Income Tax Considerations". However, purchasers of Flow-Through Units may wish to transfer their Flow-Through Shares and/or Warrants to a Plan following the initial purchase. Purchasers who intend to transfer all or a portion of their Flow-Through Shares and/or Warrants to a Plan should consult their own tax advisors as to the tax consequences of such a transfer having regard to their own particular circumstances.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains "forward-looking statements" which reflect management's expectations regarding Northern Iron's future growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements may include, but are not limited to, statements with respect to the future financial or operating performance of Northern Iron and its projects, the future price of iron ore or other metal prices, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of Northern Iron to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: no assurance of successful development; limited operating history; lack of profitability of Northern Iron; capital requirements; highly speculative nature of the business; early stage of Properties; reduced global demand for steel or interruptions in steel production; dependence on mineral exploration projects; exploration, development and operational risk; competition; environmental risks and hazards; government regulation, permits and

licenses; metal prices; lag time between discovery and production of mineral resources; Aboriginal land claims and Aboriginal rights; access to power; foreign exchange; uncertainty of mineral resource estimates; dependence on outside parties; reliance on management and key employees; errors in results of prior exploration work; availability of reasonably priced raw materials and mining equipment; failure to meet production targets and cost estimates; Common Share price fluctuations; market perception; no assurance of title boundaries or approvals; dividend policy; estimation of asset carrying value; uninsured risks; Canadian tax treatment of flow-through shares; no current public market and no assurance of any listing; dilution of Common Shares; future sales by existing shareholders; and conflicts of interest. Although Northern Iron has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Prospectus and Northern Iron disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

GENERAL MATTERS

Conversions

In this Prospectus, both imperial and metric units of measurement are used. Conversion rates from imperial to metric and from metric to imperial are provided below:

Imperial Measure	=	Metric Unit	Metric Unit	=	Imperial Measure
2.47 acres		1 hectare	0.4047 hectare		1 acre
3.28 feet		1 metre	03.48 metre		1 foot
0.62 mile		1 kilometre	1.609 kilometres		1 mile
0.032 ounce (troy)		1 gram	31.103 grams		1 ounce (troy)
1.102 tons (short)		1 t	0.907 t		1 t (short)
0.029 ounce (troy)/t		1 gram/t	34.28 grams/t		1 ounce (troy/t)

Currency

References in this Prospectus to "$" are to Canadian dollars.

The financial statements of Northern Iron included herein are reported in Canadian dollars.

Defined Terms

For an explanation of certain terms and abbreviations used in this Prospectus, refer to "Glossary of Non-Technical Terms" and "Glossary of Technical Terms Relating to Mining and Mineral Properties".

SUMMARY

The following is a summary only of the principal features of this distribution and should be read together with the more detailed information and financial data and statements included elsewhere in this Prospectus. Please refer to the Glossary for an explanation of certain terms used in this Prospectus and this summary.

Northern Iron: Northern Iron was incorporated pursuant to the OBCA on November 20, 2009. On July 9, 2010, Northern Iron registered in British Columbia as an extra-provincial corporation as Northern Iron's registered and head office is located in British Columbia. Northern Iron has no subsidiaries.

Northern Iron was established with a mandate to acquire, explore and develop prospective iron ore properties in Canada. See "The Business of Northern Iron".

Investment Highlights:

Northern Iron controls three material iron ore properties and two other iron ore properties

- 100% interest in five iron ore projects in the Red Lake mining division of Kenora, Ontario. The technical reports for Northern Iron's material properties, the El Sol Property, the Karas Property and the Griffith Property, are NI 43-101 compliant.
- The El Sol Property has a historic iron ore resource of approximately 312 million t grading 31.1% Fe.
- The Karas Property has a historic iron ore resource of approximately 21 million t grading 22.8% Fe.
- The Griffith Property is a past producer. The Griffith Mine produced 22.85 million t of iron ore pellets with average grading of 66.7% Fe from 78.8 million t of crude ore with an average grade of 23.9% magnetic iron.
- Northern Iron's two other projects, the Papaonga Property and the Whitemud-Slate Property are historical resource properties,
- Scaleable long-life projects with considerable exploration and development potential.

Increasing demand for iron ore in developing economies has resulted in increasing price

- Increased demand due to the increased rate of industrialization of Asia, specifically India and China, has resulted in increasing prices for iron ore. According to Natural Resources Canada, iron ore is now the largest commodity after oil. Iron ore prices increased by 60% in 2010, from $105.25 per dry metric t in December 2009 to $168.53 in December 2010.

Attractive locations with good regional infrastructure, close to large end-user markets that require supply

- The El Sol Property and the Karas Property are accessible by road from Thunder Bay and Winnipeg and have access by rail and lake barges to target markets, including the United States, Western Europe and Asia.
- Located near established power and all-season road infrastructure.
- Local regional population of 24,000, including skilled labour for the mining industry.

Sophisticated management and board of directors with strong track record of successful development of mining companies

- Northern Iron is led by an experienced management team with the capability to advance Northern Iron's projects to production, supported by a strong Board with mining,

regional and financial expertise.

- Basil Botha, the President and Chief Executive Officer, has more than 30 years of international experience in mining.
- Grant T. Smith, the Chief Financial Officer, has over 20 years of experience as the chief financial officer of various mining companies.
- Raul Sanabria, Vice-President Exploration, has 10 years of experience as an exploration and mine geologist in Europe, North and South America, in a variety of mineral deposits including iron ore, precious and base metals.

Northern Iron's Material Properties:

Northern Iron's material Properties are the El Sol Property, the Karas Property, and the Griffith Property, all of which are located in the Red Lake mining division, in the district of Kenora, Ontario.

The El Sol Property consists of four mineral claims covering approximately 1,024 hectares, and the Karas Property consists of 15 mineral claims covering approximately 3,200 hectares. Northern Iron has not previously conducted any exploration on the El Sol Property, whereas it has conducted ground-based magnetic surveys over four prospective anomalies (Five Thousand, Hook, Southern Karas and Northern Karas) on the Karas Property. The El Sol Property has a non NI 43-101 compliant historical resource containing 312 million t of 31.1% Fe ("Iron Deposits of Ontario" R. Shklanka, 1968) at a 305 m depth. The El Sol Technical Report by WGM concluded that additional drilling will be required to allow for a NI 43-101 mineral resource estimate encompassing the known historic deposit on the El Sol Property to be completed.

The Karas Property has a non NI 43-101 compliant historical resource of 21 million t of 22.8% Fe ("Iron Deposits of Ontario" R. Shklanka, 1968). On the Karas Property, a 193 m deep hole was drilled in 2010, and this hole demonstrated mt mineralization from top to bottom.

The Griffith Property is comprised of 11 mineral claims with an area of approximately 1,776 hectares. This property hosts the former Griffith Mine, which operated from 1968 to 1986 and produced 22.85 million t of iron ore pellets with average grading of 66.7% Fe from 78.8 million t of crude ore with average grading of 23.9% magnetic iron ("Report of Activities 2010, Resident Geologist Program, Red Lake Regional Resident Geologist Report: Red Lake and Kenora Districts" A.F. Lichtblau, C. Ravnaas, C.C. Storey, J. Bongfeldt, S. McDonald, H.C. Lockwood, N.A. Bennett and T. Jeffries, 2011; Ontario Geological Survey, Open File 6261; and "The Griffith Mine, history and disposition of facilities after closure", Steel Company of Canada, Limited / Pickands Mather & Co. booklet, Author Unknown, 1986). The Griffith Property is currently flooded and must be dewatered before exploration activities can continue.

The foregoing historical resource estimates were completed prior to the implementation of NI 43-101 and should not be relied upon. The specified data used to generate the estimates is incomplete and/or not available and has not been confirmed by Northern Iron. The historical estimates have not been audited or confirmed but are believed by Northern Iron to be of historical importance.

Northern Iron's Other Properties:

Northern Iron also holds two other properties located in the Red Lake Mining Division, in the district of Kenora, Ontario: The Papaonga Property and the Whitemud-Slate Property. The Papaonga Property is comprised of nine mineral claims with an area of approximately 2,096 hectares. Northern Iron has conducted ground based magnetic surveys over areas of the property that were selected based on surveys from 1957. The Papaonga Property has a non NI 43-101 compliant historical resource containing 13.5 million t of 31.06% Fe ("Mining and Mineral Exploration Northwest Ontario – Fall 2009" MNDM, 2009). The Whitemud-Slate Property is comprised of 30 mineral claims with an area of approximately 6,576 hectares. Northern Iron has conducted ground based magnetic surveys over areas of the property that were selected based on surveys from 1956. The Whitemud-Slate Property has a non NI 43-101 historical resource of 100 million t averaging 21.6% Fe ("Mining and Mineral Exploration Northwest Ontario – Fall 2009" MNDM, 2009).

The specified data used to generate the historical resource estimates are incomplete and/or not available and have not been confirmed by Northern Iron. The historical estimates have not been audited or confirmed but are believed by Northern Iron to be of historical importance.

Key Objectives:

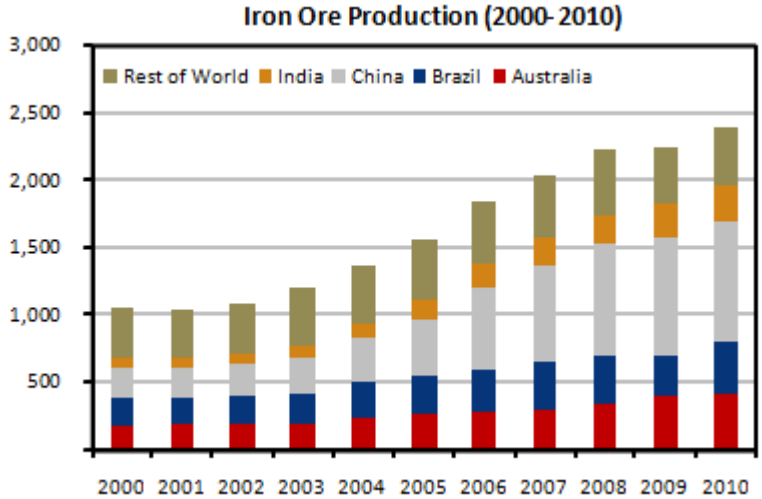
Northern Iron's key objectives in relation to the Properties are to:

- complete a preliminary economic assessment and determine a NI 43-101 compliant mineral resource at its El Sol Property in the 12 months following the completion of the Offering;
- determine a NI 43-101 compliant mineral resource at the Karas Property in the 12 months following the completion of the Offering; and
- apply for required permits and drain the Griffith Property in order to facilitate further exploration of the Griffith Property, and ultimately the identification of a NI 43-101 compliant mineral resource or estimate.

Iron Ore Industry:

Steel production is the driving force for almost all worldwide iron ore demand. However, technological changes in iron ore mining through to the production of finished steel have been major contributors in determining the quantities and properties of the iron ore demanded.

Worldwide steel demand is positively impacted by rapid urbanization in emerging countries such as China, India Brazil and Russia. Based on statistics compiled by U.S. Geological Survey, 2010 global iron ore production was expected to total 2,400 million t, with China leading the industry as both the world's largest producer and consumer of iron ore. Production from China in 2010 was approximately 37.5% of the world's production. The Chinese iron ore industry has grown at an annual rate in excess of 20% over the last several years, and worldwide steel demand is expected to grow over 5% in 2011.

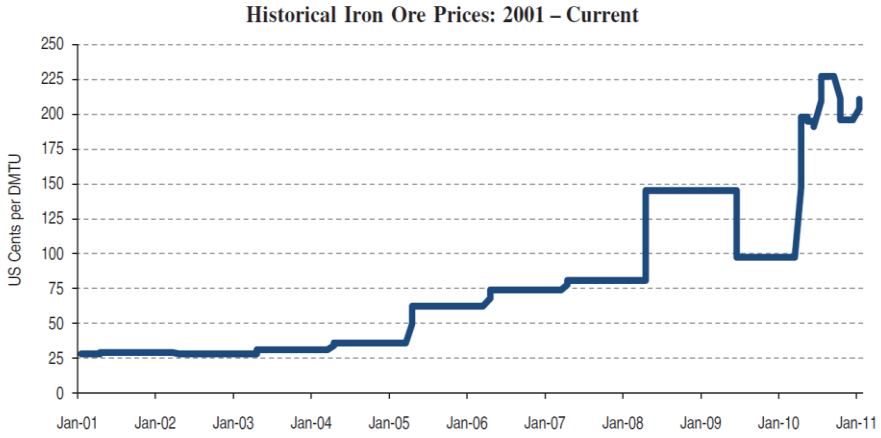


Source: U.S. Geological Survey (2003-2010), TD Newcrest (2011 (expected)-2012 (expected))

China, with limited domestic supply of iron ore, is also the world's largest importer, followed by the European Union, Japan and South Korea.

Since 2001, Chinese firms have invested approximately US$12 billion into iron ore projects and signed approximately US$82 billion worth of off-take agreements. In the United States, once the world's largest producer of steel, production is recovering against a backdrop of increasing demand worldwide for iron ore and scrap. According to the America Iron and Steel Institute, US steel production is expected to grow by 14% in 2011. As a result, many North American steel producers are looking to secure long term supplies of iron at predictable prices. This has played an important role in recent acquisitions by companies such as Tata Steel Limited, Arcelor Mittal, S.A., Essar Steel Ltd. and Cliffs Natural Resources Inc.

According to Natural Resources Canada, iron ore is now the largest commodity market after oil. Iron ore prices increased by 60% in 2010, from $105.25 per dry metric t in December 2009 to $168.53 in December 2010 (Source: International Monetary Fund). The graph below shows historical iron ore prices for the last 10 years.



Source: Bloomberg

Agents: MGI Securities Inc. and Stonecap Securities Inc.

Offering: A combination of up to 41,666,666 Non Flow-Through Units and up to 15,151,515 Flow-Through Units. The offering is subject to receipt of minimum gross proceeds in the amount of the Minimum Offering. See "Plan of Distribution".

Offering Price: $0.30 per Non Flow-Through Unit and $0.33 per Flow-Through Unit.

Offering Size: Minimum of $5,000,000 and maximum of $12,500,000.

Over-Allotment Option: Northern Iron has granted to the Agents the Over-Allotment Option, exercisable in whole or in part, at any time and from time to time, in the sole discretion of the Agents, for a period of 30 days from the date of Closing, to require Northern Iron to sell up to an additional 15% of the Units sold pursuant to the Offering (prior to the exercise of this option) at a price equal to the Flow-Through Unit Offering Price, in the case of Flow-Through Units sold pursuant to the Over-Allotment Option, and at a price equal to the Non Flow-Through Unit Offering Price, in the case of Non Flow-Through Units sold pursuant to the Over-Allotment Option to cover over-allotments, if any, and for market stabilization purposes. The number of Flow-Through Units that may be sold under the Over-Allotment Option may not exceed 15% of the Flow-Through Units sold under the Offering. The number of Non Flow-Through Units that may be sold under the Over-Allotment Option may not exceed 15% of the Non Flow-Through Units sold under the Offering.

Common Shares Outstanding:	Prior to the Offering: 28,638,333 Common Shares Assuming completion of the Maximum Offering (with only Non Flow-Through Units issued and no Flow-Through Units issued): 70,304,999. The number of Common Shares outstanding assuming completion of the Maximum Offering (and the issuance of all Non Flow-Through Units) does not include the 2,300,000 Common Shares underlying the Northern Iron Options issued and outstanding on the date hereof, a maximum of 41,666,666 Common Shares reserved for issuance pursuant to the Warrants issued pursuant to the Offering (assuming only Non Flow-Through Units are issued in the Offering and no Flow-Through Units are issued in the Offering), a maximum of 3,666,666 Common Shares reserved for issuance pursuant to the Agent Warrants issued pursuant to this Offering, and a maximum of 3,666,666 Common Shares underlying the Warrants issued to the Agents upon exercise of the Agent Warrants issued pursuant to this Offering.
Agents' Consideration:	As compensation, Northern Iron has agreed to pay the Agents a cash commission equal to 8% of the gross proceeds of the Offering. Northern Iron has also agreed to issue the Agent Warrants to the Agents. The Agent Warrants provide the right to purchase a number of Non Flow-Through Units equal to 8% of the number of Units issued under the Offering, for a period of 24 months from the date of Closing at the Non Flow-Through Unit Offering Price. Northern Iron will also pay to MGI Securities Inc. a work fee of $25,000 and a corporate finance fee that consists of $100,000 and 333,333 Agent Warrants upon Closing and will reimburse the Agents for reasonable legal fees and expenses incurred in relation to the Offering. See "Plan of Distribution."
Management, Directors and Officers:	The directors and officers of Northern Iron are as follows: Basil Botha – Director, President and CEO Raul Sanabria – Vice President, Exploration Grant Smith – Chief Financial Officer Richard Brown – Director Brian Thurston – Director Michael List – Director and Secretary See "Directors and Executive Officers".
Use of Proceeds:	If the Offering raises only the minimum gross proceeds of $5,000,000, Northern Iron intends to use the net proceeds of the Offering to complete the recommended exploration programs on the El Sol Property and the Karas Property, as well to complete the minimum expenditures required to maintain the Papaonga Property and the Whitemud-Slate Property in good standing, and for other general corporate purposes. If the Offering raises gross proceeds in excess of $5,000,000, then Northern Iron may also use a portion of the proceeds for exploration and development programs on the Griffith Property. See "Use of Proceeds".
Risk Factors:	An investment in the Units should be considered highly speculative due to risks relating to factors including, without limitation: • no assurance of successful development; • Northern Iron's limited operating history; • lack of profitability of Northern Iron; • Northern Iron's capital requirements; • the highly speculative nature of Northern Iron's business; • early stage of the Properties; • reduced global demand for steel or interruption in steel production; • Northern Iron's dependence on mineral exploration projects; • exploration, development and operational risk; • competition in the mining industry; • environmental risks and hazards;

- government regulation, permits and licenses;
- dependence on metal prices;
- lag time between discovery and production of mineral resources;
- aboriginal land claims and aboriginal rights;
- access to power;
- foreign exchange risks;
- uncertainty of mineral resource estimates;
- dependence on outside parties;
- reliance on management and key consultants;
- results of prior exploration work;
- availability of reasonably priced raw materials and mining equipment;
- failure to meet production targets and cost estimates;
- Common Share price fluctuations;
- market perception of junior exploration, development and mining companies;
- no assurance of title, boundaries or approvals;
- future dividend policy;
- estimation of asset carrying values;
- uninsured risks of Northern Iron;
- Canadian tax treatment of flow-through shares;
- no public market for and no assurance of listing of the Common Shares;
- dilution of the Common Shares;
- future sales of Common Shares by existing shareholders; and
- conflicts of interest.

See "Risk Factors".

Summary of Financial Information:

The following summary of selected financial information of Northern Iron should be read in conjunction with, and is qualified in its entirety by, the financial statements set forth herein:

	As at and for the six month period ended March 31, 2011 (Unaudited)	**As at and for the ten month period ended September 30, 2010 (Audited)**
Assets		
Cash	$ 181,764	$ 618,085
Receivables	25,235	23,939
Deferred Financing Costs	70,000	-
Prepaid Expenses	9,221	91,461
Resource Properties	1,885,848	1,558,891
Equipment	38,521	45,112
Total Assets	2,210,589	2,337,488

	As at and for the six month period ended March 31, 2011 (Unaudited)	**As at and for the ten month period ended September 30, 2010 (Audited)**
Liabilities		
Current Liabilities	98,086	62,190
Shareholders' Equity	2,112,503	2,275,298
Total Liabilities and Shareholder's Equity	2,210,589	$2,337,488

	As at and for the six month period ended March 31, 2011 (Unaudited)	As at and for the three month period ended March 31, 2011 (Unaudited)	As at and for the ten month period ended September 30, 2010 (Audited)
Loss and Comprehensive Loss	(227,295)	(125,717)	(601,173)
Loss per Share – Basic and Diluted	(0.01)	(0.01)	(0.04)
Weighted Average Number of Shares Outstanding	28,688,333	28,688,333	14,000,918

CORPORATE STRUCTURE

Northern Iron was incorporated pursuant to the OBCA on November 20, 2009 as "Northern Iron Corp." On July 9, 2010, Northern Iron registered in British Columbia as an extra-provincial corporation. The registered and head office of Northern Iron is located at Suite 1051, 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

GENERAL DEVELOPMENT OF THE BUSINESS

General

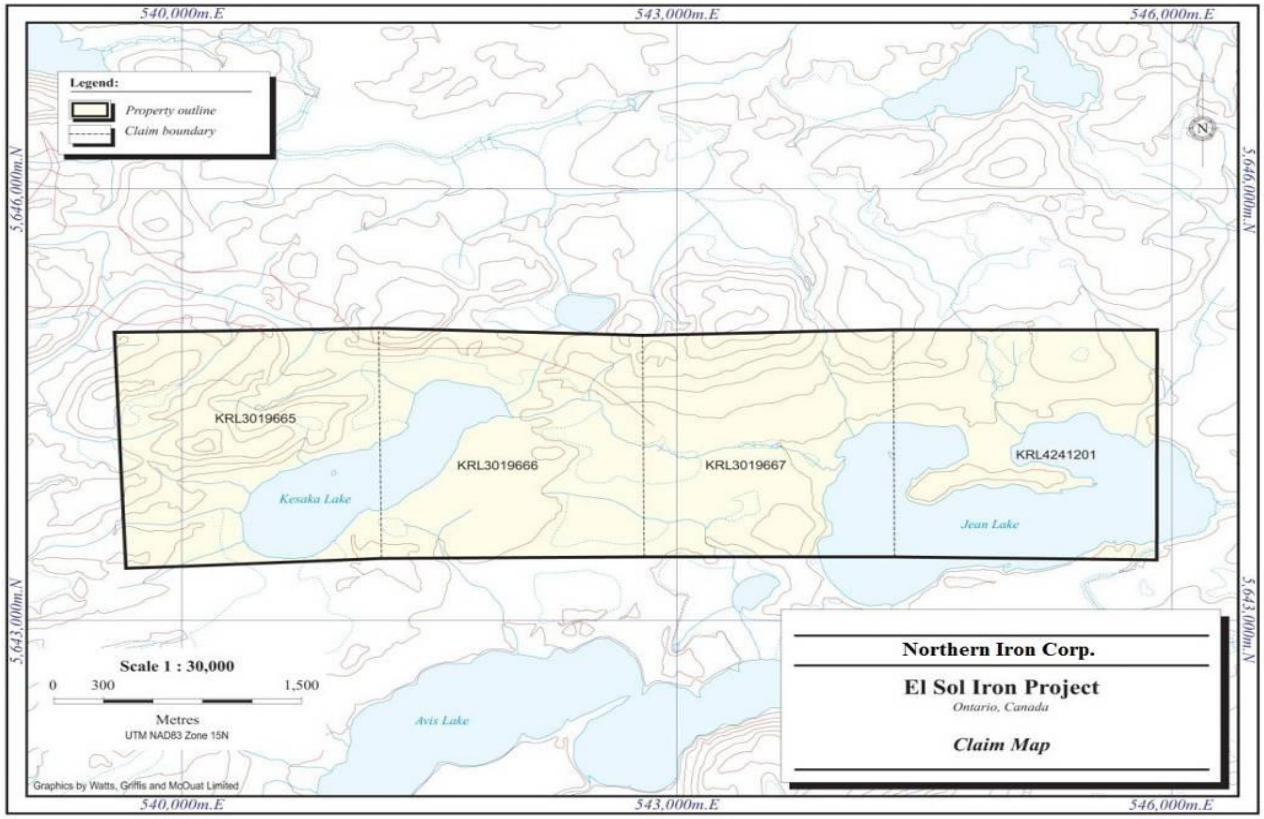
Northern Iron is a mineral resource company which is engaged in the exploration of high quality iron ore in the Red Lake mining division, district of Kenora, Ontario, Canada. Northern Iron holds 100% interest in minerals claims covering approximately 14,672 hectares, comprised of the El Sol Property, the Griffith Property, the Karas Property, the Papaonga Property and the Whitemud-Slate Property. The Red Lake area is accessible by Highway 105, which joins the Trans Canada highway at Vermillion Bay, 175 km south and 100 km east of Kenora. Commercial air services operate to Red Lake from Thunder Bay, Ontario and Winnipeg, Manitoba.

Mining activities are conducted year round from the municipality of Ear Falls, Ontario and are located near established power and road infrastructure. Local businesses offer most goods and services required for mineral exploration and development. Additional supplies can be sourced as needed from Red Lake, Thunder Bay, Winnipeg and Toronto.

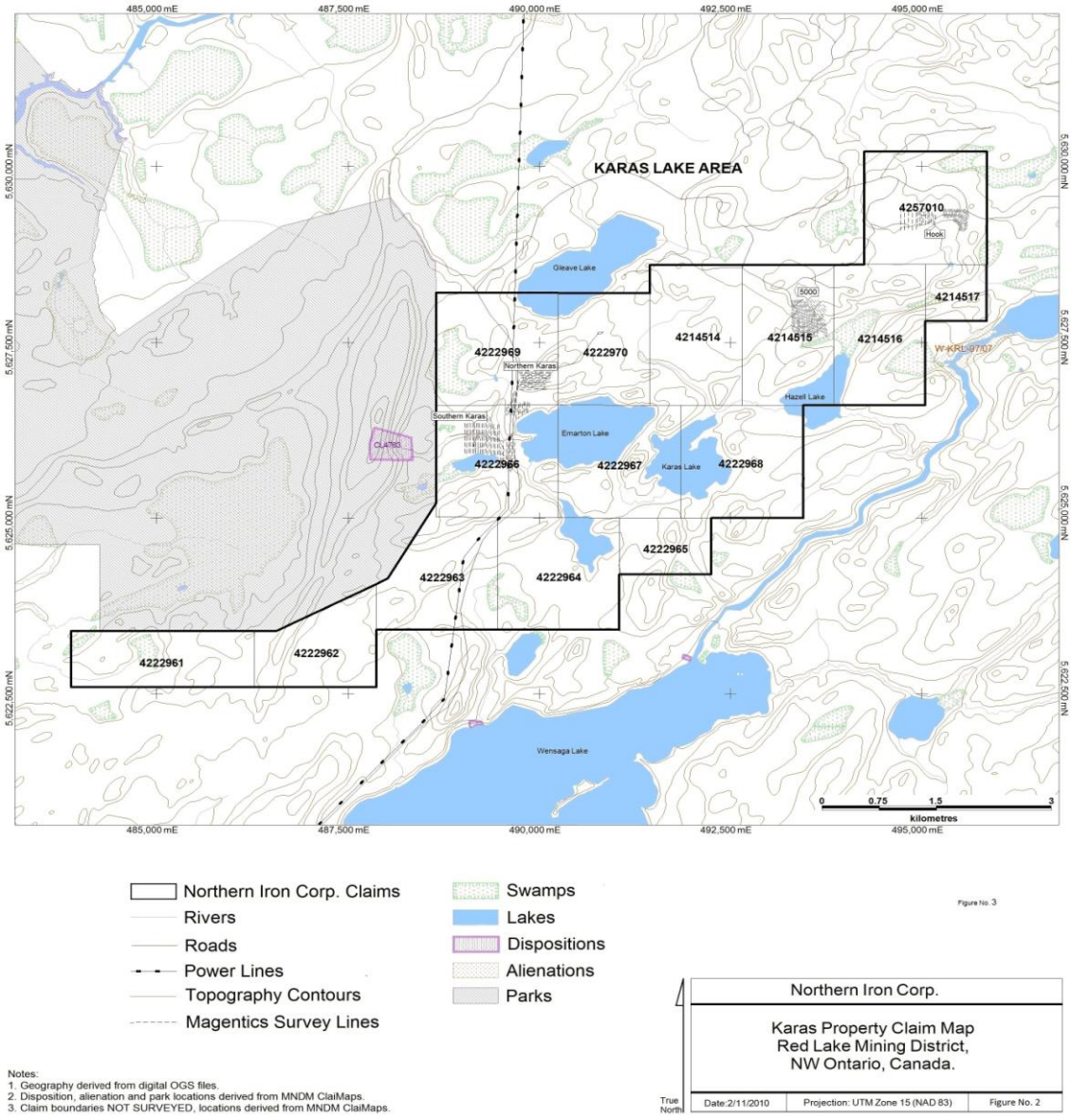
Total historic iron ore resources in Northern Iron's mineral claims are over 560 million t ("Iron Deposits of Ontario" R. Shklanka, 1968), of which 312 million t (at 31.1% Fe) are attributable to the El Sol Property ("Iron Deposits of Ontario" R. Shklanka, 1968), 21 million t (at 22.8% Fe) are attributable to the Karas Property ("Iron Deposits of Ontario" R. Shklanka, 1968) and 120 million t (at 29% Fe) are attributable to the Griffith Property ("Mining and Mineral Exploration Northwest Ontario – Fall 2009" MNDM, 2009). These historical resource estimates were completed prior to the implementation of NI 43-101 and should not be relied upon. The specified data used to generate the estimates is incomplete and/or not available, has not been confirmed by Northern Iron, and a Qualified Person has not done sufficient work to classify the historical estimates as current mineral resources or mineral reserves under NI 43-101. Northern Iron is not treating the historical estimates as current mineral resources or mineral reserves. However, although the historical estimates have not been audited or confirmed they are believed by Northern Iron to be of historical importance.

The maps below set out the locations of the El Sol Property, the Karas Property and the Griffith Property. Together, these properties cover a total area of approximately 6,000 hectares.

Claims Map of the El Sol Property

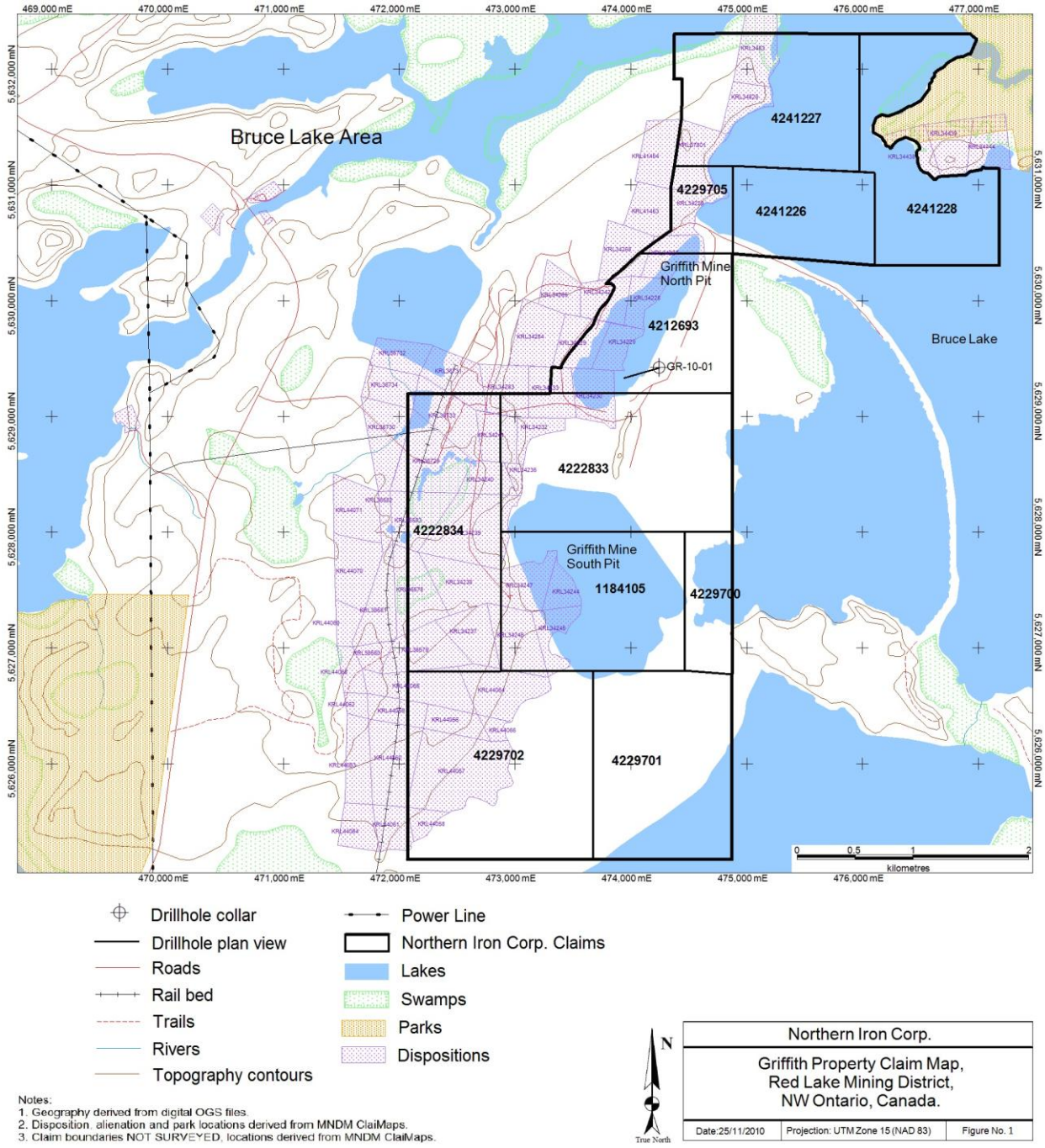


Claims Map of the Karas Property



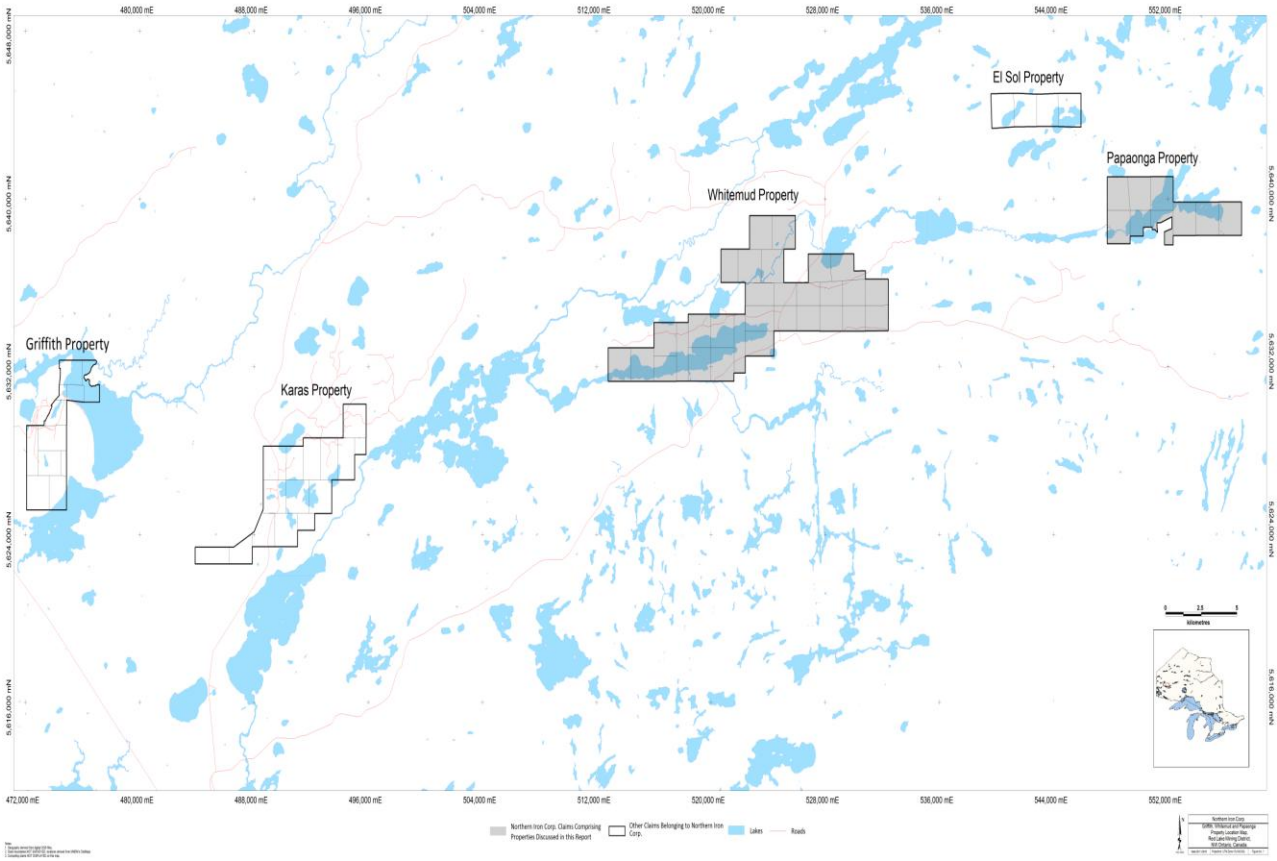
Notes:
1. Geography derived from digital OGS files.
2. Disposition, alienation and park locations derived from MNDM ClaiMaps.
3. Claim boundaries NOT SURVEYED, locations derived from MNDM ClaiMaps.

Claims Map of the Griffith Property

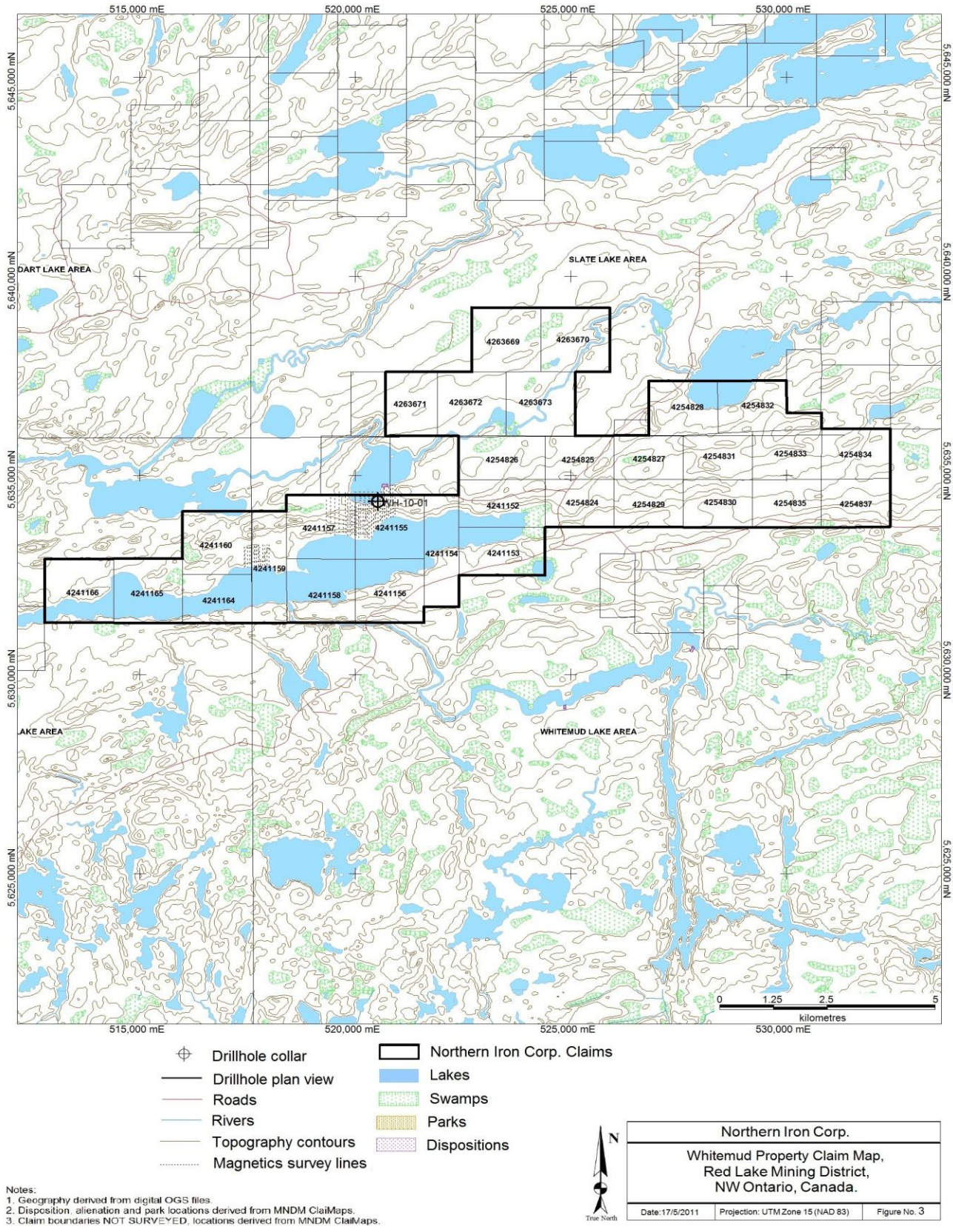


Northern Iron also owns a 100% interest in mineral claims covering an additional area of approximately 8,663 hectares. These properties, which currently are not material to Northern Iron, are located in the south-eastern Confederation Lake belt, which lies approximately 30 km north of Ear Falls in the Red Lake mining division. The mineral claims are split into two properties: the Papaonga Property, consisting of nine unpatented mineral claims, and the Whitemud-Slate Property, consisting of 30 unpatented mineral claims.

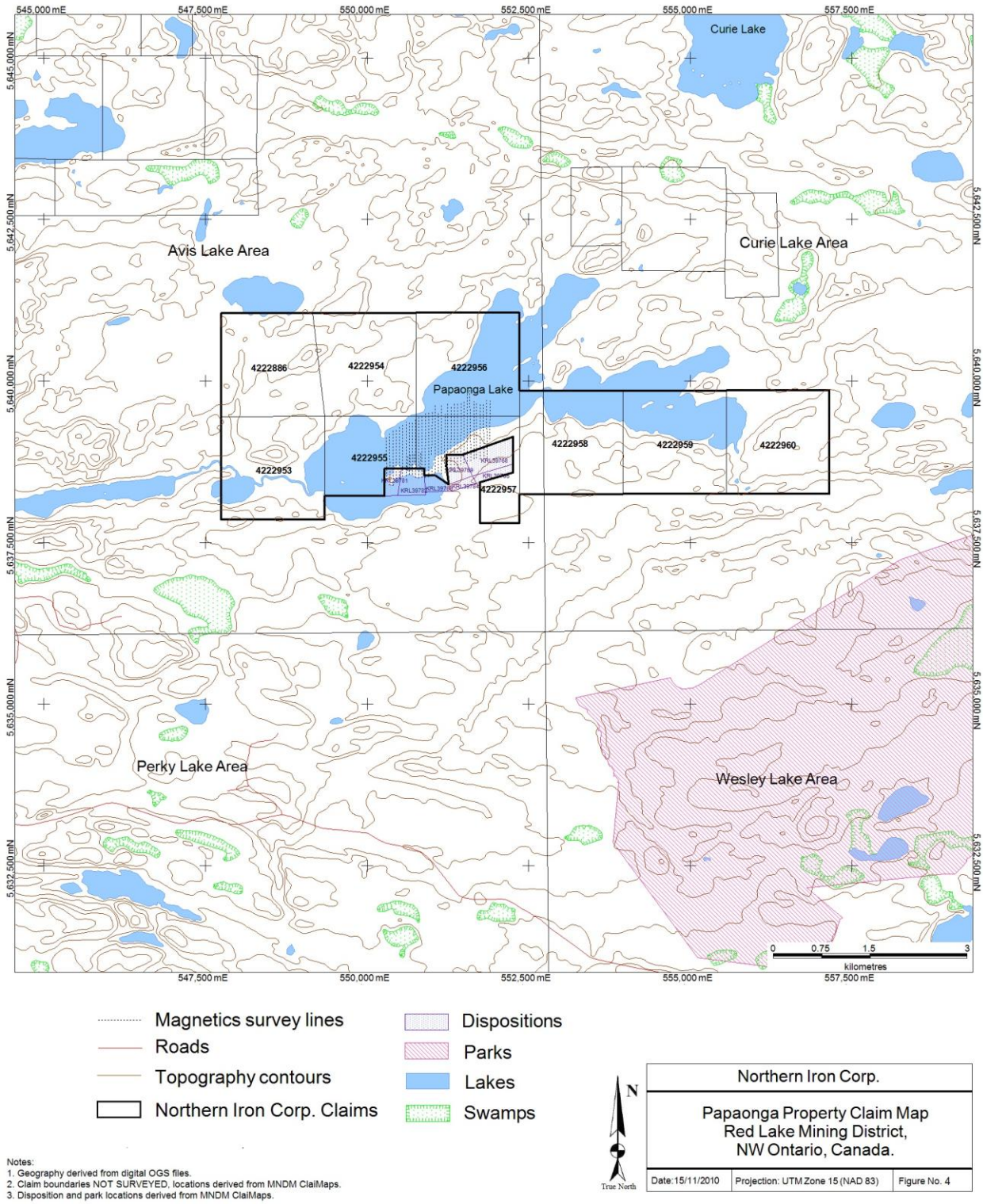
The maps below set out the locations of the Papaonga Property and the Whitemud-Slate Property, respectively.



Claims Map of the Whitemud-Slate Property



Claims Map of the Papaonga Property



Three Year History

Northern Iron was incorporated on November 20, 2009. Northern Iron is a junior natural resource and mining company which is in the business of acquiring and exploring mineral properties in Red Lake mining division, Ontario and other locations. Northern Iron is currently engaged in the exploration of high-quality iron ore in the Red Lake mining division.

In 2010, Northern Iron acquired the El Sol Property, the Griffith Property, the Karas Property, the Papaonga Property, and the Whitemud-Slate Property.

The El Sol Property, Karas Property and Griffith Property are held 100% by Northern Iron and consist of mineral claims covering approximately 6,000 hectares. Total historic iron ore resources in the mineral claims comprising these properties are approximately 560 million t, including approximately 312 million t at 31.1% Fe attributable to the El Sol Property and approximately 21 million t at 22.8% Fe attributable to the Karas Property. The historic resource on the El Sol Property was based on a preliminary engineering study produced by H. Brodie Hicks, P.Eng in 1958. The foregoing historical resource estimates were completed prior to the implementation of NI 43-101 and should not be relied upon. The specified data used to generate the estimates is incomplete and/or not available and has not been confirmed by Northern Iron. A Qualified Person has not done sufficient work to classify the historical estimates as current mineral resources or mineral reserves under NI 43-101, and Northern Iron is not treating the historical estimates as current mineral resources or mineral reserves. The historical estimates have not been audited or confirmed but are believed by Northern Iron to be of historical importance. The El Sol Technical Report by WGM concluded that additional drilling will be required to allow for a NI 43-101 mineral resource estimate encompassing the known historic deposit on the El Sol Property to be completed.

The Griffith Mine was operated by Stelco from 1968 to 1986. During this time, the mine produced 22.85 million t of iron ore pellets with average grading of 66.7% Fe from 78.8 million t of crude ore with average grading of 23.9% magnetic iron.

The Griffith Mine was shut down and decommissioned in 1986 due to the low price of iron ore prevailing in the market at the time.

During the latter half of 2010, Northern Iron conducted an exploration program, supervised by Raul Sanabria (P.Geo), on its Red Lake iron ore projects. Geological mapping and ground-based magnetometer surveys were conducted at the Karas Property, the Papaonga Property and the Whitemud-Slate Property over magnetic anomalies previously identified from airborne magnetics. A small diamond drilling program was also completed with a single hole drilled on each of the Karas Property, the Whitemud-Slate Property and Griffith property. BIFs containing predominantly mt were the targets of the exploration program.

In the latter half of 2010, Northern Iron was working with a capital pool company to obtain a listing on the Exchange by way of an amalgamation or other transaction. Northern Iron determined that the proposed qualifying transaction would not be completed and therefore determined to proceed with the Offering and a listing application directly to the Exchange.

Business Objectives and Strategy

Northern Iron's goal is to develop the El Sol Property, the Karas Property and the Griffith Property into a profitable mining operation and become a producer of low cost HBI by taking advantage of the strategic location of the properties and readily available regional infrastructure.

Northern Iron's milestones with respect to both the El Sol Property and the Karas Property are set out in detail under "Use of Proceeds". In general terms, Northern Iron plans to advance each project through, among other things, exploration work and drilling and sampling programs.

Northern Iron intends to undertake an aggressive drilling campaign on the El Sol Property and the Karas Property to produce a NI 43-101 compliant mineral resource estimate and a feasibility study. The El Sol Property has been evaluated in the past. Based on the experience gained during the 2010 season, Northern Iron also believes that the magnetic signature and the results of the test drillhole on the Karas Property provide positive support for the presence of a sizable iron ore deposit on this property.

As previously noted, the Griffith Property has been economically mined in the past. However, it is currently flooded. Should the Offering raise gross proceeds in excess of the Minimum Offering, Northern Iron will also work to de-water, or drain, the Griffith Property. Subsequently, Northern Iron will commission a NI 43-101 compliant

technical report on the Griffith Property, and thereafter will engage in exploration of that property in accordance with the report.

Northern Iron plans to advance the exploration of the Papaonga Poperty and the Whitemud-Slate Property to help understand their value. Such exploration activities will be conducted in a manner to ensure that all necessary assessment work required to maintain the claims in good standing is completed and recognized. Northern Iron's exploration plans for these properties include completing extensive, detailed ground magnetometer surveys to expand existing surveys and define new magnetic targets, as well as extending geological mapping. Further drilling will be considered by Northern Iron, depending on the results of these geophysical surveys and mapping programs.

Strengths and Competitive Advantages

Northern Iron benefits from the following attributes:

Specialized Skill and Knowledge

Northern Iron is led by an experienced management team with the capability to advance Northern Iron's projects to production, supported by a strong Board with mining, regional and financial expertise. Basil Botha, the President and Chief Executive Officer, has more than 30 years of international experience in mining, including working at Otavi Mining Ltd. and Reef Coal Mining Ltd. in Johannesburg, South Africa. Grant T. Smith, the Chief Financial Officer, has over 20 years of experience as the chief financial officer of various companies including Premium Exploration Inc., El Tigre Silver Corp. and Aurcana Mining Corporation. Raul Sanabria, Vice-President Exploration, has 10 years of experience as an exploration and mine geologist in Europe, North and South America, in a variety of mineral deposits including iron ore, precious and base metals.

Advantageous Location

The El Sol Property and the Karas Property are accessible by road from Thunder Bay and Winnipeg and have access by rail and lake barges to target markets, including the United States, Western Europe and Asia.

Infrastructure and Workforce

Northern Iron's Properties benefit from logistical advantages, including:

- located close to North American steel markets by rail and lake barges;
- rail and marine access to international markets;
- local businesses offer most goods and services required for mineral exploration and development;
- local regional population of 24,000, including skilled labour for the mining industry;
- located near established power (115kV power line within 3.5 km of the Griffith Property) and all-season road infrastructure; and
- natural gas pipeline on the Griffith Property.

Management of Northern Iron believes that the ability to access the properties by road and the ability to operate exploration activities from Ear Falls and the excellent infrastructure benefits outlined above, will allow Northern Iron to accelerate development of the El Sol Property and the Karas Property, to dewater and then evaluate the Griffith Property, and to efficiently help manage the amount of required capital investment.

Competitive Conditions

Northern Iron's iron ore exploration and development business is competitive with other entities engaged in the same business. Northern Iron believes that it is well-positioned to compete in its market segment, given the advantageous location of its operations and the experienced management team it has engaged. See "Risk Factors – Competition".

Key Objectives

Northern Iron's key objectives in relation to its Properties are as follows:

- complete a preliminary economic assessment and determine a NI 43-101 compliant mineral resource at its El Sol Property in the 12 months following the completion of the Offering;
- determine a NI 43-101 compliant mineral resource at the Karas Property in the 12 months following the completion of the Offering; and
- apply for required permits and drain the Griffith Property in order to facilitate further exploration of the Griffith Property, and ultimately the identification of a NI 43-101 compliant mineral resource or estimate.

Employees

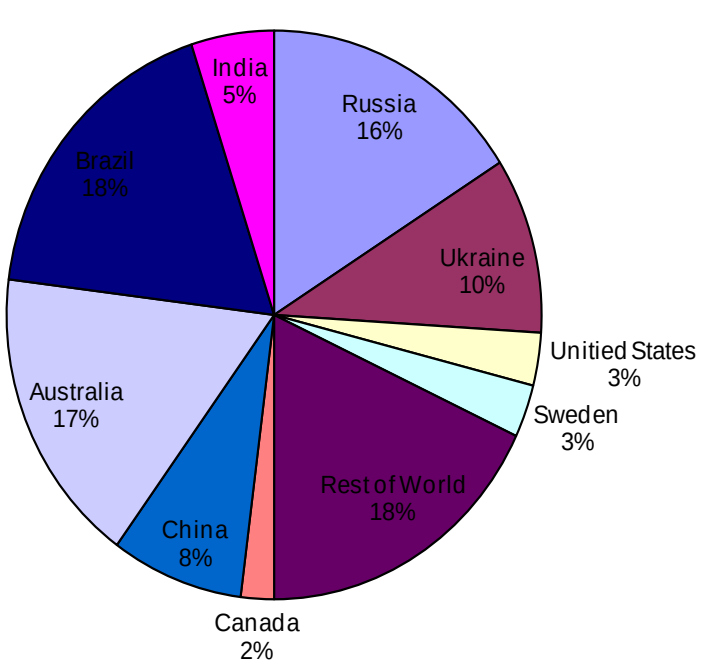
Northern Iron currently has no employees. Northern Iron currently retains independent contractors and consultants to provide a variety of services, which are outsourced on a basis of need and value. Such independent contractors and consultants are engaged principally for geological, project development and administration purposes.

IRON ORE INDUSTRY

Overview

Canada

Iron ore deposits are found throughout the world on all major continents. According to data compiled by the U.S. Geological Institute, Canada, with approximately 1.7 billion t of crude ore and 1.1 billion t of contained iron, is one of the world's major iron ore districts as it hosts the world's 12th largest reserves by iron content, which represents approximately 2.0% of the world's reserves. Iron ore is one of Canada's single most important mineral products in terms of both tonnage and value. The Canadian industry is very sensitive to competition from U.S. mines in the North American market and to competition from countries that ship to the European market.



Source: U.S Geological Survey

Canadian iron ore production in 2010 was expected to total 35 million t, or approximately 2.0% of the world's production. Canada is the world's 9th largest iron ore producer and ranks 12th in the world in terms of reserve base.

Data from Natural Resources Canada for 2009 shows that Canada exported approximately 31.1 million t of iron ore (valued at $3,360.6 million), of which 62.7% was pellets ($2,323.3 million) and 37.3% was concentrates ($1,037.3 million), for a 10.9% increase (3.1 million t) in total exports from 2008 (28.1 million t). Although exports of pellets decreased by almost 1.1 million t (5.1%) from 20.6 million t in 2008, exports of concentrates increased 55.0% (by 4.1 million t) from 7.5 million t in 2008.

Canada's principal 2009 export markets for pellets were China (22.4%), the United States (14.8%), Germany (12.2%), France (7.3%), and Singapore (7.0%), and for concentrates were China (28.3%), Germany (23.1%), and France (17.5%). Canadian iron ore producers are the lowest operating cost suppliers of concentrates and pellets to Lake Ontario and Lake Erie Ports, and are cost competitive at Lake Michigan and at Baltimore on the U.S. eastern seaboard. This competitiveness diminishes with an increase in the distance to service other markets. Canada's main competitors for iron pellets are the U.S. and Venezuela with Australia, Brazil and Venezuela being the main competitors for the concentrate market.

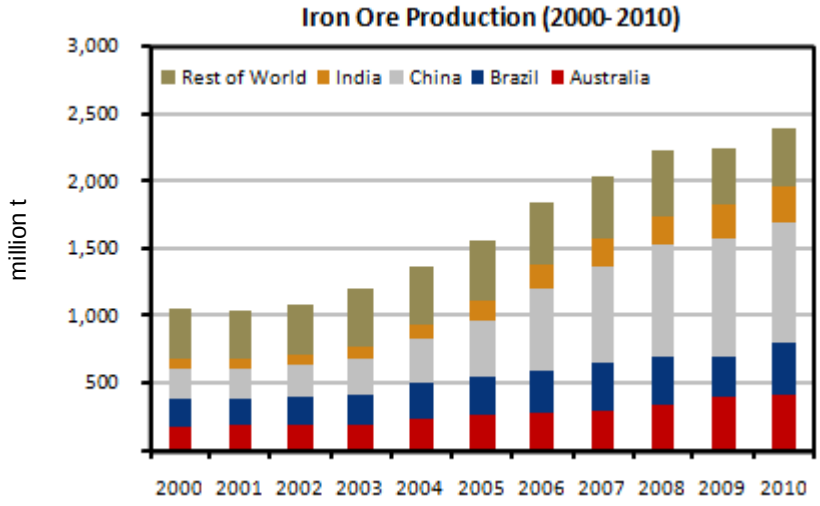
Global Iron Ore Markets

According to the U.S. Geological Survey, world resources of iron ore are estimated to exceed 800 billion t of crude ore containing more than 230 billion t of iron. Steel production is the driving force for almost all worldwide iron ore demand. However, technological changes in iron ore mining through to the production of finished steel have been major contributors in determining the quantities and properties of the iron ore demanded. There are two technologies used to produce steel: BOFs, which are charged with molten blast furnace iron and ferrous scrap at the integrated steel mills; and EAFs, which are charged with scrap and/or DRI at the mini-mill plants.

According to the World Steel Association, worldwide steel demand is positively impacted by rapid urbanization in emerging countries such as China, India, Brazil and Russia. Based on statistics compiled by the U.S. Geological Survey, 2010 global iron ore production was expected to total 2,400 million t, with China leading the industry as

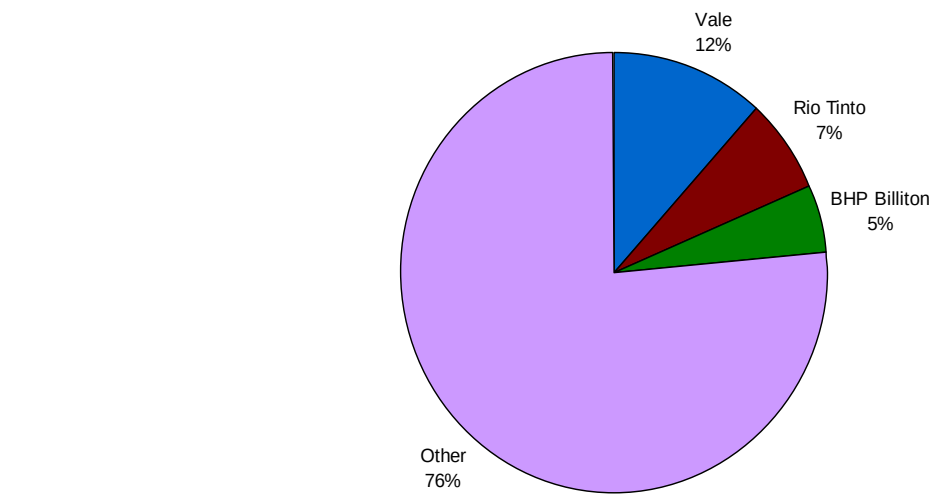
both the world's largest producer and consumer of iron ore. Production from China in 2010 was roughly 900 million t, or approximately 37.5% of the world's production. The Chinese iron ore industry has grown at an annual rate in excess of 20% over the last several years versus the global average (excluding China) of 7%, driven by the country's burgeoning steel industry and rapid industrialization. According to the World Steel Association, in 2011, worldwide steel demand is expected to grow by over 5%.

As the world's largest producer of crude steel, China, with limited domestic supply of iron ore, is also the world's largest importer. According to the U.S. Geological Survey, China produced 880 million t of iron ore in 2009 and, according to Anglo-American, imported another 628 million t to meet its domestic steel manufacturing demand. The next largest importer is the European Union at 154 million t, followed by Japan with 140 million t and South Korea with 50 million t.



Source: U.S. Geological Survey (2003-2010), TD Newcrest (2011(expected)-2012(expected))

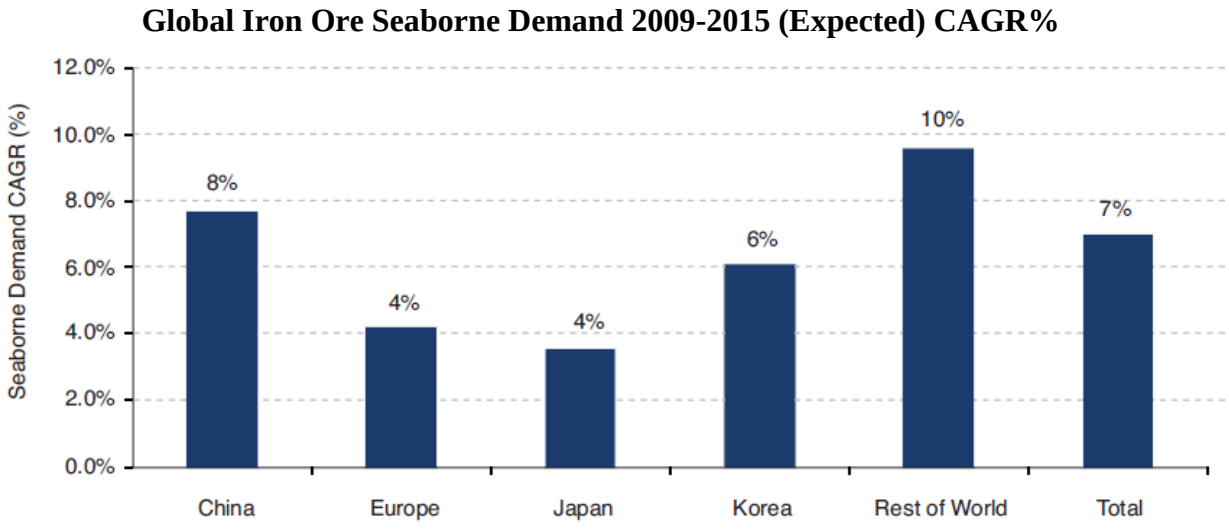
There is significant concentration in the global iron ore industry. Vale SA, Rio Tinto plc and BHP Billiton Limited are the world's largest iron ore producing companies with total production representing approximately 24% of total global production.



Source: AME Mineral Economics

Global Seaborne Iron Ore Market

The global seaborne iron ore market (i.e., iron ore that is exported by ocean trade routes to coastal or near coast steel making plants) represents approximately 42% of total iron ore production and totalled approximately 944 million t in 2009. With just over 68% of total exports in 2009, Australia (384 million t) and Brazil (266 million t) dominate the export market. India (119 million t) and South Africa (44 million t) are also significant contributors to the seaborne market. In terms of iron ore producing companies and based on estimates prepared by AME Mineral Economics, Vale SA, BHP Billiton Limited and Rio Tinto plc were expected to produce 596 million t of iron ore in 2010, representing approximately 63% of the seaborne market. These three companies largely dictate the price of seaborne iron ore through negotiations with some of the world's largest importers including mills in China and Japan.



Source: Macquarie Research

Recent Trends in the Iron Ore Market

Since 2001, Chinese firms have invested approximately US$12 billion into iron ore projects and signed approximately US$82 billion worth of off-take agreements. As demonstrated by the chart above, China's Seaborne demand for iron ore is expected to remain strong for the years to come with demand expected to grow at a rate of 8% per year between 2009 and 2015. Demand from Korea is slightly behind China, and is expected to grow at a rate of 6% from 2009 to 2015.

Another recent development is the sharp increase in capital cost intensity involved in iron ore production. According to Macquarie Research, the average cost for bringing production capacity online has more than doubled in the past five years. This trend has also affected mature operations of companies such as Rio Tinto plc and BHP Billiton Limited who are spending significant new amounts of capital to maintain existing levels of export volumes.

Hot Briquetted Iron Ore

HBI is a premium steelmaking raw material that contains 91% to 94% Fe that is useful in the iron blast furnace, the basic oxygen steelmaking converter and the electric arc furnace. HBI is a compacted form of DRI designed for ease of shipping and storage. HBI is predominately imported from countries such as Venezuela, Iran and India. According to the Hot Briquetted Iron Association, in excess of 10 million t of HBI was produced worldwide in 2009, of which approximately 60% was shipped. In 2009, steelmakers in Asia (including India) received 2.7 million t of HBI and for the first time accounted for the largest percentage of HBI shipments.

HBI has distinct operating benefits for target steel mills because of its concentration of iron, its density, its purity and its application flexibility in steel production. It is desirable to blast furnaces operators because of its ability to increase the furnaces productivity and significantly reduces the use of coke.

Scrap Steel

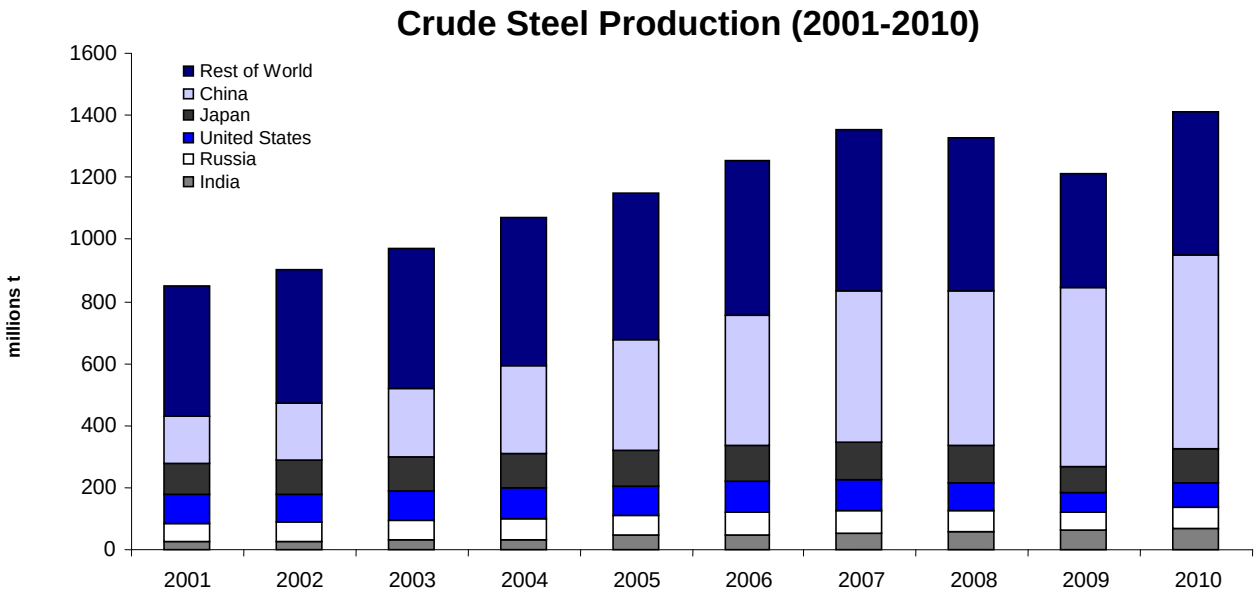
Scrap steel is a vital raw material for the production of new steel. The steel industry in the U.S. has been structured to recycle scrap and is therefore highly dependent on this material. The main source of scrap steel is from automobiles. In 2009, the recycling rate of automobiles in the U.S. was approximately 140%, suggesting a significant reduction of the country's car fleet. A recycling rate in excess of 100% means that the steel industry is recycling more steel from automobiles than was used in the domestic production of new vehicles.

Recycling also plays a major role in the conservation of energy because the re-smelting of scrap requires far less energy than the production of steel from iron ore.

North America has been experiencing a shortage of scrap steel due to increased export demand from China, Turkey and Canada. Even significant increased prices for scrap, reaching $367 per t in 2010, has not led to an increase in scrap availability, as recession hit consumers have been keeping and repairing old appliances rather than disposing of them.

World Steel

The iron ore industry's only noteworthy customer is the world crude steel industry. World crude steel production has increased by 66% since 2001. This large increase in production has been a direct result of the steel required for the industrialization of Asia, more specifically India and China. China and India have increased crude steel production by 315% and 145% from 2001 to 2010, respectively. Below is graph depicting crude steel production since 2001.



Source: World Steel Association

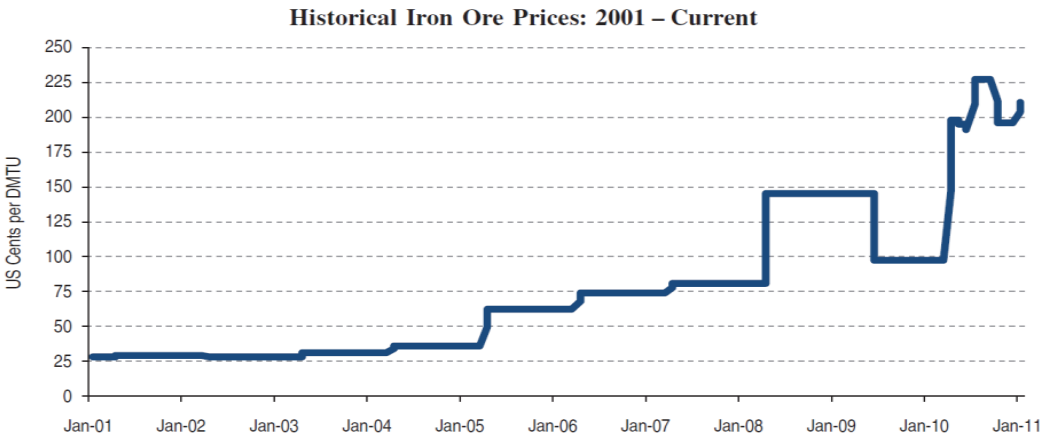
The World Steel Association expects world steel demand to rise by over 5% in 2011, to 1,359 million t followed by a further 6% increase in 2012, reaching a new record of 1,441 million t. In the United States, once the world's largest producer of steel, production is recovering against a backdrop of increasing demand worldwide for iron ore and scrap. According to the America Iron and Steel Institute, U.S. steel production is expected to grow by 14% in 2011. As a result, many North American steel producers are looking to secure long term supplies of iron at predictable prices. This has played an important role in recent acquisitions of firms such as Tata Steel Limited, Arcelor Mittal, S.A., Essar Steel Ltd. and Cliffs Natural Resources Inc.

Iron Ore Price

The price of iron ore products is based principally on their iron content and shipping cost. Global iron ore prices have historically fluctuated with global demand for steel and availability of vessels for charter. Quarterly iron ore benchmark prices are set in the seaborne export market and are typically based on prices negotiated by the three largest iron ore producers (Vale SA, BHP Billiton Limited and Rio Tinto plc) with global steel mills.

Other iron ore producers generally set their own customer price contracts on the basis of these global benchmark prices. Because transportation costs from the producers' port to the purchaser are generally paid for by the purchaser (referred to as freight on board), iron ore producers who ship their products over longer distances generally receive lower prices for their products than producers who ship to comparatively more proximate markets.

According to Natural Resources Canada, iron ore is now the largest commodity market after oil. Iron ore prices increased by 60% in 2010, from $105.25 per dry metric t in December 2009 to $168.53 in December 2010 (Source: International Monetary Fund). The graph below shows historical iron ore prices for the last 10 years.



Source: Bloomberg

DETAILS OF NORTHERN IRON'S MATERIAL PROPERTIES

General

Independent technical reports were commissioned on the El Sol Property, the Karas Property and the Griffith Property in accordance with NI 43-101. The El Sol Technical Report was prepared by Richard W. Risto, P.Geo., G. Ross MacFarlane, P.Eng. and Dr. Stephen A. Roberts P.Ag of WGM. The Karas Technical Report and the Griffith Technical Report were prepared by Christopher Hutchings, P. Geo. of Kiex Consulting Limited. The following information and figures relating to the El Sol Property, the Karas Property and the Griffith Property were taken from the El Sol Technical Report, the Karas Technical Report and the Griffith Technical Report, respectively, as well as from publicly available records, including the MNDM records.

The El Sol Property

Property Location

The El Sol Property is located approximately 100 km east of Red Lake, Ontario and 68 km northeast of Ear Falls, Ontario in the Red Lake mining division, district of Kenora, Ontario. The El Sol Property spans an area that extends about 6.27 km east-west and 1.55 km north-south.

Access

The El Sol Property is accessed via the Wenasaga logging road off Highway 105 immediately north of Ear Falls, Ontario. At kilometre 70 on the Wenasaga road, a spur logging road heads off to the east. At the end of this road, approximately 2.8 km from the Wenasaga road junction, an ATV trail extends an additional 2.7 km to the north boundary of the claims. Travel time by road from Ear Falls to the start of the ATV trail is approximately one hour.

The El Sol Property can also be accessed by float plane out of Ear Falls. Kesaka Lake on the west side of the El Sol Property is very shallow, but a small plane such as a Cessna can land there. Jean Lake or Crossman Lake, on the east side of the El Sol Property, is deeper and is suitable for larger float planes. During the 2008 exploration program, supplies were transported by truck to a staging area 4 km to the north of the El Sol Property and then were slung in by helicopter to camp as required.

Property Description and Ownership

The El Sol Property is comprised of four staked mining claims covering a total of approximately 1,024 hectares. A claim is a mineral right that gives its holder the exclusive right to explore a designated territory for any mineral substance that is part of the public domain, except for loose superficial deposits of gravel, sand and clay. A claim does not bestow any surface rights and Northern Iron does not own any surface rights.

The El Sol Property has not been legally surveyed. The table below provides details of the current land holdings.

Claim Number	Number of 16 Ha Units	Owner (100%)	Expiry Date	Work Required
3019665	16	Northern Iron Corp.	2017-MAY-2	$6,400.00
3019666	16	Northern Iron Corp.	2017-MAY-2	$6,400.00
3019667	16	Northern Iron Corp.	2017-MAY-2	$6,400.00
4241201	16	Northern Iron Corp.	2016-OCT-17	$6,400.00
Total:	**64**	**1,024 Ha (nominal)**		

Northern Iron is the registered owner of the claims listed in the MNDM claims database. To maintain a claim in good standing, approved exploration work of a certain required dollar value must be completed and filed with the MNDM. As prescribed by the *Mining Act* (Ontario) and regulations made thereto, work to a value of $400 per year is required per claim unit except for the first year, when no assessment work is required. Assessment work must be performed and applied to each of the mining claims until the holder applies for a mining lease.

Three of the claims comprising the El Sol Property were staked in May 2005. The fourth claim was staked in October 2008. Assessment work was filed for the initial three claims in 2007 and 2008. The 2007 work consisted of stripping and sampling of an old trench area. The 2008 filing was for the initial components of the exploration program conducted by Raytec and covered linecutting and geophysics. The MNDM claims information database reports that assessment work was filed for all four claims on June 2010, maintaining the El Sol Property in good standing.

Property Agreements

On November 21, 2007, Raytec (the predecessor to LEC) entered into an option agreement with Skyridge Consulting Inc., Jason Gigliotti, Negar Towfigh, Minegate Resources Capital Group Inc. and 1544230 Ontario Inc. to acquire a 100% interest in claim numbers KRL3019665, KRL3019666 and KRL3019667, subject to a 2% NSR royalty. Claim number KRL 4241201 was staked subsequent to the Option Agreement, but became part of the El Sol Property, as it was within the original area of mutual interest as defined in the Option Agreement.

On February 17, 2010, LEC entered into an assignment agreement, as subsequently amended, with Northern Iron that transferred and assigned its option and obligations in the El Sol Property, including the 2% NSR royalty, to Northern Iron in exchange for 8,500,000 million Common Shares. Pursuant to the Assignment Agreement, the vendors of the El Sol Property under the original Option Agreement with Northern Iron agreed to waive all cash payments, share issuances and exploration expenditures owing to them from LEC under the Option Agreement in consideration of 500,000 Common Shares.

The transfers were approved by the MNDM on January 12, 2011.

Permitting

No permits were required for Northern Iron's exploration programs, but Northern Iron has to adhere to guidelines established by the Ministry of the Environment for working near water and on water. The camp site used for Raytec's exploration programs was permitted under a permit issued to Ackewance.

Environmental Issues

No environmental studies have been conducted on the El Sol Property. No environmental studies are required at this time.

First Nations Issues

The El Sol Property is located in the traditional lands of the Lac Seul First Nation, part of the Grand Council of the Treaty 3 Anishinabe First Nation. The Lac Seul First Nation consists of three principle communities, Kejick Bay, Whitefish Bay and Frenchman's Head, all located southwest of Lac Seul, and southwest of the El Sol Property.

In early 2008, Raytec made contact with the Lac Seul Band Council to advise them of their exploration activities prior to the onset of its exploration program. Northern Iron has also contacted the Lac Seul Band to inform them of

Northern Iron's upcoming exploration plans in the region and will continue to engage the local aboriginal communities as work progresses on all of Northern Iron's Ontario projects.

Climate

Kenora has a moist temperate climate with cold winters. Mean daily summer temperatures at Ear Falls range from 18°C to 24°C in July. The days are warm and the nights are cool. In January and February, mean daily temperatures are approximately -23°C to -18°C.

Mean annual precipitation is 650 mm to 700 mm, including approximately 200 cm of snowfall.

The best season for exploration is from June to October, with optimal months being June and September. Exploration is often curtailed from November to May due to deep snow cover, although some activities, such as diamond drilling and geophysical exploration carried out over swampy areas or lakes may best be undertaken in the winter months, when freeze-up makes these areas more accessible.

Physiography

The El Sol Property is situated between two major drainage systems with the Wenesaga River to the north, and the Papaonga River to the south. Throughout the area, the maximum topographic relief is 100 m with normal variations of less than 30 m.

The El Sol Property is centered on an east-west trending creek with flanking bog areas between Kesaka Lake and Jean Lake. The central and southern part of the El Sol Property area is dominated by marsh and spruce bog with very limited outcrop. Terrain to the west and north, are higher and characterized by a series of isolated outcrops, subcrops and broad deposits of coarse glacial debris. Outside of the central marsh, the El Sol Property is treed. Trees are mostly spruce, poplar and aspen, with low lying shrubs and moss cover. A dense stand of immature spruce is dominant in the western area of the El Sol Property.

Drillhole records indicate that overburden varies from 1 m to 3 m deep in the northern part of the area, and from 3 m to 10 m deep in the southern part. Overburden type is variable from organically derived muskeg and peat deposits to glacial and lacustrine clay, sand and gravel deposits and local metre-scale erratics. To the northeast of Kesaka Lake, a series of transverse glacial moraines trend north-westerly into a logged area off the Mascooch Road.

Local Resources and Infrastructure

The El Sol Property is located 68 km northeast and 100 km respectively east of the towns of Ear Falls and Red Lake. Red Lake is the home of Goldcorp Inc.'s Red Lake Gold Mine. Red Lake has a population of approximately 5,000.

Ear Falls was founded as the site for a water dam, part of a hydroelectric development which would regulate the discharge of waters from Lac Seul into the English River. A powerhouse was added in 1929 and soon power was being generated for the mining operations to the north at Red Lake. Additional generating units were installed in 1937, 1940 and 1948, respectively, providing a steady flow of electricity to the northwestern power grid.

Ear Falls was also the staging point for the Griffith Mine located at Bruce Lake, Ontario, 20 km north of Ear Falls. The Griffith Mine was in production from 1968 until 1986. Approximately 22.85 million t of pellets grading 66.7% Fe were produced. The pellets were transported by train to Thunder Bay, Ontario and then shipped on the Great Lakes to Stelco's steel making facilities in Hamilton, Ontario and Nanticoke, Ontario on the shore of Lake Erie. The MNDM states that the mine site contains a "reserve" of 120 million t of mineralization at an average grade of 29% Fe. All equipment has been removed and the site rehabilitated to provide an area for recreational activities.

History

In 1955, a large scale airborne geophysical survey was completed. This survey defined several magnetic anomalies and claims were staked, but then sold to various interested parties. The claims covering the El Sol Property, amongst others, were sold to Tex-Sol Exploration Limited and/or El Sol Gold Mine Ltd. understood to be associated companies.

In 1956, El Sol Gold Mine Ltd. initiated exploration on its properties by contracting Geo-Technical Development Company Limited to complete geological mapping and a ground magnetometer (dip needle survey) of the El Sol Property to follow-up the airborne survey results. This survey delineated the main zones of iron formation on the El Sol Property within an east-west trending corridor straddling the Kesaka Lake and the Crossley (Jean) Lake. The most extensive anomalies were named the A and B zones and the zones of lesser extent were named zones C to I. Small surface exposures of the A zone iron formation were mapped near the north-western shore of Kesaka Lake. A channel sample was cut across one of the exposures and assay results for a composited sample returned 31.74 %Fe over 8.08 m. A broad area to the west of Jean Lake across the A zone horizon was trenched and blasted. A 50 t bulk sample was extracted and stored at the western shore of Jean Lake, but there is no record of results for this sample.

During the winter of 1956-1957, the extent of the A and B zones were tested by a total of 10,423 m of drilling in 67 holes. Most holes were drilled on 122 m spaced sections, at inclinations of -45°, and all but one hole was drilled to the north. Multiple holes were drilled along selected 61 m spaced sections. The holes were mostly 122 m to 183 m long, with two steeper inclined holes greater than 1487 m long. The vertical depth drilled was typically 76 m to 91 m.

Drill core samples were assayed by Thomas Heys and Sons of Toronto, but no description of the method is available. Metallurgical testwork was initially designed and supervised by Professor Harry U. Ross of the University of Toronto and a second program of testwork was conducted at SGS Lakefield Research. Subsequent testwork was conducted at the Lurgi in Frankfurt Main, Germany.

In 1958, H. Brodie Hicks, P.Eng., prepared a preliminary engineering study for the El Sol Property and completed a mineral resource estimate of 312 million t to a vertical depth of 305 m averaging 31.1% Fe. The foregoing historic resource estimate was completed prior to the implementation of NI 43-101, and should not be relied upon. A Qualified Person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves under NI 43-101 and Northern Iron is not treating the historical estimate as current mineral resources or mineral reserves. The specific data used to make the estimate is incomplete and/or not available, and has not been confirmed by Northern Iron. The historical estimates have not been audited or confirmed but are believed by Northern Iron to be of historical importance.

Hicks suggested a mining scenario combining open pit and underground mining methods to depths of 122 m and 305 m, respectively because he estimated the waste: ore stripping ratios would be excessive for pitting to depths greater than 122 m vertical.

R.L Segsworth completed an initial mining cost assessment in 1957. Segsworth concluded that the cut-off between open pit and underground mining would be at a vertical depth of 76 m. In addition, a transportation study was undertaken. H. Ross also investigated alternative processing options for the "ore" including direct reduction.

No significant additional work on the El Sol Property was carried out until 2007. Consolidated Faraday was the successor to El Sol. In 1989, Bowen stated in his report "Geology of the Slate Lake Area, district of Kenora (Patricia Portion)" that Consolidated Faraday and its predecessors continued to report on its iron properties in the Canadian Mines Handbook each year until 1972. Presumably, in 1972 the claims lapsed.

The three mineral claims of the El Sol Property were staked in 2005 by Mr. P. English, to cover much of the iron formation explored by previous workers. During the early winter of 2007, a brief program of outcrop stripping and trenching was conducted in two areas to the west of Kesaka Lake by Spectre, but this program failed to expose iron formation.

Raytec optioned the El Sol Property in November 2007, and in the spring of 2008 initiated a program of linecutting and ground geophysics.

Regional Geology

The El Sol Property is situated in the Archean, Lake Birch-Uchi greenstone belt of the Uchi Subprovince of the Canadian Shield. The Birch-Uchi belt is one of six principal interconnecting greenstone belts in the Uchi Subprovince. From west to east these greenstone belts are: the Bee Lake, Red Lake, Birch-Uchi, Meen-Dempster,

Lake St. Joseph and Pickle Lake. The greenstone belts are underlain and surrounded by, or internally intruded by, both younger and older felsic and mafic plutons and are complexly deformed. The El Sol Property is located adjacent to the southern boundary of the Uchi Subprovince, adjacent to its boundary with the English River Subprovince. The east-west trending Sydney Lake - Lake St. Joseph Fault is the boundary between the two subprovinces. This fault zone is located 5 km south of the El Sol Property.

The Birch-Uchi greenstone belt is comprised of three volcanic assemblages: Balmer, Woman and Confederation, each the product of separate episodes of volcanism and each showing an evolution from mafic to felsic rocks. The volcanic assemblages, particularly in the eastern and south easternmost part of the Birch-Uchi belt are overlain unconformably by an extensive metasedimentary sequence dominated by turbiditic greywacke—mudstone rocks containing panels of volcanic rock. The El Sol Property is situated within this folded metasedimentary terrane on the fringes of the greenstone belt.

Metamorphic grade within the Birch-Uchi greenstone belt ranges from very low grade to medium, to high grade. High grade metamorphic rocks form an outer rim for each of the greenstone belts against external granitic terrane while the interior of each of the greenstone belts are low grade to very low metamorphic grade. An east-west trending ribbon of medium metamorphic grade follows the Sydney Lake - Lake St. Joseph Fault south of the El Sol Property, but this ribbon is in the English River Subprovince. The El Sol Property is in an area of generally low metamorphic grade between the high grade rim of the greenstone belt (to the northeast) and the Sydney Lake - Lake St. Joseph Fault.

Similar metasedimentary terrains occur with the other greenstone belts of the Uchi Subprovince. The metasedimentary sequences are characteristically tightly folded and trend east-west.

The past-producing Griffith Mine was located on Bruce Lake, 60 km west of the El Sol Property, on a mt iron formation within a metasedimentary panel at the westernmost extreme of the Birch-Uchi greenstone belt. The Bruce Lake iron occurrence is situated at the closure of a large scale east-west trending fold adjacent to, and intruded by, a granitic intrusive complex. There are a number of other occurrences of iron formation known within the metasedimentary sequence of the Birch-Uchi greenstone belt, notably at Karas Lake and at Whitemud Lake, respectively 55 km and 25 km west of the El Sol Property. The Emarton-Karas Lake occurrence is also at a fold closure.

The Eagle Island - Fish Island iron ore deposit, on the periphery of the Lake St. Joseph greenstone belt located on claims owned by Rockex Ltd. 100 km east of the El Sol Property is another example of an east-west trending tightly to isoclinally folded iron formation sequence located in a similar, and likely correlative, metasedimentary sequence.

Property Geology

The El Sol Property is underlain by a central east-west trending sequence of clastic metasediments with local horizons of iron formation, flanked to the north and south by horizons of mafic to intermediate volcanic flows, volcaniclastics and amphibolite. The clastic sediments vary from wacke to arkose and are locally intercalated with horizons of argillite and mt-dominant oxide iron formation. Local units of polymictic conglomerate have also been documented. The volcano-sedimentary successions generally trend north-eastward to eastward in the western part of the claim group and trend eastward to south-eastward in the eastern part. The rocks dip vertically to steeply south. The distribution of the iron formation within the succession outlines an east-west trending tight fold structure with its fold closure southwest of Kesaka Lake. The gross repetition of stratigraphy from pelitic to argillaceous sediments with the iron formation in the core of the structure, flanked by intermediate and mafic volcanics to both the north and south, is consistent with a property-scale synclinal fold. El Sol named the iron formation forming the north limb of the fold the A zone and the south limb the B zone.

Indicators of stratigraphic tops within mafic pillowed flows in the southern part of the El Sol Property show tops are to the south. However, the succession drilled on the A zone and B zone of the iron formation, together with observed cross bedding in sediments near the iron formation, indicates tops are to the south, along the northern limb, and to the north, along the southern limb. These observations suggest that either an additional fold axis or a thrust fault lies near the southern edge of the El Sol Property. This could account for the apparent discrepancy between the stratigraphic tops indicators. The outer part of the fold is thus considered to be the base of the sedimentary succession. Stratigraphically below the iron formation, the sequence is dominated by a coarser section of greywacke with local conglomeratic horizons. Thin, discontinuous horizons of argillite (grey to black) are concentrated near

the iron formation, but are more common near the base of the iron formation. Above the iron formation, the sequence becomes finer and consists mostly of greywacke and arkose. The conglomerate consists of lens shaped clasts of mostly mafic to felsic volcanics and sediments, within a wacke matrix. Conglomeratic horizons are repeated within the succession and could be part of a series of isoclinal folds. With increasing metamorphic grade, migmatitic textures have been generated in the clastic metasediments. Such rocks have been logged as paragneiss and quartz-biotite schist, and are more common near Jean Lake and west of Kesaka Lake.

Along the southern edge of the El Sol Property, there is an east-west trending sequence of pillowed mafic volcanics which is 200 m to 300 m wide. To the immediate north of the El Sol Property, there is also a broad, 300 m wide section of mafic to ultramafic volcanics. This corridor hosts horizons of coarse grained, garnetiferous amphibolite. These rocks appear to be tuffaceous, with common alternating layers of amphibolite and feldspar-rich sandstone. Garnets up to 1 mm in size are common, and locally form bands which are highly contorted. It has been suggested that these units may have had volcanic flow and volcaniclastic members as protoliths.

Immediately south of the amphibolite and in the northern part of the El Sol Property is a 500 m thick section of intermediate volcaniclastics of tuff to tuff-breccia. Outcrop exposures of these rocks are typically light to medium grey, with 15 to 20% biotite. Primary bedding planes are discernable. Veins and fracture-fillings of albite and epidote are common.

Structure

The area has been subjected to high levels of ductile strain, resulting in regional-scale folding with strong cleavage development. Indications of strain are best preserved within bedded units such as conglomerate, argillite and iron formation. The observance of decimetre-scale refolded folds in the iron formation suggests that polyphase folding of several orders has occurred. Tight, isoclinal to asymmetrical folds and straight to attenuated bands of mt-chert indicate that the iron formation has been highly transposed. The plunge of these folds is generally steeply to the west.

Mineralization

The iron formation on the El Sol Property consists predominantly of mt taconite-type iron formation. The mainly mt iron formation in some places carries a minor amount of hematite and iron-bearing silicates. Narrow transitional facies of silicate iron formation containing minimal mt occasionally occur on the contacts of the oxide iron formation with the metasedimentary host. Mineralogical work in 1957 indicated that the silicates were mainly hornblende and actinolite with some chlorite and grunerite. Polythin section examination and liberation testwork by Lurgi and SGS Lakefield Research showed that fine grinding to 99% -325 mesh was required to achieve maximum liberation. The iron formation is generally characterized by alternating bands of mt and recrystallized chert, and chloritic mudstone which range in thickness from sub-millimetre to metre-scale. Internal variants are common with varying proportions of the above four components: from silicate and lean iron formation, to mt-chlorite and mt-jasper dominant types.

As described under "Property Geology", the iron formation on the El Sol Property is in the form of a tight, east-west and likely steeply plunging fold. The iron formation that is the north limb of this fold was designated the A zone and the south limb the B zone by El Sol in 1956. A number of smaller zones located between the A zone and B zone were also defined. These zones are named C to I. The H and I zones according to Bowen were located on the western property boundary and just north of the A zone. Bowen describes them as being extremely small. WGM is unsure where these are located and is not sure they are located on the El Sol Property or covered by Raytec's magnetic surveys.

Magnetic patterns suggest the C zone to G zone individually have strike lengths of 200 m to 300 m. They presumably are segments of the south limb, the B zone that has been partitioned and offset from the general trend by folding and faulting. In any eventual mining scenario these segments could potentially be of importance so their extent and structure will need to be better understood.

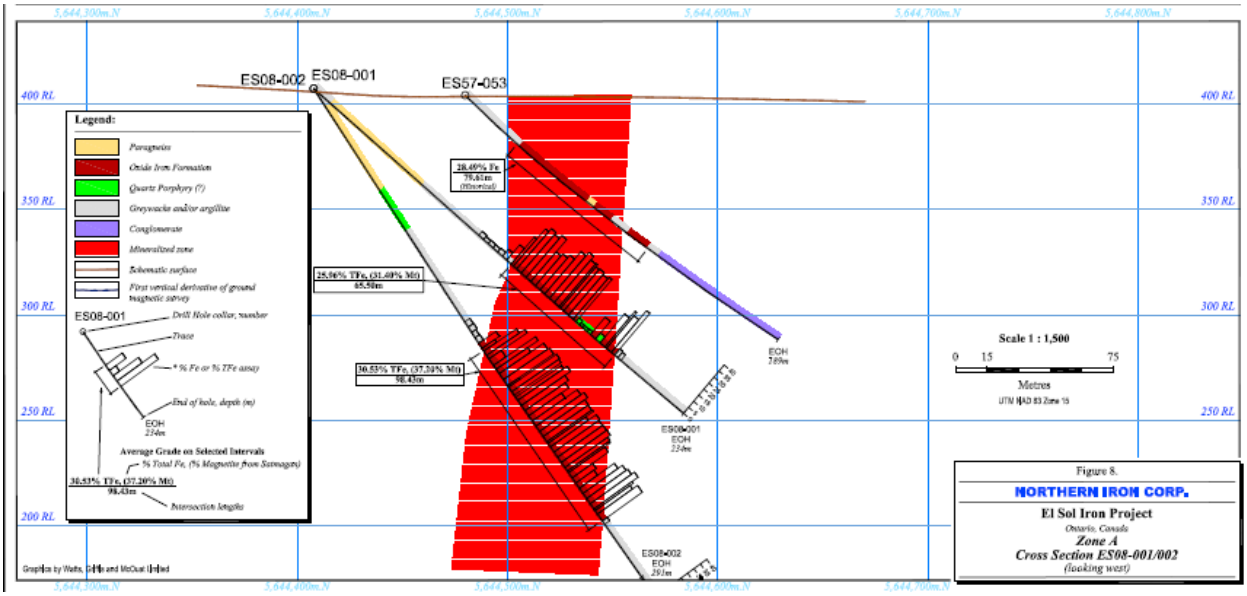
The closure of the main fold in the iron formation is immediately west of Kesaka Lake but either it is not very prominent or has been partly sheared away. The A zone and B zone at the west end of the El Sol Property are about 200 m apart. About mid-El Sol Property, the A zone and B zone are approximately 850 m apart.

The A zone was drilled by El Sol over it entire extent. All of Raytec's 2008 drillholes targeted the A zone. The zone has a strike extent of approximately 4.5 km and dips vertical to steeply south. True thickness of mineralization varies from approximately 50 m to 70 m and towards the fold closure it pinches out. In some places there are subsidiary A zones, which are generally continuous, but could be discontinuous in nature and followed as discrete orebodies.

Raytec's drillhole ES08-007 tested the main A zone and returned an average grade of 21.21% TFe over an intersection length of 80.8 m. Considerable rock coded as QP containing minimal mt, was logged within the iron formation in this drillhole. WGM believed much of this material is probably metasediments, either clastics or volcanic rather than intrusive. Drillhole ES08-008 was drilled on the same section below drillhole ES08-007. It intersected a section of oxide iron formation containing much less QP than the upper hole. The zone of mineralization averaged 32.06% TFe over an intersection length of 125.30 m.

Historic drillhole ES57-026 also tested this same zone of mineralization. The zone of mineralization is slightly displaced in this drillhole from what is indicated by the two 2008 drillholes, but the geology intersected is very similar in rock types logged and zone width. The displacement of the zone in the 1956 drillhole, relative to the 2008 drillholes, is most likely due to the present uncertainty of the collar location for the 1956 drillhole. Historic El Sol Property drill cross sections and logs report the zone of mineralization that averages 25.9% Fe over an intersection length of 79.10 m. A narrow interval of silicate iron formation was logged along the north contact of the mineralized zone in both ES57-026 and ES08-007.

The southern zone of mineralization was only tested by historic drillhole ES56-024. It shows this zone is approximately 20 m thick, true thickness. Historic assay results returned an average grade of 32.17% Fe over an intersection length of 26.76 m. WGM has reported these historic assays as %Fe because they are not completely certain whether they were total iron or partial iron, but think it is most likely that they are partial iron, or aqua regia acid soluble iron. Work by SGS Lakefield Research on historic samples commonly reports both SFe and TFe. This work shows that SFe assays for oxide iron formation material are only approximately 2% less than TFe assays. This is reasonable and as expected because the El Sol Property mineralization contains low amounts of iron-bearing silicates. Generally, therefore there should not be a lot of difference between historic El Sol drill core assay results and Raytec's assays. This zone and the main A zone are both reflected in Raytec's magnetic survey results plotted in profile along the top of the section. Magnetic survey results show that this subsidiary zone has a strike length of approximately 1 km.



The above figure shows a cross section through the A zone 1.1 km east of the cross section described above. This cross section shows two Raytec drillholes, ES08-001 and 002 both of which cut the mineralized zone below its intersection in historic drillhole ES57-053. The mineralized zone in all three holes is fairly similar in width. The zone dips about 85° south and is 50 m to 70 m true thickness. Raytec drillhole ES08-001 returned a grade of 25.96% TFe (31.4% mt) over an intersection width of 65.5 m. Raytec drillhole ES08-002 returned 30.53% TFe

(37.2% mt) over an intersection length of 98.43 m. No individual sample assay results have been located for historic drillhole ES57-053, but a historic cross section is available that indicates the presence of a zone of mineralization averaging 28.49% Fe over an intersection length of 79.61 m. Again the mineralized zone in the historic drillhole may be slightly displaced from where it is indicated by the two 2008 drillholes.

The B zone was drilled extensively by El Sol, but not by Raytec. It is segmented into sections by a NE-SE trending fault and folding and has a total strike length of approximately 2.1 km. El Sol's historic drilling shows that its thickness diminished eastwards away from the fold closure. Drill holes ES57-027 and ES57-033 are located in the B zone immediately west of Kesaka Lake, adjacent to the main fold closure. These holes were drilled on section and indicate the mineralized zone has a true thickness at this location of approximately 85 m and it dips steeply south. Assays for both these two historic drillholes are available. In drillhole ES57-033 the zone of iron formation averaged 32.48% Fe over an intersection length of 86.14 m. Drillhole ES57-027 cut the same zone 50 m below ES57-033 and assays averaged 32.05% Fe over an intersection length of 91.87 m. Drillhole ES5-066, located 800 m east of ES57-033/027, intersected a zone of iron formation with a true thickness of approximately 36 m. Dip of the zone is not certain but it is vertical or steep. Individual assay results have not been located but historic drill cross sections report zone of mineralization that averaged 31.08% Fe over an intersection length of 49.41 m. The lithology description from the drill log agrees with the assay average reported and the location of the intersection agrees with Raytec's magnetic survey results.

Exploration

General

Northern Iron has conducted no exploration on the El Sol Property. All recent exploration was conducted by Raytec.

Raytec's 2008 Exploration Program

Raytec, LEC's predecessor company, has completed one exploration program on the El Sol Property. This exploration program was conducted in 2008 and consisted of four main components:

- linecutting;
- ground magnetic survey using an Overhauser magnetic survey magnetometer;
- ground Overhauser magnetic survey; and
- diamond drilling.

The early parts of the 2008 program were designed and supervised by Gordon J. Allen, P.Geo. The latter phases of the program consisted of the diamond drilling. Analysis and testwork aspects relating to drillhole samples were designed, directly supervised, compiled and reported on by Ms. Janice Fingler, P.Geo.

Total exploration expenditures on the El Sol Property by Raytec between 2008 and 2010, inclusive of the drill program and exclusive of all property acquisition costs, were $1,180,616.

Linecutting

A total of 68.5 km of linecutting was completed by personnel of Ackewance. A 4.5 km long, east-west oriented baseline was centered on the El Sol Property between the two main zones of iron formation. Crosslines spaced at 100 m intervals, with stations at 25 m intervals, were cut north-south to the El Sol Property boundaries. Portions of the central grid were not completed due to time and access limitations and the lakes within the El Sol Property also were not covered.

Ground VLF-EM and Proton Precession Magnetic Survey

Dan Patrie Exploration Ltd. was contracted to conduct GPS surveying of grid stations, and ground magnetic and VLF-EM surveying along 58 km of the cut lines. The UTM coordinates of the picketed stations of the lines were collected for spatial plotting of the geophysical data. The surveys were carried out using a Scintrex Envi combined magnetometer and VLF-EM receiver. The VLF-EM survey collected readings using both the transmitter at Cutler,

Maine, USA (24.0 hz) and the transmitter at Seattle, Washington., USA (24.8 hz). At all stations and for both transmitters, the in-phase and out-of-phase (quadrature) of the resultant E.M. field were measured. Processing and imaging of the data was conducted by Roman Tykajlo. This work has been filed for assessment and a copy of a report that covers this work was completed by Gordon J. Allen, P.Geo.

A series of short length VLF-EM conductors were mapped by the survey. Some appear to be closely coincident with sections of the iron formation, while others do not. The responses could reflect areas of conductive mt within the iron formation and/or argillaceous interbeds.

The proton procession magnetometer used during this survey was not accurate in areas of high magnetic gradient over the mt-rich iron formations. A series of magnetic lows, which represent reversed polarity were delineated over the zones of iron formation. The analytical signal of the total magnetic field gives a closer approximation to axes of magnetic highs; however, data issues both with the widely spaced grid and station coordinates were encountered. It was therefore recommended that better and more accurate positioning and collection of magnetic data could be obtained from a continuous reading "walking magnetometer" such as a cesium vapour or an Overhauser instrument and so subsequently a second magnetic survey was completed.

Ground Overhauser Magnetic Survey

The ground Overhauser magnetic surveying was conducted by Clearview Geophysical Ltd. of Toronto, Ontario and was carried out concurrent with diamond drilling. The survey was conducted using two Scintrex SM5 NavMag magnetometers. The internal GPS from the NavMag was used for navigation and positioning. The magnetometer sensor was located on a vertical staff and the GPS sensor antenna was located on a backpack carried by the operator. Readings were acquired at one second intervals. GEM Systems Overhauser magnetometers were used for the base station corrections with readings taken at one second intervals. Results from the survey were used to help select the drill sites.

Post-processing of the data was completed by Kit Campbell, of Intrepid Geophysics of North Vancouver, British Columbia. Filtering transformations (in Fourier domain) generated secondary products with enhanced information content. The enhancements made to the data included vertical and horizontal derivatives, to produce anomaly contrasts over the peaks and edges of the formation.

Diamond Drilling

The diamond drilling program consisted of a total of 2,301 m of drilling in 11 drillholes. This program is discussed under "*Drilling*".

Drilling

Historic Drilling

During the winter of 1956-1957, the extent of the A zone and B zone of the El Sol Property were tested by a total of 10,363 m of drilling in 67 holes. Core size is unknown and no core is known to have survived. The drilling was done by Continental Diamond Drilling of Rouyn, Quebec. Most holes were drilled on 122 m spaced sections, at inclinations of -45°, and all but one hole was drilled to the north. Multiple holes were drilled along selected 61 m spaced cross sections. The holes were mostly 122 m to 183 m long, with two steeper inclined holes greater than 987 m. Typically the drilling tested the deposit to depths of 76 m to 91 m. Drill core assays were completed by Thomas Heys and Sons, of Toronto, Ontario which is believed by WGM to have been a commercial lab.

Raytec estimated the position of the historic drillholes on a best-fit basis from available maps and local grid coordinates on historic drill logs and sections. These historic documents are preserved as MNDM assessment files and/or as documents in the office of the Regional Geologist at Red Lake. Information about drillhole specifics was preserved by these original sources, but sample and assay data was incomplete.

Raytec located the casing for drillhole ES57-032 off the north shore of Jean Lake. The bulk sample trench above drillhole ES57-055 was also found, as was the original iron formation outcrop for which the 1956 El Sol Property channel sample results have been reported. These locations were used to adjust positions for the other historic drillholes.

Out of a total of 67 historic drillholes, all but four holes intersected iron formation. Sample assay results are available for 22 of 42 drillholes on the A zone, and 10 of 15 drillholes on the B zone. All drill holes were assayed for Fe, and some were assayed for P, S, SiO_2, and other deleterious elements. There are no indications of analytical methods and there is no drill core available for review. Nevertheless, the available results provide a coherent picture of the deposit to which the 2008 results may be compared.

Raytec's 2008 Drilling Program

General

Drilling by Raytec started October 1, 2008 and was completed October 28, 2008. Hy-tec Drilling Ltd., of Smithers, British Columbia, carried out the drilling program. Drilling was conducted using two heli-portable Tech 500 rigs which were moved and supported with an ASTAR 350 B2 helicopter provided by Forest Helicopters Inc. of Kenora.

Drilling sites were selected to test widely spaced intervals along the A zone. Due to the widespread, boggy ground to the south of the A zone, drill sites were limited to areas with suitable conditions to support a drill rig. Drill locations were spotted along approximate north-south trending cut lines. Sites were cleared and drill pads were built in advance of drill moves.

Eight holes (ES08-001 to 008) were drilled along five sections of the A zone in the Kesaka Far East area, towards Jean Lake. Two holes (ES08-009, 010) were drilled along two sections at the Kesaka East area, located northeast of Kesaka Lake. One hole (ES08-011) was drilled in the Kesaka West area, approximately 100 m off the western shore of Kesaka Lake.

After completion of the drill program, the core was mobilized to Red Lake, Ontario, by Barrens Transportation.

Drillhole Collar and Down-Hole Surveying

The drill rig was positioned on elevated drill pads and aligned with two foresites on the cut lines. The drillhole collar inclination was set using a carpenter's inclinometer and was later checked by the geologist, with a Brunton compass. Downhole surveys were conducted approximately every 50 m downhole with a Ranger single shot downhole survey tool (from Ranger Survey Systems Canada, Inc.) 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 drillhole az is assumed to be the same as the collar az.

After each drillhole was completed, the casing entry point was marked with a cut log. A metal tag indicating drillhole details was attached to this collar marker and photographs were taken of the site. A metal anchor rod also remains at each pad location. DGPS surveying of 10 of 11 of the drillholes, as well as a located metal casing of historic drillhole ES57-032, was completed by surveyor Eric Rody, O.L.S. A metal survey reference pin was installed between the drill pad sites for holes ES08-001/002 and ES08-003.

To complete the DGPS survey, the surveyor located the DGPS base station on this monument. A roving unit was successively moved from drillhole to drillhole. GPS signals in the area were difficult to obtain, due to the tall tree cover surrounding the drill sites, as well as the low trajectory of satellites over the area. Long data collection times at each survey point were required to ensure data was within acceptable error limits. Eric Rody provided the final list of coordinates as UTM NAD83, zone 15.

Sampling Method and Approach

General

Northern Iron has completed no sampling of the El Sol Property. Raytec, LEC's predecessor company, has conducted one exploration program on the El Sol Property.

Historic Drill Core Sampling

Incomplete information is available concerning El Sol's 1956 and 1957 drillhole core sampling. Some of the preserved and available drill logs and cross sections report drill core sample locations, but much of the data is missing.

2008 Drill Core Handling and Logging

The drill core was transported daily, from each drill pad location by helicopter. Wooden core boxes were stacked, covered, and strapped into a steel caged basket which was slung back to camp each day. Geotechnical logging including RQD of the drill core was conducted at the field camp. Overall core recovery and RQD were both very good, averaging 98.6% and 76.2%, respectively. Only brief drill core logs were completed in the field. Comprehensive descriptive logging was not done until the core was transported to Red Lake, Ontario, at the end of the drill program where sampling was also completed.

The drill core was logged and sampled at a fully equipped core shack facility rented from Premier Gold Mines Ltd. Drill core logging and geotechnical data collection were completed by Janice Fingler, P.Geo, and James Thurston. Drill core sampling and packaging was completed by Willy Desmeules of Ackewance.

Before being logged, the drill core was re-oriented. The drill core was logged for general lithology and structure. Selected sample intervals were also logged for detailed lithology within these intervals. Estimates of the relative components of the iron formation were made and coded in order of relative proportions: as mt, chert, chloritic mudstone, jasper and sediment interbeds. The presence of garnets and grunerite were also included in the coding. A measurement of magnetic susceptibility was taken within each drill run interval using a KT-9 handheld unit. Due to the high proportion of mt within the iron formation, readings taken within the iron formation mostly exceeded the detection limits of the instrument.

2008 Sampling Approach

Samples were laid out nominally at 3 m intervals, but were also delimited at lithic unit boundaries at both shorter and longer intervals. The sample selected for in-field bulk density measurements were laid out at approximate 1 m intervals. Un-mineralized greywacke from the first few drillholes of the program was sampled and this material was put aside for insertion into the sample stream as blanks as required. Samples submitted from the field included FB and FDC consisting of second half sawn core. One FB and one FDC were included with every 20 regular samples submitted for analysis.

2008 Sampling Method

Sample intervals and numbers were marked on the core using China markers. Sequentially numbered, two part sample tickets, together with an aluminum tag containing sample interval information, were stapled into the core trays near the end of each regular sample. Tags for designated FB and FDC samples were included. The blank tags were positioned at the start of the sample they precede; the duplicate tags were placed after the sample they follow.

Details about all samples submitted were recorded on the original drill logs. After samples were marked and tagged, the core boxes were photographed with core both wet and dry. A total of 429 samples were submitted for analysis, including 20 blanks and 22 second half core FDC. This represented 407 sample intervals over a length of 1064.45 m. The average sample length was 2.62 m.

In-field bulk density measurements were made on 47 samples which represented a variety of lithological units with variable iron content. A total of 38 of these measurements were made on intervals sampled and sent for assay at SGS Lakefield Research (one of these was on an FDC). The whole core samples were weighed in air and in water.

All of the core samples were sawn in half using a diamond saw. One half of the core was returned to the core tray and the other half was inserted, together with the sample tag, into a poly sample bag labelled with the sample number. When the sampler encountered a tag for a blank sample, the designed blank sample and the new tag was transferred into a new bag with the new sample number. When the sampler encountered a tag for a FDC sample, the sampler placed the remaining half core for the preceding interval and the sample tag into a bag with the indicated number. The resultant gap in the core box was replaced with a wooden block bearing a metal tag with information about the

two samples: regular and duplicate, for the interval. The bags were sealed and also put into individual, labelled rice bags for additional strength for transportation to the laboratory.

Five samples (5751 to 5755) were selected for preliminary metallurgical tests. These were packed into three sealed sample pails, together with a shipping list.

All samples were loaded sequentially into three large wooden crates with shipping lists and sent to SGS Lakefield Research.

Core Storage

At the end of the program the core trays were cross piled. The core is currently stored at Barrens Transportation in Red Lake.

Sample Preparation, Assaying and Security

2008 Sample Preparation

All in-lab sample preparation mandated by Raytec was performed by SGS Lakefield Research, which is accredited under the Standards Council of Canada. Their scope of accreditation conforms to the requirements of CAN−P−1579 Guidelines for the Accreditation of Mineral Analysis Testing Laboratories and CAN−P−4E (ISO/IEC 17025:2005), General Requirements for the Competence of Testing and Calibration Laboratories for individual analytical and sample preparation methods. Each of the 429 drill core samples including FBs and second half core Duplicates was cone-crushed to nominal 1/4" and a 1 kg sub-sample was then riffled out. The 1 kg sub-sample was stage-crushed to -10 mesh and one 100 g test charge was prepared, while the remainder was stored. In addition 18 of the routine samples were selected by Raytec to be prepared as –A and –B suffixed preparation duplicates. For these samples, an additional 100 g test charge was prepared of -10 mesh material.

The 100 g portions were pulverized in a ring pulverizer to 200 mesh (75 µm) and then sent for analysis.

All sample rejects were re-packaged using the original sample bags and are currently stored by SGS Lakefield Research.

2008 Sample Assaying

Raytec's drill core samples were analyzed for major whole rock element oxides, including Fe_2O_3, by lithium metaborate fusion XRF. FeO was determined by H_2SO_4/HF acid digest-potassium dichromate titration. Magnetic iron, expressed on SGS Lakefield Research certificates in terms of mt, was completed on Satmagan, a piece of equipment especially designed to measure mt in iron ore concentrations. Specific gravity was done by helium comparison pycnometer. The five samples on which the optimization grind testwork was performed were also analysed for sulphur. Sulphur was determined by combustion followed by infrared detection on LECO Corporation instrumentation. Additionally, 50 samples had bulk density determined on whole core prior to crushing. Each sample was weighed in air and weighed when submerged in water.

Excluding the B-Preparation Duplicate portions, but including the field-inserted blanks and second half core duplicates, a total of 429 samples were sent for assay.

Quality Assurance and Quality Control

Raytec conducted an in-field quality assurance and quality control program by inserting blanks and second half drill core duplicates into the sample stream. One field blank and one second half core field duplicate were included with every regular 20 samples submitted for analysis. The FBs were unmineralized greywacke inserted into the sample stream as required and given a routine sequential sample number. SGS Lakefield Research also conducted its own internal quality assurance/quality control program using Blanks, and reference Standards. The preparation duplicate component was as aforementioned, performed in-lab, but the samples for this were selected by Raytec. Preparation duplicates consisted of a second charge of material riffled out of the -10 mesh reject and then treated as a new sample.

Field Blanks

Twenty-two FBs were assayed during the drill program. All of the samples correctly returned assays commensurate with the samples being unmineralized greywacke.

Second Half Core Duplicates

Twenty-one second half core duplicates were inserted into the sample stream by Raytec and sent blind to the lab. Correlation between assays for equivalent pairs is excellent.

Certified Reference Standards and Laboratory Blanks

As part of its in-house quality assurance/quality control, SGS Lakefield Research analyzed certified reference standards and blanks with every batch of Raytec's samples. Seventy-six instances of certified reference standards, including blanks, were assayed by SGS Lakefield Research through the assay program. In total eight different Standards were used.

Mineral Processing and Metallurgical Testing

The initial LIMS testwork was conducted on five samples of drill core selected by Raytec. Three charges were used for grind curve determination, three for Davis Tube testing by size, and one for head assays. The objective of the grind curve determination was to estimate the required grinding time to achieve the grinding targets for Davis Tube testing. The grinding targets were 100% passing 200 mesh (75 μm), 325 mesh (45 μm), and 400 mesh (38 μm). In order to generate the grinding curve, three 100 g test charges were pulverized for 90 seconds, 150 seconds and 210 seconds in a ring pulverizer. The ground products were then submitted for wet particle size analysis.

Although this work showed no consistent trends with the various rock types in the metallurgical responses, it consistently reflected that fine grinding was required to achieve marketable grades of iron and silica in the concentrates. This was consistent with the conclusions reached in the 1956 and 1957 testwork campaigns.

Subsequently, SGS Lakefield Research was contracted to conduct a test program on a master composite prepared from the 2008 drill core samples. This program was aimed at developing a flowsheet to produce saleable Fe concentrates (less than 4% SiO2), which would include magnetic separation followed by the removal of silicates using reverse flotation. The master composite was made up of 298 of the original 424 variability samples that graded 31.6% Fe, 43.6% SiO_2 and contained 38.5% mt.

Three batch LIMS and flotation kinetics tests conducted on whole ore showed that a primary grind of K80 of 50 μm (100% passing 150 mesh) was sufficient to produce an Fe concentrate grading less than 4% SiO2. Batch rougher tests on a bulk LIMS concentrate did not show any effect of caustic starch or sodium silicate dosage. Batch cleaner (Fe scavenger) tests indicated that the addition of a LIMS stage after regrinding to a K80 of 25μm was beneficial in scavenging the majority of the Fe lost to the silicate rougher concentrate. The addition of a scavenger cleaner flotation stage would help ensure that the Fe scavenger concentrate was on-spec and therefore could be blended with the primary Fe concentrate (SiO2 rougher tailings). A single locked cycle test conducted on the LIMS concentrate produced a final combined Fe concentrate grading 68.0% Fe, 3.86% SiO_2, 0.18% Al_2O_3, 0.27% MgO, and 0.43% CaO at 84.6% Fe recovery and 39.4% mass recovery.

Mineral Resource and Mineral Reserve Estimates

No NI 43-101 compliant mineral resource or mineral reserve estimates have been completed for the El Sol Property.

Interpretation and Conclusions

With the information and technical data available on the El Sol Property coupled with WGM's knowledge of the iron ore industry the following interpretations and conclusions have been drawn by WGM in the El Sol Report:

- The El Sol Property likely ranks as one of the top 10 deposits in iron formation known in Ontario. Although there are limitations with the project size, there is reasonable potential that a combination of product type and quality available on the Great Lakes with the transportation advantage to central North American markets can be viable in the current iron ore market.
- In the late 1950s the El Sol Property was explored by 67 drillholes aggregating 10,363 m. The deposit in the form of a fold with two steeply dipping limbs was delineated. This work led to the definition of a deposit of 312 million tons of "reserves" averaging 31.1 % Fe to a vertical depth of approximately 300 m. A Qualified Person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves under NI 43-101 and Northern Iron is not treating the historical estimate as current mineral resources or mineral reserves. These "reserves" are non-compliant with guidelines of NI 43-101 and should not be relied upon, but they are of historic significance.
- Preliminary mine planning in the late 1950s suggested the steeply dipping deposit could be open pitted to a depth of 250 ft depending on assumptions to allow for mining of 60 million tons or 20% of deposit "reserve" tonnage.
- In the late 1950s, metallurgical testwork was completed at SGS Lakefield Research and at Lurgi in Germany. The testwork showed that high quality concentrates could be produced by fine grinding the mineralization and subjecting it to low intensity magnetic concentration.
- Raytec's 2008 exploration program focused on the A zone (the north limb) of the deposit and has successfully validated in general the historic data available, where tested in terms of extent, widths, and composition of mineralization.
- The iron oxide formation deposit is mainly fine grained mt, with minor hematite. Gangue components are mainly iron-bearing silicates: hornblende, actinolite and chlorite. The average grade for all 314 of Raytec's regular drill core oxide iron formation samples was 31.8 % TFe, 39.1% mt, 1.3% hematite (calculated) and with an average of 13.0% of the TFe in other mineral phases (most likely iron-bearing silicates).
- Much of the historic information concerning drillhole assays, drillhole locations, assay methods and certificates is missing, and no drill core has been located. In order to verify the historical information, additional drilling will be required to allow for a NI 43-101 mineral resource estimate encompassing the known historic deposit on the El Sol Property to be completed.
- The metallurgical characteristics of the mineralization determined on the limited work completed more recently by Raytec to date has been consistent with the more extensive historical metallurgical testwork in the 1956 and 1957 period.
- The mineralization is mostly mt which allows high iron recoveries with the finer grinding and provides for a high concentration ratio. Magnetite allows for production of a high quality concentrate with 70% Fe and SiO2 in the 2% to 4% range.
- The 2010 testwork including flotation of silica with LIMS concentration has shown that grinding to 100% passing 150 mesh will produce iron concentrates of saleable specifications. Regrind of the initial LIMS stage tailings will allow further production of concentrates of saleable specification. The flowsheet used in 2010 indicates that the grinding energy requirements can be reduced with a combination of stage grinding and employing silica flotation to clean the magnetic concentrates. These results are regarded as an improvement on the high energy requirements indicated by historical testwork.
- Further testwork across the El Sol Property will be required to confirm metallurgical conclusions on variations in ore type and to confirm the optimum grinding level for each stage. Mineralogical work is also required to verify mineralogical content and the natural grain size, to help optimize production of

marketable concentrates. This work would be supported with a program to assess the liberation of the iron mineralization in the concentrates being produced across a range of fine grinding levels to better define the optimum.

- Final concentrates require further testwork to confirm their suitability for the production of pellets. Additionally, testwork may be conducted on the technical viability of producing DRI from pellets and from concentrate.
- The most significant challenge facing development of the El Sol Property may be the smaller size of the deposit and the scale of project that could be sustained with the historic mine size suggested. With the North American market limitations and the possible inability to realize the economies of a large scale project, the resulting costs may make it difficult to compete with the larger scale of other North American production. Supplemental challenges are the steep dip and relative narrow width of mineralization which will result in higher stripping ratios in the mine operation, and the high energy and operating costs that are associated with fine grinding to produce the concentrates. The remote location of the deposit will require relatively high capital and operating costs for the supporting infrastructure to develop and operate the mine. Transportation, concentrating and pelletizing costs are expected to be proportionally higher. A conceptual and market study of the El Sol Property and possibly in conjunction with neighbouring iron projects should be undertaken to review various development approaches to assess project viability.

Proposed Program

The El Sol Technical Report contains the following proposed work program for the El Sol Property:

Phase I Program	Cost	Totals
Drillhole database simplification	$10,000	$10,000
Mineralogical study and variability test work	$50,000	$50,000
Magnetic survey	$40,000	$40,000
Technical and conceptual study		
Estimate of scope schedule and cost for predevelopment studies	$5,000	
Resource model (includes review of historical data)	$25,000	
Mine design and costs	$20,000	
Mill design and costs	$20,000	
Pelletising and DRI evaluation	$20,000	
Infrastructure	$10,000	
Transportation study and costs	$20,000	
Environmental and economic study	$20,000	
Market study	$20,000	
First Nations consultation	$10,000	
Financial and sensitivity analysis	$10,000	
Report preparation	$10,000	$190,000
Total Phase I Program:	$290,000	
Phase II Program		
Exploration program (2,500 m @ $400 per m)	$1,000,000	$1,000,000
Preliminary assessment (includes NI 43-101 Mineral Resource Estimate)	$500,000	$500,000
Geological/Technical/Management costs	$100,000	$100,000
Total Phase II Program:	$1,600,000	
GRAND TOTAL:	$1,890,000	

The Karas Property

Location

The Karas Property is comprised of 15 unpatented contiguous mining claims covering a total of approximately 3,200 hectares in Karas Lake Township, Red Lake mining division, district of Kenora, Ontario.

Access

The Karas Property 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, Ontario, traverses the Karas Property in a north-south direction. A power line mimics the road's location in the vicinity of the claims comprising the Karas Property. Excellent access is also provided by secondary gravel roads branching off the South Bay Road.

Property Description and Ownership

The table below provides details of the current land holdings.

Claim Number	Number of 16 Ha Units	Owner (100%)	Expiry Date	Work Required
KRL4257010	16	Northern Iron Corp.	2012-JUN-28	$6,400.00
KRL4214517	4	Northern Iron Corp.	2012-FEB-10	$1,600.00
KRL4214516	15	Northern Iron Corp.	2012-FEB-10	$6,000.00
KRL4214515	15	Northern Iron Corp.	2012-FEB-10	$6,000.00
KRL4214514	15	Northern Iron Corp.	2012-FEB-10	$6,000.00
KRL4222970	12	Northern Iron Corp.	2012-FEB-10	$4,800.00
KRL4222969	16	Northern Iron Corp.	2012-FEB-10	$6,400.00
KRL4222968	16	Northern Iron Corp.	2012-FEB-10	$6,400.00
KRL4222967	16	Northern Iron Corp.	2012-FEB-10	$6,400.00
KRL4222966	16	Northern Iron Corp.	2012-FEB-10	$6,400.00
KRL4222965	6	Northern Iron Corp.	2012-FEB-10	$2,400.00
KRL4222964	16	Northern Iron Corp.	2012-FEB-10	$6,400.00
KRL4222963	14	Northern Iron Corp.	2012-FEB-10	$5,600.00
KRL4222962	12	Northern Iron Corp.	2012-FEB-10	$4,800.00
KRL4222961	12	Northern Iron Corp.	2012-FEB-10	$4,800.00
Total:	**201**	**3,200 Ha (nominal)**		

The registered owner of the claims listed in the MNDM claims database is Northern Iron. To maintain a claim in good standing, approved exploration work of a certain required dollar value must be completed and filed with the MNDM by the applicable due date. As prescribed by the *Mining Act* (Ontario) and regulations made thereto, work to a value of $400 per year is required per claim unit except for the first year, when no assessment work is required. Assessment work must be performed and applied to each of the mining claims until the holder applies for a mining lease.

Location of All Known Mineralized Zones Relative to Outside Boundaries

Four BIF mt occurrences, designated by Northern Iron as Southern Karas, Northern Karas, Five Thousand and Hook, respectively, form a broken elongated curvilinear pattern in the shape of a double-ended question mark, which straddles the Karas Property approximately centralized in a northeast-southwest direction and verging towards the east and west outside boundaries of the claims comprising the Karas Property. Unrolled, the 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 with the claims which extend approximately 14.2 km and 4.8 km in north-east-south-west and north-south directions, respectively.

Property Agreements

Northern Iron has acquired 100% ownership of the Karas Property, as well as other claims comprising surrounding properties, namely the Whitemud-Slate Property and the Papaonga Property. Under the terms of the purchase agreement dated August 1, 2010, as amended, Mr. P. English is to receive a series of staged cash payments, the remainder of which consist of $25,000 to Mr. P. English by January 31, 2012 and $40,000 to Mr. P. English by

January 31, 2013 and be issued 50,000 Common Shares on the second and third anniversary of Northern Iron becoming a reporting issuer.

The transfers were approved by the MNDM on January 12, 2011.

Permitting

No permits were required for Northern Iron's exploration program, but Northern Iron has adhered to applicable provincial and federal exploration guidelines.

Environmental Issues

No environmental studies have been conducted on the Karas Property. No environmental studies are required at this time.

First Nations Issues

Northern Iron opened preliminary discussions with the Lac Seul and Wabauskang First Nations bands in accordance with the *Mining Amendment Act, 2009* (Ontario) 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 a treaty, although they may not actually have a reserve in the Karas Lake area.

Climate

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

Physiography

The Karas Property, having a general elevation of 380 m above sea level, is surrounded by lakes and south flowing rivers. The Karas Property is predominantly situated on dry ground with gentle topography, interspersed by three small centralized lakes: Emarton Lake, Karas Lake and Hazell Lake, as well as boggy areas. Two smaller ponds flow into the Emarton Lake from the west and south, respectively. Gleave Lake and the larger Wensaga Lake occur, respectively, on the northern boundary and south of the Karas Property. Vegetation is coniferous and deciduous trees.

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

Local Resources and Infrastructure

The Township of Ear Falls, located on the north shore of Lac Seul, Ontario, having a population of 1,153 is situated 69 km south 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.

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, 100 km to the south. Ore was once moved from the Griffith Property (now 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 the Karas Property 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 Karas Property.

History

The earliest dated claim holders within portions of the current Karas Property boundaries, circa 1956-1957 and 1976-1977, were Dome and Hudson. The identity of the owner or succession of owners between 1978 and 2008 are unknown. It is assumed by the author of the Karas Technical Report that the Karas Property may have been Crown land until staked in 2008 by Mr. P. English and optioned/purchased by Northern Iron in 2010.

Previous Exploration – 20th Century

During the 20th Century two separate exploration endeavours were carried out on the Karas Property by Dome and Hudson. The first endeavour, conducted by Dome in 1956 - 1957, consisted of ground and airborne geophysics and diamond drilling. The second endeavour conducted by Hudson in 1976 - 1977 consisted of airborne and ground E.M. surveys. Details for each of the aforementioned explorations are described below:

Dome

In 1956, a grid based dip needle survey was carried out over a known BIF in the mid-western part of the Karas Property, west of Emarton Lake. The survey, utilizing 800 ft spaced lines, outlined a "large steeply plunging fold with a thickened crest near the middle". Northern Iron refers to the anomaly as Southern Karas. An airborne magnetometer survey was recommended.

In 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. Northern Iron refers to two of the larger anomalies as Hook and 5,000. A follow-up grid-based ground magnetic survey in the vicinity of the present Karas South magnetic anomaly outlined nine strong anomalies "*bunched together in a relatively small area and their arrangement suggests a series of sharply folded parallel mt bands some 100 to 200 feet apart*". Diamond drilling five to 10 holes "in the sections of highest magnetic intensity" was recommended.

Historical drilling by Dome in 1957 consisted of three holes totalling 600.76 m, drilled to the west of Emarton Lake on the current Karas South magnetic anomaly. All three intersected mt in BIF (massive mt 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 mt grading 36 - 38% Fe.

Summary logs and a grid location map are available for all holes drilled by Dome. Core size is unknown. The author of the Karas Technical Report was unable to confirm the location of the archived core from the 1957 drilling program and understands that the core may not exist. An attempt to locate historical collar/casing locations in the field during 2010 was unsuccessful. Information related to historical drilling procedures was not located by Northern Iron.

Assay values are quoted on Dome drill core log and sample record sheets as *"assay value % estimated*". Core analysis, thus, would seem to be visual rather than analytical and unreliable, strictly not in accordance with modern CIM Exploration Best Practices Guidelines with respect to NI 43-101 reporting. The author of the Karas Technical Report did not locate documentation with respect to security procedures followed by Dome for the 1957 drilling program. Precise collar elevations are unknown by the author of the Karas Technical Report. Down hole deviations were corrected (observed on Dome logs by the author of the Karas Technical Report). Dome collar locations were based upon a ground grid system, requiring verification on a UTM coordinate system. It is the opinion of the author of the Karas Technical Report, 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. Exploratory methods and standards (quality assurance/quality control programs) in Canada, half a century ago, are acknowledged to be different. Further verification of historical drilling results, in the opinion of the author of the Karas Technical Report, is not necessitated.

Hudson Bay Exploration and Development Company Limited

An airborne survey was conducted in 1976 over the northeast portion of the current Karas Property, the results of which have not been located but have only been referenced in a 1977 assessment report. In 1977, the survey was followed up by ground-based E.M. (E.M.-17) surveys which covered thirteen areas southeast of Red Lake, including a portion of the current Karas Property. The survey picked up several well defined linear conductors in the area and indicated possible folding of the strata based on the change in strike of these conductors. Diamond drilling was recommended.

Historical Resources

The Karas Property has a non-NI 43-101 compliant historical resource of 21 million t of 22.8% Fe available in an open pit to a depth of 500 ft. Tests indicate that a concentrate grading 67.41% Fe, 5.32% $Si0_2$ could be produced. A Qualified Person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves under NI 43-101 and Northern Iron is not treating the historical estimate as current mineral resources or mineral reserves.

Attempts by the author of the Karas Technical Report to relocate the original source and date of the historical resource estimate were unsuccessful. The author suggests the historical estimate should be considered an historical reference of grade and tonnage and not resources. Relevance and reliability of the historical estimates, in the opinion of the author of the Karas Technical Report, should be taken in context and be considered a guideline only. Actual computation records of the historical estimates may not exist. The author is unaware of any recent estimates available to Northern Iron. These historical estimates, in the opinion of the author of the Karas Technical Report, are not compatibly stated with respect to sections 1.2 (Mineral Resource) and 1.3 (Mineral Reserve) of NI 43-101.

Property Production

Northern Iron is unaware of production having being undertaken to date on the Karas Property.

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. The 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 Ma 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.

The Berens River and English River subprovinces bound the Uchi-Confederation greenstone belt to the north and south of the Karas Property, 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. 2,960 and 2,740 Ma. These cycles were later reinterpreted as the Balmer (Ca. 2,960 Ma), Woman (ca. 2,840 Ma) and Confederation (ca. 2,740 Ma) lithotectonic assemblages. The distribution, structure, and geochemistry of units within the Confederation assemblage (ca. 2,740 Ma) indicate it formed as a rifted arc. However the tectonic settings of the older volcanic units are ambiguous. 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 BIF, to deep-water wackes further south.

The Birch-Uchi belt, similar to the 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. Supracrustal rocks of the Red Lake and Birch-Uchi belts are characterized by mineral assemblages typical of greenschist- and amphibolite-facies regional metamorphism.

Local Geology

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

Geology and Tectonstratigraphic Assemblages

All units are of Neoarchean age (2,800 – 2,600 Ma) and appear to have an elongated east-west expression in mapped outlines. GSC Open File 4256 / OGS Map P.3460 illustrates the Karas Property BIF to be hosted by intermediate volcanic rocks (pyroclastics) assigned to the Confederation assemblage (ca. 2745-2,735 Ma). Metasediments identified by Northern Iron geological mapping and drilling indicate that the host rocks are English River assemblage. At least one unconformity and two inferred unconformities separate the Confederation assemblage with the > 2,696 Ma < 2,704 Ma English River assemblage consisting of metasedimentary migmatites/garnet-biotite-feldspar gneiss primarily situated south, west and east of the Karas Property. Within the English River assemblage are iron formations, in particular tectonically thickened chert-mt iron formation of the Griffith Property, a past producer. The Karas Property is flanked to the 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 east-west 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 east-west bending northeast to terminate in the vicinity of the Karas Property.

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, in the Red Lake District, specifically along the Uchi-English River Subprovince boundary include the Karas Property, the Whitemud-Slate Property, the El Sol Property, the Papaonga Property and the closed Griffith Mine. The Properties are held by Northern Iron and listed by the Ontario Geological Survey as currently not being mined. The mt-bearing deposits have similar geological characteristics.

Situated near Bruce Lake 19 km west-northwest of the Karas Property, hosted by English River assemblage metasedimentary rocks in contact with the Bruce Lake intrusion, thickened widths acquired by folding, characterize two mt-chert bearing iron formation deposits comprising the Griffith Property. The Karas Property is located structurally within a closed fold. The Bluffy Lake, Kesaka Lake and Papaonga prospects are respectively 30 km, 55 km and 61 km east-northeast of the Karas Property. The Bluffy Lake prospect is a mt-quartz iron formation hosted by greywacke intruded by numerous narrow syenite dykes. The Kesaka Lake prospect is a folded taconite iron formation consisting of bands or intercalations of mt, recrystallized chert and argillaceous mudstone. Located on Papaonga Lake, the Avis prospect consists of mt-rich BIF 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 mt, and may, in part, have increased thickness caused by folding.

Property Geology

The Karas Property bedrock geology is comprised of 10 map units consisting of volcano-sedimentary rocks 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 the Karas Property boundaries and intermediate intrusive rocks of the Bluffy Lake batholith, to the southeast outside the Karas 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 Karas Property, possibly folded at the northeastern extremity. Metamorphic grade for meta-volcanics/sediments is upper greenschist to lower amphibolite facies.

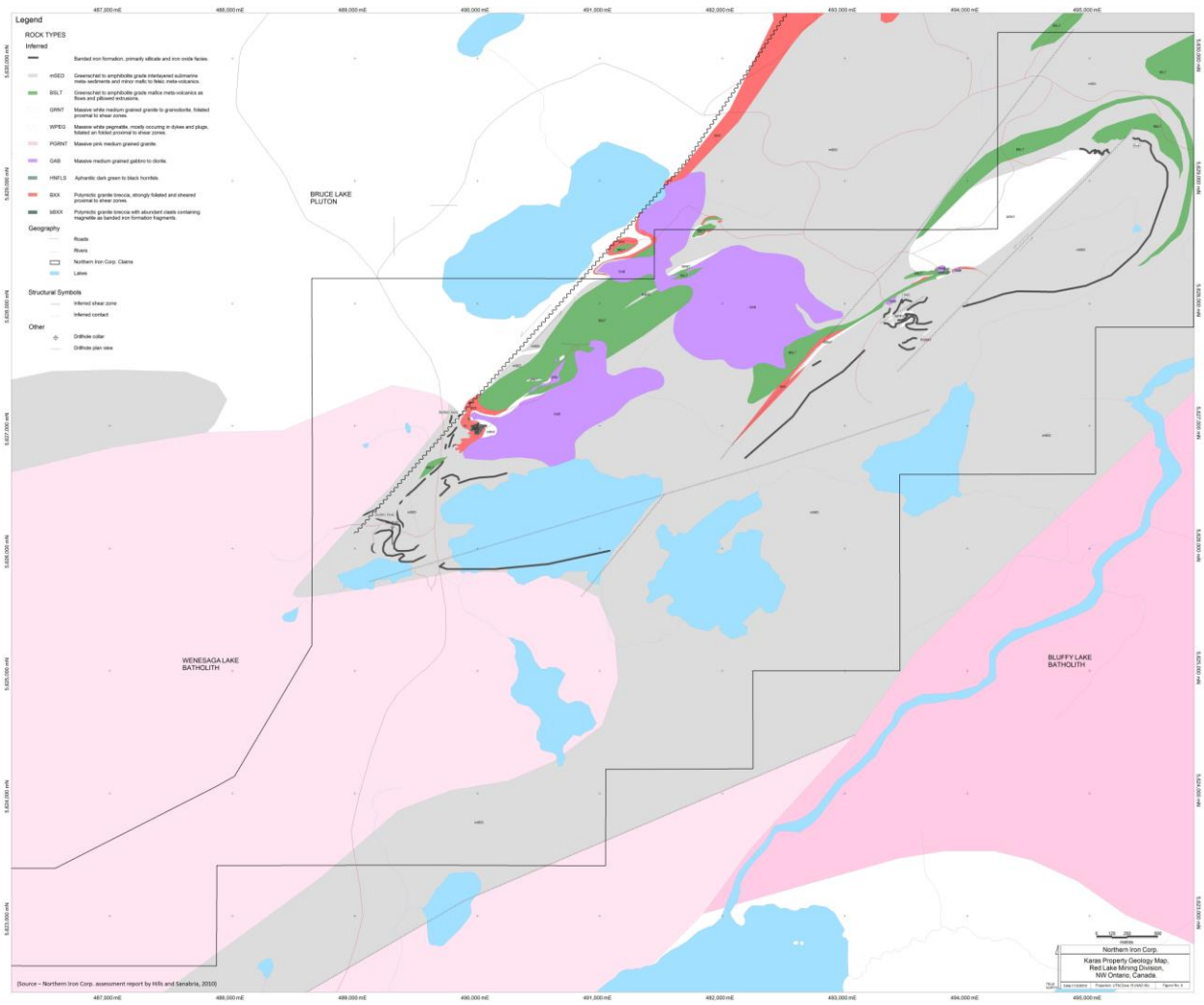
The meta-volcanics/sediments have been intruded by, and locally brecciated, with minor migmatization proximal to several granitic intrusions and associated pegmatite dykes, ranging in size from less than one km^2 to the massive Bruce Lake pluton. Composition of the smaller intrusive bodies appears similar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

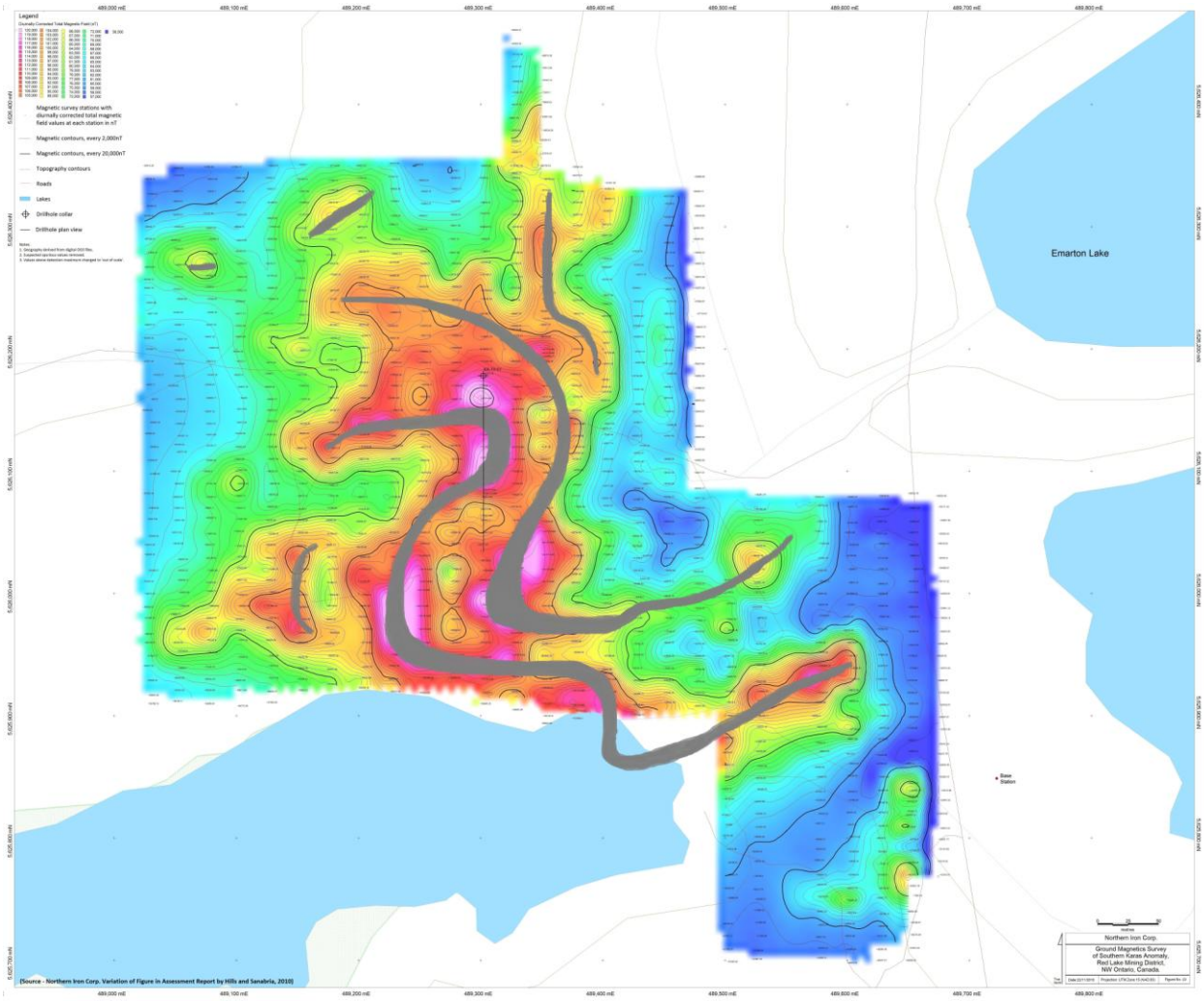
BIFs, primarily silicate and iron oxide facies, occur within the metasedimentary unit stratigraphy, possibly within the same broad stratigraphic horizon. The BIF consists of multiple 'bands' west and north of Emarton Lake and Hazell Lake respectively and a conspicuous hook shaped outline at the Karas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

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

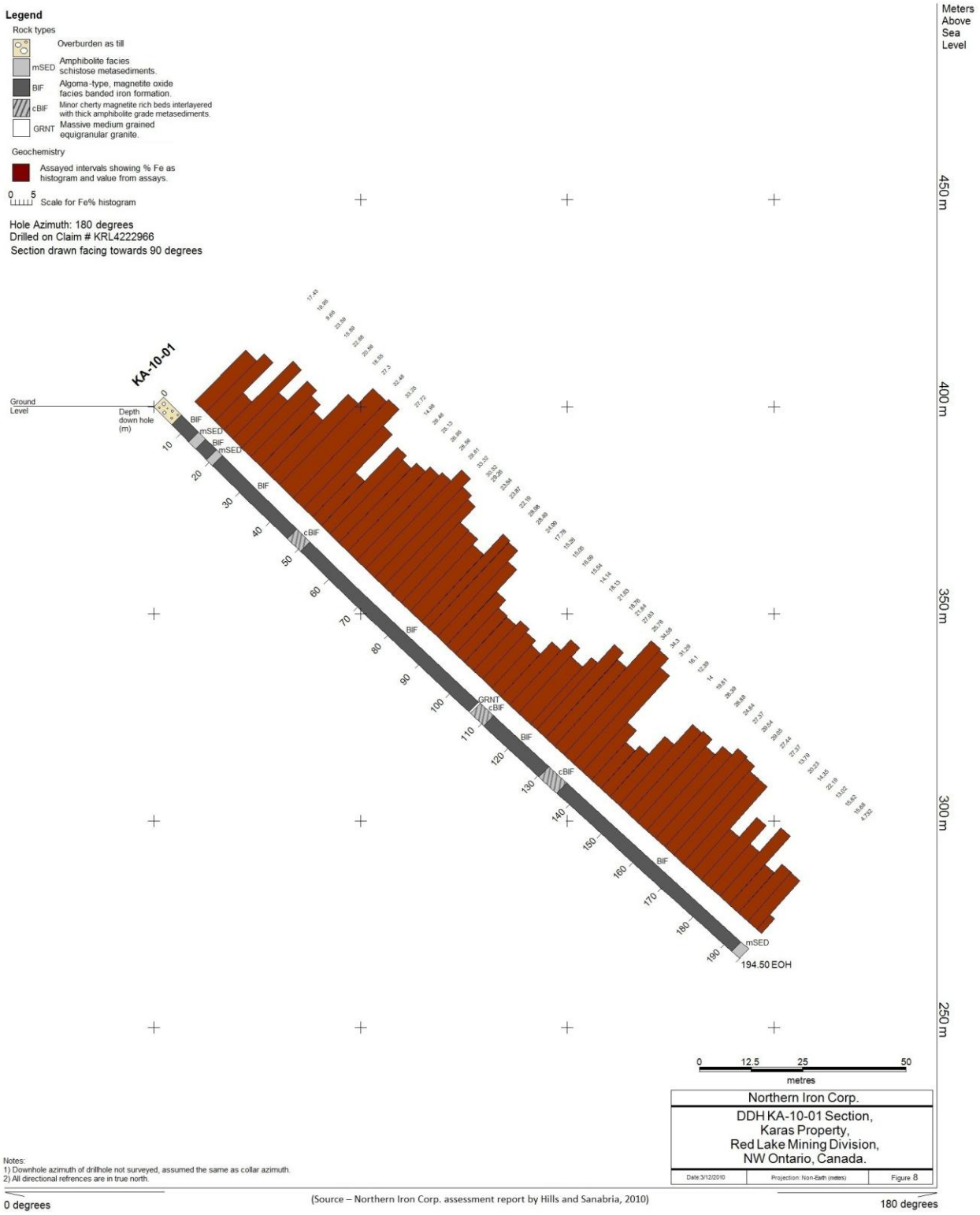
Karas Property Geology Map



Karas Ground Magnetic Survey Map



Drillhole Section DDH KA-10-01 Karas Property



(Source – Northern Iron Corp. assessment report by Hills and Sanabria, 2010)

Geophysical Signatures

Aeromagnetic expression of the Karas Property BIF mt 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 the Karas and Five Thousand occurrences and 4,000 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, and second derivative maps of regional airborne magnetic surveys of northwest Ontario compiled by the Ontario Geological Survey, Northern Iron conducted ground-based magnetic surveys over four prospective magnetic anomalies named the Southern Karas, Northern Karas, Five Thousand and Hook on the Karas Property. Magnetic data was used as an aid in interpreting stratigraphy, identifying BIFs 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 Northern Iron as complexly, isoclinally folded BIF, 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.

In the Five Thousand anomaly area of the Karas Property, scattered outcrop was observed, and the total magnetic field anomalies occurring as small isolated to connected linear features were interpreted by Northern Iron as mostly thin cherty seams.

BIFs, 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 Five Thousand anomalies, and consists of only a single narrow BIF devoid of tight isoclinal folding.

Mineralization

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

Karas North and South Occurrences

The Karas occurrences are subdivided as North (489,940mE; 5,626,960mN) and South (489,250mE; 5,626,100mN). Karas South consists of a cluster of primarily two, at least a total of four contorted (folded) broken BIF segments situated within a 0.50 km 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, Ontario. Karas North forms a northwest projection from Karas South, approximately 0.75 km in length comprised of a linear band consisting of at least seven 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 three broken segments situated on the north side of Emarton Lake, Ontario (the 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 m 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. Approximate elevations vary between 390 m - 410 m and 390 m 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, Northern Iron personnel observed several BIF outcrops to have tightly folded to linear 1.0 m - 2.0 m thick (true thickness) mt beds and possibly BIF clasts formed breccias within a high strain corridor or regional shear zone; a northeast-southwest 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 m of overburden. The closest outcrops of BIF lithologies were observed to be 4.0+ m and 6.0+ m thick (true thickness) and approximately 200 m and 400 m distant, respectively. Geophysical estimation of Karas South average true surface widths is 25 m, with a maximum of 40 m and a minimum of 5 m. Karas South is interpreted from drilling (DDH No. KA-10-01) by Northern Iron as a tight triple isoclinal-fold affecting a BIF 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 8.5 m of mineralization grading 32.87% Fe beginning at 34.9 m depth, 12 m of mineralization grading 30.68% Fe beginning at 61 m depth, and 9 m of mineralization grading 33.39% Fe beginning at 127 m depth.

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 0.26 m to 2.1 m. An 8.0 m thick band with a true thickness of approximately 4.2 m 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 BIF. Interbeds had significantly less mt, but were usually comparatively thin, (0.2 m -0.4 m thick). Northern Iron observations also indicate the hole terminated prior to another BIF intersection.

Five Thousand Occurrence

The Five Thousand occurrence (493,500mE; 5,627,800mN), having an approximate elevation of 380 m - 410 m above sea level, is medially situated on the Karas Property BIF trend southwest of the Hook occurrence and consists of a possible cluster of nine BIF contorted broken segments within a 0.45 km 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 northeast-southwest 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 m to 2.0 m. Northern Iron personnel hand stripped an approximately 50 m^2 area of moss and stump covered BIF outcrop. Suspected appreciable thickening of the taconite bands at the fold hinges occurs in a triple fold with tight isoclinal folding. BIF beds ranging in thickness from 1.0 cm to 0.50 m are abundantly interspersed with thicker beds of metasediments. Northern Iron concluded the high metasediment-to-mt ratio observed in the stripped outcrop, and relatively low magnetic signature makes this occurrence, though tightly folded, less attractive than Karas South.

Hook Occurrence

The Hook occurrence (495,400mE; 5,629,350mN), having an approximate elevation of 400 m above sea level, situated on claim no. 4257010 was staked in 2010 following the observance of a large hook shaped magnetic anomaly by Northern Iron personnel while researching government airborne magnetic surveys covering other areas of the Karas Property. The known extent of the occurrence having a pronounced bend is approximately 3.0 km. The northern extremity is visibly offset by a northeast-southwest trending fault. Curvature of this fault 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 mt beds in metasediments without isoclinal folding. Northern Iron personnel observed outcrops of BIF corresponded with historical magnetic anomalies from 1957 surveys, and anomalies delineated in the 2010 field surveys. Northern Iron considered tightly folded BIF in close proximity to a shear zone in contact with granite, and surface gossans produced by local sulphidization (sample Northern Iron-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.

Exploration

General

The 2010 exploration program by Northern Iron on the Karas Property 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. Northern Iron and contractor personnel were under the direct supervision of Raul Sanabria, Northern Iron's Qualified Person with respect to the project.

Geological Mapping

Geological mapping was conducted by Northern Iron personnel over selected portions of the Karas 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.

Rock Sampling

Northern Iron 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 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 Five Thousand 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. 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 Northern Iron personnel to the SGS Lakefield Research preparation facility in Red Lake for assaying.

Geophysics

A ground Overhauser magnetic survey was carried out by Northern Iron personnel on four grids - Karas South (25 m/10 km) (line spacing & total km), Karas North (10-25 m/9.1 km), Five Thousand (14 m/14.4 km) and Hook (12.5/25-50 m/8.36 km).

The survey was conducted using two GSM 19 Overhauser roving magnetometers with detection minimum at 0nT and maximum at 120,000nT. The magnetometers sensor was located on a vertical staff attached to a back frame carried by the operator. The accuracy of the GPS units varied with weather and tree cover between $\pm$2 m and $\pm$6 m, though for the most part they maintained an accuracy of $\pm$3 m. 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 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 were 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. 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. First, stations were spaced only 10 m apart to help reduce

magnetic gradients between stations to detectable limits. Second, 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, however, 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 to graph the data with a second degree power weight model.

Interpretation was performed by Northern Iron's personnel. Magnetic responses were used to infer the location, distribution and geometry of BIF's in the Karas 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. Via Comparisons of the geophysical results on four grids: Karas North, Karas South, Five Thousand 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 BIF with steeply plunging fold axes, which was drill tested by DDH-KA-10-01.

Northern Iron 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.

Drilling

Summary and Interpretation

The 2010 diamond drilling program undertaken by Northern Iron covers a single hole KA-10-01 (194.50 m), drilled on the Karas South occurrence. DDH KA-10-01 is located in the same area as the three historical Dome drill holes, approximately 173 m northeast of hole A-3 drilled at the same inclination (-45^{o}) but having a 180^{o} az instead of 360^{o} used for the three 1957 holes. The same folded iron formation was targeted. The core was not oriented. Summary logs, cross section, plan and assay certificates were examined by the author of the Karas Technical Report. Generally, RQD documentation indicates core recovery was excellent.

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 mt content down the hole. The hole terminated in low iron content schistose meta-sedimentary rocks believed by Northern Iron to be a bed between mineralized zones. One more fold limb of the BIF and possibly more would have been intersected if the hole continued.

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

Drilling Procedures

Drilling, utilizing contractor services of More Core Diamond, was conducted using one B-15 skid drill which was moved and supported with a bulldozer and a low bed haul truck.

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. Wooden drill pads were not constructed; the drill was placed directly on level ground, and further leveled with the use of a CAT bulldozer and logs. WAAS-enabled GPS surveying of the drillhole collar location was done at the end of the program by Northern Iron'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 m above sea level.

The drilling site was selected to test the Karas South magnetic anomaly interpreted to represent the greatest concentration of mt. The site for KA-10-01 was on a dirt road west of the South Bay road, with a 180^{o} az 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 secured in trucks and mobilized to Ear Falls by Northern Iron or More Core Diamond. The core was geo-technically and geologically logged by Northern Iron's personnel, and is currently stored and secured in a core shack facility in Ear Falls, rented by Northern Iron from Ackewance. Following completion, casing was left in the hole and the casing entry point was marked with a cut branch and flagging tape.

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 50 m downhole with a Ranger single shot downhole survey tool purchased from Ranger Survey Systems Canada, Inc., owned by More Core Diamond. 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 azs were assumed to be the same as the collar az.

Sampling Method and Approach

Core sampling and cutting by Northern Iron were restricted to mineralized intervals of BIF containing appreciable amounts of mt. Sample intervals were laid out nominally at 3 m intervals, but were also delimited at lithic contacts at shorter intervals. Non-mineralized commercial siliceous gardening stone was inserted into the sample stream as FBs at a ratio of 20 true samples to one FB.

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 FB 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 SGS Lakefield Research preparation facility in Red Lake. 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 rented the core shack, located in Ear Falls to Northern Iron and undertook drill core cutting, sample packaging and core storage under Northern Iron's 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 Lakefield Research preparation facility in Red Lake by Northern Iron personnel.

Sample Preparation, Analysis and Security

Sample Preparation

All in-lab sample preparation mandated by Northern Iron was performed by SGS Lakefield Research facility, and splits were sent to SGS Lakefield Research 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 2 mm, split to 350 g and pulverized to 85% passing 75µm.

No aspect of sample preparation involved employees, officers, directors or associates of Northern Iron.

Analysis

Northern Iron submitted 62 drill core samples for analysis at the SGS Lakefield Research, having ISO 9001 and ISO/IEC 17025 accreditation. Signed Certificate of Analysis 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 and 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 the SGS Lakefield Research facility in Red Lake. 62 rock grab samples were analyzed by FAA313 expressed as ppb, g/t and oz/t.

Quality Assurance/Quality Control

Control quality by SGS Lakefield Research consisted of analyzing six laboratory duplicates. Northern Iron quality assurance/quality control measures undertaken involved insertion of three FBs with the submitted samples (65 in total).

FBs 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 one. 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.

Adequacy

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

Mineral Resource and Mineral Reserve Estimates

Mineral resource and mineral reserve estimates have not been undertaken to date on the Karas Property.

Proposed Program

The Karas Technical Report recommends the following Phase 1 program:

- a drilling program totalling 2,550 m should be aimed at initial profiling for mineralization continuity determination of the Southern Karas Property iron formation. An initial two to three holes per profile for down-dip intersections are recommended by the Karas Technical Report, followed by limited infill profiling, possibly to increased depth, to attempt refinement of earlier definition parameters for delineation. The target, the Southern Karas Property iron formation, is located under approximately 5 m - 10 m of overburden, and open at depth. This drilling is not contingent on any other preliminary work recommended in Phase I;

- 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;

- selected locations of overburden covered BIF outcrop should be mechanically trenched/stripped for detailed mapping and sampling purposes;

- 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;

- relocation of historical collars should be attempted and any archived drill core found, logged and assayed;

- future core analysis should include specific gravity determinations, tied to quality assurance/quality control programs;

- geophysical and/or geological modeling should be initiated to attain a better understanding of the targeted iron formation.

The Karas Technical Report contains the following budget for the proposed work program at the Karas Property:

Phase I Program	Cost
Drilling (2,550 m)	$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 and travel	$100,000.00
Purchases and rentals	$75,000.00
Contingency	$79,250.00
Management and overhead	$130,762.00
Total Phase I Program:	**$1,002,512.00**

The Griffith Property

Property Location

The Griffith Property, approximately 1,776 hectares in size, consisting of 11 unpatented contiguous ground staked mining claims comprised of 111 claim units, is situated on National Topographic System Map Sheet 052K/14SE, Bruce Lake Township, Red Lake Mining Division, District of Kenora, Northwest Ontario. The approximate centre of the Griffith Property is located at Longitude 92°22'40"W; Latitude 50°48'37"N (473,440mE, 5,628,240mN – NAD 83, Zone 15).

Access

The Griffith Property is situated approximately 26 km north of Ear Falls and connected to Paved Route 105 by the Griffith Mine Road to the east, a distance of approximately 1.5 km. Excellent access throughout the Griffith Property is provided by an extensive network of mine hauling and gravel roads left from the Griffith Mine operations.

Property Description and Ownership

The table below provides details of the current land holdings.

Claim Number	Number of 16 Ha Units	Owner (100%)	Expiry Date	Work Required
KRL4241228	11	Northern Iron Corp.	2012-APR-30	$4,400
KRL4241227	12	Northern Iron Corp.	2012-APR-30	$4,800
KRL4241226	6	Northern Iron Corp.	2012-APR-30	$2,400
KRL4229705	3	Northern Iron Corp.	2012-FEB-12	$1,200
KRL4212693	9	Northern Iron Corp.	2012-FEB-12	$3,600
KRL4222833	15	Northern Iron Corp.	2012-FEB-03	$6,000
KRL4229700	3	Northern Iron Corp.	2012-APR-07	$1,200
KRL1184105	12	Northern Iron Corp.	2012-FEB-19	$4,800
KRL4222834	12	Northern Iron Corp.	2012-FEB-03	$4,800
KRL4229701	12	Northern Iron Corp.	2012-APR-07	$4,800
KRL4229702	16	Northern Iron Corp.	2012-APR-07	$6,400
Total:		**1,776 Ha (nominal)**		

The registered owner of the claims listed in the MNDM claims database is Northern Iron. Larry Kenneth Herbert transferred 100% interest in claims numbered 4241228, 4241227, 4241226, 4229705, 4212693, 4222833, 4229700, 1184105, 4222834, 4229701 and 4229702 to Northern Iron Corp. on August 4, 2010. The claims are in good standing.

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 annually per 16 hectare units 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.

Property Agreements

Under a purchase agreement dated January 5, 2010, Northern Iron acquired ownership of 100% of the Griffith Property from Larry Kenneth Herbert on August 4, 2010. Mr. Herbert received 2,000,000 Common Shares of Northern Iron and $6,000 in cash from Northern Iron. Mr. Herbert retains the right to a 1% NSR from the claims on the Griffith Property. The purchase agreement excluded the transfer of any surface rights on the Griffith Property, which were retained by Mr. Herbert.

Permitting

No exploration or environmental permits were required with respect to the Griffith Property.

An application for a permit to de-water the North Pit of the Griffith Property is in the process of being submitted by Northern Iron to the MNDM/Ontario Ministry of the Environment. Requested water quality tests, performed during February 2011, with respect to the North Pit and Bruce Lake areas returned satisfactory results meeting water quality specifications. However, though water quality meets regulations, Northern Iron is required to obtain a Category 3 permit due to the quantity of water and duration of pumping. An impact assessment study is required before Northern Iron applies for a permit and the study will need to be included in the application.

Environmental Issues

No environmental studies have been conducted on the Griffith Property. No environmental studies are required at this time.

First Nations Issues

Northern Iron is not aware of any First Nations issues on the Griffith Property.

Climate

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

Physiography

The Griffith Property, having a general elevation of 350m above sea level, borders Bruce Lake. Pakwash Lake occurs to the west beyond claim boundaries. The Griffith Property is predominantly situated on dry ground with gentle topography, interspersed by two open pits and forest screens. Vegetation varies from grasses, coniferous and deciduous trees.

Surficial geology consists of five map units. Mine tailings consisting of fine to very fine sand, 1 to15 m thick predominate. Flanking to the north and west are slivers of Holocene organic deposits, peat and muck, 1 to 4 m thick. Late Wisconsinan deep water glaciolacustrine laminated to varied clay, silt and fine sand, 1 to 50 m thick, is ubiquitous beyond the general property area. A unit of drift and bedrock occur as two patches in close proximity, roughly corresponding with the North Pit area. Glacial drift within the vicinity is 1 to 3 m thick in depressions. Four small patches of glacial outwash consisting of sand and gravel, 1 to 4m thick, occur immediately west of the Griffith Property. Ice flow direction from glacial striations is predominantly 270 degrees.

Local Resources and 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.

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 (now 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 the Griffith Property are situated at Ear Falls and Red Lake.

Surface rights to a portion of land included on the Griffith Property are held by the Township of Ear Falls and 2104170 Ontario Inc. Sufficiency of surface rights for mining operations must be determined. Potential tailings storage areas, potential waste disposal areas and potential plant processing sites are in place from the historical Griffith Mine, but sufficiency and availability for impending future mining operations must be determined. Although water sources are available locally, sufficiency must be determined. West of the Griffith Property, a power line sub-parallels Route 105. A remnant of the Griffith Property mining operation is a capped natural gas pipeline situated on the Griffith Property.

History

The Griffith Property was originally staked in 1953 by L. Dempster, J. Dempster and A. C. Mosher, employees of a syndicate managed by Calmor Mines Limited. Iron Bay Mines Limited was formed in February 1954 and acquired the Griffith Property. An option agreement between Iron Bay Mines Limited and the Cleveland-Cliffs Iron Company in 1959 resulted in the undertaking of a joint venture program, at least until 1960.

The Griffith Property was optioned in 1963 to Taconite Lake Iron Co. Ltd., a subsidiary of Pickands Mather & Co. This option, on behalf of Pickands Mather & Co. and Stelco gave Pickands Mather & Co. exclusive rights for a two year period to explore and evaluate the Griffith Property. Taconite Lake Iron Co. Ltd. exercised its option on April 27, 1965, acquiring a 75-year lease on all mining lands held by Iron Bay Mines Limited in the Bruce Lake area.

Taconite Lake Iron Co. Ltd. assigned all of its interest in the Griffith Property to Stelco by indenture on August 16, 1965. The Griffith Property was named the *Griffith Mine* and Pickands Mather & Co. was the managing operator. In March of 1966, Stelco publicly announced the decision to bring the mine into production by 1968. Iron Bay Mines Limited changed its name in June 1966 to Calmor Iron Bay Mines Limited.

The Griffith Property was leased from Calmor Iron Bay Mines Limited and the Iron Bay Trust and Chimo Gold Mines Limited held shares in each company ("Pit expansion starts big Griffith iron mine" The Northern Miner, July 26, 1973 issue). Late in 1978, Calmor Iron Bay Mines Limited and International Mogul Mines (Ontario) Limited amalgamated to form Calmor Iron Bay Mines (1978) Limited. This company, whose name was changed to Calmor Iron Bay Mines (1979) Limited, became a wholly owned subsidiary of International Mogul Mines Limited in 1979. Following the 1986 mine closure, the Griffith Property was withdrawn from staking.

Larry Kenneth Herbert acquired 100% ownership of claims staked on his behalf by D. M. Robertson in 2008 and 2009 and by R. M. Quedent in 2009. Herbert's 100% interest was transferred on August 4, 2010 to Northern Iron, the current claim holder.

Previous Exploration and Development

During the 20th Century, progressively larger exploration programs were undertaken with successive favourable results, eventually leading to development of the Griffith Mine.

Several conflicting accounts of discovery and early exploration of the Bruce Lake iron formation exist and are summarized in the Griffith Technical Report.

Under Pickands Mather & Co.'s supervision, Canadian Bechtel Limited, the engineering and construction contractor, commenced clearing on the Griffith Mine, and excavation for the plant buildings in March 1966. The plant was designed for a capacity rate of 13,000 long t (dry) crude ore per day for an 86.28% magnetic iron unit recovery (i.e., about 4,200 t of pellets per day). A primary crushing plant was designed to crush run-of-the mill ore

to a nominal eight-inch size. Processing and service facilities were housed in the same building to provide more efficient operations and to facilitate communications and logistics.

A single-line track railway spur line for transportation of pellets was completed in October 1967 by Canadian National Railway, connecting the Griffith Property with Amesdale, Ontario, 107.8 km south of the Griffith Property. The pellets were shipped to Thunder Bay, Ontario and stored at the stocking and shipping facilities prior to shipping by water to Stelco in Hamilton, Ontario. Electricity was provided by an Ontario Hydro transmission line, 3.2 km west of the Griffith Property. A Trans-Canada pipeline provided natural gas for the induration furnaces and plant heating systems. The 6-inch, welded steel pipeline running 117.48 km to the plant is still present on the Griffith Property and is currently capped off.

The North Pit was expected to be 1676.40 m long, 640.08 m wide and 335.28 m deep. Stripping operations began at the North Pit on June 1, 1966 and due to the location of the deposit which was partially under the lake, it was necessary to dyke off parts of Bruce Lake and also construct a tailings retention dyke between the north and south basins of the lake. By June, 1966, construction of a dredging disposal basin was in progress. The dykes, with an overall length of 3.2 km were completed over a two year period.

The first pellets were produced on February 26, 1968 from ore taken solely from the North Pit and the first shipment was made March 13, 1968.

Since 1974, both pits have been mined. A direct reduction kiln which achieved 89% to 93% metallization was added to the mine facilities. The first sponge iron was produced from this kiln on the site reduction plant in May 1975. Diamond drilling to determine bank stability was carried on regularly. Exploration or developmental drilling was not performed between 1975 and 1980. Installation of plant equipment to recover fine iron from flotation tailings began in 1978.

The mine operated at full capacity until the end of June 1982 and then at two-thirds capacity for the rest of the year.

Following closure of the Griffith Mine on March 31, 1986, remediation was carried out, building structures were removed and the two open pits subsequently flooded.

Historical Drilling

Historical drilling by Iron Bay Mines Limited, Taconite Lake Iron Co. Ltd., Stelco and Pickands Mather & Co. between 1954 and 1972 totalled 15,206.78 m from 124 diamond drill holes. However, drilling between 1954 and 1986 totalled 18,288.00 m according to a 1986 statement by Stelco and Pickands Mather & Co.

Crude ore grading was based on diamond drilling, as the angle drilling was designed to intercept all geological horizons. The drill core was composited according to geological horizons and laboratory work was done on these composites which were correlated to actual mill results ("The Griffith Mine Story" F.P Morawski, J.D. Jeffries, D.M. Wilson, J.E. Schelske, J.R. Geddes, and B.R. Eberts, 1970; CIM Bulletin, Vol. 63, No. 703, November, pgs. 1271-1288). The core was split several times and part of the remaining core was given to the Ministry of Natural Resources when the Griffith Mine was closed ("The Griffith Mine, history and disposition of facilities after closure", Steel Company of Canada, Limited / Pickands Mather & Co. booklet, Author Unknown, 1986).

A search by the author of the Griffith Technical Report shows a total of 31 summary logs covering 24 holes drilled in 1954, six holes drilled in 1956 and one hole drilled in 1959 totaling 3,810.91 m by Iron Bay Mines Limited. In addition, a total of six drill logs covering three holes drilled in 1963, one hole drilled in 1966 and one hole drilled in 1971 totaling 1,036.62 meters by Pickands Mather & Co. exist. A total of 4,847.53 m logged in summaries, from 37 inclined core size, diamond drill holes, or approximately 26.5% of 18,288.00 meters, are known to have survived on the Griffith Mine. Precise UTM coordinates are, at best, an educated guess. Northern Iron has not found any information related to historical drilling procedures.

Historical analytical values are unreliable, and are not strictly in accordance with modern CIM Exploration Best Practices Guidelines with respect to NI 43-101 reporting. However, since the Griffith Mine was a significant producer, values should be considered template guidelines. Further verification of historical drilling results is not necessary but should be followed up pending any queries related to modern programs.

Exploration carried out by M. A. Dehn in 2008 on behalf of Larry Kenneth Hebert consisted of a small trenching program totalling 10 trenches/pits. Trenches, typically 50.0 m in length and 4.0 m deep, encountered overburden, not reaching bedrock and the anticipated schist greywacke or iron formation. Several vertical holes to test the interpreted strike of the iron formation between the North and South Pits were recommended. Dehn specifically mentioned "most of the historic documentation of the Griffith Mine was destroyed when the mine closed". The Griffith Mine was closed on March 31, 1986.

Historical Resources

Historical resources estimates are listed as chronologically accurate as possible for pre-mining (exploratory), mining operations and post-production phases of the Griffith Mine.

The author of the Griffith Technical Report cites the report entitled "Geology of the Bruce Lake Area, District of Kenora, Ontario Department of Mines, Geological Report" by R. Shklanka (1970), which identified Iron Bay Mines Limited as the original source of historical resources for the Griffith Property. By 1960, Iron Bay Mines Limited in its 6th Annual Report estimated that the Griffith Property contained a minimum of 250 million long t of crude ore which could produce an estimated minimum of 100 million long t of concentrate. More recent figures on the Griffith Property are not available. However in 1968, reserves for the North Pit were stated as sufficient to produce 1.5 million t of concentrate per year for 25 to 30 years ("Newest iron mine Stelco's Griffith officially opened" Northern Miner Press, June 20, 1968). Preliminary test work on bulk samples and drill core indicated little variation in the iron content for the North and South Pits with samples from the South Pit grading 31.0% and from the North Pit grading 29.3% (Iron Bay Mines Limited, 6th Annual Report).

In 1966, Stelco announced the Griffith Property contained 250 million t of crude ore grading 32% Fe from which 100 million t of concentrate could be produced. The North Pit alone was estimated to be able to produce 1.5 million t of concentrate per year for 25 to 30 years (Mineral Resources Branch, Department of Energy, Mines and Resources, Ottawa). Run-of-pit ore grades were about 26% Fe. A concentrate averaging 66.5% Fe and 4% SiO_2 was expected by grinding to -325 mesh ("Iron Deposits of Ontario" R. Shklanka, 1968).

A later estimate of the ore contained in the two deposits was 120 million t averaging 29% total Fe having an overall weight recovery of 32% and magnetic iron unit recovery of 86.28%, to produce a concentrate containing 68.8% Fe. This estimate was noted by Mineral Resources Branch, Department of Energy, Mines and Resources, Ottawa and currently recorded in MNDM records.

In 1986, Stelco and Pickands Mather & Co. stated: "at closure an estimated 41 million t of concentrate remained within the North Pit limits and 2 million t in the South Pit", however, a grade was not quoted ("The Griffith Mine, history and disposition of facilities after closure", Steel Company of Canada, Limited / Pickands Mather & Co. booklet, Author Unknown, 1986). This estimate, in the opinion of the author of the Griffith Technical Report, is the original and possibly the only source with respect to un-mined in-situ pit mineralization. M.J. Lavigne and B.T. Atkinson, Red Lake resident geologists, stated in 1986 that iron "ore" reserves remain at 41 million t at 29% Fe (Report of Activities in Miscellaneous Paper by M.J. Lavigne and B.T. Atkinson (Regional and Resident Geologists) and edited by C.R. Kustra (Ontario Geological Survey), 1986).

There is an estimated 120 million t of iron-bearing rock grading 29% Fe remaining ("Report of Activities 2010, Resident Geologist Program, Red Lake Regional Resident Geologist Report: Red Lake and Kenora Districts" A.F. Lichtblau, C. Ravnaas, C.C. Storey, J. Bongfeldt, S. McDonald, H.C. Lockwood, N.A. Bennett and T. Jeffries, 2011; Ontario Geological Survey, Open File 6261).

Longevity of the Griffith Mine was estimated to be 25 to 30 years. The Griffith Mine operated for 18 years, from 1968 to 1986. A thirty year lifespan would have terminated in 1998. *The Northern Miner* reported in 1973 the combined tonnages from the North and South Pits would produce sufficient ore to feed the plant at the present capacity until 2005 ("Pit expansion starts big Griffith iron mine" The Northern Miner, July 26, 1973 issue). The author of the Griffith Technical Report does not understand this discrepancy.

The author of the Griffith Technical Report, in accordance with Section 2.4 of NI 43-101 has indentified the source and dates of the historical estimates. Relevance and reliability of the historical estimates, in the opinion of the author of the Griffith Technical Report, are only considered to be a guideline. Actual calculation records of the historical estimates apparently do not exist for reference with the possible exception of the 1960 Iron Bay Mines

Limited, 6th Annual Report, which refers to initial pre-mining historical resources and not the post-production remaining in-situ historical resources. Northern Iron is not aware of any available recent estimates. Historical estimates, in the opinion of the author of the Griffith Technical Report, are not compatibly stated with respect to Sections 1.2 and 1.3 of NI 43-101. A Qualified Person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves under NI 43-101 and Northern Iron is not treating the historical estimate as current mineral resources or mineral reserves. As outlined in "Interpretation Conclusions" below, the historical estimates require complete re-evaluation.

Property Production

The Griffith Property produced iron ore from 1968 to 1986 until the closure of the Griffith Mine by Stelco. Production from 1968 to 1982 was approximately 20 million t of iron ore pellets. Through its lifetime, a total of 183.2 million t of crude ore, rock and surface from the North and South Pits (excluding dredging) was removed from the Griffith Mine and 22.85 million t of iron ore pellets, grading 66.7% Fe from 78.8 million t of crude grading 23.9% Fe was produced ("Report of Activities 2010, Resident Geologist Program, Red Lake Regional Resident Geologist Report: Red Lake and Kenora Districts" A.F. Lichtblau, C. Ravnaas, C.C. Storey, J. Bongfeldt, S. McDonald, H.C. Lockwood, N.A. Bennett and T. Jeffries, 2011; Ontario Geological Survey, Open File 6261; and "The Griffith Mine, history and disposition of facilities after closure", Steel Company of Canada, Limited / Pickands Mather & Co. booklet, Author Unknown, 1986). Production figures taken from the Mineral Deposit Inventory stated in the Ontario Geological Survey (Open File report 6261) were 82,031,500 t ore grading 30% (ore) estimated from pellet production.

At a full plant production rate of 1.5 million t of pellets annually, over 12 million t of material (crude ore, rock and surface) was moved from the open pits each year. During a three year tax exempt period (from 1970 to 1972) about 6 million t of all material was mined. Between 1973 and 1982, annual material averaged 12.875 million t with a high in 1977 of 14.2 million t ("The Griffith Mine, history and disposition of facilities after closure", Steel Company of Canada, Limited / Pickands Mather & Co. booklet, Author Unknown, 1986). Production initially came from the North Pit until the South Pit commenced mining in 1973.

The first iron ore pellets were shipped from the Griffith Mine site on March 13, 1968. Production reached rated capacity of 1.5 million t annually in 1970 and continued at this rate until 1982 when, due to depressed markets, the mine shut down for three months. The mine produced 60% of rated annual production that year, 50% of rated annual production in 1983, 63% of rated annual production in 1984 and 50% of rated annual production in 1985 and closed on March 31, 1986.

The main reasons cited for closure of the Griffith Mine were low demand for steel and high cost of pellets. The reasons attributed to the high cost of pellets included the large amount of material that had to be mined to produce a large quantity of product, the relatively small size of the operations which precluded economies of scale, the location of the mine which required a high cost rail transportation system to move pellets from the mine to the port at Thunder Bay, the high alkali content (in 1971, silica target changed from 4.5% to 3.60% to reduce alkali in pellet) and low reducibility of its pellets which increased the hot metal costs at Stelco's basic steelmaking facilities ("The Griffith Mine, history and disposition of facilities after closure", Steel Company of Canada, Limited / Pickands Mather & Co. booklet, Author Unknown, 1986).

Exploration

General

The 2010 exploration program on the Griffith Property by Northern Iron consisted of diamond drilling a single hole on the North Pit. Program coordination, Northern Iron and contractor personnel were under the direct supervision of Raul Sanabria, Northern Iron's Vice-President of Exploration and its qualified person with respect to the Griffith Property.

Drilling

An initial drilling program consisting of one hole was undertaken by Northern Iron in the Fall of 2010. The site of the hole with respect to the North Pit was selected from interpretation of collected archived geological data and, in part, validation of previous work.

Specific details of the hole are listed below:

Hole #	Easting	Northing	Az	Dip	Length (m)	Location	Overburden (m)	Core Size
GR-10-01	474,242mE	5,629,416mN	254^{o}	-45^{o}	429.16	North Pit	3.05	NQ2

Northern Iron interpreted diamond drill hole No. GR-10-01 drilling as supporting the rough accuracy of the North Pit model acquired from previous work and the existing Griffith Mine documents. Mt in various grades was encountered interbedded with amphibolite grade schists from 219.80 m depth to the end of the hole at 429.16 m depth, which terminated in an mt rich ore. Thus, the derived North Pit model consisting of several folded layered BIFs of varying grades is in-part, initially validated. Based upon results of a single drill hole, true thickness and mineralization orientation are unknown.

Drilling Procedures

Drilling by More Core Diamond was conducted using one B-15 skid drill that was moved and supported with a bulldozer and a low bed haul truck.

A wooden drill pad was not constructed, and the drill was placed directly on leveled ground and was further levelled with the use of a CAT bulldozer and some logs. WAAS enabled GPS surveying of the drill hole collar locations was done at the end of the program by Northern Iron's on-site geologist. The 'zero' elevation mark for all down hole measurements was surface. Topography contours were used as the elevation surface for the drill hole. Collar elevation is approximately 350m above sea level.

The drilling site was selected to test the main Griffith Property ore body located in the North Pit. It was designed to cut the fold limbs perpendicular to strike and the main purpose was to validate the grade and confirm the rough geometry of the ore body outlined from previous work and mine records. The site for the hole (GR-10-01) was on an overgrown haul road leading down into the North Pit on the southeast side of the pit. The hole had an azimuth of 254 degrees and an initial dip of 45 degrees, and was designed to cut the interpreted folded iron formation normal to the sub-parallel limbs.

After each drilling shift, the core was transported to Ear Falls by Northern Iron or More Core Diamond in trucks and is currently stored and secured in a core shack facility in Ear Falls. The core was geo-technically and geologically logged by Northern Iron's personnel. Core recovery was approximately 100%. Prior to logging, drill core was fitted and cleaned and core was examined for general lithology, structure and mineralization. Estimates of mt content in the iron formation were visually made and the different components of the iron formation and surrounding lithologies were noted and coded. Following completion of drilling, casing was left in the hole and the casing entry point was marked with a cut branch and flagging tape.

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. Drill hole collar inclination was set using a carpenter's inclinometer. Down hole surveys were conducted approximately every 50 m down hole with a Ranger single shot down hole survey tool 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. Down hole azimuths were assumed to be the same as the collar azimuth.

Sampling Method and Approach

Core sampling and cutting by Northern Iron were restricted to mineralized intervals of BIF containing appreciable amounts of mt. Sample intervals were laid out nominally at 3 m intervals, but were also delimited at lithic contacts at shorter intervals. Non-mineralized commercial siliceous gardening stone was inserted into the sample stream as FBs at a ratio of 20 true samples to one FB.

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 FB 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 the SGS Lakefield Research preparation facility. FB 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 and cross-piled in the yard outside the Ear Falls core shack. Ackewance undertook drill core cutting, sample packaging and core storage under Northern Iron's 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 Lakefield Research preparation laboratory by Northern Iron personnel.

Parameters to establish drill standardized core sampling intervals would seem to be based upon mt distribution and intersection lengths of the BIF host rocks. Sampling method included continuous sampling of mineralized sections and included high, low grade and intermediate non-mineralized intervals.

Sample Preparation

All in-lab sample preparation mandated by Northern Iron was performed by SGS Lakefield Research and splits were sent to SGS Lakefield Research 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 FB were cone-crushed dry to 75% passing 2mm, split to 350g and pulverized to 85% passing 75µm.

There was no aspect of sample preparation involvement by employees, officers, directors or associates of Northern Iron.

Analysis

Analytical records show that Northern Iron submitted 52 drill core samples for analysis at the laboratory of SGS Lakefield Research. A signed certificate of analysis from an SGS Lakefield Research report dated November 23, 2010, 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 a percentage. Whole rock analysis was by XRF with the exception of S which used whole rock analysis by carbon-sulphur analyzer.

Quality Assurance – Quality Control

Control quality by SGS Lakefield Research consisted of analyzing two laboratory duplicates. Northern Iron's quality assurance/quality control measures involved insertion of three FBs with the submitted samples (55 in total).

FBs showed only minor contamination, with the highest value being 1.90 % Al_2O_3 and all other values being less than or equal to one. This is deemed acceptable contamination, and the results are therefore considered reasonably accurate. Laboratory duplicates had an average discrepancy error of 5.44%, mainly due to differences in Zr and S values between duplicate samples. The greatest error in Fe% between duplicates was an increase of 1.05% in the duplicate sample, but these discrepancies are deemed insignificant by the author of the Griffith Technical Report.

Mineral Resource and Mineral Reserve Estimates

No NI 43-101 compliant mineral resource or mineral reserve estimates have been completed for the Griffith Property.

Interpretation and Conclusions

Visually, BIFs within the confines of the previously mined Griffith Mine open pits, particularly the North Pit, have not been seen for 25 years due to coverage by water. Initial diamond drilling and geological interpretation by

Northern Iron have confirmed the presence of a BIF body of unsubstantiated parameters with respect to the North Pit.

Specifically remaining in-situ mineralization in the North Pit appears to be an upright structure undefined in three dimensions and internal anatomy. Although a former producer, this reasoning is qualified by paucity of critical documentation such as, historical drill core, drill summaries, assays and mine geological records, especially plans and sections.

Drilling by Northern Iron confirmed the presence of several folded units of BIF referenced to surviving pit plan and cross section records, supporting the model of BIF folding, historically outlined and interpreted as two steeply dipping synclines, one having an overturned limb, and a centre anticline, folded along northeast trending axis and plunging to the south.

The Griffith Property is an early stage exploration property. Attributes of the North Pit are currently undefined and historical references require complete re-evaluation. It is the opinion of the author of the Griffith Technical Report that an acute lack of data renders remaining in-situ mineralization of the North and South Pits as "uncertain" in terms of an NI 43-101 context and strict CIM Definition Standards with respect to mineral resources or mineral reserves.

To outline mineralization (tonnage and grade) having significant magnitude for further appraisal, certain aspects with respect to the North Pit must be recognized: (i) the pit dimensions are large and the floor is currently underwater, (ii) continuity of intersections between holes must be sufficiently demonstrated, (iii) uniformity or non-uniformity in grade with depth and along strike and (iv) structural complexity must be determined.

Based upon current understanding of the deposit from available information, the author of the Griffith Technical Report considers these issues to require attention through comprehensive delineation and evaluation. Most notably, tangible essential information on the North Pit is lacking.

Delineation drilling, as part of a two-phase work program, is required on the Griffith Property's North Pit to validate the historical "reserves" and to determine if sufficient parameters are present for eventual NI 43-101 compliant mineral resource to mineral reserve estimation.

Phase I dewatering is necessitated to initiate Phase II drilling. Upon receipt of permits, Northern Iron proposes to completely drain the North Pit over an expected three to four month period to expose the pre-existing 1986 pit floor utilizing high capacity pumps to expel the water, approximately 20 million cubic meters, into adjacent Bruce Lake. Dewatering is required prior to initiation of a comprehensive evaluation by drilling.

Phase II drilling proposed to test the mineralization to a maximum depth of 333 m, concurrent with the historical planned ultimate limits, is designed to cut the deposit perpendicularly by drilling 32 inclined holes on 13 lines, a total of 12,000 meters. It is anticipated drilling would adequately increase confidence levels regarding correlation between holes and any irregular distribution of the mineralization to provide a better understanding of the deposit.

The Griffith Property, a closed and inactive historical BIF mine, hosts currently unsubstantiated resources/reserves that are not compliant with NI 43-101. Positive upgradeable potential and traits for hosting economic BIF mineralization with respect to the North Pit require detailed evaluation. First pass evaluation by Northern Iron achieved its objective regarding existence of the iron formation target via very preliminary validation by a single drill hole. A definition drilling program is required to delineate mineralization continuity and grade for subsequent undertaking of NI 43-101 compliant resource/reserve estimation.

Proposed Program

The Griffith Technical Report contains the following proposed work program for the Griffith Property:

Phase I Program		**Cost**	**Totals**
Impact Assessment Study/Permit Application/Processing		$300,000.00	
North Pit Dewatering		$2,500,000.00	
	Total Phase I Program:		$2,800,000.00
Phase II Program			
Drilling (12,000m @ $ 100.00/meter)		$1,200,000.00	
	Total Phase II Program:		$1,200,000.00
	GRAND TOTAL:		$4,000,000.00

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

DETAILS OF NORTHERN IRON'S OTHER PROPERTIES

Northern Iron holds interests in two additional properties: the Papaonga Property and the Whitemud-Slate Property. Currently, the exploration of these properties does not comprise a material component of Northern Iron's business plan. Accordingly, a technical report complying with NI 43-101 has not yet been completed with respect to any of these properties.

Climate

The area in which the Papaonga and Whitemud-Slate properties are located is covered by a mixed forest of black spruce, poplar, balsam and birch, with swampy biomes in low lying areas and drier forests of jack pine on rises. Temperatures range from 27°C in the summer to -30°C in the winter, with snow cover from November to May. The best season for exploration is from June to October, though some activities, such as diamond drilling and geophysical exploration carried out over swampy areas or lakes may best be undertaken in the winter months, when freeze-up makes these areas more accessible.

Physiography

Topography on the Papaonga and Whitemud-Slate properties is gentle, with elevations ranging from 340 m above sea level to 370 m above sea level.

Regional Geology

The Papaonga and Whitemud-Slate properties are located within the southern part of the Confederation assemblage, the largest, south-eastern unit of the Uchi Sub-province. The Confederation assemblage is the youngest of three distinct volcano-sedimentary megacycles comprising the Uchi-Confederation greenstone belt, which records a stratigraphic history of approximately 250 Ma (2,989 - 2,735 Ma). The Uchi-Confederation belt records several episodes of periodic rifting and associated submarine and aerial magmatic and depositional phases. Unconformity bounded sequences of mafic to felsic volcanic strata and primarily clastic sedimentary strata accumulated between ca. 2,992 Ma and 2,700 Ma upon a complex extensional architecture, which largely formed the template upon which later structures were superimposed.

The area in which the properties are located is comprised mainly of metasediments and metasedimentary migmatites, with interbedded intermediate to mafic volcanic flows and tuffs, and large igneous intrusive bodies.

Location and Access

The Papaonga and Whitemud-Slate properties are located in Red Lake within the south-eastern Confederation Lake belt, with the Whitemud-Slate Property also lying within the English River Sub-province. This area of northwest Ontario is an area of historic iron exploration and mining. All three properties are located within driving distance of Ear Falls (the Papaonga Property is approximately 75 km east-northeast and the Whitemud-Slate Property approximately 55 km east-northeast).

Papaonga Property

Description and Ownership

The Papaonga Property is comprised of a contiguous block of nine unpatented mineral claims that is centered on Papaonga Lake, occupying the eastern portion of the Avis Lake area and western portion of the Curie Lake area. The claims cover an area of approximately 2,096 hectares and are identified below.

Claim Number	Number of 16 Ha Units	Owner (100%)	Expiry Date	Work Required
KRL4222886	16	Northern Iron Corp.	2011-DEC-28	$6,400.00
KRL4222953	16	Northern Iron Corp.	2011-DEC-28	$6,400.00
KRL4222955	11	Northern Iron Corp.	2011-DEC-28	$4,400.00
KRL4222957	8	Northern Iron Corp.	2011-DEC-28	$3,200.00
KRL4222958	16	Northern Iron Corp.	2011-DEC-28	$6,400.00
KRL4222959	16	Northern Iron Corp.	2011-DEC-28	$6,400.00
KRL4222960	16	Northern Iron Corp.	2011-DEC-28	$6,400.00
KRL4222954	16	Northern Iron Corp.	2011-DEC-28	$6,400.00
KRL4222956	16	Northern Iron Corp.	2011-DEC-28	$6,400.00
Total:	**131**	**2,096 Ha (nominal)**		

There are no private holders of the surface rights of the land covered by the claims and the land currently belongs to the Crown. Some work was done on land owned by Excellent Adventures Ltd. adjacent to the claims comprising the Papaonga Property for completeness of magnetic and geological maps. All efforts to contact the holders of the surface rights were made. In the end, however, notice of intention to perform assessment work was mailed to the resort address. Northern Iron conducted a moderate exploration program on the Papaonga Property including geological mapping and ground based geophysics during the summer and fall of 2010.

Property Agreements

The claims which comprise the Papaonga Property were transferred by Mr. P. English to Northern Iron on February 8, 2011 pursuant to the purchase agreement dated April 12, 2010, as amended by the Avis Lake, Currie Lake and Slate Lake Amending Agreement dated April 8, 2011.

History

Between 1957 and 1984 exploration was conducted on the Papaonga Property by Continental Mining, Copper Man, St. Joseph Explorations Ltd. and Getty Canadian.

Property Geology

The Papaonga Property is underlain mainly by sequences of submarine sediments which have been regionally metamorphosed to slate and phyllite in the greenschist facies, increasing to the amphibolite facies moving south toward the boundary between the Uchi and English River Subprovinces. These metasediments host large Algoma-type BIFs of the mt oxide facies (taconite). These sedimentary rocks display a moderate regional foliation striking east-west, and dipping sub-vertically, which is parallel to the regional Lake St. Joseph fault system. Dip directions vary between north, south and vertical, suggesting folding with hinge axes striking east-west. The metasediments also display open symmetrical wavy folding as both anticlines and synclines with hinge axe planes striking south to southwest, dipping sub-vertically 75° to 90°. This folding has amplitudes on the order of several centimetres to a meter, and fold the regional foliation.

A BIF, over 50 m thick, outcrops along the northern portion of the peninsula in the southern part of Papaonga Lake. This iron formation is comprised mainly of mt-chert, and is the main economic target on the Papaonga Property. It strikes generally east-west, dipping sub vertically. It is composed mainly of 90% massive crystalline mt beds 1 cm - 8 cm thick, interbedded with 0.1 cm - 1 cm thick quartz-rich shale beds.

Mineralization

The Archean Algoma-type BIF running along the northern edge of the peninsula is the main known unit of potential economic interest on the Papaonga Property, and the only one investigated in the mapping and geophysics of the 2010 survey. A second, much weaker anomaly suggests another BIF under the Papaonga Lake in the northern part of the grid. The mt observed in outcrop was very massive, slightly crystalline, with low silica content. Surface exposure of mt BIF occurred intermittently as outcropping throughout the Papaonga Property in five known locations for about 5 - 10 m along strike. The mt comprising these beds prevented structural readings from being taken. The Papaonga Property has a non NI 43-101 compliant historical resource of 13.5 million t at 31.06% Fe. This historical resource is believed to have been derived from the description in "Iron Deposits of Ontario", by R. Shklanka (1968) of 45,000 t per vertical ft, multiplied by a depth of 300 ft (45,000 t/ft x 300 ft. = 13.5 million t.) However, this resource was calculated prior to the adoption of NI 43-101 reporting standards, and insufficient drill hole data was used. Therefore the results of this resource calculation are not taken into account in the determination of current property occurrences.

Geologic Mapping

Geological mapping was carried out during the summer of 2010 by Lindsay Hills and Raul Sanabria. Outcrop was scarce and access to many portions of the Papaonga Property was limited.

Magnetic Survey

Northern Iron conducted ground based magnetic surveys over selected portions of the Papaonga Property. Areas were selected based on the results of a magnetic ground-based survey performed in 1957 by Continental Mining and supported by second derivative maps of the magnetism of northwestern Ontario. The main linear magnetic anomaly, and a weaker parallel magnetic anomaly to the north were selected as the primary exploration targets. One continuous grid was run over both of them designed with lines running north-south and spaced 50 to 25 m apart. The stations were spaced approximately 10 m apart for a total line length of 30.767 km. Magnetic data was used as an aid in interpreting stratigraphy and identifying BIFs.

Discussion of Results

Though topography was gentle, overburden thickness (as till, sand and clay) and subsequently depth to outcrop and iron formation varied a great deal over the survey area. This varying overburden thickness did not appear to greatly affect the magnetic signature observed for the main BIF along the peninsula. The relatively weak strength of the anomaly under the Papaonga Lake, to the north of the main anomaly may be due partially to the depth of the lake and an unknown thickness of lake-bottom sediments over top of it, increasing the distance between the source of the anomaly and the surface and the abundance of insulating overburden and water.

Both the weak northern and the strong central peninsula magnetic responses were interpreted to represent mt iron formations, as no basic, ultrabasic or strongly/ moderately magnetic rocks or minerals were observed in the area surveyed, or recorded in past work. This assumption was supported by the geometry of the magnetic responses, which tended to be very linear, and were interpreted to be tilted taconite beds.

The Whitemud-Slate Property

Description and Ownership

The Whitemud-Slate Property is comprised of a contiguous block of 30 unpatented mining claims occupying the northwest portion of the Whitemud Lake area, with portions overlapping into the Slate and Bluffy Lake areas. The Whitemud-Slate Property is centered on Whitemud Lake with a large block branching up to the northeast and covering the Papaonga River. The Whitemud-Slate Property covers an area of approximately 6,567 hectares. The table below describes the claims comprising the Whitemud-Slate Property.

Claim Number	Number of 16 Ha Units	Owner (100%)	Expiry Date	Work Required
KRL4241166	16	Northern Iron Corp.	2012-FEB-10	$6,400.00
KRL4241165	16	Northern Iron Corp.	2012-FEB-10	$6,400.00
KRL4241160	16	Northern Iron Corp.	2012-FEB-10	$6,400.00
KRL4241164	15	Northern Iron Corp.	2012-FEB-10	$6,000.00
KRL4241159	14	Northern Iron Corp.	2012-FEB-10	$5,600.00
KRL4241157	16	Northern Iron Corp.	2012-FEB-10	$6,400.00
KRL4241158	16	Northern Iron Corp.	2012-FEB-10	$6,400.00
KRL4241155	16	Northern Iron Corp.	2012-FEB-10	$6,400.00
KRL4241156	16	Northern Iron Corp.	2012-FEB-10	$6,400.00
KRL4241154	14	Northern Iron Corp.	2012-FEB-10	$5,600.00
KRL4241153	15	Northern Iron Corp.	2012-FEB-10	$6,000.00
KRL4241152	15	Northern Iron Corp.	2012-FEB-10	$6,000.00
KRL4254826	14	Northern Iron Corp.	2012-JUN-30	$5,600.00
KRL4254825	12	Northern Iron Corp.	2012-JUN-30	$4,800.00
KRL4254824	12	Northern Iron Corp.	2012-JUN-30	$4,800.00
KRL4254827	12	Northern Iron Corp.	2012-JUN-30	$4,800.00
KRL4254829	12	Northern Iron Corp.	2012-JUN-30	$4,800.00
KRL4254837	2	Northern Iron Corp.	2012-NOV-05	$800.00
KRL4254828	12	Northern Iron Corp.	2012-JUN-30	$4,800.00
KRL4254830	12	Northern Iron Corp.	2012-JUN-30	$4,800.00
KRL4254831	12	Northern Iron Corp.	2012-JUN-30	$4,800.00
KRL4254832	14	Northern Iron Corp.	2012-JUN-30	$5,600.00
KRL4254833	12	Northern Iron Corp.	2012-JUN-30	$4,800.00
KRL4254835	12	Northern Iron Corp.	2012-JUN-30	$4,800.00
KRL4254834	12	Northern Iron Corp.	2012-JUN-30	$4,800.00
KRL 4263669	16	Northern Iron Corp.	2013-MAY-17	$6,400.00
KRL 4263670	12	Northern Iron Corp.	2013-MAY-17	$4,800.00
KRL 4263671	16	Northern Iron Corp.	2013-MAY-17	$6,400.00
KRL 4263672	16	Northern Iron Corp.	2013-MAY-17	$6,400.00
KRL 4263673	16	Northern Iron Corp.	2013-MAY-17	$6,400.00
Total:	**411**	**6,567 Ha (nominal)**		

There are no private holders of the surface rights of the land covered by the claims, and the land currently belongs to the Crown. Northern Iron conducted a moderate exploration program on the Whitemud-Slate Property including geological mapping, ground based geophysics, and limited diamond drilling and assaying of drill core during the summer and fall of 2010.

Property Agreements

Northern Iron acquired a portion of the claims which comprise the Whitemud-Slate Property in July 2010 through staking. The remainder of the claims were owned by Mr. P. English and optioned to Northern Iron by a purchase agreement dated August 1, 2010, as amended by the Bluffy Lake, Karas Lake and Whitemud Lake Amending Agreement dated April 8, 2011 and a 100% interest in these claims was transferred to Northern Iron. (The transfer application is currently being processed by the MNDM). In the meantime, Northern Iron has the authorization of Mr. P. English to submit assessment work on his behalf. For a description of the remaining payments due to Mr. P. English under these agreements see "The Karas Property – Property Agreements".

History

Between 1956 and 1957 exploration was conducted on the Whitemud-Slate Property by Newkirk Mining Corporation Limited, Massberyl Lithium Co. and Quebec Labrador Development Co. Ltd.

Property Geology

The Whitemud-Slate Property is underlain mainly by sequences of submarine sediments which have been regionally metamorphosed to the lower amphibolite/upper greenschist facies. Several granitic intrusive bodies ranging in size from less than half a km to the massive Bluffy Lake batholith over 60 km in length are emplaced in the metasediments. These granite sills, dykes and plutons have pushed bedding out of originality and recrystallized host rocks locally due to contact metamorphism. Where these granites to granodiorites crosscut strain corridors associated migmatization of the host sediments and deformed pegmatite dykes derived from these intrusions are observed extending along the strain corridor.

Dominant foliation and bedding in the metasediments is observed trending west-southwest to east-northeast in the southern part of the claim block, and southwest-northeast in the northern part of the claim block, parallel to local strain corridors. Rocks dip sub vertically 75° to 90° towards the north, in the southern part of the claims comprising the Whitemud-Slate Property. Sedimentary rocks are comprised mainly of thinly bedded cherty mudstones, greywackes, and fine sandstones. These sedimentary units host archean BIFs of the Algoma type, which form beds 1 m to 5 m thick. They are composed mainly of oxide facies mt (taconite), and minor cherty beds. They are also the main economic target on the Whitemud-Slate Property. These BIFs lie parallel to bedding which is parallel to foliation, and are mainly fine grained, becoming slightly coarser grained proximal to granitic intrusions due to contact metamorphism.

Mineralization

The Algoma-type BIF composed of oxide facies mt (taconite) is the only known unit of potential economic value on the Whitemud-Slate Property. Drilling by Northern Iron commenced in October 2010 and confirmed the presence of at least two distinct units of BIF composed predominantly of mt oxide facies (taconite) and supported the assumed folding of the BIF. A portion of the Whitemud-Slate Property, formerly known as the "Ogani Lake Prospect" has a non NI 43-101 compliant historical resource of 100 million t averaging 21.6% Fe. However, this resource was calculated prior to the adoption of NI 43-101 reporting standards, and insufficient drill hole data was used. Therefore the results of this resource calculation are not taken into account in the determination of current property occurrences.

Geological Mapping

Geological mapping was carried out on the Whitemud-Slate Property during the summer of 2010 by Lindsay Hills and Raul Sanabria for Northern Iron. Outcrop was scarce and access to many portions of the Whitemud-Slate Property was limited.

Magnetic Survey

Northern Iron conducted ground based magnetic surveys over portions of the Whitemud-Slate Property that were selected based on the interpretation of a 1956 magnetic airborne survey, as supported by second derivative maps of the magnetism of north-western Ontario. Two main exploration targets were selected: the north-eastern anomaly and the south-western anomaly. Separate grids surveys were run over each target using the same equipment and survey methods. The larger of the two grids, the north-eastern survey, was located over the north-eastern anomaly in the middle of Whitemud-Slate Property. Grid lines ran north-south and east-west and were spaced 50 to 100 m apart, with stations spaced approximately 10 m apart along survey lines. The total length of the survey lines was 24.9 km. The smaller of the two grids, the south-western survey, was located over the south-western anomaly, southwest of the north-eastern survey. Grid lines ran north-south, spaced 50 m apart, with stations spaced approximately 10 m apart. The total length of the survey lines was 6.7 km. The resulting magnetic data was used as an aid in interpreting stratigraphy, structure, and to identify BIFs.

Discussion of Results

Though topography was gentle, overburden thickness (as till) and subsequently depth to outcrop, and iron formation varied a great deal between the two survey areas and in the survey areas themselves. In the south-western survey area, the BIF was observed outcropping in several places, which coincided with observed magnetic anomalies from the 2010 magnetometer surveys. However, in the north-eastern survey area, though a large granite/metasediment ridge ran through the middle of the grid, the only iron formation outcropping was observed on the very edge of the south shore of the lake, correlating with the highest magnetic anomaly recorded by the 2010 magnetometer survey. Subsequent drilling conducted during the 2010 field season, revealed a true overburden thickness of 9.35 m over the largest anomaly. This varying overburden thickness likely affected the magnetic signature observed for BIFs in the area. Thus to accurately compare the results from the two grids, it was assumed that the three observed stronger anomalies, in the south-western grid which were relatively similar in intensity, were generated by BIFs similar in actual size to the one interpreted to be generating the weaker anomaly observed in the north-eastern grid. Equalizing the signal strengths of these two anomalies through simple histogram equalization of each grid, resulted in a more accurate interpretation of the anomalies.

All strong magnetic responses were interpreted to represent mt (taconite) iron formations. This assumption was supported by the geometry of the responses, which tended to be very linear, with locally more ellipsoidal and spherical responses. The linear anomalies were interpreted to be tilted taconite beds. More ellipsoidal responses were interpreted to represent folding, deformation, and further overturning of the beds. This interpretation was supported by the location of these more ellipsoidal responses in areas of high deformation close to shear zones and in the convergence area of two shears. The magnetic responses were used to infer the location of banded iron in the property geology. After equalizing the two grids, the best target for drilling was determined to be anomaly A, which was drilled by hole WH-10-01. It was interpreted to be an isoclinally folded nearly vertical BIF, with steeply plunging fold axes.

Drilling

Northern Iron's drilling on the Whitemud-Slate property took place in October of 2010. More Core Diamond carried out the program. However, as no NI 43-101 compliant report has been prepared on the Whitemud-Slate Property or the results of this drilling, no further discussion is included in this Prospectus.

USE OF PROCEEDS

Funds Available

In the case of the Minimum Offering, the net proceeds from the Offering to be received by Northern Iron will be approximately $4,100,000 (after deducting the Agents' Commission of $400,000 and expenses of the Offering, estimated to be approximately $500,000). In the case of the Maximum Offering, the net proceeds from the Offering to be received by Northern Iron will be approximately $11,000,000 (after deducting the Agents' Commission of $1,000,000 and expenses of the Offering, estimated to be approximately $500,000). In addition, Northern Iron has estimated available working capital as at March 31, 2011 of $188,134. Northern Iron intends to use the net proceeds from the Offering to fund the recommended exploration and development programs on the El Sol Property and for instalment payments and exploration and development programs on the Karas Property, as set out in the El Sol Technical Report and the Karas Technical Report. See "The El Sol Property" and "The Karas Property". Northern Iron will use any remaining funds for exploration and development programs on the Griffith Property as set out in the Griffith Technical Report, the Whitemud-Slate Property and the Papaonga Property and for general corporate and working capital purposes.

Principal Purposes

The following table sets out the approximate allocation of the net proceeds from the Offering in the case of the Minimum Offering and the Maximum Offering, respectively.

	Minimum Offering ($)	***Maximum Offering ($)***
El Sol Property		
Recommended El Sol Property Exploration Program – Phase I	*290,000*	*290,000*
Recommended El Sol Exploration Program – Phase II	*1,600,000*	*1,600,000*
Additional Exploration Expenditures (contingent on the results of Phase II)	*-*	*400,000*
Karas Property		
Instalment payments for the acquisition of properties	*32,500*	*32,500*
Recommended Karas Property Exploration Program – Phase 1	*1,002,512*	*1,002,512*
Additional Exploration Expenditures (contingent on the results of Phase I)	*-*	*2,000,000*
Griffith Property		
Recommended Griffith Property Exploration Program – Phase 1	*-*	*2,800,000*
Recommended Griffith Property Exploration Program – Phase 1I (contingent on the results of Phase I)	*-*	*150,000*[(2)]
Papaonga Property		
Exploration and development expenditures	*52,000*[(1)]	*300,000*
Whitemud-Slate Property		
Instalment payments for the acquisition of properties	*32,500*[(1)]	*32,500*
Exploration and development expenditures	*104,400*	*490,000*
General Administrative Costs for the next 18 months following completion of the Offering	*700,000*	*1,000,000*
Repayment of principal and interest owing to Basil Botha[(3)]	*92,132*	*92,132*
General Corporate and Working Capital	*193,956*	*810,356*
Total	***$4,100,000***	***$11,000,000***

Note:

(1) The expenditures projected on the Papaonga Property and the Whitemud-Slate Property in the case of the Minimum Offering are those required for Northern Iron to complete the acquisition of its interest in those properties as well as to maintain the underlying mineral resource rights in good standing.

(2) The funds allocated to Phase II of the exploration program on the Griffith Property may not be sufficient to complete such program as recommended in the Griffith Technical Report. The Griffith Technical Report estimated that Phase II of the exploration program would cost approximately $1,200,000. If Northern Iron determines that additional funds are required to complete the Phase II program, funds may either be re-allocated from general corporate and working capital, obtained through additional financing, or re-allocated from the projected budgets for the other Properties.

(3) Basil Botha is the President and Chief Executive Officer of Northern Iron and is also a director of Northern Iron. For further details, please see "Interest of Management and Others in Material Transactions". The amount included assumes repayment of principal ($91,734.86) and interest ($397.52) on August 1, 2011.

If the Over-Allotment Option is exercised in full, Northern Iron will receive an additional $1,725,000 in net proceeds after deducting the Agents' Commission associated with the exercise of the Over-Allotment Option. These additional proceeds will be allocated in such amounts as may be determined by management of Northern Iron for its exploration and development programs and/or general corporate and working capital purposes.

Due to the nature of the mining industry, budgets are regularly reviewed in light of the success of previous expenditures and the other opportunities that may become available to Northern Iron. In addition, the ability of Northern Iron to carry out its operations will depend upon the decisions of other working interest owners in the Properties. Accordingly, while Northern Iron intends to spend the funds available to it as stated in this

Prospectus, there may be circumstances where, for business reasons, a reallocation of funds may be necessary. Northern Iron will only have sufficient funds to pay for the aforementioned work program. No assurance can be given that Northern Iron will be able to obtain additional financing for further exploration and development. See "Risk Factors".

Until required for Northern Iron's purposes, Northern Iron intends to invest the net proceeds from the Offering to the extent practicable in short-term investment grade, interest-bearing securities and other marketable securities.

Unallocated funds available to Northern Iron will be added to the working capital of Northern Iron.

Stated Business Objectives

Northern Iron is a mineral exploration company focused on developing high-quality iron ore opportunities in the Red Lake mining division. More particularly, Northern Iron's primary business objective is to carry out the exploration programs on its El Sol Property and Karas Property, as recommended in the El Sol Technical Report and in the Karas Technical Report.

Milestones

Future milestones for the next 12 months include successfully completing this Offering, completing the work programs recommended by the El Sol Technical Report and the Karas Technical Report and draining the Griffith Property. See "Risk Factors" for a discussion of competitive conditions.

In furtherance of Northern Iron's strategy, the future key milestone in respect of the El Sol Property is the completion of the work program recommended by the El Sol Technical Report and the future key milestone in respect of the Karas Property is the completion of the work program recommended by the Karas Technical Report. Following the achievement of these milestones, Northern Iron hopes to be in a position to define NI 43-101 compliant (measured and indicated) mineral resources at the El Sol Property and the Karas Property.

DIVIDENDS

Northern Iron has paid no dividends since the date of its incorporation and any future dividend will be at the discretion of the Board, taking into account their desire to substantially retain earnings to finance the growth and development of Northern Iron's business.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Selected Consolidated Financial Information

Northern Iron was incorporated pursuant to the OBCA by its Articles of Incorporation on November 20, 2009. Information with respect to the loss and comprehensive loss, total assets and total long term financial liabilities from inception of Northern Iron to March 31, 2011 is provided below:

	As at and for the six month period ended March 31, 2011 (Unaudited)	September 30, 2010 (Audited)
Assets		
Cash and cash equivalents	$ 181,764	$ 618,085
Amounts receivable	25,235	23,939
Prepaid amounts and other assets	9,221	91,461
Deferred Financing Costs	70,000	-
Resource Property	1,885,848	1,558,891
Equipment	38,521	45,112
Total Assets	$ 2,210,589	$ 2,337,488
Liabilities		
Current Liabilities	$ 98,086	$ 62,190
Shareholders' Equity	2,112,503	2,275,298
Total Liabilities and Shareholder's Equity	$ 2,210,589	$ 2,337,488

	For the six months ended March 31, 2011 (Unaudited)	For the three months ended March 31, 2011 (Unaudited)	For the ten month period ended September 30, 2010 (Audited)
Loss and Comprehensive Loss	$ (227,295)	$ (125,717)	**$** (601,173)
Loss per Share – Basic and Diluted	(0.01)	(0.01)	(0.04)
Weighted Average Number of Shares Outstanding	28,638,333	28,638,333	14,000,918

The foregoing information is a summary only of certain financial information attached hereto and is qualified in its entirety by such attached financial information.

A summary of quarterly information is provided below under "Management's Discussion and Analysis – Summary of Quarterly Results".

Management's Discussion & Analysis

The following is a summary of certain financial data for Northern Iron for the three month period ended March 31, 2011, the six month period ended March 31, 2011 and the ten month period ended September 30, 2010 for which financial statements are attached to this Prospectus and should be read in conjunction with the financial statements for the three month period ended March 31, 2011, the six month period ended March 31, 2011, and the 10 month period ended September 30, 2010 and related notes therein, which have been prepared in accordance with GAAP, consistently applied.

Going Concern

The financial statements of Northern Iron have been prepared on a going concern basis, which assumes that Northern Iron will be able to continue as a going concern and realize its assets and discharge its liabilities in the

normal course of business. They do not reflect any adjustments that may be necessary if Northern Iron is unable to continue as a going concern. Northern Iron has incurred losses totalling $828,468 since inception. The continued operations of Northern Iron are dependent on its ability to find economically recoverable reserves to generate cash flows from operations and/or to obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet Northern Iron's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to Northern Iron.

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

Results of Operations

The loss for the three month period ended March 31, 2011 was $125,717 which compares to a loss of $227,295 in the six month period ended March 31, 2011 and $601,173 in the 10 month period ended September 30, 2010. Note that in the prior fiscal period Northern Iron was inactive in the first and second quarters. Consequently, comparative figures display the three and six month periods ended March 31, 2011 and ten month period ended September 30, 2010 as these figures provide greater value.

The main fluctuations in costs are as follows:

	Six months ended March 31, 2011	Ten months ended September 30, 2010	Three months ended March 31, 2011	Ten months ended September 30, 2010
Consulting fees	$ 98,230	$ 275,325	$ 41,856	$ 275,325
Variance increase (decrease)	(177,095)		(233,469)	

Consulting fees in the prior period were inflated as a result of various start-up costs during the first year of operations.

	Six months ended March 31, 2011	Ten months ended September 30, 2010	Three months ended March 31, 2011	Ten months ended September 30, 2010
Professional fees	$ 49,817	$ 29,654	$ 24,539	$ 29,654
Variance increase (decrease)	20,163		(5,115)	

The increase in professional fees is a result of the legal fees incurred in preparation for the Offering, as well as increased accounting throughout the period and IFRS support moving forward.

	Six months ended March 31, 2011	Ten months ended September 30, 2010	Three months ended March 31, 2011	Ten months ended September 30, 2010
Travel	$ 44,220	$ 26,040	$ 34,773	$ 26,040
Variance increase (decrease)	18,180		8,733	

Travel expenses have increased during the period as key management personnel co-ordinate Northern Iron’s Offering.

	Six months ended March 31, 2011	Ten months ended September 30, 2010	Three months ended March 31, 2011	Ten months ended September 30, 2010
Shareholder relations	$ 6,412	$ 52,770	$ 5,263	$ 52,770
Variance increase (decrease)	(46,358)		(47,507)	

The decrease in investor relations expense results from a one-time transaction in the prior period. The current period expense is consistent with management’s expectations. Nominal activity is expected in the near future.

	Six months ended March 31, 2011	Ten months ended September 30, 2010	Three months ended March 31, 2011	Ten months ended September 30, 2010
Stock-based compensation	$ -	$ 203,000	$ -	$ 203,000
Variance increase (decrease)	(203,000)		(203,000)	

Stock-based compensation of $8,000 was capitalized to resource properties; however, no compensation was recorded as a compensation expense.

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of Northern Iron and is derived from the unaudited interim consolidated financial statements prepared by management and attached to this Prospectus. Northern Iron's interim financial statements are prepared in accordance with GAAP and are expressed in Canadian dollars.

Financial Data Since Inception

	Three months ended March 31, 2011	Three months ended December 31, 2010	Ten months ended September 30, 2010
Total revenues	Nil	Nil	Nil
Loss from continuing operations	(125,717)	(101,578)	(601,173)
Loss for the period	(125,717)	(101,578)	(601,173)
Loss per share	(0.01)	(0.01)	(0.04)

The losses reported in the three month period ended March 31, 2011 and six month period ended March 31, 2011 are consistent with management's expectations considering the current level of operations. The period ended September 31, 2010 displays higher than typical losses that result from various start-up costs and intense initial operations.

Financial Position and Liquidity

As at March 31, 2011, Northern Iron had working capital of $188,134 compared to a working capital of $671,295 as at September 30, 2010. Working capital has decreased as Northern Iron continues to spend cash on exploration operations.

Cash used in operating activities during the three month period ended March 31, 2011 totalled $17,091. Cash used in operating activities for the six month period ended March 31, 2011 totalled $(103,864). Cash used in operating activities for the ten month period ended September 30, 2010 totalled $(122,543). In the opinion of management, this variance is reasonable.

Cash used in financing activities during the three month period ended March 31, 2011 totalled $(70,000). Cash used in financing activities during the six month period ended March 31, 2011 totalled $(18,500). Cash used in financing activities for the ten month period ended September 30, 2010 totalled $976,700. This variance is attributable to the private placement that occurred in the period ended September 30, 2010.

Capital Resources

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

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

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. Although Northern Iron successfully completed financing in the year ended September 30, 2010, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable.

Capital Management

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

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

Northern Iron is meeting its objective of managing capital through its detailed review and performance of the due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity and monthly review of financial results. There are no externally imposed capital restrictions and there has been no change in management's approach in capital management for the period ended March 31, 2011.

Share Capital

The table below presents Northern Iron's Common Share data as of March 31, 2011. Northern Iron is authorized to issue an unlimited number of Common Shares without par value.

	Number of shares	**Amount**
Balance – November 20, 2009	-	$ -
Issuance of founders' shares, for cash	2,000,000	200
Issuance of shares for professional services	1,000,000	100,000
Issuance of shares for property acquisition	13,500,000	1,350,000
Issuance of shares to directors, officers and consultants for services	2,600,000	260,000
Issuance of shares on private placement, for cash	7,665,000	766,500
Issuance of Flow-Through Shares on private placement, for cash	1,400,000	210,000
Share issuance costs, in cash	-	(13,229)
Balance – September 30, 2010	28,165,000	$ 2,673,471
Issuance of shares for professional services	80,000	12,000
Issuance of Flow-Through Shares on private placement, for cash	343,333	51,500
Issuance of shares for property acquisition	50,000	5,000
Share issuance costs, in Common Shares	-	(12,000)
Balance – March 31, 2011	28,638,333	$ 2,729,971

As at March 31, 2011, there are Northern Iron Options issued and outstanding to purchase an aggregate of: (i) 1,450,000 Common Shares at a price of $0.10 per Common Share; (ii) 550,000 Common Shares at a price of $0.05[(1)] per Common Share; and (iii) 300,000 Common Shares at a price of $0.30 per Common Share.

(1) In the event the Common Shares underlying the options are listed for trading on a Canadian stock exchange, the exercise price shall be $0.10 per Common Share.

Off-Balance Sheet Arrangements

Northern Iron had no off-balance sheet arrangements as at March 31, 2011 and as at the date hereof.

International Financial Reporting Standards

The Accounting Standards Board has confirmed that publicly accountable enterprises will be required to adopt IFRS effective for fiscal years beginning on or after January 1, 2011. Northern Iron has commenced reporting using IFRS in its unaudited interim consolidated financial statements for the three month period ended March 31, 2011, with comparative statements being restated in accordance with IFRS presentation.

Based on management of Northern Iron's assessment of CSA Notice 52-320, "Disclosure of Expected Changes in Accounting Policies Relating to Changeover to IFRS," the following areas may be impacted:

- accounting policies, financial statement preparation, and implementation decisions, including selecting amongst policies permitted under IFRS and whether to apply specific changes retrospectively or prospectively;
- information technology and data systems;
- internal control over financial reporting;
- disclosure controls and procedures including investor relations and external communications plans;
- training requirements and communications; and
- business activities, such as foreign currency activities, which may be influenced by Canadian GAAP measures.

Northern Iron has established an implementation team to develop and implement the changeover plan to IFRS on a timely basis. The table below represents a current assessment of Northern Iron's efforts to name, understand and enact the required changes:

Area of Impact	Noted Key Activities	Anticipated Deadlines/Targets	Current Progress
• Accounting policies and financial statement presentation	• Identify differences between IFRS and Canadian GAAP • Select IFRS 1 accounting policy choices • Quantify the effects of IFRS 1 disclosures for 2011 financial statements • Prepare financial statements and related note disclosures	• Identification and quantification of significant effects is expected to be complete before the current year-end • Final selection of accounting policy choices prior to close of the first quarter of the new year	• Have not noted any identifiable material impacts that may appear in the IFRS interim financial statements for the period ended March 31, 2011 • Management continues to monitor for further changes that be revealed during this process
• Information technology and data systems	• Identify and address IFRS differences that will impact financial systems	• Changes have been finalized during the fourth quarter and we estimate they are complete	• No material change has been noted at this time
• Internal control over financial reporting	• Processes and procedures for measuring and reporting to be revised to accommodate significant changes • Parallel reporting of 2011 under both systems required	• The change-over has been completed during the fourth quarter of 2010 • 2011 to be adjusted for IFRS during 2012	• We do not see significant changes being required at this time
• Disclosure controls and procedures	• See above	• See above	• This disclosure in the MD&A is the chief impact to date
• Training and communication	• Provide team training where necessary • Communicate progress to stakeholders	• Training to be continued during the final quarter of 2011 with continuous improvement meaning that this will always be an ongoing project	• Such training and communication is ongoing
• Business activities	• Indentify any existing contractual arrangements that may be impacted	• Review completed in the third quarter of 2010	• No material impacts have been noted to date

As at March 31, 2011, Northern Iron has identified what it believes to be current GAAP applicable to Northern Iron that will be affected by the changeover and differences with the corresponding IFRS and has outlined appropriate policy choices allowed under IFRS.

Management of Northern Iron submitted a document outlining the differences between current GAAP and IFRS, appropriate policy choices and their impact on Northern Iron's financial statements and business processes to the Northern Iron's audit committee for discussion. The audit committee is still in discussion but has accepted the proposed changes for consideration. The audit committee of Northern Iron is overseeing the IFRS project, and hold management accountable for a successful transition. Possible substantive impacts that management of Northern Iron expects IFRS will have on Northern Iron's financial position are summarized in the following table. IFRS will also have more extensive disclosure and analysis of balances and transactions in the notes to the financial statements.

Key areas	Canadian GAAP	IFRS	Preliminary analysis
• Mineral properties and deferred exploration costs	• Exploration, evaluation and development costs can be either capitalized or expensed when incurred	• IFRS has only limited guidance on this topic and currently allows Northern Iron to carry its current treatment	• Recommend to expense the exploration evaluation and development cost
• Stock-based compensation	• Stock-based compensation is determined using the Black Scholes option pricing model. Allows the option to use straight-line method or accelerated method to account for graded vesting features	• Stock-based compensation is determined using the Black Scholes option pricing model. For graded-vesting features, each instalment is to be treated as a separate share option grant because each instalment has a different vesting period, and hence the fair value of each instalment will differ	• The recognition of the value of stock- based compensation will not necessarily create material differences
• Functional currency	• Similar, with less specificity	• IFRS supplies a specific hierarchy for making this decision, which requires significant judgment in the application of the guidelines. This may require a review of functional currency, various parents or subsidiaries	• Management of Northern Iron has reviewed, considered and concluded that the Canadian dollar should be used as the functional currency, which is consistent with GAAP. This conclusion is subject to review and approval by both Northern Iron's directors and auditors

Related Party Transactions

Transactions and balances with related parties not disclosed elsewhere in the financial statements are as follows for the six months ended March 31, 2011:

a) Northern Iron paid or accrued consulting fees of $30,000 (September 30, 2010 - $30,000) to the President, Chief Executive Officer and director of Northern Iron, of which $14,286 is included in accounts payable and accrued liabilities.

b) Northern Iron paid or accrued consulting fees of $20,000 (September 30, 2010 - $30,000) to the former President, Chief Executive Officer and director of Northern Iron through a company controlled by him, of which $745 is included in accounts payable and accrued liabilities.

c) Northern Iron paid or accrued consulting fees of $28,600 (September 30, 2010 - $53,400) to the Vice President Exploration of the company or a company controlled by him, of which $2,002 is included in accounts payable and accrued liabilities.

d) Northern Iron paid or accrued professional fees of $27,250 (September 30, 2010 - $Nil) to a company controlled by the Chief Financial Officer, of which $13,000 is included in accounts payable and accrued liabilities.

e) Northern Iron paid or accrued professional fees of $63,567 (September 30, 2010 - $100,000) to a company in which the director of the company is a partner for legal services, of which $50,000 (2010 - $35,874) remain as prepaids. Amounts included in accounts payable and accrued liabilities is $39,273.

The above transactions, occurring in the normal course of operations are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Proposed Transactions

Northern Iron has not proposed to engage in any material asset or business acquisitions or dispositions.

Financial Instruments

Northern Iron is exposed in varying degrees to a variety of financial instrument related risks as follows:

- Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Northern Iron's primary exposure to credit risk is in its cash accounts. This risk is managed through the use of a major financial institution which has high credit quality as determined by the rating agencies.

- Foreign exchange risk is the risk that Northern Iron will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. Northern Iron operates primarily in Canada and therefore is not exposed to foreign exchange risk arising from transactions denominated in foreign currency.

- Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. Northern Iron's exposure to interest rate risk relates to its ability to earn interest income on cash and term deposit at variable rates. A 1% change in interest rate will increase or decrease income by $2,000.

- Liquidity risk is the risk that Northern Iron will not be able to meet its financial obligations as they become due. Northern Iron's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements at any point in time. Northern Iron achieves this by maintaining sufficient cash and raising capital through equity financing.

Disclosure Controls and Procedures

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

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

by the CFO of the financial reports, the integrity and reputation of senior accounting personnel, and candid discussion of those risks with the audit committee.

Subsequent Events

On May 19, 2011, Northern Iron filed a preliminary long form prospectus on SEDAR. The prospectus announced an offering of a combination of Flow-Through Units and Non Flow-Through Units subject to a minimum offering of $5,000,000 and a maximum offering of $12,000,000. Each Non Flow-Through Unit is comprised of one Common Share and one Warrant. Each Flow-Through Unit is comprised of one Common Share that qualifies as a "flow-through share" pursuant to the Tax Act and one-half of one common share purchase warrant.

Additional Disclosure for Venture Issuers Without Significant Revenue

Northern Iron has had no revenue from operations since its incorporation on November 20, 2009. The following is a breakdown of the material costs incurred:

	El Sol Property	Karas Property	Griffith Property	Papaonga Property	Whitemud - Slate Property	Total
Exploration Expenditures						
As at November 20, 2009	$ -	$ -	$ -	$ -	$ -	$ -
Acquisition	$ 906,751	$ 137,065	$ 210,122	$ 7,240	$ 137,071	$ 1,398,249
Assaying	-	1,477	-	-	805	2,282
Vehicle	-	-	-	8,515	8,516	17,031
Geological and consulting	1,932	38,771	-	27,310	24,967	92,980
Contractor services	7,912	-	11,706	7,912	-	27,530
Field expenses	-	353	-	866	1,318	2,537
Staking	-	1,440	-	-	13,500	14,940
Surveying	2,200	-	-	-	1,142	3,342
For the 10 months ended September 30, 2010	$ 918,795	$ 179,106	$ 221,828	$ 51,843	$ 187,319	$ 1,558,891
As at September 30, 2010	$ 918,795	$ 179,106	$ 221,828	$ 51,843	$ 187,319	$ 1,558,891
Acquisition	-	-	-	-	-	-
Assaying	-	3,042	2,662	-	1,264	6,968
Vehicle	-	553	2,817	-	1,840	5,210
Drilling	-	41,833	43,176	-	53,284	138,293
Geological and consulting	-	11,420	12,024	-	9,982	33,426
Contractor services	-	-	-	-	-	-
Field expenses	-	5,859	9,256	-	6,357	21,472
Staking	-	-	-	-	-	-
Surveying	19,229	-	-	-	-	19,229
For the 3 months ended December 31, 2010	$ 19,229	$ 62,707	$ 69,935	$ -	$ 72,727	$ 224,598
As at December 31, 2010	$ 938,024	$ 241,813	$ 291,763	$ 51,843	$ 260,046	$ 1,783,489
Acquisition	-	13,265	-	1,530	13,265	28,060
Assaying	-	-	-	-	-	-
Vehicle	-	-	1,762	-	-	1,762
Drilling	-	-	-	-	-	-
Geological and consulting	11,200	11,200	13,225	7,200	7,200	50,025
Contractor services	-	-	-	-	-	-
Field expenses	-	250	486	-	250	986
Staking	-	901	-	-	-	901
Surveying	1,680	18,945	-	-	-	20,625
For the 3 months ended March 31, 2011	$ 12,880	$ 44,561	$ 15,473	$ 8,730	$ 20,715	$ 102,359
As at March 31, 2011	$ 950,904	$ 286,374	$ 307,236	$ 60,573	$ 280,761	$ 1,885,848

Additional Disclosure for Junior Issuers

The proceeds raised under this Prospectus are expected to be sufficient to fund operations for a period of approximately 18 months following the date of Closing if gross proceeds of $5,000,000 are raised under the Offering, and for at least three years if gross proceeds of $12,500,000 are raised under the Offering. The estimated total offering costs necessary for Northern Iron to achieve its stated business objectives during that period of time have been budgeted on the basis of expected net proceeds from the Minimum Offering of $4,100,000, together with Northern Iron's estimated available working capital as at March 31, 2011 of $188,134. Regardless of the size of the Offering, Northern Iron anticipates spending additional funds on exploration. See "Use of Proceeds". It is expected that even if the Maximum Offering is achieved Northern Iron will require additional financing to achieve its goals.

DESCRIPTION OF THE SECURITIES DISTRIBUTED

Overview

This Prospectus qualifies the distribution of: (i) up to a maximum of $12,500,000 of a combination of Non Flow-Through Units and Flow-Through Units, each Non Flow-Through Unit consisting of one Common Share and one Warrant and each Flow-Through Unit consisting of one Flow-Through Share and one-half of one Warrant; and (ii) the Agent Warrants.

Common Shares

Northern Iron is authorized to issue an unlimited number of Common Shares, of which there are currently 28,638,333 Common Shares issued and outstanding.

Common Shares

Holders of Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders and each of the Common Shares confers the right to one vote in person or by proxy at all meetings of the shareholders. Holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of Northern Iron, are entitled to receive such dividends in any financial year as the Board may by resolution determine. In the event of the liquidation, dissolution or winding-up of Northern Iron, whether voluntary or involuntary, shareholders are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of Northern Iron, the remaining property and assets of Northern Iron. There are no pre-emptive rights, no conversion rights or rights of redemption applicable to the Common Shares. The rights attaching to the Common Shares can only be modified by amending the articles of incorporation of Northern Iron.

Flow-Through Shares

The Flow-Through Shares are Common Shares and the holders of the Flow-Through Shares will have all of the same rights and entitlements as the holders of the Common Shares, which are set forth above, subject only to the additional obligation of Northern Iron to incur and renounce Qualifying Expenditures to holders of Flow-Through Shares. The Flow-Through Shares will be issued as "flow-through shares" as that term is defined under the Tax Act. Northern Iron will incur on or before December 31, 2012, and renounce to each subscriber of Flow-Through Shares effective on or before December 31, 2011, CEE in an amount equal to the consideration paid by such subscriber for the Flow-Through Shares. See "Certain Canadian Federal Income Tax Considerations".

Subscriptions for Flow-Through Units will be made pursuant to the Subscription Agreement. Subscribers who place an order to purchase Flow-Through Units with the Agents, or any sub-agent of the Agents, will be deemed to have authorized the Agents, or such sub-agents, to execute and deliver, on their behalf, the Subscription Agreement. A copy of the Form of Subscription Agreement is attached as an appendix to the Agency Agreement.

Pursuant to the Subscription Agreement, Northern Iron will covenant and agree: (i) to incur on or before December 31, 2012 and renounce to each subscriber of Flow-Through Shares effective on or before December 31, 2011, CEE in an amount equal to the aggregate consideration paid by such subscriber for the Flow-Through Shares; and (ii) that if Northern Iron does not renounce to such subscriber effective on or before December 31, 2011 CEE equal to such

amount, or if there is a reduction in such amount renounced pursuant to the provisions of the Tax Act, Northern Iron shall indemnify the subscriber for an amount equal to the amount of any tax payable or that may become payable under the Tax Act (and under any corresponding provincial legislation) by the subscriber as a consequence of such failure or reduction. The Subscription Agreement will contain additional representations, warranties, covenants and agreements by Northern Iron in favour of the subscribers of Flow- Through Units which are consistent with and supplement Northern Iron's obligations as described in this Prospectus.

The Subscription Agreement will also provide representations, warranties and agreements of the subscriber, and by its purchase of Flow-Through Units each subscriber of Flow-Through Units offered hereunder will be deemed to have represented, warranted and agreed, for the benefit of Northern Iron and the Agents that, *inter alia*: (i) neither the subscriber nor any beneficial purchaser for whom it is acting is a non-resident of Canada for the purposes of the Tax Act; (ii) the subscriber, and any beneficial purchaser for whom it is acting deals, and until January 1, 2013 will continue to deal, at arm's length with Northern Iron for the purposes of the Tax Act; (iii) the subscriber, if an individual, is of the full age of majority and otherwise is legally competent to enter into the Subscription Agreement; (iv) other than as provided herein and in the Subscription Agreement, the subscriber waives any right that it may have to any potential incentive grants, credits and similar or like payments or benefits which accrue as a result of the operations relating to CEE and acknowledges that all such grants, credits, payments or benefits accrue to the benefit of Northern Iron; (v) neither the subscriber or any beneficial purchaser for whom it is acting has entered into and will not knowingly enter into any agreement or arrangement which will cause the Flow-Through Shares to become "prescribed shares" or "prescribed rights" for the purpose of the Tax Act; and (vi) the subscriber has received and reviewed a copy of this Prospectus.

Warrants

The Warrants will be created and issued pursuant to the terms of the Warrant Indenture and will be evidenced by a warrant certificate dated as of the Closing Date. The Corporation will appoint the principal transfer offices of the Warrant Agent in Toronto, Ontario as the location at which Warrants may be surrendered for exercise or transfer. The Warrants will be evidenced by a warrant certificate dated the date of the Closing.

Each Warrant will entitle the holder thereof to purchase one Common Share, subject to adjustment in certain circumstances, at a price of $0.50 per Common Share, as applicable, at any time at or prior to 5:00 p.m. (Toronto time) on the date that is 24 months from the date of Closing, at which time the Warrants will become null and void.

The exercise price and the number of the Common Shares issuable upon exercise of the Warrants will be subject to adjustment in certain circumstances as more fully described below.

The exercise price for the Warrants will be payable in Canadian dollars.

The Warrant Indenture will provide for adjustment in the number of the Common Shares issuable upon the exercise of the Warrants and/or the exercise price per Common Share upon the occurrence of certain events, including:

(i) the issuance of Common Shares or securities exchangeable for, or convertible into, Common Shares to all or substantially all of the holders of Common Shares as a stock dividend or other distribution (other than a "dividend paid in the ordinary course", as defined in the Warrant Indenture, or a distribution of Common Shares upon the exercise of the Warrants);

(ii) the subdivision, redivision or change of Common Shares into a greater number of Common Shares;

(iii) the reduction, combination or consolidation of Common Shares into a lesser number of Common Shares;

(iv) the issuance to all or substantially all of the holders of Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, for Common Shares on such record date; and

(v) the issuance or distribution to all or substantially all of the holders of Common Shares, of shares of any class other than Common Shares rights, options or warrants to acquire Common Shares or securities exchangeable or convertible into Common Shares of evidences of indebtedness or cash, securities or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security if the following additional events occur: (i) reclassifications of the Common Shares; (ii) consolidations, amalgamations, plans of arrangement or mergers of Northern Iron with or into another entity (other than consolidations, amalgamations, plans of arrangement or mergers which do not result in any reclassification of the Common Shares or a change of Common Shares into other shares); or (iii) the transfer of any of Northern Iron's undertaking or assets as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or the number of Common Shares purchasable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would change the exercise price by at least 1% or the number of Common Shares purchasable upon exercise by at least one one-hundredth of a Common Share.

Northern Iron will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, Northern Iron will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Common Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event.

No fractional Common Shares will be issuable upon the exercise of any Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Any subscription for fractional Common Shares will be deemed to be a subscription for the next smallest whole number of Common Shares. Holders of Warrants will not have any voting or pre-emptive rights or any other rights which a holder of Common Shares or, if any are ever issued, Northern Iron's preferred shares, would have.

From time to time, Northern Iron and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by ‘‘extraordinary resolution’’, which is defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 10% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution or (2) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants.

The foregoing is a summary only of the terms of the Warrants and is qualified by the more detailed provisions of the Warrant Indenture.

Agent Warrants

Northern Iron has agreed to issue the Agent Warrants to the Agents, entitling the Agents to purchase that number of Non Flow-Through Units equal to 8% of the aggregate number of Units sold pursuant to the Offering, including any Additional Units sold pursuant to the exercise of the Over-Allotment Option, plus additional 333,333 Agent Warrants, at an exercise price equal to the Non Flow-Through Unit Offering Price for a period of 24 months from the date of Closing. Each Agent Unit will consist of one Common Share and one Warrant. See "Plan of Distribution."

CONSOLIDATED CAPITALIZATION

The following table outlines the consolidated capitalization of Northern Iron as at March 31, 2011 to reflect any material changes in the share capital of Northern Iron both before and after giving effect to the Minimum Offering and the Maximum Offering.

Description of Security	Number Authorized	Outstanding as at March 31, 2011	Outstanding as at the date of the Prospectus	Outstanding after giving effect to the Minimum Offering[1]	Outstanding after giving effect to the Maximum Offering[1][2]
Common Shares	Unlimited	28,638,333	28,638,333	45,304,999	70,304,999
Common Shares ($)		$2,729,971	$2,729,971	$7,729,971	$15,229,971
Options	10% of issued and outstanding common shares	2,300,000	2,300,000	2,300,000	2,300,000
Warrants	N/a	Nil	Nil	16,666,666	41,666,666
Agent Warrants	N/a	Nil	Nil	1,666,666[3]	3,666,666[3]

(1) Assuming only Non Flow-Through Units are issued under the Offering.

(2) An additional 6,250,000 Common Shares, 6,250,000 Warrants and 500,000 Agent Warrants will be outstanding if the Over-Allotment Option is exercised in full, assuming only Non Flow-Through Units are issued under the Offering. Northern Iron may issue a combination of Flow-Through and Non Flow-Through Units subject to a maximum offering of 15,151,515 Flow-Through Units.

(3) Including an additional 333,333 Agent Warrants to be issued to MGI Securities Inc. upon the completion of the Offering.

OPTIONS TO PURCHASE SECURITIES

As of the date of this Prospectus, the issued and outstanding Northern Iron Options entitle the holders thereof to purchase an aggregate of: (i) 1,450,000 Common Shares at a price of $0.10 per Common Share; (ii) 550,000 Common Shares at a price of $0.05[1] per Common Share; and (iii) 300,000 Common Shares at a price of $0.30 per Common Share. Northern Iron Options are granted under Northern Iron's Option Plan. See "Statement of Executive Compensation – Options" for a summary of the terms of the Option Plan.

Details of the expiry dates of the Northern Iron Options issued and outstanding as of the date hereof are as follows:

Expiry Date	Exercise Price		Number of Options
March 28, 2013	$0.30		**300,000**
April 1, 2015	0.05[1]		**550,000**
June 1, 2015	0.10		**25,000**
June 11, 2015	0.10		**1,400,000**
July 1, 2015	0.10		**25,000**
		Total:	**2,300,000**

(1) In the event the Common Shares underlying the options are listed for trading on a Canadian stock exchange, the exercise price shall be $0.10 per Common Share.

The following table sets out, as of the date of the Prospectus, the details of options granted to all executive officers and past executive officers of Northern Iron as a group; all directors and past directors of Northern Iron who are not also executive officers as a group; all other employees and past employees of Northern Iron, as a group; all consultants of Northern Iron as a group; and any other person or company, that will be held upon completion of the distribution.

Option Holder Group	Class and No. of Options Held	Exercise or Base Price ($)	Market Value of Securities Underlying Options on Date of Grant ($)[1]	Current Market Value of Securities Underlying Options ($)[1]	Expiry Date
Present and past executive officers, including three	500,000 options for Common Shares	0.05[2]	-	-	April 1, 2015

individuals	700,000 options for Common Shares	0.10	-	-	June 11, 2015
Present and past directors (not including executive officers), including two individuals	700,000 options for Common Shares	0.10	-	-	June 11, 2015
Consultants, including five individuals	50,000 options for Common Shares	0.05[2]	-	-	April 1, 2015
	300,000 options for Common Shares	0.30	-	-	March 28, 2013
	25,000 options for Common Shares	0.10	-	-	June 1, 2015
	25,000 options for Common Shares	0.10	-	-	July 1, 2015

Note:

(1) The Common Shares underlying the options are not currently listed for trading on a public market, and as a result the market value of such Common Shares on the date of the option grant, and presently, is not reasonably ascertainable.

(2) In the event the Common Shares underlying the options are listed for trading on a Canadian stock exchange, the exercise price shall be $0.10 per Common Share.

PRIOR SALES

The table below sets out the prices at which Common Shares have been sold by Northern Iron during the preceding 12 months:

Date of Issue	Number of Shares	Issue Price per Share	Aggregate Issue Price	Consideration Received
Between May 17, 2010 and June 22, 2010	2,600,000	$0.10	$260,000	Professional Services
June 4, 2010	7,665,000	$0.10	$766,500	Cash
September 30, 2010	1,400,000 [1]	$0.15	$210,000	Cash
Between October 8, 2010 and November 15, 2010	343,333	$0.15	$51,500	Cash
November 16, 2010	80,000	$0.15	$12,000	Professional Services
January 31, 2011	50,000	$0.10	$5,000	Property Acquisition
Total	12,138,333		$1,305,000	

Note:

(1) Issued as Flow-Through Shares.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

Escrowed Shares

In accordance with NP 46-201, all securities of an issuer owned or controlled by its principals will be escrowed at the time of the issuer's initial public offering, subject to certain exemptions. An issuer will be classified for the purposes of escrow as an "exempt issuer", an "established issuer" or an "emerging issuer". The classification of an

issuer will determine the length of time that securities are subject to escrow and the schedule for release of such securities from escrow.

In addition, uniform terms of automatic timed-release escrow apply to principals of Exchange-listed issuers, differing only according to the classification of the issuer (Tier 1 or Tier 2).

Since Northern Iron will be a Tier 2 issuer for the purposes of the Exchange upon listing, and an emerging issuer under NP 46-201, the securities of Northern Iron held by directors, senior officers or promoters (as defined under the Exchange's policies) of Northern Iron and holders of 20% or more of Common Shares will be placed in escrow under an Escrow Agreement made pursuant to the Exchange's policies and NP 46-201. Those securities will be subject to the following automatic timed releases, as follows:

On the date the Common Shares are listed on the Exchange	10% of the escrow securities
6 months after the listing date	15% of the escrow securities
12 months after the listing date	15% of the escrow securities
18 months after the listing date	15% of the escrow securities
24 months after the listing date	15% of the escrow securities
30 months after the listing date	15% of the escrow securities
36 months after the listing date	15% of the escrow securities

The following securities of Northern Iron will be subject to the Escrow Agreement as described above, or to other resale restrictions as described in the notes to the following table.

Designation of Class Held in Escrow	Number of Securities Held in Escrow or That Are Subject to a Contractual Restriction on Transfer	Percentage of Class Prior to the Offering	Percentage of Class After Giving Effect to the Maximum Offering[(1)]
Common Shares	6,623,333[(2)]	23.12%	9.42%
Options	2,000,000	6.98%	2.84%

(1) Assuming that only Non Flow-Through Units and no Flow-Through Units are issued under the Offering. Northern Iron may issue a combination of Flow-Through and Non Flow-Through Units subject to a maximum offering of 15,151,515 Flow-Through Units.

(2) Includes 2,473,333 Seed Shares. These Seed Shares will be subject to resale restrictions in accordance with the Exchange's policies regarding seed shares. These resale restrictions will be enforced either through a share certificate legend or through a pooling agreement with Northern Iron's transfer agent whereby the corresponding share certificates would be held. 1,873,333 of these Seed Shares will be subject to a 4 month hold with 20% released monthly and the first release would occur on closing of the Offering. 600,000 of these Seed Shares will be subject to a 36 month hold period providing the same automatic timed releases as those in effect under the Escrow Agreement entered into by certain principals of Northern Iron under NP 46-201. These Seed Shares are not currently subject to the foregoing resale restrictions, but Northern Iron expects that as a condition of listing on the Exchange these resale restrictions will be imposed.

The Escrow Agreement entered into under NP 46-201 between Northern Iron and Equity Financial Trust Company, as depository, will provide that the securities subject to escrow may not be sold, transferred, assigned, mortgaged or otherwise dealt with except in limited circumstances provided by the Escrow Agreement. Pursuant to the Escrow Agreement, a holder of securities subject to escrow may exercise any voting rights attached to his, her or its securities that are subject to escrow and receive distributions on such securities, as applicable. The securities subject to escrow cannot generally be transferred or otherwise dealt with while in escrow other than pursuant to certain permitted transfers or dealings within escrow, as more particularly set out in the Escrow Agreement.

PRINCIPAL SHAREHOLDERS

There are no shareholders of Northern Iron who beneficially own or exercise control or direction over Common Shares carrying more than 10% of the votes attached to the outstanding Common Shares as at the date of this Prospectus.

DIRECTORS AND EXECUTIVE OFFICERS

Directors and Executive Officers

The following table sets forth the names and municipalities of residence of those individuals who are directors and officers of Northern Iron as at the date hereof, their current positions or offices with Northern Iron, the date when they first became a director and/or officer of Northern Iron, the number of Common Shares beneficially owned, directly or indirectly, or under their direction or control and their principal occupations during the past five years:

Name and Municipality of Residence	Office or Position Held	Director/ Officer Since	Number of Common Shares held	Principal Occupation During the Past Five Years
Basil Botha [(1)] Port Moody, B.C., Canada	Director, President and Chief Executive Officer	March 23, 2010	650,000	Executive Chairman of Northern Iron since March 2010; President and Chief Executive Officer of Northern Iron since January 2011. President & CEO, G4G Resources Ltd. since July 2008. President & CEO, Cash Minerals Ltd. from April 2005 to December 2009. Chairman of Lithium Americas Corp. from May 2010 to May 2011.
Raul Sanabria Vancouver, B.C., Canada	Vice President, Exploration	March 23, 2010	500,000	VP Exploration, Northern Iron Corp. since March 2010. VP Exploration, G4G Resources Ltd. since May 2010. VP Exploration, American Creek Resources from March 2008 to May 2010. Project Geologist, Cash Minerals Ltd. from January 2007 to February 2008. Project Mine Geologist, Minersa (Spain) from May 2002 to September 2006.
Grant Smith New Westminster, B.C., Canada	Chief Financial Officer	October 6, 2010	Nil	Partner, Clearline Chartered Accountants since November 2010. Chartered Accountant, PricewaterhouseCoopers from August 2006 to April 2007.
Richard Brown [(1)(2)] Toronto, Ontario Canada	Director	November 20, 2009	1,400,000[(3)]	Partner, Osprey Capital since August 2001.
Brian Thurston [(1)(2)] Port Moody, B.C., Canada	Director	November 20, 2009	Nil	President and CEO, Desert Gold Ventures Inc. from September 2010 to February 2011. President and CEO of Lion Energy Corp. from November 2007 to May 2010. Director since November 2007. Executive Vice-President, Lateegra Gold Corp. from June 2007 to November 2008. Project Manager, Pacific Ridge Exploration Ltd. from February

Name and Municipality of Residence	Office or Position Held	Director/ Officer Since	Number of Common Shares held	Principal Occupation During the Past Five Years
				2006 to January 2007.
Michael List [(2)] Toronto, Ontario, Canada	Director and Secretary	November 20, 2009	Nil	Partner, Ormston List Frawley LLP, Barristers and Solicitors, since January 2006.

Notes:

(1) Member of Audit Committee

(2) Member of Compensation Committee

(3) Includes 500,000 Common Shares held directly by Mr. Brown, 500,000 Common Shares held by Mr. Brown's spouse Tamara Brown, and 400,000 Common Shares held by Tresaw Investment Trust of which Mr. Brown, his spouse Tamara Brown and their children are beneficiaries.

As of the date of this Prospectus, the directors and officers of Northern Iron, as a group, beneficially own, directly or indirectly, or exercise control or direction over 1,650,000 Common Shares representing 5.76% of the issued and outstanding Common Shares, and 2.35% of the issued and outstanding Common Shares upon the completion of the Maximum Offering on a fully-diluted basis assuming that only Non Flow-Through Units and no Flow-Through Units are issued under the Offering. Northern Iron may issue a combination of Flow-Through and Non Flow-Through Units subject to a maximum offering of 15,151,515 Flow-Through Units.

Each director's term of office expires at the next annual general meeting of Shareholders. As of the date of this Prospectus, none of the officers of Northern Iron has entered into a non-competition agreement or non-disclosure agreement with Northern Iron. However, Basil Botha is subject to non-competition and non-disclosure covenants under his engagement agreement with Northern Iron dated January 26, 2011 and Raul Sanabria is subject to a non-disclosure covenant under his consulting agreement with Northern Iron dated April 1, 2010.

A brief biography of each of the directors and officers of Northern Iron is set forth below.

Basil Botha *(Age 60)*

Mr. Botha brings more than 30 years international coal mining and marketing experience, primarily gained with Otavi Mining Ltd. and Reef Coal Mining Ltd. in Johannesburg, South Africa. He has extensive knowledge dealing with coal beneficiation processes and ancillary by-products and has specialized in start-up mining operations, mergers, acquisitions and corporate finance. Mr. Botha is an independent contractor and will devote at least 75% of his time to his role with Northern Iron. Mr. Botha obtained his diploma in business management from Damelin Business School, Johannesburg, in 1979 and completed a Master of Business Administration program at the University of the Witwatersrand, Johannesburg in 1992.

Raul Sanabria *(Age 34)*

Mr. Sanabria has 10 years of international experience as an exploration and mine geologist in a variety of mineral deposits including iron ore and base metals. He has held senior and executive roles in Canadian exploration companies and is a Qualified Person under NI 43-101. Mr. Sanabria is an independent contractor and will devote at least 75% of his time to his role with Northern Iron. Mr. Sanabria obtained a Master of Science in Geology from Universidad Complutense de Madrid, Spain in 2001, and he holds professional designation P.Geo with APEG of British Columbia and Eur. Geol. with European Federation of Geologists.

Grant T. Smith *(Age 50)*

Mr. Smith is a partner with Clearline Chartered Accountants. His experience includes operating and exploration mining companies throughout North and South America, and extensive audit experience in mining companies reporting for the Toronto Stock Exchange. His management background extends over 20 years with diverse operations and organizations, including Johnsen Archer and PriceWaterhouse Coopers. Mr. Smith also worked in the public sector as Chief Financial Officer of Premium Exploration Inc., El Tigre Silver Corp. and previously as the Chief Financial Officer for Aurcana Mining Corporation, a silver producer in Mexico. Mr. Smith performs his functions through his firm, Clearline Chartered Accountants, and utilizes the team available there. Northern Iron occupies not more than 15% of his own time annually but relies also on the staffing capacity of Clearline, which

bills Northern Iron according to hours worked. Mr. Smith obtained a Bachelor of Fine Arts from York University in 1990 and he holds a Chartered Accountant designation from CICA which he obtained in 2006.

Richard Brown *(Age 53)*

Mr. Brown is a Founding Partner of Osprey Capital Partners Inc., a mid-market investment bank that focuses on mergers, acquisitions and financings of public and private companies. Prior to joining Osprey Capital, Mr. Brown spent ten years with the Bank of Nova Scotia and Scotia Capital Markets in New York. He began this period as a corporate lending officer. After four years in the corporate lending group, Mr. Brown moved to the Bank of Nova Scotia's investment bank, where he became head of investment grade fixed income origination, focusing primarily on foreign issuers accessing the U.S. capital markets.

Mr. Brown obtained a Master of Business Administration degree in finance from the Daniels School of Business at the University of Denver in 1988, and a BA in Economics from the University of Guelph in 1982.

Brian Thurston *(Age 42)*

Mr. Thurston has more than 19 years of exploration management and operational experience working on Canadian, Latin American and African projects. Mr. Thurston has acted as an independent and managing director for various public and private companies. Mr. Thurston has recently accepted the position of President and CEO for Desert Gold Ventures Inc. and previously served as President and CEO for LEC from November 2007 to April 2010, during which time the company successfully raised more than $30 million dollars to advance their projects.

Due to Mr. Thurston's experience as a director or officer of 12 public companies, and as a member of the audit committee of Audile Capital Corporation, Mr. Thurston is extensively familiar with financial statements and accounting principles. Mr. Thurston obtained his Honours Bachelor of Science in Geology from University of Western Ontario in 1992.

Michael List *(Age 40)*

Mr. List is a founding partner of Ormston List Frawley LLP, a corporate law boutique providing general corporate, securities and commercial litigation advice to a variety of clients in the technology, junior resource and finance sectors. Mr. List regularly advises clients with respect to share and asset acquisitions, corporate and estate restructuring and other equity and debt financing. Mr. List began his career in private practice at Smith Lyons LLP (now Gowling Lafleur Henderson LLP) and currently serves on the boards of directors of a number of Canadian and international companies.

Mr. List was called to the bar of Ontario in 2000 and obtained a Bachelor of Law degree in 1994 and a BA.H from Queen's University in 1990.

Cease Trade Orders or Bankruptcies

For the purposes of this section "**Order**" means:

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) an order that denied the relevant company access to any exemption under securities legislation;

that was in effect for more than 30 days.

None of the directors or executive officers of Northern Iron are, as of the date of this Prospectus, or have been, within 10 years before the date of this Prospectus, a director or executive officer of any company or other entity that:

(a) was subject to an Order that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer;

(b) was subject to an Order that was issued after the director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer; or

(c) while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

None of the directors or executive officers of Northern Iron has, within the 10 years before the date of the Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Penalties or Sanctions

Other than as described below, no director or executive officer of Northern Iron has been subject to any: (i) penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Basil Botha, the President and CEO of Northern Iron has advised Northern Iron that he was subject to an investigation by the BCSC in connection with whether or not, during the period from January 1, 2006 to February 18, 2008, in relation to his activities with respect to an investment club, including managing online brokerage accounts for some of the members and charging the members on a fee for profit basis, he may have breached section 34 of the *Securities Act* (British Columbia), which provides that a person must not act as an advisor unless the person is registered.

Mr. Botha has further advised Northern Iron that his counsel and the BCSC have negotiated a settlement agreement, whereby Mr. Botha will agree to reimburse the fees paid by members of the investment club and pay $10,000 to the BCSC in respect of settlement of the matter. The settlement agreement provides that Mr. Botha will comply fully with the *Securities Act* (British Columbia), the Securities Rules, BC Reg. 194/97, and any applicable regulations and Mr. Botha will be prohibited from becoming or acting as an advisor for a period of three years from the date of the settlement agreement. Under the terms of the settlement agreement, Mr. Botha will not be prohibited from acting as a director of a public company.

Mr. Botha has further advised Northern Iron that the shares of G4G Resources Ltd. were halted from trading on the Exchange due to a request by the Exchange for the company to provide an NI 43-101 compliant technical report on a mineral property of the company. The trading halt was imposed for the period of time between the date of the request and the date when the report was provided to the Exchange. Mr. Botha is the President and Chief Executive Officer of G4G Resources Ltd. Mr. Sanabria became the Vice-President, Exploration of G4G Resources Ltd. during the period the trading halt was imposed.

Conflicts of Interest

Certain directors and officers of Northern Iron may be associated with other natural resource companies which may give rise to conflicts of interest. In accordance with the OBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract with Northern Iron will be required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers of Northern Iron will be required to act honestly and in good faith with a view to the best interests of Northern Iron.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation of Executive Officers

In this section entitled "Statement of Executive Compensation":

"**Named Executive Officer**" or "**NEO**" means the following individuals: (a) each Chief Executive Officer of Northern Iron (or person acting in a similar capacity) during the most recently completed financial year of Northern Iron; (b) each Chief Financial Officer of Northern Iron (or person acting in a similar capacity) during the most recently completed financial year of Northern Iron; (c) each of Northern Iron's three most highly compensated executive officers (or persons acting in a similar capacity), other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year of Northern Iron whose total compensation was, individually, more than $150,000; and (d) any additional individual who would be a Named Executive Officer under (c) but for the fact that the individual was not serving as an executive officer of Northern Iron, nor acting in a similar capacity, as at the end of the most recently completed financial year. During the most recently completed financial year, Northern Iron had two Named Executive Officers: (i) Peter Arendt, President and CEO, and (ii) Basil Botha, Chairman. Note that effective January 26, 2011, Peter Arendt resigned as President & CEO of Northern Iron and was succeeded by Basil Botha.

Since the end of the most recently completed financial year end Northern Iron engaged G. Smith as a Chief Financial Officer on October 6, 2010.

"**Option-Based Award**" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features.

"**Share-Based Award**" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, shares, restricted shares, deferred shares, phantom shares, share equivalent units, and other securities.

Compensation of NEOs

Compensation Discussion and Analysis

In assessing the compensation of its Named Executive Officers, Northern Iron relies mainly on discussions of the Board. Northern Iron's executive compensation program includes the following elements: (i) a salary/consulting fees; and (ii) a stock option component. Consulting services are paid for by Northern Iron at competitive industry rates for work of a similar nature by reputable arm's length services providers.

Objectives of Compensation Program

The compensation program for the senior management of Northern Iron is designed to ensure that the level and form of compensation achieve certain objectives and is commensurate with the time and attention required by the NEO on the affairs of Northern Iron.

Role of Executive Officers in Compensation Decisions

With respect to the determination of salary to be paid to the NEOs to date, the CEO recommended to the Board the individual salary amounts for each executive officer and director. The Board then considered these recommendations when making final decisions on compensation for those executive officers. The amount of each executive's salary was based upon the level of responsibility and contribution of the individual towards Northern Iron's goals and objectives.

Options

On April 1, 2010, Northern Iron granted 250,000 Northern Iron Options to each of Peter Arendt Incorporated (a corporation controlled by Peter Arendt, who was the President and CEO of Northern Iron at the time), Basil Botha and Raul Sanabria. The aforementioned Northern Iron Options have an exercise price of $0.05 per Common Share (provided that, if the Common Shares are listed on a Canadian stock exchange, the exercise price of each Option shall be $0.10 per Common Share) and expire on April 1, 2015.

On June 11, 2010, Northern Iron granted 350,000 Northern Iron Options to each of Peter Arendt and Basil Botha, with an exercise price of $0.10 per Common Share, expiring on June 11, 2015.

As a result of Mr. Arendt's resignation as President and CEO of Northern Iron effective January 26, 2011, all options granted Peter Arendt Incorporated and to Peter Arendt terminated on the date of his resignation.

Northern Iron Options are granted under Northern Iron's Option Plan.

Description of the Option Plan

As of September 30, 2010, the number of Common Shares reserved for issuance was 2,600,000 under the Option Plan. The maximum number of Common Shares that may at any one time be reserved for issuance under the Option Plan is 10% of the number of Common Shares issued and outstanding at that time. As of September 30, 2010, the maximum number of Common Shares that could be reserved for issuance under the Option Plan was 2,816,500. At that date, the number of Common Shares that are reserved for future issuance under future options that may be, but have not been, issued under the Option Plan was 216,500.

The persons eligible to receive stock options under the Option Plan are any director, officer, employee (full or part-time), consultant, advisor and service provider to Northern Iron or any affiliate of Northern Iron designated by the directors under the Option Plan, or the permitted assigns of such persons who are eligible to receive stock options under the Option Plan.

The Board currently administers the Option Plan, but administration may be delegated to a committee of the Board. The Board has the authority to determine, among other things, the persons to whom options are granted and the number of such options. At the time an option is granted, the Board also determines the exercise price of the option, which cannot be less than the Discounted Market Price (defined as the market price less the maximum discounts based on closing price, subject to such minimum exercise price mandated under the policies of the Exchange or other relevant stock exchange or regulatory authority). Options granted will vest immediately on being granted, unless the Board determines otherwise. Subject to any restrictions contained in the Option Plan, the Board may also impose such other terms and conditions, as it shall deem necessary or advisable at the time of grant.

The term of the options will be determined by the Board, but in any case must be no more than 10 years from the date of grant. Options are not transferable other than by testamentary will or the laws of descent and distribution.

Subject to any option agreement, if an optionee who is an employee or consultant employed or retained to provide investment relations services ceases to be employed or retained, the option (to the extent that it has vested at the time the employee or consultant ceases to be employed or retained) is exercisable for a period of 30 days, after which time the options will terminate and be of no further force and effect. Subject to any option agreement, any other optionee who is an employee, consultant, director or officer of Northern Iron ceases to be employed or retained or in another applicable relationship with Northern Iron, the option (to the extent that it has vested at the time the employee or consultant ceases to be employed or retained or in another applicable relationship with Northern Iron) is exercisable for a period of 90 days, after which time the options will terminate and be of no further force and effect. Subject to any option agreement, if an optionee dies or becomes permanently and totally disabled, the heirs and administrators of the optionee may exercise the option (to the extent that it has vested at the time of death) until twelve months following the date of death or permanent and total disability.

The Option Plan provides that the maximum number of Common Shares that may be reserved under the Option Plan for issuance to any consultant, or to any employee conducting investor relations activities, within any twelve-month period, may not exceed 2% of the Common Shares outstanding at the time of grant (on a non-diluted basis), less the

aggregate number of Common Shares reserved for issuance to any optionee under any other share compensation arrangement.

Subject to the approval by ordinary resolution of disinterested shareholders, the Option Plan provides that the maximum number of Common Shares that may be reserved under the Option Plan for issuance to any optionee, within any twelve month period, may not exceed 5% of the Common Shares outstanding at the time of grant (on a non-diluted basis), less the aggregate number of Common Shares reserved for issuance to any optionee under any other share compensation arrangement.

The maximum number of Common Shares which may be reserved for issuance to all the insiders of Northern Iron under the Option Plan is 10% of the Common Shares outstanding at the time of the grant (on a non-diluted basis) less the aggregate number of Common Shares reserved for issuance to insiders under any other share compensation arrangement.

Stock Options Granted and Outstanding

A total of 2,600,000 options were granted during the financial year ended September 30, 2010, under the Option Plan. During that financial year, no options were exercised, no options expired, and no options were cancelled.

As of the date hereof, there are options exercisable for 2,300,000 Common Shares outstanding under the Option Plan. Northern Iron has no equity compensation plans other than its Plan.

The following table sets out the number of shares reserved for issuance, the weighted average exercise price, and the number of shares remaining for future issuance under Northern Iron's equity compensation plans as of September 30, 2010:

Plan Category	Number of Common Shares to be Issued on the Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance under the Option Plan
Plans Approved by Shareholders	2,600,000	$0.08	216,500
Plans Not Approved by Shareholders	-	-	-
Total	2,600,000	$0.08	216,500

Summary Compensation Table

The following table is a summary of the compensation paid to the Named Executive Officers of Northern Iron in total salary and bonus during the period from incorporation on November 20, 2009 until September 30, 2010 for services rendered to Northern Iron.

Name and principal position	Year	Salary ($)	Share-Based Award(s)[1]	Option-based awards ($)[2]	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation ($)	Total compensation ($)
					Annual incentive plans	Long-term incentive plans			
Peter Arendt President & CEO, Northern Iron	2010	30,000	60,000	48,000	Nil	Nil	Nil	Nil	158,000
Basil Botha Chairman, Northern Iron	2010	30,000	60,000	48,000	Nil	Nil	Nil	Nil	158,000

Notes:

(1) Share-Based Awards are valued using the price per share on the date of issuance.

(2) The Black-Scholes Method was used to value Option-Based Awards. The price of the Common Shares at the date of grant was $0.10 per share, while the exercise price of the option was $0.05 per share. The expected life of the option is five years. The calculation assumes a risk free rate of 2.58% based on a five-year Government of Canada marketable bond.

Outstanding Share-Based and Option-Based Awards Granted to Named Executive Officers

The following stock options granted to the Named Executive Officers were outstanding at the end of the ten month period ended September 30, 2010.

	Option-Based Awards				Share-Based Awards	
Name	**Number of securities underlying unexercised options**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)[1]**	**Number of shares or units of shares that have not vested**	**Market or payout value of Share-Based Awards that have not vested ($)**
Basil Botha	250,000	0.05[2]	April 1, 2015	-	Nil	Nil
	350,000	0.10	June 11, 2015	-	Nil	Nil
Peter Arendt	250,000	0.05[2]	June 11, 2015 (terminated on January 26, 2011)	-	Nil	Nil
	350,000	0.10	June 11, 2015 (terminated on January 26, 2011)	-	Nil	Nil

Note:

(1) The Common Shares are not currently listed for trading on a public market, and as a result the market value of such Common Shares and an "in-the-money" calculation is not reasonably ascertainable.

(2) In the event the Common Shares underlying the options are listed for trading on a Canadian stock exchange, the exercise price shall be $0.10 per Common Share.

Pension and Retirement Benefit Plans

No pension plans that provide for payments or benefits of, following, or in connection with retirement or retirement benefit plans have been instituted by Northern Iron.

Termination and Change of Control Benefits

Under a letter agreement with Northern Iron dated January 26, 2011, Basil Botha, President and Chief Executive Officer of Northern Iron shall be entitled to either 10 months prior written notice of termination of employment or, in lieu of such notice, monthly payments of salary for 10 months following termination. Upon termination of the agreement due to disability, illness, incapacity or otherwise for an aggregate of 180 days during any 12 month period of Mr. Botha's term (provided that such disability, illness, incapacity or other cause has not occurred during the execution of the business of Northern Iron), he shall receive compensation under the agreement for the first 90 days thereof. After the 90 days period, the compensation shall be determined by the Board. In the event of death during the term of the agreement, Mr. Botha's salary will be paid to his spouse until the end of the third month following death.

Compensation of Directors

The following table discloses the compensation provided to the directors of Northern Iron (other than directors who are also Named Executive Officers) during the ten month period ended September 30, 2010. (Compensation of directors who are also Named Executive Officers is disclosed under "Statement of Executive Compensation – Compensation of Executive Officers". Directors who are also Named Executive Officers do not receive additional compensation for their services as directors.)

Name	Fees earned ($)	Share-Based Awards ($)	Option-Based Awards ($)[1]	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Michael List	Nil	Nil	28,000	Nil	Nil	Nil	28,000
Brian Thurston	Nil	Nil	28,000	Nil	Nil	Nil	28,000
Richard Brown	Nil	Nil	28,000	Nil	Nil	Nil	28,000

Note:

(1) The Black-Scholes Method was used to value the Option-Based Awards. The price of the Common Shares at the date of grant was $0.10 per share, and the exercise price of the option was $0.10 per share. The expected life of the option is five years. The calculation assumes a risk free rate of 2.58% based on a five-year Government of Canada marketable bond.

There has been no cash or other compensation paid to directors in their capacity as directors of Northern Iron other than the issuance by Northern Iron of Northern Iron Options as disclosed in the table above.

From time to time, directors may be retained to provide specific services as consultant or expert to Northern Iron and will be compensated on a normal commercial basis for such services.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current directors or executive officers of Northern Iron nor any associate of such director or officer is, or has been at any time since the incorporation of Northern Iron, indebted to Northern Iron, nor has any such individual been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by Northern Iron.

AUDIT COMMITTEE

Audit Committee Charter

Northern Iron's Audit Committee charter sets out, among other things, its responsibilities and duties, qualification for membership, procedures for Audit Committee removal and appointments and reporting to the Board. The charter of Northern Iron's Audit Committee is attached to this Prospectus.

Composition of the Audit Committee

Northern Iron has an Audit Committee comprised of Basil Botha (Chair), Richard Brown and Brian Thurston. All of the Audit Committee members, other than Basil Botha, are considered "independent" as that term is defined in NI 52-110. Basil Botha is not "independent" by virtue of his position as the President and Chief Executive Officer of Northern Iron. All of the Audit Committee members are "financially literate" as defined in NI 52-110.

Relevant Education and Experience

Each member of Northern Iron's Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, education and experience that have provided the member with: (i) an understanding of the accounting principles used by Northern Iron to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves; (ii) experience in preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Northern Iron's financial statements or experience in actively supervising individuals engaged in such activities; and (iii) an understanding of internal controls and procedures for financial reporting.

Basil Botha

Basil Botha holds an MBA and has substantial corporate finance and financial experience gained through operating both private and public companies for over 25 years. Mr. Botha was a past member of the audit committee of Lithium Americas Corp.

Richard Brown

Prior to joining Osprey Capital, Mr. Brown spent ten years with the Bank of Nova Scotia and Scotia Capital Markets in New York. He began this period as a corporate lending officer. After four years in the corporate lending group, Mr. Brown moved to the Bank of Nova Scotia's investment bank, where he became head of investment grade fixed income origination, focusing primarily on foreign issuers accessing the U.S. capital markets.

Mr. Brown holds a Masters degree in finance from the Daniels School of Business at the University of Denver and a BA in Economics from the University of Guelph.

Brian Thurston

Brian Thurston has more than 19 years of exploration management and operational experience working on Canadian, Latin American and African projects. Mr. Thurston has acted as an independent and managing director for various public and private companies. Mr. Thurston has recently accepted the position of President and Chief Executive Officer for Desert Gold Ventures Inc and previously served as President and Chief Executive Officer for LEC from November 2007 to April 2010, during which time the company successfully raised more than $30 million dollars to advance their projects. Due to Mr. Thurston's experience as a director or officer of 12 public companies and as a member of the audit committee of Andele Capital Corporation, Mr. Thurston is extensively familiar with financial statements and accounting principles.

Reliance on Certain Exemptions

Northern Iron has not relied upon any exemptions under NI 52-110 since incorporation.

Pre-approval Policy

Northern Iron has not yet adopted any specific policies or procedures for the engagement of non-audit services. Such matters are the subject of review and pre-approval by the Audit Committee.

External Auditor Service Fees

The following table sets out the aggregate fees billed by Northern Iron's external auditor in the period from incorporation to September 30, 2010.

Year	Audit Fees[(1)]	Audited Related Fees[(2)]	Tax Fees [(3)]	All Other Fees[(4)]
2010	$5,000	Nil	Nil	Nil

Notes:

(1) Aggregate fees billed by Northern Iron's external auditor in the fiscal year for audit services.

(2) Aggregate fees billed in the fiscal year for assurance and related services by Northern Iron's external auditor that are reasonably related to the performance of the audit or review of Northern Iron's financial statements.

(3) Aggregate fees billed in the fiscal year for professional services rendered by Northern Iron's external auditor for tax compliance, tax advice, and tax planning.

(4) Aggregate fees billed in the fiscal year for products and services provided by Northern Iron's external auditor, other than the services reported above.

Northern Iron has incurred fees in the amount of approximately $5,000.00 for audit services for the ten month period ended September 30, 2010, approximately $4,000.00 for review services for the unaudited interim financial period ended December 31, 2010, and approximately $4,000.00 for review services for the most recent unaudited interim financial period ended March 31, 2011. The audit and audit related services related to professional services rendered for the audit and review of Northern Iron's financial statements are included in this Prospectus.

CORPORATE GOVERNANCE

Set forth below is a description of Northern Iron's current corporate governance practices, as prescribed by Form 58-101F2, which is attached to NI 58-101.

Board of Directors

The Board is currently comprised of four members. The directors of Northern Iron are Basil Botha, Richard Brown, Brian Thurston and Michael List. Mr. Botha serves as Chief Executive Officer. Richard Brown, Brian Thurston and Michael List are independent as such term is defined in NI 58-101.

The following directors of Northern Iron currently serve on the boards of other reporting issuers (or the equivalent) as listed below:

Name	Name of Reporting Issuer and Position	Exchange
Basil Botha	G4G Resources Ltd. – Director, President and CEO	TSX-V
Brian Thurston	Lion Energy Corp. - Director	TSX-V
	Encanto Potash Corp. - Director	TSX-V
	Maxtech Ventures Inc. - Director	TSX-V
	Grenville Gold Corp. - Director	TSX-V
	Upper Canyon Minerals Corp. - Director	TSX-V
	Andele Capital Corporation- Director	TSX-V
Richard Brown	Grandview Gold Inc. - Director	TSX
	Asia Now Resources Corp. - Director	TSX-V

Orientation and Continuing Education

Northern Iron does not have a formal orientation and education program for new directors. Northern Iron has not held a formal orientation for the members of its Board, but the members of the Board have been made aware of Northern Iron's operations, activities and plans throughout the course of Northern Iron's organization. Northern Iron will make directors aware of current disclosure, governance and reporting guidelines and regulations, and directors are also encouraged to keep informed of new developments individually. Board members are also encouraged to communicate with management, auditors and technical consultants as required.

Ethical Business Conduct

Northern Iron is committed to conducting its business in accordance with applicable laws, rules and regulations, and in accordance with industry standards of business ethics, and to full and accurate disclosure in compliance with applicable securities laws. In furtherance of the foregoing, Northern Iron has adopted a Code, which applies to all directors, officers and employees of Northern Iron and sets forth specific policies to guide such individuals in the performance of their duties. A copy of the Code can be obtained by contacting Northern Iron. Northern Iron has also instituted a "whistle blower policy", a copy of which is attached hereto whereby infractions can be reported to a senior officer of Northern Iron or the Chairman of the Audit Committee.

Under applicable corporate laws, any director or executive officer that has a material interest in a transaction or agreement that is being considered by Northern Iron is required to declare a conflict of interest and is excluded from voting and from the decision making process with respect to that issue.

Nomination of Directors and Compensation

The Board oversees the remuneration, nomination and appointment policies and practices of Northern Iron. The principal responsibilities in this regard include: (i) considering Northern Iron's overall remuneration strategy and, where information is available, verifying the appropriateness of existing remuneration levels using external sources for comparison; (ii) comparing the nature and amount of Northern Iron's directors' and executive officers' compensation to performance against goals set for the year while considering relevant comparative information,

independent expert advice and the financial position of Northern Iron; (iii) considering nominees for independent directors of Northern Iron; and (iv) planning for the succession of directors and executive officers of Northern Iron, including appointing, training and monitoring senior management to ensure that the Board and management have appropriate skill and experience.

No compensation consultant or advisor has been retained by Northern Iron to date.

Other Board Committees

Northern Iron has no standing committees other than the Audit Committee.

Assessments

The Board has not conducted any assessment of the Board, its committees or individual directors, other than as discussed above. Northern Iron will consider conducting such assessments as and when appropriate. Northern Iron has a relatively small Board which provides the opportunity for all directors to actively interact and to become familiar with one another. It is expected that any issues with respect to effectiveness and contribution would readily become apparent in this environment.

PLAN OF DISTRIBUTION

Northern Iron, through the Agents and pursuant to the Agency Agreement, is offering a combination of up to 41,666,666 Non Flow-Through Units and up to 15,151,515 Flow-Through Units subject to a Minimum Offering of $5,000,00 and a Maximum Offering of $12,500,000 to residents of each of the provinces of Canada, other than Quebec. Each Non Flow-Through Unit is comprised of one Common Share and one Warrant. Each Flow-Through Unit is comprised of one Flow-Through Share and one half of one Warrant. The Non Flow-Through Units and the Flow-Through Units are being offered separately.

The warrants will be created and issued pursuant to the terms of the Warrant Indenture Each Warrant will entitle the holder thereof to purchase one Common Share at a price of $0.50 at any time prior to 5:00 p.m. (Toronto time) on the date that is 24 months from the date of Closing, after which time the Warrants will become null and void. The Warrant Indenture will contain provisions designed to protect the holders of Warrants against dilution upon the happening of certain events. No fractional Common Shares will be issued upon the exercise of any Warrants. See "Description of the Securities Distributed - Warrants". Of the total Non Flow-Through Unit Offering Price of $0.30 per Unit, Northern Iron will allocate $0.2999 to each Common Share and $0.0001 to each Warrant. Of the total Flow-Through Unit Offering Price of $0.33 per Unit, Northern Iron will allocate $0.32995 to each Flow-Through Share and $0.00005 to each one half of one Warrant. The Non Flow-Through Unit Offering Price and the Flow-Through Unit Offering Price were determined by negotiation between Northern Iron and the Agents, based upon several factors that may bear no relationship to the price that will prevail in the public market.

The Agents have agreed to use commercially reasonable best efforts to distribute the Units offered hereunder on behalf of Northern Iron. The Agents may, at no additional cost to Northern Iron, in connection with the Offering and in their discretion, retain one or more selling firms as sub-agents and may receive subscriptions for the Units from such selling firms.

Northern Iron has granted the Agents the Over-Allotment Option, exercisable in whole or in part, at any time and from time to time, in the sole discretion of the Agents, for a period of 30 days from the closing of the Offering, to require Northern Iron to sell up to an additional 15% of the Units sold pursuant to the Offering (prior to the exercise of this option) at a price equal to the Flow-Through Unit Offering Price, in the case of Flow-Through Units sold pursuant to the Over-Allotment Option, and at a price equal to the Non Flow-Through Unit Offering Price, in the case of Non Flow-Through Units sold pursuant to the Over-Allotment Option to cover over-allotments, if any, and for market stabilization purposes. The number of Flow-Through Units that may be sold under the Over-Allotment Option may not exceed 15% of the Flow-Through Units sold under the Offering. The number of Non Flow-Through Units that may be sold under the Over-Allotment Option may not exceed 15% of the Non Flow-Through Units sold under the Offering. The grant of the Over-Allotment Option and the Additional Units issued upon exercise of the Over-Allotment Option are qualified for distribution under this Prospectus. A person who acquires Additional Units issuable on the exercise of the Over-Allotment Option acquires such Additional Units under this Prospectus

regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or, in the case of the Non Flow-Through Units, secondary market purchases.

In consideration for the services rendered by the Agents in connection with the Offering, the Agents will be paid a cash commission equal to 8.0% of the gross proceeds of the Offering, including the Over-Allotment Option. In addition, Northern Iron has agreed to grant to the Agents, on the completion of the Offering, the Agent Warrants to acquire that number of Non Flow-Through Units equal to 8.0% of the aggregate number of Units sold pursuant to the Offering, including any Additional Units sold pursuant to the exercise of the Over-Allotment Option, at a price equal to the Non Flow-Through Unit Offering Price for a period of 24 months from the date of the Closing. This Prospectus also qualifies the distribution of the Agent Warrants. The Agents will also be reimbursed for certain expenses, including legal fees. Northern Iron has also agreed to pay to MGI Securities Inc. a non-refundable work fee of $25,000 and a corporate finance fee that consists of $100,000 and 333,333 Agent Warrants.

Subscriptions for Flow-Through Units will be made pursuant to one or more Subscription Agreements. The execution and delivery of the Subscription Agreement by the Agents, or sub-agent (if any) as agent on behalf of the purchaser, will bind such purchaser to the terms thereof as if such purchaser had executed the Subscription Agreement personally. **Each purchaser who places an order to purchase Flow-Through Units with an Agent will be deemed to have authorized such Agent to execute and deliver, on the purchaser's behalf, the Subscription Agreement**. The Agents in turn acknowledge that they will have the authority to bind a purchaser to the Subscription Agreement upon receipt of an order to purchase Flow-Through Units from the said purchaser.

The Closing is expected to take place on or about August 18, 2011 or such other date as Northern Iron and the Agents may agree but in any event no later than August 31, 2011. The obligations of the Agents under the Agency Agreement may be terminated at the Agents' discretion on the basis of the Agents' assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. Northern Iron has agreed to indemnify each Agent and its respective directors, officers and employees against certain liabilities pursuant to the Agency Agreement, including liabilities under Canadian securities legislation.

Under the terms of the Agency Agreement, Northern Iron has agreed not to issue or announce the issue of any Common Shares or any securities convertible into or exchangeable for or exercisable to acquire Common Shares for a period of 120 days from the date of the Closing, without the written consent of the Agents, such consent not to be unreasonably withheld or delayed, other than: (i) pursuant to the exercise of the Over-Allotment Option; (ii) pursuant to the grant or exercise of stock options and other existing share compensation arrangements; (iii) pursuant to the exercise of outstanding convertible securities, warrants or options; and (iv) in connection with any employee incentive plans or share compensation. In addition, as a condition of closing of the Offering, each of the officers, directors and principal shareholders of Northern Iron and their respective associates (as such term is defined in the *Securities Act* (Ontario)) will be required to agree with the Agents that, for a period of 120 days from the date of the Closing, they will not directly or indirectly offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge transfer, assign, purchase any option or contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise any securities of Northern Iron owned or controlled, directly or indirectly, by them, subject to certain exceptions, without the written consent of the Agents, such consent not to be unreasonably withheld or delayed.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Other than Units sold in the United States or to, or for the account or benefit of, U.S. persons, which will be represented by individual certificates, it is anticipated that a certificate or certificates representing the Common Shares, Flow-Through Shares and the Warrants comprising the Units will be issued in registered form to CDS or its nominee as a global security and will be deposited with CDS on the Closing Date.

As at the date of the Prospectus, Northern Iron does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America. Completion of the Offering is conditional upon Northern Iron being accepted for listing on the Exchange and Northern Iron has applied to list the Common Shares distributed under this Prospectus on the Exchange. Listing will

be subject to Northern Iron fulfilling all of the listing requirements of the Exchange, including meeting the minimum public distribution requirements.

The Common Shares, Flow-Through Shares and the Warrants comprising the Units have not been nor will they be registered under the U.S. Securities Act or any state securities laws, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. The Agents have agreed that, except as permitted by the Agency Agreement and in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act and applicable state securities laws, they will not offer or sell the Units within the United States or to, or for the account or benefit of, U.S. persons.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Units in the United States or to, or for the benefit of, U.S. persons. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units offered hereby within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Davies Ward Phillips & Vineberg LLP, special tax counsel to Northern Iron, and Osler, Hoskin & Harcourt LLP, counsel to the Agents, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a Holder of Units acquired pursuant to this Offering and who, for purposes of the Tax Act, and at all relevant times, is or is deemed to be resident in Canada, deals at arm's length and is not affiliated with Northern Iron and holds Common Shares (including those acquired on the exercise of a Warrant), Flow-Through Shares and Warrants as capital property. The Common Shares, Flow-Through Shares and Warrants generally will constitute capital property to a holder thereof unless the holder holds such securities in the course of carrying on a business or acquires such securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. Provided that a class of the capital stock of Northern Iron becomes listed on a designated stock exchange (which includes the Exchange) or Northern Iron otherwise qualifies as a "public corporation" (as defined in the Tax Act), certain subscribers who might not otherwise be considered to hold their Common Shares as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Subsection 39(4) of the Tax Act does not apply to deem the Flow-Through Shares or Warrants to be capital property. Subscribers contemplating making the election permitted by subsection 39(4) of the Tax Act should consult their own tax advisors. This summary is based on the assumption that a Holder will acquire an even number of Warrants under the Offering.

This summary is based on the facts set out in this Prospectus, a certificate from Northern Iron as to certain factual matters, the current provisions of the Tax Act and the Regulations thereunder, all Tax Proposals and counsel's understanding of the current published administrative practices of the CRA. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law or administrative practice, nor does it take into account provincial or territorial tax laws of Canada or the tax laws of any foreign jurisdiction. No assurance can be given that the Tax Proposals will be enacted as proposed (or at all) or that legislative, judicial or administrative changes will not alter the statements made herein.

This summary does not apply to a Holder: (i) that is a "principal-business corporation" within the meaning of the Tax Act; (ii) whose business includes trading or dealing in rights, licences or privileges to explore for, drill for or take minerals, petroleum, natural gas or other related hydrocarbons; (iii) that has made a "functional currency" election under the Tax Act to determine its Canadian tax results in a currency other than a Canadian currency; (iv) that is a "financial institution" as defined in the Tax Act for purposes of the mark-to-market rules; (v) a "specified financial institution" or as defined in the Tax Act; (vi) an interest in which constitutes a "tax shelter investment" as defined in the Tax Act; or (vii) that is a partnership or trust.

This summary assumes that Northern Iron will make all necessary tax filings in respect of the issuance of the Flow-Through Shares and the renunciation of CEE in the manner and within the time required by the Tax Act, the Regulations, and the Subscription Agreements, that all renunciations will be validly made, that Northern Iron will incur (or will be deemed to have incurred) sufficient CEE to enable it to renounce to subscribers of Flow-Through Shares all of the CEE covenanted to be renounced by Northern Iron pursuant to the Subscription Agreements

effective on the dates set out therein, and that all expenses discussed herein will be reasonable in amount. This summary assumes that Northern Iron is, and will remain at all relevant times, a "principal-business corporation", and that the Flow-Through Shares, when issued, will be "flow-through shares" and will not be "prescribed shares" or "prescribed rights", all within the meaning of the Tax Act and the Regulations. No opinion is expressed regarding any of the assumptions made in this discussion of Canadian federal income tax considerations. If any of the above assumptions are incorrect, Northern Iron may be unable to renounce some or all of the CEE which it has agreed to renounce under the Subscription Agreements.

While Northern Iron will furnish each Holder with information with respect to renounced CEE for purposes of filing income tax returns, the preparation and filing of returns will remain the responsibility of each Holder.

The income tax consequences to a particular Holder of an investment in Flow-Through Shares will vary according to a number of factors including the legal status of the Holder as an individual, a trust, a corporation or a partnership, the province or provinces in which the Holder resides, carries on business or has a permanent establishment and the amount that would be the Holder's taxable income but for the investment in the Flow-Through Shares. **Therefore, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, each potential Holder should obtain independent advice regarding the income tax consequences of investment in Units with reference to the Holder's own particular circumstances.**

Acquisition of Non-Flow Through Units

The Common Share and Warrant comprising a Non-Flow Through Unit are separate properties and, accordingly, a Holder of a Non Flow-Through Unit will be required to allocate, on a reasonable basis, the total purchase price of the Non Flow-Through Unit between the Common Share and the Warrant to determine the cost of each to the Holder for purposes of the Tax Act. Northern Iron intends to allocate $0.2999 of the issue price of each Non Flow-Through Unit as consideration for the issue of each Common Share and $0.0001 of the issue price of each Non Flow-Through Unit as consideration for the issue of each Warrant. Although Northern Iron believes that this allocation is reasonable, it is not binding on the CRA or any other tax authority. The Holder's adjusted cost base of a Common Share comprising part of a Non-Flow Through Unit at the time of acquisition will be determined by averaging the cost of such Common Share with the adjusted cost base to the Holder of all other Common Shares (including Flow-Through Shares) of Northern Iron owned by the Holder as capital property at that time.

Acquisition of Flow-Through Units

The Flow-Through Share and one half of one Warrant comprising a Flow-Through Unit are separate properties and, accordingly, a Holder of a Flow-Through Unit will be required to allocate, on a reasonable basis, the total purchase price of a Flow-Through Unit between the Flow-Through Share and the one-half Warrant to determine the cost of each to the Holder for purposes of the Tax Act. The Subscription Agreement will provide that $0.32995 of the issue price of each Flow-Through Unit will be the consideration for the issue of each Flow-Through Share and $0.00005 of the issue price of each Flow-Through Unit will be the consideration for the issue of each one-half of one Warrant. The amount allocated to such Warrants will not entitle the subscriber to any deductions with respect to CEE. Although Northern Iron believes that this allocation is reasonable, it is not binding on the CRA or any other tax authority for the purpose of determining the cost of a Flow-Through Share and one-half of a Warrant. **A Holder's cost for tax purposes of the Flow-Through Share comprising a part of each Flow-Through Unit is initially deemed to be nil under the Tax Act.** The Holder's adjusted cost base of a Flow-Through Share comprising part of a Flow-Through Unit at the time of acquisition will be determined by averaging the nil cost of such Flow-Through Share with the adjusted cost base to the Holder of all other Common Shares (including Flow-Through Shares) of Northern Iron owned by the Holder as capital property at that time.

A Holder's adjusted cost base of a Warrant at the time of acquisition on the issuance of Units will be determined by averaging the adjusted cost bases of all Warrants (whether comprising part of a Non Flow-Through Unit or Flow-Through Unit) of Northern Iron owned or acquired by the Holder at that time.

Warrants

No gain or loss will be realized by a Holder upon the exercise of a Warrant. When a Warrant is exercised, the Holder's cost of the Common Share acquired thereby will be the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Common Share. The Holder's adjusted cost base, at any particular time,

of the Common Share so acquired will be determined by averaging such cost with the adjusted cost base to the Holder of all Common Shares (including Flow-Through Shares and those Common Shares acquired upon the exercise of Warrants) owned by the Holder as capital property at that time.

A disposition or deemed disposition by a Holder of a Warrant (other than upon the exercise or expiry thereof) generally will give rise to a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or less) than such Holder's adjusted cost base of the Warrant. In the event of the expiry of an unexercised Warrant, the Holder will realize a capital loss equal to the Holder's adjusted cost base of such Warrant immediately before its expiry. The tax treatment of capital gains and capital losses is discussed in greater detail below under the heading "*Capital Gains and Capital Losses*".

Dividends

Dividends received or deemed to be received by a Holder on the Common Shares and Flow-Through Shares will be included in the Holder's income. Dividends received by individuals will be subject to the gross-up and dividend tax credit rules in the Tax Act, including the enhanced gross-up and dividend tax credit in respect of dividends that are properly designated by Northern Iron as "eligible dividends" (as defined in the Tax Act). Dividends received on Common Shares or Flow-Through Shares by a corporation generally will be deductible in computing income. Private corporations (and certain other corporations controlled directly or indirectly by or for the benefit of an individual or a related group of individuals) generally will be subject to refundable tax under Part IV of the Tax Act on dividends received or deemed to have been received on the Common Shares or Flow-Through Shares to the extent such dividends are deductible in computing taxable income.

Disposition of Common Shares and Flow-Through Shares

Upon the disposition or deemed disposition of a Common Share or Flow-Through Share, the Holder generally will realize a capital gain (or a capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the Holder's adjusted cost base of such share and reasonable costs of the disposition. The tax treatment of capital gains and capital losses is discussed in greater detail below under the heading "*Capital Gains and Capital Losses*".

Capital Gains and Capital Losses

Generally, one-half of any capital gain (a taxable capital gain) must be included in computing the income of the holder in the year of disposition, and one-half of any capital loss (an allowable capital loss) must be deducted against taxable capitals gains realized by the Holder in the year of disposition. Allowable capital losses in excess of taxable capital gains for the year of disposition generally may be deducted by the Holder against net taxable capital gains realized in any of the three preceding years or in any subsequent year, subject to various detailed provisions of the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of a Common Share (including a Flow-Through Share and a Common Share acquired on the exercise of a Warrant) by a Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares or shares substituted for such shares to the extent and in the circumstances described by the Tax Act. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Common Shares.

A Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable for a refundable tax of 6 2/3% on its "aggregate investment income" (as defined in the Tax Act), including taxable capital gains.

Canadian Exploration Expense

Subject to certain limitations and restrictions, Northern Iron will be entitled to renounce CEE incurred by it to Holders of Flow-Through Shares in an amount equal to the subscription price thereof as permitted by and in accordance with the Tax Act. Such CEE that is properly renounced to a Holder will be deemed to be CEE incurred by the Holder on the effective date of the renunciation.

Northern Iron will be entitled to renounce CEE incurred by it on or after the date that the Subscription Agreements for the Flow-Through Shares are accepted, less (i) any previous renunciations with respect to such expenses, (ii) any portion of those expenses which are prescribed under the Regulations as being "Canadian exploration and development overhead expenses", (iii) certain seismic expenses, and (iv) any assistance that Northern Iron has received, is entitled to receive, or may reasonably be expected to receive at any time which is reasonably related to those expenses. Northern Iron may not renounce to Holders an amount in excess of the amount paid by the Holders for the Flow-Through Shares. Although the amount of the subscription price for the Flow-Through Units that is allocated in the Subscription Agreement as consideration for the Flow-Through Shares is considered by Northern Iron to be reasonable, in the event that CRA were to establish that (contrary to the terms of the Subscription Agreement) the consideration received by Northern Iron for the issuance by it of the Flow-Through Shares was a lower portion of the consideration for the Flow-Through Units than the amount allocated under the Subscription Agreement, Northern Iron would not be entitled to renounce CEE to the subscriber in excess of the lower amount determined by the CRA to have been received by Northern Iron as consideration for the issuance of the Flow-Through Shares. Further, Northern Iron will not be entitled to renounce CEE to the extent that such renunciation, if effective, would cause Northern Iron's own cumulative CEE to be a negative amount.

Certain CEE incurred pursuant to the Subscription Agreements and within 12 months after the end of the calendar year in which the Flow-Through Shares are issued (the "preceding calendar year") can be treated as if incurred on December 31st of the preceding calendar year, provided that the subscription price for the relevant Flow-Through Shares has been paid for in money during the preceding calendar year, the Holder deals at arm's length with the issuing corporation throughout that twelve month period and the renunciation has been duly made before the end of March of the calendar year following such preceding calendar year. In the event that Northern Iron does not fully expend the amounts renounced by the end of December 31, 2012, Northern Iron will be required to reduce the amount previously renounced to the Holder and the Holders' income tax returns for the years in which the expenditures were claimed will be reassessed accordingly. However, penalties and interest will generally not be levied in respect of such reassessments provided such additional taxes are paid by April 30, 2013. Northern Iron has advised counsel that it intends to incur and renounce to Holders qualifying CEE in accordance with these rules.

A Holder of Flow-Through Shares to whom Northern Iron renounces CEE will have such CEE added to the Holder's CCEE. A Holder may deduct in computing the Holder's income from all sources for a taxation year an amount not exceeding 100% of the balance of the Holder's CCEE at the end of that taxation year. Deductions claimed by a Holder reduce the Holder's CCEE by the amount claimed. To the extent that a Holder does not deduct the full CCEE balance at the end of the taxation year, the balance will be carried forward and the Holder will be entitled to claim deductions in respect thereof in subsequent taxation years in accordance with, and subject to the restrictions under, the provisions of the Tax Act. If at the end of a taxation year the reductions in calculating a Holder's CCEE exceed the additions thereto, the excess must be included in computing the Holder's income for that taxation year and the Holder's CCEE will thereupon have a nil balance. The disposition of Flow-Through Shares will not reduce a Holder's CCEE.

Certain restrictions apply in respect of the deduction of CCEE following an acquisition of control and certain reorganizations of a corporate Holder of Flow-Through Shares. Corporate Holders should consult their own tax advisors with respect to the application of these rules.

A Holder who disposes of Flow-Through Shares will retain the entitlement to receive renunciations of CEE from Northern Iron as described above, as well as the ability to deduct any CEE previously deemed to have been incurred by the Holder, and a subsequent purchaser of such Flow-Through Shares will not be entitled to any renunciation of any CEE in respect thereof.

A Holder who purchases Flow-Through Shares directly through an RRSP, or other registered plan, will not be able to deduct CEE in computing income. For further information, see "*Eligibility For Investments*".

Cumulative Net Investment Loss

One-half of the amount of CEE renounced to and deducted by a Holder will be added to the Holder's cumulative net investment loss account. A Holder's cumulative net investment loss account may impact a Holder's ability to access the lifetime capital gains exemption available on the disposition of certain qualifying small business corporation shares, farm property and fishing property.

Flow-Through Mining Expenditure Investment Tax Credit

Provided that Tax Proposals contained in the 2011 federal budget to extend the "sunset" date for the tax credit rules described below are enacted in the form proposed, a Holder who is an individual (other than a trust) will be entitled to a non-refundable investment tax credit for the individual's 2011 taxation year equal to 15% of certain qualifying types of CEE renounced to the Holder pursuant to the Subscription Agreement. Investment tax credits generally may be deducted from federal tax otherwise payable in the taxation year or carried back three years and carried forward 20 years for deduction against federal tax otherwise payable in such years in accordance with detailed rules in the Tax Act. The types of CEE that will qualify for this federal investment tax credit are expenses (net of certain assistance payments including provincial government assistance) incurred (or deemed to have been incurred) before 2013 in conducting mining exploration activity from or above the surface of the earth for the purpose of determining the existence, location, extent or quality of a mineral resource in Canada (including a base or precious metal deposit), but excluding expenses incurred in collecting and testing samples of more than a specified weight, in trenching for purposes of carrying out such sampling or in digging of most test pits. **At this stage, it is uncertain whether any or all of the CEE renounced to the Holder will qualify for this federal investment tax credit.** The CCEE of a Holder for a taxation year is reduced by the amount of the credit claimed in a preceding taxation year. As discussed above, under "Canadian Exploration Expense", a negative CCEE balance at the end of a taxation year results in an inclusion in income. Therefore, a Holder who deducts the credit in 2011 will be required to include in income in 2012 the amount so deducted unless there is a sufficient offsetting balance in the Holder's CCEE account in 2012.

Minimum Tax

Pursuant to the alternative minimum tax rules in the Tax Act, the tax otherwise payable under Part I of the Tax Act by an individual (other than certain trusts) will not be less than the minimum amount computed by reference to the individual's "adjusted taxable income" for the year. For these purposes the minimum amount generally means 15% of adjusted taxable income in excess of $40,000. In calculating adjusted taxable income for this purpose, certain deductions and credits otherwise available are disallowed and certain amounts otherwise not taxable are included in income. These disallowed items include deductions claimed by the individual in respect of CEE in the particular year to the extent the deductions exceed the individual's resource income before deduction of those amounts, and deductions for carrying charges which relate to an investment in flow-through shares to the extent that such deductions exceed the individual's resource income after deductions for resource expenses, including CEE. Also included in adjusted taxable income are all taxable dividends (without application of the gross-up) and 80% of net capital gains.

Whether and to what extent a particular individual will be subject to minimum tax will depend upon the amount of the individual's income, the sources from which it is derived and the nature and amount of any deductions that are claimed. Any additional tax payable for a year resulting from the application of the minimum tax provisions is recoverable to the extent the tax otherwise determined exceeds the minimum amount for any of the following seven taxation years.

RISK FACTORS

The securities offered hereunder must be considered highly speculative due to the nature of Northern Iron's business. Prospective investors should carefully consider the information presented in this Prospectus before purchasing the Units offered under this Prospectus, including the following risk factors.

No Assurance of Successful Development

Mining operations generally involve a high degree of risk. Northern Iron's operations will be subject to the hazards and risks normally encountered in mineral exploration, development and production, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Exploration and development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, reserve and resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. Indeed, current market conditions are forcing many mining operations to increase capital and operating cost estimates. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by Northern Iron towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Limited Operating History

Northern Iron has a very limited history of operations, is in the early stage of development and must be considered a start-up. As such, Northern Iron is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that Northern Iron will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. Northern Iron has no history of earnings. The purpose of the Offering is to raise funds to carry out exploration and development at the Properties.

Lack of Profitability of Northern Iron

To date Northern Iron has recorded no revenues from operations and Northern Iron has not commenced commercial production on any property. There can be no assurance that significant losses will not occur in the near future or that Northern Iron will be profitable. Northern Iron's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Properties. Northern Iron expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Properties will require the commitment of substantial resources to conduct time-consuming development. There can be no assurance that Northern Iron will generate any revenues or achieve profitability.

Capital Requirements

Northern Iron will require significant capital and operating expenditures in connection with the development of its Properties. There can be no assurance that Northern Iron will be successful in obtaining required financing as and when needed. Volatile markets may make it difficult or impossible for Northern Iron to obtain debt financing or equity financing on favourable terms, if at all. Failure to obtain additional financing on a timely basis may cause Northern Iron to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

Highly Speculative Business

The nature of Northern Iron's business is highly speculative due to its involvement in the exploration, development and production of minerals. Exploration for minerals involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that any commercial quantities of ore will be discovered by Northern Iron. The commercial viability of a mineral deposit, if discovered depends upon a number of factors including the particular attributes of the deposits (principally size and grade), the proximity to the infrastructure, the impact of mine development on the environment, environmental regulations imposed by various levels of government and the competitive nature of the industry which causes base metal prices to fluctuate substantially over short periods of time. Most of these factors are beyond the control of Northern Iron

and will be beyond the control of Northern Iron. Mineral exploration and development are highly speculative and few properties that are explored are ultimately placed into commercial production. The investment involves a high degree of risk and should only be considered by those persons who can afford a total loss of their investment. Investors must rely on management of Northern Iron and those who are not prepared to do so should not invest.

Early Stage Properties

The Properties are in various stages of exploration and are without either resources or reserves. The proposed programs on Northern Iron's properties are exploratory searches for mineral deposits and development of such will only follow upon obtaining satisfactory results. The exploration for and the development of minerals involves a high degree of risk and few properties, which are explored, are ultimately developed into producing properties. There is no assurance that Northern Iron's exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term success of Northern Iron's operations will be in large part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Reduced Global Demand for Steel or Interruptions in Steel Production

The global steel manufacturing industry has historically been subject to fluctuations based on a variety of factors, including general economic conditions and interest rates. Fluctuations in the demand for steel can lead to similar fluctuations in iron ore demand. A decrease in economic growth rates could lead to a reduction in demand for iron ore, and therefore its price. Such changes may impact adversely the financial condition of Northern Iron or require Northern Iron to cease exploration, development or operations at any of its projects.

Dependence on Mineral Exploration Projects

Any adverse development affecting the progress of Northern Iron's exploration projects such as, but not limited to, obtaining financing on commercially suitable terms, hiring suitable personnel and contractors, or securing supply agreements on commercially suitable terms, may have a material adverse effect on Northern Iron and its business or prospects.

Exploration, Development and Operational Risk

The exploration for, and development of, mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties, which are explored, are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices which are highly cyclical, and government regulations including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Northern Iron not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by Northern Iron towards the search for, and evaluation of, mineral deposits will result in discoveries of commercial quantities of ore.

Mining operations generally involve a high degree of risk. Such operations are subject to all the hazards and risks normally encountered in the exploration for, and development and production of iron and other precious or base metals. Such hazards and risks include unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

Competition

The mining industry is competitive in all of its phases. Northern Iron faces strong competition from other exploration and mining companies in connection with the acquisition of properties producing or capable of

producing precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than Northern Iron and will continue to have greater financial resources, operational experience and technical capabilities than Northern Iron. As a result of this competition, Northern Iron may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the financial condition and any future revenues and operations of Northern Iron could be materially adversely affected.

Environmental Risks and Hazards

All phases of Northern Iron's operations are subject to environmental regulation in the jurisdiction in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, as well as the access, use, treatment and disposal of water. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Northern Iron′s operations. Environmental hazards may exist on the properties in which Northern Iron holds interests which are unknown to Northern Iron at present and which have been caused by previous or existing owners or operators of the properties of Northern Iron.

Government Regulation, Permits and Licences

Northern Iron's mineral exploration and potential development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development or production. Many of the mineral rights and interests of Northern Iron are subject to government approvals, licenses and permits, including Northern Iron's plan to de-water the Griffith Property. Such approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that Northern Iron will be successful in obtaining or maintaining in full force any or all of the various approvals, licenses and permits it requires to conduct its exploration activities, prepare the Properties for exploration or preparing for and conducting any mining or mineral processing activities. To the extent such approvals are required and not obtained, Northern Iron may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Where required, obtaining necessary permits and licenses can be a complex, time consuming process and Northern Iron cannot assure that required permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict Northern Iron from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of such mining activities, and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws and regulations governing operations or more stringent implementation thereof could have a substantial adverse impact on Northern Iron and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Metal Prices

The development and success of any project of Northern Iron will be primarily dependent on the future price of iron and other metals. Iron and other base metal prices are subject to significant fluctuation and are affected by a number of factors, which are beyond the control of Northern Iron. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major iron-producing countries throughout the world. The price of iron and other base and precious metals has fluctuated widely in recent years, and future serious price declines could cause any future development of and commercial production from Northern Iron's properties to be impracticable. Depending on the price of iron and other metals, projected cash flow from planned mining operations may not be sufficient and Northern Iron could be forced to discontinue any development and may lose its interest in, or may be forced to sell, some of its properties. Future production from Northern Iron's mining properties is dependent on iron and other base metal prices that are adequate to make these properties economic.

Furthermore, reserve calculations and life-of-mine plans using significantly lower iron and other metal prices could result in material write-downs of Northern Iron's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting Northern Iron's possible future reserve estimates and its financial condition, declining commodity prices may impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Lag Time Between Discovery and Production of Mineral Resources

Northern Iron is unable to predict the amount of time which may elapse between the date when any new mineral resource may be discovered and the date when production, if any, will commence from any such discovery.

Aboriginal Land Claims and Aboriginal Rights

The properties of Northern Iron may in the future be the subject of aboriginal land claims or aboriginal rights claims. The legal basis of an aboriginal land claim and aboriginal rights is a matter of considerable legal complexity and the impact of the assertion of such a claim, or the possible effect of a settlement of such claim upon Northern Iron cannot be predicted with any degree of certainty at this time. In addition, no assurance can be given that any recognition of aboriginal rights or claims whether by way of a negotiated settlement or by judicial pronouncement (or through the grant of an injunction prohibiting mineral exploration or mining activity pending resolution of any such claim) would not delay or even prevent Northern Iron's exploration, development or mining activities.

Access to Power

The current supply of electrical power may be limited in some of Northern Iron's project areas. Northern Iron may need to increase such supplies at the site if and when it is ready to develop any project. There can be no assurance that Northern Iron will be able to secure the additional electrical power supply necessary in order to carry out full development of a project.

Foreign Exchange

Mineral commodities are sold in United States dollars and consequently, Northern Iron will be subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the US dollar. To the extent that Northern Iron generates revenue upon reaching the production stage on its properties, it will be subject to foreign exchange risks as revenues will be received in US dollars while operating and capital costs will be incurred primarily in Canadian dollars. A decline in the US dollar would result in a decrease in the real value of Northern Iron's revenues and adversely affect its financial performance.

Uncertainty of Mineral Resource Estimates

There are numerous uncertainties inherent in estimating mineral resources and the future cash flows that might be derived from their production. The estimation of mineralization is a subjective process and the accuracy of estimates is a function of quantity and quality of available data, the accuracy of statistical computations and the assumptions and judgments made in interpreting engineering and geological information.

In respect of mineral resource estimates, no assurance can be given that the anticipated tonnage and grades will be achieved, that the indicated level of recovery will be realized or that mineral resources will be upgraded to mineral reserve categories or mined or processed profitably. Estimates of mineral resources necessarily depend upon a number of variable factors and assumptions, including, among others, geological and mining conditions that may not be fully identified by available exploration data or that may differ from experience in current operations, historical production from the area compared with production from other producing areas, the assumed effects of regulation by government agencies and assumptions concerning metal prices, exchange rates, interest rates, inflation, operating costs, development and maintenance costs, reclamation costs and the availability and cost of labour, equipment, raw materials and other services required to mine and refine the ore.

Estimates may have to be recalculated based on changes in mineral prices or further exploration or development activity. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence estimates. Market price fluctuations for minerals, increased production costs or reduced recovery rates, or other factors can adversely affect the economic viability of a project.

There can be no assurance that mineral recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during productions. For those reasons, estimates of mineral reserves may vary substantially. If Northern Iron's actual mining resources are less than its estimates, Northern Iron's results of operations and financial condition may be materially impaired and there could be an adverse affect on the value of Northern Iron's securities.

Dependence on Outside Parties

Northern Iron has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on Northern Iron.

Reliance on Management and Key Employees

The success of the operations and activities of Northern Iron will be dependent to a significant extent on the efforts and abilities of its management, a relatively small number of key employees, outside contractors, experts and other advisors. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of its key employees, outside contractors, experts and other advisors. Northern Iron does not have formal programs for succession of management and training of management nor will Northern Iron have such programs in place in the near future. The loss of one or more of these persons, if not replaced, could adversely affect Northern Iron's operations and financial performance.

Results of Prior Exploration Work

In preparing each of the El Sol Technical Report and the Karas Technical Report, the authors of such reports relied on data previously generated by exploration work carried out by other parties. There is no guarantee that data generated by prior exploration work is 100% reliable and discrepancies in such data not discovered by Northern Iron may exist. Such errors and/or discrepancies, if they exist, could impact on the accuracy of the El Sol Technical Report and the Karas Technical Report.

Availability of Reasonably Priced Raw Materials and Mining Equipment

Northern Iron will require a variety of raw materials in its business as well as a wide variety of mining equipment.

To the extent these materials or equipment are unavailable or available only at significantly increased prices, Northern Iron's production and financial performance could be adversely impacted.

Failure to Meet Production Targets and Cost Estimates

Northern Iron prepares future production and capital cost estimates. If commercial production commences, actual production and costs may vary from the estimates for a variety of reasons such as estimates of grade, tonnage, dilution and metallurgical and other characteristics of the ore varying from the actual ore mined, revisions to mine plans, risks and hazards associated with mining, adverse weather conditions, unexpected labour shortages or strikes, equipment failures and other interruptions in production capabilities. If commercial production begins, production costs may also be affected by increased mining costs, variations in predicted grades of the deposits, increases in level of ore impurities, labour costs, raw material costs, inflation and fluctuations in currency exchange rates. Failure to achieve production targets or cost estimates could have a material adverse impact on Northern Iron's sales, profitability, cash flow and overall financial performance. In the event that Northern Iron obtains debt financing, repayment terms associated with such financing will likely be based on production schedule estimates. Any failure `to meet such timelines or to produce amounts forecast may constitute defaults under such debt financing, which could result in Northern Iron having to repay loans.

Common Share Price Fluctuations

The market price of securities of many companies, particularly development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the price of Common Shares will not occur.

Market Perception

Market perception of junior exploration, development and mining companies may shift such that these companies are viewed less favourably. This factor could impact the value of potential investors' holdings and Northern Iron's ability to raise further funds by issue of additional securities or debt.

No Assurance of Title, Boundaries or Approvals

Title to Northern Iron's properties may be challenged or impugned, and title insurance is generally not available. Northern Iron' mineral properties that have been acquired from third parties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, Northern Iron may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. Northern Iron cannot assure that it will receive the necessary approval or permits to exploit any or all of its mineral projects in the future. The failure to obtain such permits could adversely affect Northern Iron's operations.

Dividend Policy

No dividends on the Common Shares have been paid to date. It is anticipated that Northern Iron will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including Northern Iron's operating results, financial condition, and current and anticipated cash needs.

Estimation of Asset Carrying Values

Northern Iron undertakes an annual evaluation of its portfolio of exploration projects and other assets. The recoverability of Northern Iron's carrying values of its properties will be assessed by comparing carrying values to estimated future net cash flows from each property. Factors which may affect carrying values include, but are not limited to, metal and reagent prices, capital cost estimates, mining, processing and other operating costs, grade and metallurgical characteristics of ore, mine design and timing of production. In the event of a prolonged period of depressed metal prices, Northern Iron may be required to take additional material write-downs of its exploration and development properties.

Uninsured Risks

Northern Iron's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Northern Iron's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although Northern Iron maintains insurance to protect against certain risks in such amounts, as it considers commercially reasonable, its insurance will not cover all of the potential risks associated with its operations. Northern Iron may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration is not generally available to Northern Iron on affordable and acceptable terms. Northern Iron might also become subject to liability for pollution or other hazards which may not be insured against or which Northern Iron may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Northern Iron to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

Canadian Tax Treatment of Flow-Through Shares

The Canadian tax treatment applicable with respect to exploration activities and flow-through shares constitutes a major factor when considering an investment in the Flow-Through Units.

There is no guarantee that the taxation laws and regulations and the current administrative practices of both the federal and provincial tax authorities will not be amended or construed in such a way that the tax considerations for a subscriber holding Flow-Through Shares will not be altered and, moreover, there is no guarantee that there will not be any differences of opinion between the federal and provincial tax authorities with respect to the tax treatment of the Flow-Through Shares, the status of the Flow-Through Shares and the activities contemplated by Northern Iron's exploration programs. The Flow-Through Shares are designed for investors whose income is subject to high marginal tax rates. The right to deduct CEE accrues to the initial purchaser of Flow-Through Shares and is not transferable. No guarantee can be given that Canadian tax laws will not be amended, that the amendments announced with respect to such laws will be adopted or that the current administrative practices of the tax authorities will not be modified. Consequently, the tax considerations for Subscribers holding or selling Flow-Through Shares may be fundamentally altered. The amount of CEE renounced by Northern Iron to a subscriber of Flow-Through Shares cannot exceed the aggregate amount paid by such subscriber for the Flow-Through Shares. Although the amount of the subscription price for Flow-Through Units that is allocated in the Subscription Agreement as consideration for Flow-Through Shares is considered by Northern Iron to be reasonable, in the event that CRA were to establish that (contrary to the terms of the Subscription Agreement) the consideration received by Northern Iron for the issuance by it of the Flow-Through Shares was a lower portion of the consideration for the Flow-Through Units than the allocated amount under the Subscription Agreement, Northern Iron would not be entitled to renounce CEE to the subscriber in excess of the lower amount determined by the CRA to have been received by Northern Iron as consideration for the issuance of the Flow-Through Shares.

There is no guarantee that an amount equal to the total proceeds from the sale of the Flow-Through Shares will be expended on or prior to December 31, 2012 as Qualifying Expenditures and result in the availability of the deductions described under "Certain Canadian Federal Income Tax Considerations". **If Northern Iron does not incur Qualifying Expenditures in an amount equal to the proceeds from the sale of the Flow-Through Shares on or prior to December 31, 2012, Northern Iron will be required to reduce the amount of CEE that it has renounced in favour of the Subscribers of the Flow-Through Shares and such Subscribers will be reassessed. A Subscriber of Flow-Through Shares will not be liable for any penalty and will not be required to pay interest on any resulting increase in income tax payable in a particular calendar year as a result of such a reduction in CEE if such taxes are paid by an individual Subscriber by April 30, 2013. Northern Iron has agreed, pursuant to the Subscription Agreements, to indemnify the Subscribers of Flow-Through Shares for an amount equal to the amount of any tax payable or that may become payable under the Tax Act (or under any corresponding provincial legislation) by the Subscribers as a consequence of such reduction or a failure of Northern Iron to renounce Qualifying Expenditures in an amount equal to the proceeds from the sale of the Flow-Though Shares; however, there can be no certainty that Northern Iron will have the necessary**

financial resources to fulfill its obligations under such indemnity. See "Certain Canadian Federal Income Tax Considerations".

Currently No Public Market and No Assurance of any Listing

Northern Iron's securities are not currently listed on any stock exchange and there is no assurance that the securities will be listed or if listed, will provide a liquid market for the securities. Until the securities are listed on a stock exchange, holders of the securities may not be able to sell their securities. Even if a listing is obtained, there can be no assurance that an active public market for Northern Iron's securities will develop or be sustained after this Offering. The Non Flow-Through Unit Offering Price and Flow-Through Unit Offering Price, which were determined by negotiation between Northern Iron and the Agents, were based on several factors and may bear no relationship to the to the price that will prevail in the public market. The holding of Northern Iron's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Northern Iron's securities should not be purchased by persons who cannot afford the loss of their entire investment.

Dilution of Common Shares

As of the date of this Prospectus, Northern Iron had 28,638,333 Common Shares issued and outstanding. In the event that the Maximum Offering is fully subscribed, there will be an additional 41,666,666 Common Shares (assuming the issuance of all Non Flow-Through Units) issued and outstanding. In addition, there will be up to 41,666,666 Warrants and 3,666,666 Agent Warrants outstanding. See "Description of Securities Being Distributed". The increase in the number of Common Shares issued and outstanding and issuable, and the sales of such shares, may have a depressive effect on the price of the Common Shares. In addition, as a result of such additional Common Shares, the voting power of Northern Iron's existing shareholders will be diluted.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair Northern Iron's ability to raise capital through future sales of Common Shares. Northern Iron has previously issued Common Shares at an effective price per share which is lower than the effective price of the Common Shares in the Offering. Accordingly, a significant number of shareholders of Northern Iron have an investment profit in the Common Shares that they may seek to liquidate.

Conflicts of Interest

Certain directors and officers of Northern Iron may be associated with other natural resource companies which may give rise to conflicts of interest. In accordance with the OBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract with Northern Iron will be required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers of Northern Iron will be required to act honestly and in good faith with a view to the best interests of Northern Iron. The directors and officers of Northern Iron will have either other full-time employment or other business or time restrictions placed on them and accordingly, Northern Iron will not be the only business enterprise of these directors and officers of Northern Iron.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Since its incorporation neither Northern Iron nor any of its property is the subject of or has been the subject of any legal proceedings, including any legal proceedings known by Northern Iron to be contemplated.

Since its incorporation, Northern Iron has not been subject to: (i) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a securities regulatory authority; (ii) any other penalties or sanctions imposed by a court or regulatory body necessary for this Prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed; or (iii) settlement agreements entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than fees paid and Common Shares and Northern Iron Options issued to directors and officers of Northern Iron (or entities controlled by them) as disclosed in this Prospectus, and as disclosed below, no insider of Northern Iron, director, or associate or affiliate of them, has any material interest, direct or indirect, in any transaction since inception or in any proposed transaction that has materially affected or will materially affect Northern Iron.

On July 18, 2011, Northern Iron, as borrower, entered into a promissory note with Basil Botha, the President and Chief Executive Officer and one of the directors of Northern Iron, as holder. The promissory note is for a principal amount of $91,734.86 and bears interest at a rate of 12% per annum, calculated monthly on the first of each month during which any of the principal remains outstanding. This promissory note was made to provide evidence of, and for the repayment of, amounts paid on behalf of Northern Iron by Mr. Botha to various vendors and contractors of Northern Iron between June 1, 2011 and July 4, 2011. The principal and any unpaid accrued interest on the note is repayable on demand by Mr. Botha, but Mr. Botha may not demand repayment until July 18, 2012. Northern Iron has the right to repay the outstanding principal and interest at any time without penalty, and it is anticipated that this debt would be repaid from the proceeds of the Offering.

Northern Iron acquired the El Sol Property from LEC (formerly Raytec) on February 17, 2010 for the aggregate purchase price of $850,000 paid in 8,500,000 common shares of Northern Iron, valued at $0.10 per share.

On February 17, 2010, Brian Thurston (who became a director of Northern Iron on March 8, 2010) was serving as a director of LEC and owned 534,111 common shares of LEC, which amounted to an approximate 1% ownership (on that date, there were approximately 52,271,963 common shares of LEC issued and outstanding). Based on the size of Mr. Thurston's shareholding in LEC at the time, the approximate amount of the indirect interest of Mr. Thurston in the transaction was $8,685.

Raytec acquired its interest in the El Sol Property on November 21, 2007 for the aggregate purchase price of $160,000 and 1,250,000 common shares of Raytec, which were trading on November 21, 2007 at $0.37 per share.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Auditors

The auditors of Northern Iron are MNP LLP, Chartered Accountants, located at Suite 2300, 1055 Dunsmuir Street, Box 49148, Vancouver, British Columbia, Canada, V7X 1J1.

Transfer Agent and Registrar

The registrar and transfer agent for Northern Iron is Equity Financial Trust Company and its principle office is 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1.

MATERIAL CONTRACTS

The following are the material contracts entered into by Northern Iron since incorporation:

(a) Agency Agreement between Northern Iron and the Agent referred to under "Plan of Distribution";

(b) Warrant Indenture between Northern Iron and the Warrant Agent referred to under "Description of the Securities Distributed";

(c) Escrow Agreement referred to under "Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer";

(d) Assignment Agreement between LEC and Northern Iron as amended by the Amendment Agreement between Northern Iron, Skyridge Consulting Inc., Jason Gigliotti, Negar Towfigh, Minegate Resources Capital Group Inc., 1544230 Ontario Inc. and LEC dated February 17, 2010 and by the El Sol Amending Agreement dated April 8, 2011;

(e) Purchase Agreement between Northern Iron, Larry Herbert and 7020066 Canada Inc. dated January 4, 2010;

(f) Purchase Agreement between Northern Iron, Mr. P. English and Bearbeech Capital Corporation dated August 1, 2010, as amended by the Bluffy Lake, Karas Lake and Whitemud Lake Amending Agreement dated April 8, 2011;

(g) Purchase Agreement between Northern Iron and Mr. P. English dated April 12, 2010, as amended by the Amending Agreement between Northern Iron and Mr. P. English dated December 12, 2010 and the Avis Lake, Currie Lake and Slate Lake Amending Agreement between Northern Iron and Mr. P. English dated April 8, 2011; and

(h) Promissory Note dated July 18, 2011 made by Northern Iron in favour of Basil Botha, in the principal amount of $91,734.86.

A copy of any material contract, as well as the Karas Technical Report, El Sol Technical Report and Griffith Technical Report, may be inspected during distribution of the Units being offered under this Prospectus and for a period of 30 days thereafter during normal business hours at the office of Northern Iron at Unit 1051 - 409 Granville Street, Vancouver, B.C.

EXPERTS

Certain legal matters related to the Offering have been passed upon on behalf of Northern Iron by Ormston List Frawley LLP and Davies Ward Phillips & Vineberg LLP and on behalf of the Agents by Osler, Hoskin & Harcourt LLP. At the date hereof, Ormston List Frawley LLP owns beneficially and directly, 1,000,000 Common Shares of Northern Iron and Michael T.R. List, a partner of Ormston List Frawley LLP, who is also serving as a corporate secretary of Northern Iron, holds 350,000 options to purchase Common shares of Northern Iron. As of the date hereof, the partners and associates of each of Davies Ward Philips & Vineberg LLP and Osler, Hosken & Harcourt LLP, as a group, each beneficially own, directly or indirectly, less than 1% of the issued and outstanding Common Shares.

The information in this Prospectus on the El Sol Property is summarized and in some cases reproduced from the El Sol Technical Report prepared by Richard W. Risto, P.Geo., G. Ross MacFarlane, P.Eng. and Dr. Stephen A. Roberts. As of the date of this Prospectus, the aforementioned individuals do not own beneficially, directly or indirectly, or exercise control or direction over, any of the securities or other property of Northern Iron.

The information in this Prospectus on the Karas Property is summarized and in some cases reproduced from the Karas Technical Report prepared by Christopher Hutchings, P. Geo. of Kiex Consulting Limited. The information in this Prospectus on the Griffith Property is summarized and in some cases reproduced from the Griffith Technical Report also prepared by Christopher Hutchings, P. Geo. of Kiex Consulting Limited. As of the date of this Prospectus, Mr. Hutchings does not beneficially, directly or indirectly, or exercise control or direction over, any of the securities or other property of Northern Iron.

MNP LLP, Chartered Accountants, are Northern Iron's auditors and such firm has prepared a report with respect to the financial statements of Northern Iron included in this Prospectus. At the date of this Prospectus, MNP LLP, are independent of Northern Iron in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of British Columbia.

PURCHASERS' STATUTORY RIGHT OF WITHDRAWL AND RECISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt, or deemed

receipt of a Prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions revisions of the price or, damages if the Prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the Prospectus of Northern Iron dated August 11, 2011 relating to the issue and sale of non flow-through units and flow-through units of Northern Iron. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned Prospectus of our report to the shareholders of Northern Iron on the balance sheet of Northern Iron as at September 30, 2010 and the statements of operations and deficit and cash flows for the period then ended. Our report is dated November 19, 2010.

(Signed) MNP LLP
Chartered Accountants
August 11, 2011

GLOSSARY OF NON-TECHNICAL TERMS

In this Prospectus, the following capitalized terms have the respective meanings provided below.

"**Additional Flow-Through Units**" means the additional Flow-Through Units sold by Northern Iron pursuant to the exercise of the Over Allotment Option.

"**Additional Non Flow-Through Units**" means the additional Non Flow-Through Units sold by Northern Iron pursuant to the exercise of the Over-Allotment Option.

"**Additional Units**" means the Additional Flow-Through Units and the Additional Non Flow-Through Units.

"**Agency Agreement**" means the agency agreement dated as of August 11, 2011 between Northern Iron, MGI Securities Inc. and Stonecap Securities Inc. in connection with the Offering.

"**Agents**" means MGI Securities Inc. and Stonecap Securities Inc., and each one an "**Agent**".

"**Agents' Commission**" means the cash commission equal to 8% of the aggregate gross proceeds of the Offering payable to the Agents by Northern Iron.

"**Agent Unit**" means a Non Flow-Through Unit that may be purchased by the Agents pursuant to an Agent Warrant.

"**Agent Warrants**" means the warrants to be issued to the Agents on the Closing entitling the holder to subscribe for 333,333 Northern Iron Non Flow-Through Units plus that number of Northern Iron Non Flow-Through Units equal to 8% of the aggregate number of Units sold pursuant to the Offering for a period of 24 months from the date of Closing.

"**Assignment Agreement**" means the assignment agreement between LEC and Northern Iron dated February 17, 2010 assigning the mineral claims comprising the El Sol Property from LEC to Northern Iron.

"**BCSC**" means the British Columbia Securities Commission.

"**Board**" means the board of directors of Northern Iron.

"**CCEE**" means "cumulative Canadian Exploration Expense" as that term is defined in the Tax Act.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**CEE**" means an expense described in paragraph (f) of the definition of "Canadian exploration expense" in subsection 66.1(6) of the Tax Act or that would be described in paragraph (h) of such definition if the reference therein to "paragraphs (a) to (d) and (f) to (g.1)" were a reference to paragraph (f), excluding amounts which are prescribed to be "Canadian exploration and development overhead expenses" (as defined in the Regulations for the purposes of paragraph 66(12.6)(b) of the Tax Act), or amounts each of which is a cost of acquiring or obtaining the use of seismic data described in paragraph 66(12.6)(b.1) of the Tax Act, or any expenses for prepaid services or rent that do not qualify as outlays and expenses for the period as described in the definition of "expense" in paragraph 66(15) of the Tax Act.

"**CRA**" means Canada Revenue Agency.

"**Closing**" means the closing of the issue and sale of the Units pursuant to the Offering.

"**Code**" means the Code of Ethics and Conduct of Northern Iron, including the Code of Ethics for the Chief Financial Officer and Senior Officers and the Disclosure Policy and Insider Trading Policy of Northern Iron.

"**Common Shares**" means common shares of Northern Iron.

"**El Sol Property**" means the El Sol property of Northern Iron, as more particular described under "Details of Northern Iron's Material Properties – El Sol Property".

"**El Sol Technical Report**" means the technical report on Form 43-101F1 with respect to the El Sol Property, entitled "Technical Report on the El Sol Iron Project, Ontario for Northern Iron Corp." dated February 25, 2011 and revised on June 28, 2011 and July 13, 2011, prepared by Richard W. Risto, P.Geo., G. Ross MacFarlane, P.Eng. and Dr. Stephen A. Roberts P.Ag. of WGM.

"**Escrow Agreement**" means the escrow agreement between Northern Iron, the principals of Northern Iron whose shares are subject to escrow as described under "Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer".

"**Exchange**" means the TSX Venture Exchange Inc.

"**Flow-Through Shares**" means Common Shares that are issued as "flow through shares" as defined in subsection 66(15) of the Tax Act.

"**Flow-Through Unit**" means a unit comprised of (i) one Flow-Through Share; and (ii) one-half of one Warrant.

"**Flow-Through Unit Offering Price**" means the price of a Flow-Through Unit.

"**GAAP**" means generally accepted accounting principles.

"**Griffith Mine**" means the Griffith Mine located on the Griffith Property, as more particularly described under "Details of Northern Iron's Material Properties – Griffith Property".

"**Griffith Property**" means the Griffith property of Northern Iron, as more particularly described under "Details of Northern Iron's Material Properties – Griffith Property".

"**Griffith Technical Report**" means the technical report on Form 43-101F1 with respect to the Griffith Property, entitled "Technical Report on the Griffith Property Ontario, Canada" dated June 20, 2011 and prepared by Christopher Hutchings, P. Geo. of Kiex Consulting Limited.

"**Holder**" means a subscriber who acquires Units pursuant to this Offering and for purposes of the Tax Act, and at all relevant times, is or is deemed to be a resident in Canada, deals at arm's length and is not affiliated with Northern Iron and holds the Common Shares (including those acquired on the exercise of a Warrant), Flow-Through Shares and Warrants as capital property.

"**IFRS**" means International Financial Reporting Standards.

"**Karas Property**" means the Karas property of Northern Iron, as more particular described under "Details of Northern Iron's Material Properties – Karas Property".

"**Karas Technical Report**" means the technical report on Form 43-101F1 with respect to the Karas Property, entitled ″Technical Report on the Karas Property Ontario, Canada″ dated January 8, 2011 and revised on February 21, 2011 and June 17, 2011, prepared by Christopher Hutchings, P. Geo. of Kiex Consulting Limited.

"**LEC**" means Lion Energy Corp.

"**MD&A**" means Management's Discussion & Analysis.

"**Maximum Offering**" means the maximum gross proceeds that may be raised by Northern Iron pursuant to the Offering, being $12,500,000.

"**Minimum Offering**" means the minimum gross proceeds that may be raised by Northern Iron pursuant to the Offering, being $5,000,000.

"**NI 43-101**" means National Instrument 43-101 – *Standards for Disclosure for Mineral Projects*, adopted by the Canadian Securities Administrators.

"**NI 52-110**" means National Instrument 52-110-*Audit Committees*.

"NI 58-101" means National Instrument 58-101 – *Disclosure of Corporate Governance Practices.*

"**NP 46-201**" means National Policy 46-201 – *Escrow for Initial Public Offerings*, adopted by the Canadian Securities Administrators.

"**Named Executive Officer**" or "**NEO**" has the meaning given to it in "Statement of Executive Compensation".

"**Non Flow-Through Unit**" means a unit comprised of (i) one Common Share; and (ii) one Warrant.

"**Non Flow-Through Unit Offering Price**" means the price of a Non Flow-Through Unit.

"**Northern Iron**" means Northern Iron Corp.

"**Northern Iron Options**" means the options to acquire Common Shares.

"**OBCA**" means the *Business Corporations Act* (Ontario), as from time to time amended or re-enacted, and includes any regulations promulgated thereunder.

"**Offering**" means the public offering of Units described herein or in any amendment hereto.

"**Option Agreement**" means the option agreement dated November 21, 2007 between Raytec and Skyridge Consulting Inc., Jason Gigliotti, Negar Towfigh, Minegate Resources Capital Group Inc. and 1544230 Ontario Inc. in relation to the mineral claims comprising the El Sol Property.

"**Option-Based Award**" has the meaning given to it in "Statement of Executive Compensation".

"**Option Plan**" means the Amended Stock Option Plan of Northern Iron effective as of May 2, 2011 as approved and ratified by the Board.

"**Order**" has the meaning given to it in "Directors and Executive Officers".

"**Over-Allotment Option**" means the option of the Agents, exercisable in whole or in part for a period of 30 days from the Closing of the Offering, to require Northern Iron to sell up to an additional 15% of the Units sold pursuant to the Offering prior to the exercise of this option, such option being available to the Agents to cover over-allotments, if any, and for market stabilization purposes.

"**Papaonga Property**" means the Avis Lake property of Northern Iron, as more particular described under "Details of Northern Iron's Other Properties – Papaonga Property".

"**Plans**" means a registered retirement savings plan, registered retirement income fund, registered disability savings plan, deferred profit sharing plan, registered education savings plan or tax-free savings account and "Plan" means any one of the Plans.

"**Properties**" mean, collectively, the El Sol Property, the Griffith Property, the Karas Property, the Papaonga Property and the Whitemud-Slate Property.

"**Prospectus**" means this prospectus.

"**Qualified Person**" has the meaning ascribed thereto under NI 43-101.

"**Qualifying Expenditures**" means expenses which are CEE which can be renounced, pursuant to subsections 66(12.6) and 66(12.66) of the Tax Act, to holders of Flow-Through Shares.

"**Regulations**" means the regulations promulgated under the Tax Act.

"**Seed Shares**" means shares issued by Northern Iron prior to the Offering to shareholders that are not directors, senior officers, promoters, holders of 20% or more of the Common Shares or holders of 10% of the Common Shares who have the right to appoint one or more directors or officers.

"**Share-Based Award**" has the meaning given to it in "Statement of Executive Compensation".

"Stelco" means the Steel Company of Canada.

"**Subscription Agreement**" means the flow-through share subscription agreement to be made between Northern Iron and the purchasers but executed by the Agents as agent for, on behalf of, and in the name of, the purchasers of Flow-Through Units.

"**TFSA**" means a tax-free savings account.

"**Tax Act**" means the *Income Tax Act* (Canada), as amended.

"**Tax Proposals**" means specific proposals to amend the Tax Act and the Regulations which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

"**Units**" means, collectively the Non Flow-Through Units and Flow-Through Units and Additional Units, if any.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

"**WGM**" means Watts, Griffiths and McOuat Limited.

"**Warrant**" means a warrant entitling the holder thereof to subscribe for one Common Share at a price of $0.50 for a period of 24 months from the date of Closing.

"**Warrant Agent**" means Equity Financial Trust Company.

"**Warrant Indenture**" means the warrant indenture to be dated as of the Closing Date between Northern Iron and the Warrant Agent.

"**Whitemud-Slate Property**" means the Whitemud-Slate property of Northern Iron, as more particularly described under "Details of Northern Iron's Other Properties - Whitemud-Slate Property".

GLOSSARY OF TECHNICAL TERMS
RELATING TO MINING AND MINERAL PROPERTIES

"**µm**" means a micrometer, or one-millionth of a metre.

"**Al_2O_3**" means aluminum oxide.

"**ATV**" means all terrain vehicle.

"**Au**" means gold.

"**az**" is a unit of measurement used with respect to the diameter of drill cores, corresponding to 27mm drill core and hole diameter of 48mm.

"**Ackewance**" means Ackewance Exploration and Services Ltd.

"**albite**" means a plagioclase feldspar mineral.

"**alteration**" means chemical and mineralogical changes in a rock mass resulting from the passage of fluids or increases in pressure and temperature that is related to emplacement of economic mineralization.

"**amphibolite**" means a rock containing amphibole, a magnesium-iron hydrous aluminum silicate.

"**anomalous**" means a sample or location that either: (i) the concentration of an element(s); or (ii) geophysica1 measurement is significantly different from the average background values in an area.

"**anomaly**" means the geographical area corresponding to anomalous geochemical or geophysical values.

"**argillaceous**" means minerals that appear silvery upon optical reflection and that contain substantial amounts of clay-like components.

"**arkose**" means a form of sandstone composed of detrital grains of feldspar and quartz.

"**arsenopyrite**" means an iron arsenic sulphide and is a hard metallic, opaque, steel grey to silver white mineral with high specific gravity.

"**assay**" means an analysis to determine the quantity of one or more elemental components.

"**BIF**" means banded iron formations.

"**BOF**" means basic oxygen furnaces.

"**Barrens Transportation**" means Barrens Northern Transportation.

"**basalt**" means a common extrusive volcanic rock. It is usually grey to black and fine grained due to rapid cooling of lava.

"**basement**"means the crust of the earth underlying younger sedimentary deposits.

"**batholith**" means a large emplacement of igneous rock formed that forms from cooled magma.

"**bedrock**" means the native consolidated rock underlying the surface of an area.

"**biotite**" means a dark mineral that has a highly perfect basal cleavage.

"**Bowen**" means Richard Paul Bowen.

"**breccia**" means a rock type with angular fragments of one composition surrounded by rock of another composition or texture.

"**Ca**" means Calcium.

"**CaO**" means calcium oxide.

"**CIM**" means the Canadian Institute of Mining, Metallurgy and Petroleum.

"**Cr_2O_3**" means chromium (III) oxide.

"**Cu**" means copper.

"**carbonate**" means a mineral composed mainly of calcium and carbonate ions, may also include magnesium, iron and others. Includes rock or sediments derived from debris of organic materials composed mainly of calcium and carbonate (e.g., shells, corals, etc.) or from the inorganic precipitation of calcium (and other ions) and carbonate from solution (seawater).

"**chert**" means hard, dense sedimentary rock, composed of interlocking quartz crystals and possibly amorphous silica (opal). The origin of the silica is normally biological, from diatoms, radiolaria or sponge spicules. Synonymous with flint.

"**clastic**" means rocks formed of fragments, or clasts, of pre-existing rocks.

"**Consolidated Faraday**" means Consolidated Canadian Faraday Limited.

"**Continental Mining**" means Continental Mining Exploration Ltd.

"**Copper Man**" means Copper Man Mines Ltd.

"**core**" means a long cylindrical piece of rock, generally one to five inches in diameter, brought to surface by diamond drilling.

"**Davis Tube**" means instrumentation and a procedure that produces a mineral concentrate high in magnetic iron by separating that portion of the sample that is magnetic from the portion that is non-magnetic, following sample comminution.

"**deposit**" means a mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing ore reserves, until final legal, technical, and economic factors have been resolved.

"**diamond drilling**" means the process of using a machine designed to rotate under pressure, using an annular diamond studded cutting tool to produce a more or less continuous sample of the material that is drilled.

"**diorite**" means a grey to dark grey intermediate intrusive igneous rock composed principally of plagioclase feldspar.

"**Dome**" means Dome Exploration Canada Ltd.

"**DRI**" means direct reduced iron.

"**dyke**" means a type of sheet intrusion referring to any geologic body that cuts discordantly across planar wall rock structure, such as bedding or foliation, or massive rock formations, like igneous/magmatic intrusions and salt diapirs.

"**EAF**" means electric arc furnaces.

"**E.M.**" means an electromagnetic geophysical survey method.

"**epidote**" means an abundant rock forming mineral, but one of secondary origin.

"**epigenetic**" means ore which has been deposited later than its immediate host rocks.

"**FAA313**" means a specific assay method and analytical code for a fire assay, used by SGS Lakefield Research.

"**FB**" means field blanks.

"**FDC**" means field duplicates.

"**Fe**" means iron, SFe and TFe.

"**Fe_2O_3**" means iron oxide.

"**facies**" means a body of rock with specific characteristics.

"**fault**" means a fracture in rock along which there has been observable movement.

"**felsic**" is an acronymic word derived from feldspar and silica, and used to describe light-colored silicate minerals and rocks in which these minerals predominate.

"**feldspar**" means a group of common silicate minerals containing aluminum as well as sodium, potassium and calcium in varying proportions.

"**folded**" means a curve or bend in the fault structure.

"**fracture**" means breaks in a rock, usually along flat surface.

"**g**" means grams.

"**Ga**" means a billion years.

"**GPS**" means global positioning system.

"**g/t**" grams per (metric) t.

"**gabbro**" means a mafic, coarse-grained igneous rock formed deep within the Earth.

"**garnet**" means a group of minerals used as gemstones and abrasives.

"**Getty Canadian**" means Getty Canadian Metals Ltd.

"**glaciofluvial**" refers to the processes associated with rivers and streams associated with glaciers, ice sheets, or ice caps and the deposits and landforms created by them.

"**glaciolacustrine**" refers to sediments deposited into lakes that have come from glaciers.

"**gneiss**" means a common and widely distributed rock formed by high grade regional metamorphic process from pre-existing formations that were sedimentary or igneous.

"**grade**" means the concentration of an ore metal in a rock sample, given either as weight per cent for base metals or in g/t or ounces per short t for precious or platinum group metals.

"**granite**" means a common and widely occurring type of intrusive, felsic and igneous rock.

"**greenschist**" means metamorphic and/or altered mafic volcanic rock.

"**greywacke**" means indurated sedimentary rocks consisting of unsorted detritus of the grain size of sandstone but containing fragments of feldspars and ferromagnesian minerals.

"**H_2SO_4/HF**" means a chemical compound of sulphuric acid and hydrogen fluoride.

"**HBI**" means hot briquetted iron.

"**hectare**" means an area totalling 10,000 square metres or 100 metres by 100 metres.

"**hematite**" means the mineral form of iron (III) oxide.

"**hornblende**" means a complex inosilicate of minerals.

"**host rock**" means the rock within which an ore deposit occurs.

"**Hudson**" means Hudson Bay Exploration and Development Company Ltd.

"**igneous**" means any rock which has crystallized from the molten (magma) state.

"**intermediate**" means any igneous rock made up both of felsic and mafic minerals (diorite).

"**intrusive**" means a body of igneous rock formed by the consolidation of magma intruded into other rocks.

"**isoclinal folding**" means a very tight folding where the angle between the fold limbs is usually less than 10°.

"**K_2O**" means potassium oxide.

"**km**" means kilometres.

"**km^2**" means a square kilometer which is an area of 1,000 meters by 1,000 meters.

"**lithology**" means the study and description of rocks, including their mineral composition and texture. The term is also used in reference to the compositional and textural characteristics of a rock.

"**LIMS**" means low intensity magnetic separation.

"**Lurgi**" means Lurgi Gesellschaft für Chemie und Huttenwesen M.B.H. Frankfurt AM Main.

"**m**" means metres.

"**Ma**" means a million years.

"**MgO**" means magnesium oxide.

"**MNDM**" means the Ontario Ministry of Northern Development, Mines and Forestry.

"**MnO**" means manganese oxide.

"**mt**" means magnetite.

"**magma**" means molten rock formed beneath the Earth's surface.

"**magmatic**" means derived from magma, molten rock located beneath the surface of the earth.

"**magnetite**" means the mineral composed of iron and oxygen and referred to as Fe_3O_4.

"**magnetometer**" means an instrument used to measure the strength and/or direction of the magnetic field in the vicinity of the instrument.

"**metamorphism**" means a process whereby rocks undergo physical or chemical changes or both to achieve equilibrium with conditions other than those under which they were originally formed.

"**metasediment**" means a sediment or sedimentary rock that shows evidence of having been subjected to metamorphism.

"**mineral reserve**" has the meaning ascribed to it in NI 43-101.

"**mineral resource**" means a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

"**mineralization**" means a natural aggregate of one or more minerals, which has not been delineated to the extent that sufficient average grade or dimensions can be reasonably estimated or called a "deposit".

"**More Core Diamond**" means More Core Diamond Ltd.

"**Na_2O**" means sodium oxide.

"**NAD**" means North American Datum.

"**Ni**" means nickel.

"**NSR**" means the net smelter return which is a royalty paid by a producing mine.

"**oz**" means troy ounces.

"**oz/t**" means ounces per tonne.

"**ore**" means a natural occurrence of one or more minerals that may be mined and sold at a profit, or from which some part may be profitably separated.

"**outcrop**" means bedrock that appears at the surface of the Earth.

"**overburden**" means any material covering or obscuring rocks from view.

"**oxide**" means a chemical compound containing at least one oxygen atom and other elements, formed when elements are oxidized by air.

"**P_2O_5**" means phosphorous pentoxide.

"**ppb**" means concentration of an element in parts per billion.

"**paragneiss**" means a gneiss showing a sedimentary parentage.

"**pluton**" means an intrusive, igneous rock body that crystallized from magma below the surface of the earth, typically kilometres in dimension, without a tabular shape like those of dykes and sills.

"**Polymictic**" means a clastic sedimentary rock, being made up of many rock types or of more than one mineral species.

"**porphyry**" means an igneous rock of any composition that exhibits porphyritic texture.

"**protoliths**" means the precursor lithology of a metamorphic rock.

"**pyrite**" means a common mineral of iron and sulphur.

"**QP**" means quartz porphyry.

"**quartz**" means a mineral composed of silicon and oxygen.

"**RQD**" means rock quality designation.

"**Raytec**" means Raytec Development Corp.

"**reserves**" means the amount of ore in a given deposit, usually quoted as the number of t available at a specific average grade.

"**S**" means sulphur.

"**SFe**" means soluble iron.

"**SiO_2**" means silicon dioxide.

"**sample**" means a small portion of rock or a mineral deposit taken so that the metal content can be determined by assaying.

"**sampling**" means selecting a fractional but representative part of mineralization for analysis.

"**sandstone**" means a sedimentary rock composed of sand sized minerals.

"**schist**" means a metamorphic rock containing abundant particles of mica, characterized by strong foliation, and originating from a metamorphism in which directed pressure plays a significant role.

"**sediment**" means any solid material that has settled out of a state of suspension in liquid.

"**sedimentary**" means rocks that are deposited on the earth's surface by action related to the weathering of previous emplaced rocks.

"**SGS Lakefield Research**" means SGS Lakefield Research Limited.

"**shear**" means a strain resulting from stresses that cause or tend to cause contiguous parts of the body to slide relatively to each other in a direction parallel to their plane of contact.

"**silica**" means the most abundant mineral in the Earth's crust.

"**stratigraphy**" means a branch of geology that studies rock layers and layering.

"**sulphide**" means a compound of sulfur and some other element.

"**syenite**" means a course grained intrusive igneous rock as the same general composition as granite but with either quartz either absent or present in small amounts.

"**t**" means a metric ton, or metric tons, as applicable.

"**TFe**" means total iron.

"**TiO_2**" means titanium dioxide.

"**terrane**" means a block of the Earth's crust that differs from the surrounding material, and is separated from it by faults.

"**trench**" means a narrow ditch cut through soil or bedrock across a mineral deposit.

"**tuff**" means consolidated rocks made of material ejected from volcanic explosions, consisting of volcanic fragments, generally smaller than 4mm in diameter.

"**ultramafic**" means igneous and meta-igneous rocks with very low silica content and composed of more than 90% mafic content.

"**UTM**" means Universal Transverse Mercator, which is a grid-based method of specifying locations on the surface of the Earth.

"**V_2O_5**" means vanadium oxide.

"**VLF**" means very low frequency.

"**volcanic**" means the action or process of magma and gases rising to the crust and being extruded onto the surface and into the atmosphere.

"**WAAS**" means wide area augmentation system.

"**wacke**" means a poorly sorted sandstone, a mixture of grains of sand, silt and clay size.

"**XRF**" means Xray fluorescence.

"**Zr**" means zircon.

NORTHERN IRON CORP.

FINANCIAL STATEMENTS

30 September 2010
Stated in Canadian Funds

AUDITORS' REPORT

To the Shareholders of Northern Iron Corp.:

We have audited the balance sheet of Northern Iron Corp. as at September 30, 2010 and the statements of loss, comprehensive loss and deficit, and cash flows for the period from incorporation to September 30, 2010. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Chartered Accountants

Vancouver, BC
November 19, 2010

Northern Iron Corp. Statement 1

Balance Sheet

As at 30 September
Canadian Funds

ASSETS		**2010**
Current		
Cash	**$**	**618,085**
Receivables		**23.939**
Prepaid expenses and deposits		**91,461**
		733,485
Resource Properties *(Note 4)*		**1.588,891**
Equipment *(Note 5)*		**45,112**
		2,337,488
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$**	**62,190**
SHAREHOLDERS' EQUITY		
Share Capital *(Note 6)*		**2,673,471**
Contributed Surplus *(Note 6)*		**203,000**
Deficit *(Statement 2)*		**(601,173)**
		2,275,298
	$	**2,337,488**

Going Concern *(Note 1)*

APPROVED ON BEHALF OF THE BOARD:

"*Basil Botha*"
Director

"*Peter Arendt*"
Director

Northern Iron Corp. Statement 2

Statement of Loss, Comprehensive Loss and Deficit

For the Period Ended 30 September

Canadian Funds

		2010
Expenses (recovery)		
Consulting Fees (Note 7)	**$**	**275,325**
Stock-based compensation (Note 6)		**203,000**
Investor relations		**52,770**
Professional fees		**29,654**
Travel		**26,040**
Office and general		**9,804**
Amortization		**4,318**
Insurance		**433**
Banking and interest		**(171)**
Loss and Comprehensive Loss for the Year		**(601,173)**
Deficit - beginning of year		**-**
Deficit - End of Year	**$**	**(601,173)**
Loss per Share - Basic and Diluted	**$**	**(0.04)**
Weighted Average Number of Shares Outstanding		**14,000,918**

Northern Iron Corp.

Statement of Cash Flows

Canadian Funds

For the Period Ended 30 September 2010

Cash Resources Provided By (Used In)		**2010**
Operating Activities		
Loss for the year	$	(601,173)
Items not affecting cash:		
Shares issued for services		288,648
Stock-based compensation		203,000
Amortization		4,318
Net Change in non-cash working capital		
Receivables		(23,939)
Prepaid expenses and deposit		(55,587)
Accounts payable and accrued liabilities		62,190
		(122,543)
Investing Activities		
Purchase of equipment		(49,430)
Investment in resource properties		(186,642)
		(236,072)
Financing Activities		
Issuance of shares for cash		976,700
		976,700
Net Increase in Cash		618,085
Cash position – beginning of year		-
Cash Position – End of Year	$	618,085
Schedule of non-cash Investing and Financing Transactions:		
Shares issued for mineral property acquisition	$	1,372,249
Shares issued for services		288,648
Shares issued for prepaid and deposits		35,784
Shares issued for share issuance costs		13,229
Supplementary Disclosure of Cash Flow Information:		
Cash paid for interest	$	-
Cash paid for income taxes	$	-

Northern Iron Corp.

Notes to Financial Statements

Canadian Funds

For the Period Ended 30 September 2010

1. Going Concern

The Company was incorporated pursuant to the Company Act (Ontario) by registration of its Memorandum and Articles on 20 November 2009. On 9 July 2010 the Company registered in British Columbia for extra provincial registration as the Company's administrative office is located in British Columbia. The Company is classified as a 'Junior Natural Resource-Mining' company.

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

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. They do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. The Company has incurred losses totalling $601,173 since inception. The continued operations of the Company are dependent on its ability to find economically recoverable reserves to generate cash flows from operations and/or to obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

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

2. Significant Accounting Policies

(a) Basis of Presentation

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

(b) Management's Estimates

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

(c) Loss per Share

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

(d) Stock-Based Compensation

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

(e) Resource Properties

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

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

The amounts shown for the mineral properties represent costs incurred to date and do not reflect present or future values. The recoverability of these capitalized costs is dependent

upon the existence of economically recoverable reserves and the ability of the Company to obtain necessary financing to successfully complete their exploration

(f) Property Option Agreements

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

(g) Environmental

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

(h) Cash and Cash Equivalents

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

(i) Equipment

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

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

(j) Asset Retirement Obligations

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

(k) Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

(l) Foreign Currency Translation

The Company's functional currency is the Canadian dollar; accordingly, foreign exchange transactions have been translated into Canadian dollars as follows:

- Monetary assets and liabilities at year-end rates;
- All other assets and liabilities at historical rates;
- Revenue and expense and exploration and development items at rates approximating those in effect at the date of the transaction, and;
- Exchange gains and losses arising from these transactions are reflected in income or expense in the period.

(m) Future Income Taxes

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

(n) Financial Instruments – Recognition and Measurement

All financial instruments are classified into one of five categories: held-for-trading, held-to maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value, except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. The Company had no other comprehensive income or loss transactions.

The Company classified its cash as held-for-trading which is measured at fair value. Receivables are classified as loans and receivables and accounts payable and accrued liabilities are classified as other liabilities, all of which are measured at amortized cost.

(o) Title to Resource Property Interests

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

(p) Flow-through Shares

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

(q) Share Capital

The Company records proceeds from share issuances net of share issuance costs. Share capital issued for nonmonetary consideration is recorded at the fair market value of the shares on the date the shares are issued

(r) Adoption of New Accounting Policies

International Financial Reporting Standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after 1 January 2011. The Company is required to adopt IFRS for its year end beginning October 1, 2011. The transition date of 1 October 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended 30 September 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. Financial Instruments

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

Currency & credit risk – All of the Company's Canadian cash is held in an interest bearing account at a major bank and such balances earn interest at market rates. Accounts payable are settled in a timely manner. It is management's opinion that the Company is not exposed to significant currency risk.

Fair Value – As at 30 September 2010 the carrying values of receivables, accounts payable and accrued liabilities approximate their fair values due to their short term to maturity. Cash is measured at fair value using level 1 inputs.

Liquidity risk - Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has relied or may in future rely upon equity financings, short-term debt and the optioning of its mineral properties to other mining entities to satisfy its capital requirements and will continue to depend heavily upon these financing activities.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding stock options, warrants, the completion of other equity financings and or optioning its mineral properties to other mining entities. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

It is management's opinion that the Company is not exposed to significant credit, interest rate, liquidity or market risks in respect of these financial instruments. The Company's policies and processes of managing all risks associated with its financial instruments have not changed during the current year.

4. Resource Properties

(a) Details of mineral property activities are as follows:

		Red Lake Mining District Properties
20 November 2009	**$**	**-**
Acquisition		**1,398,249**
Assaying		**2,282**
Vehicle		**17,031**
Geological and consulting		**92,980**
Contractor services		**27,530**
Field expenses		**2,537**
Staking		**14,940**
Survey		**3,342**
Total expenditures during the period		**1,558,891**
30 September 2010		**1,558,891**

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

(i) 100% interest in 4 mineral claims covering 1,024 hectares, known as the El Sol Property;

(ii) 100% interest in 11 mineral claims covering 1,776 hectares, known as the Griffith Mine Property;

(iii) 100% interest in 15 mineral claims covering 3,200 hectares, known as the Karas Property;

(iv) 100% interest in 22 mineral claims covering 5,168 hectares, known as Bluffy-Whitemud and Slate Lake 2 Property;

(v) 100% interest in 1 mineral claims covering 224 hectares, known as Slate Lake 1 Property; and

(vi) 100% interest in 9 mineral claims covering 2,096 hectares, known as Avis and Currie Property.

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

5. Equipment

Details are as follows:

	Cost	Accumulated Amortization	Net Book Value
30 September 2010	-	-	-
Computer equipment	$ 3,753	$ 355	$ 3.3398
Computer software	5,521	1,380	4,141
Field equipment	40,156	2,583	37,573
	$ 49,430	$ 4,318	$ 45,112

6. Share Capital

a) Authorized: Unlimited common shares without par value.

b) Issued or allotted and fully paid:

	Number of Shares Issued	Shares Amount
Balance – 20 November 2009	-	$ -
Issuance of founders' shares, for cash	2,000,000	200
Issuance of shares for professional services	1,000,000	100,000
Issuance of shares for property acquisition	13,500,000	1,350,000
Issuance of shares to directors, officers and consultants for services	2,600,000	260,000
Issuance of shares on private placement, for cash	7,665,000	766,500
Issuance of flow-through shares on private placement, for cash	1,400,000	210,000
Share issuance costs, in cash	-	(13,229)
Balance – 30 September 2010	28,165,000	2,673,471

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

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

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

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

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

Between 1 April 2010 and 22 June 2010, the Company issued 2,600,000 shares at nil proceeds as compensation for services performed by directors, officers and consultants. The shares were deemed to have a value of $0.10 each, and stock based compensation expense of $260,000 has been recognized in the income statement as a result of these transactions.

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

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

c) Summary of stock option activity

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

Stock option activity during the 10 month period is summarized as follows:

	2010	Weighted Average Exercise Price
	-	-
Balance – beginning of year Granted	2,600,000	$0.08
Balance – end of Year	2,600,000	$0.08

Details of stock options outstanding as at 30 September 2010 are as follows:

Expiry Date	Exercise Price	**2010**
01 April 2015	$0.05	**800,000**
01 June 2015	0.10	**25,000**
11 June 2015	0.10	**1,750,000**
01 July 2015	0.10	**25,000**
		2,600,000

The outstanding options have a weighted-average exercise price of $0.08 and the weighted average remaining life of the options is 4.64 years. As at 30 September 2010, all of these

outstanding options had vested. Total exercisable is 2,600,000 with a weighted average exercise price of $0.08.

d) Stock-based compensation

For the 10 month period ended 30 September, the Company issued stock options to its directors, officers, and consultants and recognized stock-based compensation as follows:

		2008
Total options granted		2,600,000
Average exercise price	$	0.08
Estimated fair value of compensation	$	203,000
Estimated fair value per option	$	0.08

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

	2010
Risk-free interest rate	**2.60%**
Expected dividend yield	**0.00%**
Expected stock price volatility	**100.00%**
Expected option life in years	**5.00**

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

		2010
Number of options vested		2,600,000
Total compensation recognized	$	203,000

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

e) Contributed Surplus

Details are as follows:

	2010
Balance – Beginning of Period	$ -
Stock-based compensation	203,000
Balance – End of Period	$ 203,000

7. Related Party Transactions

Transactions and balances with related parties not disclosed elsewhere in the financial statements are as follows:

a) The Company paid consulting fees of $30,000 (2009 - $Nil) to the Chairman and director of the Company.

b) The Company paid consulting fees of $30,000 (2009 - $Nil) to the President, Chief Executive Officer and director of the Company through a company controlled by him.

c) The Company paid consulting fee of $53,400 (2009- $Nil) to the Vice President Exploration of the company or a company controlled by him.

d) The Company issued shares valued at $100,000 to a company in which a director of the Company is a partner for legal services. $35,874 (2009 - $Nil) remain as prepaids as at 30 September 2010.

The above transactions, occurring in the normal course of operations are measured at the exchange amount, the amount of consideration established and agreed to by the parties.

8. Segmented Disclosure

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

9. Income Taxes

	2010
Loss of the year	$ (601,173)
Statutory tax rate	28.50%
	(171,334)
Stock based compensation not deductible for tax purposes	57,855
Tax benefit from share issuance costs	(3,770)
Effect of reduction in tax rates	14,398
Increase in valuation allowance	102,851
Future tax recovery	$ -
Details of the future income tax assets are as follows:	
Non-capital losses carried forward	$ 99,125
Tax value of share issuance costs in excess of book value	2,646
Tax value of equipment in excess of book value	1,080
	102,851
Valuation allowance	(102.851)
Future income tax assets	-

10. Capital Management

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

The Company does not currently have adequate sources of capital to complete its exploration plan, current obligations and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing, selling assets and incurring debt. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

NORTHERN IRON CORP.

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

31 March 2011 and 30 September 2010

Stated in Canadian Funds

NORTHERN IRON CORP. **Statement 1**

Unaudited

Canadian Funds

STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2011	As at 30 September 2010
ASSETS			
Current Assets			
Cash and cash equivalents		$ 181,764	$ 618,085
Amounts receivable		25,235	23,939
Prepaid amounts and other assets		9,221	91,461
Deferred financing costs	(6) (8)	70,000	-
		286,220	733,485
Non-current Assets			
Resource property	(4)	1,885,848	1,558,891
Equipment	(5)	38,521	45,112
		1,924,369	1,604,003
		$ 2,210,589	$ 2,337,488
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(8)	$ 98,086	$ 62,190
EQUITY			
Share capital	(7)	2,729,971	2,673,471
Contributed surplus–options	(7)	211,000	203,000
Deficit		(828,468)	(601,173)
		2,112,503	2,275,298
		$ 2,210,589	$ 2,337,488

Going Concern	(1)
Commitments	(11)
Subsequent Event	(13)

APPROVED ON BEHALF OF THE BOARD:

Director Director

NORTHERN IRON CORP. **Statement 2**

Unaudited

Canadian Funds

STATEMENT OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

	Note	Six months ended 31 March 2011	Three months ended 31 March 2011	Period ended 30 September 2010
CONTINUNG OPERATIONS				
Expenses				
Consulting fees	(8)	$ 98,230	$ 41,856	$ 275,325
Professional fees	(8)	49,817	24,539	29,654
Travel		44,220	34,773	26,040
Office and general		15,222	10,822	9,804
Amortization		6,592	3,296	4,318
Shareholder relations		6,412	5,263	52,770
Transfer agent and filing fees		4,297	4,297	-
Insurance		3,636	1,791	433
Bank charges and interest		(1,131)	(920)	(171)
Stock-based compensation	(4)	-	-	203,000
Loss from operating activities		227,295	125,717	601,173
Loss for the period		(227,295)	(125,717)	(601,173)
Comprehensive Income (Loss)		$ (227,295)	$ (125,717)	$ (601,173)
Deficit – beginning of period		(601,173)	(702,751)	-
Deficit – End of year		(828,468)	(828,468)	(601,173)
Basic and Diluted Loss per Common Share		$ (0.01)	$ (0.01)	$ (0.04)
Weighted Average Number of Shares Outstanding		28,638,333	28,638,333	14,000,918

NORTHERN IRON CORP. **Statement 3**

Unaudited

Canadian Funds

STATEMENT OF CASH FLOWS

	Note	Six months ended 31 March 2011	Three months ended 31 March 2011	Period Ended 30 September 2010
OPERATING ACTIVITIES				
Loss for the year		$ (227,295)	$ (125,717)	$ (601,173)
Items not affecting cash				
Amortization		6,591	3,295	4,318
Stock-based compensation	(6)	-	-	203,000
Shares issued for services		-	-	288,648
		(220,704)	(122,422)	(105,207)
Net change in non-cash working capital				
Accounts receivable		(1,296)	35,908	(23,939)
Prepaids		82,240	25,091	(55,587)
Accounts payable		35,896	78,514	62,190
		116,840	139,513	(17,336)
Investing Activities		(103,864)	17,091	(122,543)
Purchase of property, plant and equipment		-	-	(49,430)
Resource property expenditures	(4)	(313,957)	(89,359)	(186,642)
		(313,957)	(89,359)	(236,072)
Financing Activities				
Issuance of shares		51,500	-	976,700
Deferred financing costs		(70,000)	(70,000)	-
		(18,500)	(70,000)	976,700
Net Increase in Cash		(436,321)	(142,268)	(618,085)
Cash position – beginning of period		618,085	324,032	-
Cash position – end of period		$ 181,764	$ 181,764	$ (618,085)
Schedule of non-cash investing and financing transactions				
Shares issued for mineral property acquisition	(4)	$ 5,000	$ 5,000	$ 1,372,249
Stock-based compensation capitalized as resource property	(4)	$ 8,000	$ 8,000	$ -
Shares issued for services		$ 12,000	$ -	$ 288,648
Shares issued for prepaid and deposits		$ -	$ -	$ 35,874
Shares issued for share issuance costs		$ -	$ -	$ 13,229

NOTES TO THE FINANCIAL STATEMENTS

1. Going Concern

The Company was incorporated pursuant to the Company Act (Ontario) by registration of its Memorandum and Articles on 20 November 2009. On 9 July 2010 the Company registered in British Columbia for extra provincial registration as the Company's administrative office is located in British Columbia. The Company is classified as a 'Junior Natural Resource-Mining' company.

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

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

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

		31 March 2011		30 September 2010
Working capital	$	188,134	$	671,295
Accumulated deficit	$	(828,468)	$	(601,173)

2. Significant Accounting Policies

a) Basis of Presentation

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

b) Management's Estimates

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

c) Loss per Share

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

d) Resource Properties

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

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

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

e) Cash and Cash Equivalents

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

f) Equipment

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

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

g) Future Income Taxes

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

h) Financial Instruments – Recognition and Measurement

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value, except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value

will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. The Company had no other comprehensive income or loss transactions.

The Company classified its cash as held-for-trading which is measured at fair value. Receivables and deposits are classified as loans and receivables and accounts payable and accrued liabilities are classified as other liabilities, all of which are measured at amortized cost.

i) Flow-through Shares

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

j) Stock Based Compensation

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

k) Asset Retirement Obligations

The Company applies the recommendations of CICA Handbook Section 3110 – *Asset Retirement Obligations*. This section requires recognition of a legal liability for obligations relating to retirement of property, plant, and equipment, and arising from the acquisition, construction, development, or normal operation of those assets. The liability for asset retirement obligations must be recognized at fair value in the period in which it is incurred, when a reasonable estimate of fair value can be made. Such retirement costs are added to the carrying value of the asset, and amortized into income on a systematic basis over the useful life. Changes in estimates are accounted for prospectively commencing in the period the estimate is revised. The Company has determined that it has no asset retirement obligations as at 31 March 2011 and 30 September 2010.

l) Impairment of Long Lived Assets

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

m) Title to Resource Properties

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

o) Adoption of New Accounting Policies

International Financial Reporting Standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after 1 January 2011. The Company is required to adopt IFRS for its year end beginning October 1, 2011. The transition date of 1 October 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended 30 September 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. Financial Instruments

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

Currency and credit risk – All of the Company's Canadian cash is held in an interest bearing account at a major bank and such balances earn interest at market rates. Accounts payable are settled in a timely manner. It is management's opinion that the Company is not exposed to significant currency risk.

Fair Value – As at 31 March 2011 and September 30, 2010, the carrying values of receivables, deposits, accounts payable and accrued liabilities approximate their fair values due to their short term to maturity. Cash is measured at fair value using level 1 inputs.

Liquidity risk - Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has relied or may in future rely upon equity financings, short-term debt and the optioning of its mineral properties to other mining entities to satisfy its capital requirements and will continue to depend heavily upon these financing activities.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding stock options, warrants, the completion of other equity financings and or optioning its mineral properties to other mining entities. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the previously mentioned financing activities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

It is management's opinion that the Company is not exposed to significant credit, interest rate, liquidity or market risks in respect of these financial instruments. The Company's policies and processes of managing all risks associated with its financial instruments have not changed during the current year.

4. Resource Properties

Details of mineral property activities are as follows:

20 November 2009	$	-
Acquisition		1,398,249
Assaying		2,282
Vehicle		17,031
Geological and consulting		92,980
Contractor services		27,530
Field expenses		2,537
Staking		14,940
Survey		3,342
30 September 2010	$	1,558,891
Acquisition[(2)]		**28,060**
Assaying		**6,968**
Vehicle		**6,972**
Drilling		**138,293**
Geological and consulting[(1)]		**83,451**
Field expenses		**22,458**
Staking		**901**
Survey		**39,854**
Total expenditures during the period	**$**	**326,957**
Total cumulative as at 31 March 2011	**$**	**1,885,848**

[(1)]Included in geological and consulting is stock-based compensation in the amount of $8,000.

[(2)]Included in acquisition is stock-based compensation in the amount of $5,000.

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

i) 100% interest in 4 mineral claims covering 1,024 hectares, known as the El Sol Property;
ii) 100% interest in 11 mineral claims covering 1,776 hectares, known as the Griffith Mine Property;
iii) 100% interest in 15 mineral claims covering 3,200 hectares, known as the Karas Property;
iv) 100% interest in 22 mineral claims covering 5,168 hectares, known as Bluffy-Whitemud and Slate Lake 2 Property;
v) 100% interest in 1 mineral claims covering 224 hectares, known as Slate Lake 1 Property; and
vi) 100% interest in 9 mineral claims covering 2,096 hectares, known as Avis and Currie Property.

As at 31 March 2011 and 30 September 2010, the Company is running an exploration program in these properties to define iron ore economic resources.

Red Lake Mineral Claims

By a letter dated 12 April 2010 and revised 01 August 2010, the Company entered into a purchase agreement to acquire certain mineral claims located in the Province of Ontario whereby the Company must complete the following:

	Issued Shares from Treasury		Cash Payments	
03 March 2010	500,000	(i)	$ -	
01 August 2010	-		15,000	(ii)
31 January 2011	-		20,000	(ii)
31 May 2011	50,000	(i)	-	
31 January 2012	-		25,000	
31 January 2013	-		40,000	
31 May 2013	50,000		-	
31 May 2015	50,000		-	
Total	650,000		$ 100,000	

(i) Issued
(ii) Paid

5. Equipment

Details are as follows:

	Cost	Accumulated Amortization	Net Book Value
30 September 2010	-	-	-
Computer equipment	$ 3,753	$ 355	$ 3,398
Computer software	5,521	1,380	4,141
Field equipment	40,156	2,583	37,573
	49,430	4,318	45,112
31 March 2011			
Computer equipment	**$ 3,753**	**$ 1,119**	**$ 2,634**
Computer software	**5,521**	**3,451**	**2,070**
Field equipment	**40,156**	**6,339**	**33,817**
	$ 49,430	**$ 10,909**	**$ 38,521**

6. Deferred Financing Costs

As at 31 March 2011, the Company incurred $70,000 (2010 - $Nil) in deferred financing costs, in connection with efforts to raise capital in an equity financing, which will be applied against share capital as issuance costs upon successful completion of financing.

7. Share Capital

a) Authorized: Unlimited common shares without par value.

b) Issued or allotted and fully paid:

	Number of Shares Issued		Shares Amount
Balance – 20 November 2009	-	$	-
Issuance of founders' shares, for cash	2,000,000		200
Issuance of shares for professional services	1,000,000		100,000
Issuance of shares for property acquisition	13,500,000		1,350,000
Issuance of shares to directors, officers and consultants for services	2,600,000		260,000
Issuance of shares on private placement, for cash	7,665,000		766,500
Issuance of flow-through shares on private placement, for cash	1,400,000		210,000
Share issuance costs, in cash	-		(13,229)
Balance – 30 September 2010	**28,165,000**	**$**	**2,673,471**
Issuance of shares for professional services	**80,000**		**12,000**
Issuance of shares for property acquisition	**50,000**		**5,000**
Issuance of flow-through shares on private placement, for cash	**343,333**		**51,500**
Share issuance costs, in common shares	**-**		**(12,000)**
Balance – 31 March 2011	**28,638,333**	**$**	**2,729,971**

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

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

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

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

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

Between 1 April 2010 and 22 June 2010, the Company issued 2,600,000 shares at nil proceeds as compensation for services performed by directors, officers and consultants. The shares were deemed to have a value of $0.10 each, and stock based compensation expense of $260,000 has been recognized in the income statement as a result of these transactions.

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

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

On 8 October 2010 the Company completed the second tranche of a flow-through share private placement 43,333 shares at $0.15 per share for gross proceeds of $6,500.

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

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

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

c) Summary of stock option activity

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

Stock option activity during the 6 month period is summarized as follows:

	31 March 2011	Weighted Average Exercise Price	30 September 2010	Weighted Average Exercise Price
Balance - 30 September 2010	**2,600,000**	**$0.08**	-	-
Granted	**300,000**	**$0.30**	2,600,000	$0.08
Terminated	**(600,000)**	**$0.08**	-	-
Balance – 31 March 2011	**2,300,000**	**$0.13**	2,600,000	$0.08

Details of stock options outstanding as at 31 March 2011 are as follows:

Expiry Date	Exercise Price	2010
01 April 2015	$0.05	**550,000**
01 June 2015	0.10	**25,000**
11 June 2015	0.10	**1,400,000**
01 July 2015	0.10	**25,000**
28 March 2013	0.30	**300,000**
		2,300,000

The outstanding options have a weighted average remaining life of the 3.87 years. As at 31 March 2011 and 30 September 30 2011, all of these outstanding options had vested. Total exercisable is 2,300,000 with a weighted average exercise price of $0.13 as at 31 March 2011.

d) Stock-based compensation

Details of the Company's issued stock options to its directors, officers, and consultants and recognized stock-based compensation are as follows:

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

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

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

	2011
Risk-free interest rate	**1.70%**
Expected dividend yield	**0.00%**
Expected stock price volatility	**100.00%**
Expected option life in years	**2.00**

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

		31 March 2011		30 September 2010
Number of options vested		**300,000**		2,600,000
Total share-based payment (1)	$	**8,000**	$	203,000

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

e) Contributed Surplus

		March 31 2011		September 30 2010
Balance - Beginning of Period	**$**	**203,000**	$	-
Share-based payments		**8,000**		203,000
Balance - End of Period	**$**	**211,000**	$	203,000

8. Related Party Transactions

Transactions and balances with related parties not disclosed elsewhere in the financial statements are as follows for the six months ended 31 March 2011:

a) The Company paid or accrued consulting fees of $30,000 (30 September 2010 - $30,000) to the President, Chief Executive Officer and director of the Company, of which $14,286 is included in accounts payable and accrued liabilities.

b) The Company paid or accrued consulting fees of $20,000 (30 September 2010 - $30,000) to the former President, Chief Executive Officer and director of the Company through a company controlled by him, of which $745 is included in accounts payable and accrued liabilities.

c) The Company paid or accrued consulting fees of $28,600 (30 September 2010 - $53,400) to the Vice President Exploration of the company or a company controlled by him, of which $2,002 is included in accounts payable and accrued liabilities.

d) The Company paid or accrued professional fees of $27,250 (30 September 2010 - $Nil) to a company controlled by the Chief Financial Officer, of which $13,000 is included in accounts payable and accrued liabilities.

e) The Company paid or accrued professional fees of $63,567 (30 September 2010 - $100,000) to a company in which the director of the company is a partner for legal services, of which $50,000 (2010 - $35,874) remain as prepaids. Included in accounts payable and accrued liabilities is $39,273.

The above transactions, occurring in the normal course of operations are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

9. Segmented Disclosure

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

10. Income Taxes

		31 March 2011		30 September 2010
Loss for the period	**$**	**(227,000)**	$	(601,000)
Statutory tax rate		**28.5%**		28.50%
		(65,000)		(171,000)
Stock based compensation not deductible for tax purposes		**2,000**		58,000
Tax benefit from share issuance costs		**(7,000)**		(4,000)
Effect of reduction in tax rates		**-**		14,000
Increase in valuation allowance		**70,000**		103,000
Future tax recovery	**$**	**-**	$	-
Details of the future income tax assets are as follows:				
Non-capital losses carried forward	**$**	**164,000**	$	99,000
Tax value of share issuance costs in excess of book value		**4,000**		3,000
Tax value of equipment in excess of book value		**3,000**		1,000
		171,000		103,000
Valuation allowance		**(171,000)**		(103,000)
Future income tax assets	**$**	**-**	$	-

11. Commitments

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

12. Capital Management

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

capital by obtaining equity financing, selling assets and incurring debt. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

13. Subsequent Event

On 19 May 2011 the Company filed a Preliminary long form prospectus with Sedar. The prospectus announced a combination of Flow-Through and Non Flow-Through units at a minimum offering of $5,000,000 and a maximum offering of $10,000,000. Each Non Flow-Through Unit is comprised of one common share in the capital of Northern Iron and one common share purchase warrant. Each Flow-Through Unit is comprised of one common share that qualifies as a “flow-through share” and one-half of one common share purchase warrant.

AUDIT COMMITTEE CHARTER

NORTHERN IRON CORP.

I. Mandate and Purpose of the Committee

The Audit Committee (the "**Committee**") of the board of directors (the "**Board**") of Northern Iron Corp. (the "**Company**") is a standing committee of the Board whose primary function is to assist the Board in fulfilling its oversight responsibilities relating to:

(a) the integrity of the Company's financial statements;

(b) the qualifications, independence and performance of the Company's auditor;

(c) internal controls over financial reporting and disclosure controls and procedures;

(d) the Company's compliance with legal and regulatory requirements, as they relate to the Company's financial statements; and

(e) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

II. Authority

The Committee has the authority to:

(a) engage and compensate independent counsel and other advisors as it determines necessary or advisable to carry out its duties; and

(b) communicate directly with the Company's auditor.

The Committee has the authority to delegate to individual members or subcommittees of the Committee.

III. Composition and Expertise

The Committee shall be composed of a minimum of three members, each whom is a director of the Company. Each Committee member must be "independent" and "financially literate" as such terms are defined under the Canadian Securities Administrators' National Instrument 52- 110 – *Audit Committees*, subject to any available exemptions.

Committee members shall be appointed annually by the Board at the first meeting of the Board following each annual meeting of shareholders. Committee members hold office until the next annual meeting of shareholders or until they are removed by the Board or cease to be directors of the Company.

IV. Meetings

Any member of the Committee or the auditor may call a meeting of the Committee. The Committee shall meet at least four times per year and as many additional times as the Committee deems necessary to carry out its duties. The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and senior management.

Notice of the time and place of every meeting shall be given in writing to each member of the Committee, at least 48 hours (excluding holidays) prior to the time fixed for such meeting. The Company's auditor shall be given notice of every meeting of the Committee and, at the expense of the Company, shall be entitled to attend and be heard thereat. If requested by a member of the Committee, the Company's auditor shall attend every meeting of the Committee held during the term of office of the Company's auditor.

A majority of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communications facilities as to permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

The Committee may invite such directors, officers and employees of the Company and advisors as it sees fit from time to time to attend meetings of the Committee.

The Committee shall meet without management present whenever the Committee deems it appropriate.

The Committee shall appoint a Secretary who need not be a director or officer of the Company. Minutes of the meetings of the Committee shall be recorded and maintained by the Secretary and shall be subsequently presented to the Committee for review and approval.

IV. Committee and Charter Review

The Committee may conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board.

The Committee may also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, and may also consider requirements and guidelines established by Canadian securities regulators and stock exchanges, and shall recommend changes to the Board thereon.

VI. Reporting to the Board

The Committee shall report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

VII. Duties and Responsibilities

(a) Financial Reporting

The Committee is responsible for reviewing and recommending approval to the Board of the Company's financial statements, MD&A and annual and interim earning press releases before the Company publicly discloses this information.

The Committee is also responsible for:

(i) engaging the Company's auditor to perform a review of the annual and interim financial statements and receiving from the Company's auditor a formal report on the auditor's review of such annual and interim financial statements;

(ii) discussing with management and the Company's auditor the quality of applicable reporting standards, not just the acceptability thereof;

(iii) discussing with management any significant variances between comparative reporting periods;

(iv) establishing adequate procedures for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assessing the adequacy of these procedures; and

(v) in the course of discussion with management and the Company's auditor, identifying problems or areas of concern and ensuring such matters are satisfactorily resolved.

(b) **Auditor**

The Committee is responsible for recommending to the Board:

(i) the auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and

(ii) the compensation of the Company's auditor. The Company's auditor is required to report directly to the Committee. The Committee is directly responsible for overseeing the work of the Company's auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the Company's auditor regarding financial reporting.

(c) **Relationship with the Auditor**

The Committee is responsible for reviewing the proposed audit plan and proposed audit fees. The Committee is also responsible for:

(i) establishing effective communication processes with management and the Company's auditor so that it can objectively monitor the quality and effectiveness of the auditor's relationship with management and the Committee;

(ii) receiving and reviewing regular feedback from the auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditor's final report;

(iii) reviewing, at least annually, a report from the auditor on all relationships and engagements for non-audit services that may be reasonably thought to bear on the independence of the auditor; and

(iv) meeting in camera with the auditor whenever the Committee deems it appropriate.

(d) **Accounting Policies**

The Committee is responsible for:

(i) reviewing the Company's accounting policies to ensure completeness and acceptability with applicable reporting standards as part of the approval of the financial statements;

(ii) discussing and reviewing the impact of proposed changes in accounting standards and other legislation applicable to the Company;

(iii) reviewing with management and the auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting; and

(iv) discussing with management and the auditor the acceptability, degree of aggressiveness/conservatism and quality of underlying accounting policies and key estimates and judgments.

(e) **Risk and Uncertainty**

The Committee is responsible for reviewing, as part of its approval of the financial statements and their uncertainty notes and disclosures. The Committee, in consultation with management, will identify the principal business risks and decide on the Company's tolerance for risk. The Committee is responsible for reviewing related risk management policies and recommending such policies for approval by the Board. The Committee is then responsible for communicating and assigning to the applicable Board committee such policies for implementation and

ongoing monitoring. The Committee is responsible for requesting the auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are managed or controlled.

(f) **Controls and Control Deviations**

The Committee is responsible for reviewing:

(i) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and

(ii) major points contained in the auditor's management letter resulting from control evaluation and testing.

The Committee is also responsible for receiving reports from management when significant control deviations occur.

(g) **Compliance with Laws and Regulations**

The Committee is responsible for reviewing regular reports from management and others (e.g. auditors) concerning the Company's compliance with financial related laws and regulations, such as:

(i) tax and financial reporting laws and regulations;

(ii) legal withholdings requirements;

(iii) environmental protection laws; and

(iv) other matters for which directors face liability exposure.

VIII. Non-Audit Services

All non-audit services to be provided to the Company by the Company's auditor must be pre-approved by the Committee.

IX. Submission Systems and Treatment of Complaints

The Committee is responsible for establishing procedures for:

(a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

X. Hiring Policies

The Committee is responsible for reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditor of the Company.

NORTHERN IRON CORP. WHISTLEBLOWER POLICY

Overall Purpose/Objectives

Northern Iron Corp. (the "**Company**") is committed to maintaining the highest ethical standards in the conduct of its business. It is the policy of the Company to comply with and require its directors, officers, employees and retained consultants to comply with all applicable legal and regulatory requirements relating to the Company's business, including its corporate reporting and disclosure, accounting and auditing controls and procedures, securities compliance and other matters pertaining to fraud against shareholders. All personnel have the responsibility to assist the Company in meeting these requirements.

The audit committee (the "**Audit Committee**") of the board of directors (the "**Board**") of the Company is responsible for establishing procedures for:

(i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters; and

(ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

In connection therewith and with a view to encouraging ethical business conduct, the Board has adopted this policy to ensure that:

(i) complaints are received, investigated and retained on a confidential and anonymous basis that is in compliance with all applicable laws; and

(ii) persons reporting a complaint will not be penalized or retaliated against for making a good-faith report of a complaint.

Scope

Every employee shall report any evidence of activity ("**Reportable Activity**") by any officer, director, employee and retained consultant, including external auditors, of the Company that to his or her knowledge constitutes:

(i) accounting, auditing or other financial reporting fraud or misrepresentation;

(ii) violation of federal, provincial or state law that could result in fines or civil damages payable by the Company, or that could otherwise significantly harm the Company's reputation or public image;

(iii) unethical business conduct in violation of any Company policy; or,

(iv) danger to the health, safety or well being of employees and/or the general public.

The Company's internal controls and corporate reporting and disclosure procedures are intended to prevent, deter and remedy any violation of the applicable laws and regulations that relate to corporate reporting and disclosure, accounting and auditing controls and procedures, securities compliance and other matters pertaining to fraud against shareholders. Even the best systems of control and procedures, however, cannot provide absolute safeguards against such violations. The Company has a responsibility to investigate and, if required, report to appropriate governmental authorities, any violations relating to corporate reporting and disclosure, accounting and auditing controls and procedures, securities compliance and other matters pertaining to fraud against shareholders, and the actions taken by the Company to remedy such violations.

This policy governs the process through which employees and others, either directly or anonymously, can notify the Audit Committee of actual or potential Reportable Activities. In addition, this policy establishes a

mechanism for responding to, and keeping records of, complaints from employees and others regarding such actual or potential Reportable Activities.

Reporting Alleged Reportable Activities

If an employee reasonably believes that any employee or other person acting on behalf of the Company has committed a Reportable Activity, the employee should immediately report his or her concern to the Chair of the Audit Committee.

If an employee is not comfortable reporting a concern to the Chair of the Audit Committee, he or she should report the concern to any supervisor or member of management whom he or she is comfortable approaching. Any manager or other supervisory employee who receives a report of a Reportable Activity must immediately forward the report to the Chair of the Audit Committee, maintaining anonymity of the employee if the employee desires (see below). The Chair will communicate all reports of alleged Reportable Activities to the Audit Committee and if necessary the Board.

The Audit Committee is intended to be composed entirely of directors of the Company who are independent of management of the Company. The Audit Committee is responsible for administering this Whistleblower Policy. If the employee is uncomfortable approaching the Chair of the Audit Committee or any member of management, he or she may report alleged Reportable Activities directly to any other member of the Audit Committee.

Reports of alleged Reportable Activities may be submitted to the Audit Committee anonymously if the employee desires. Although anonymous reports may be submitted via any of the above methods, reports submitted by e-mail or telephone tend to be less likely to remain anonymous than those submitted in writing. All reports of alleged Reportable Activities, whether or not they were submitted anonymously, will be kept in strict confidence to the extent possible, consistent with the Company's need to conduct an adequate investigation.

Reports of alleged Reportable Activities should be factual, rather than speculative, and should contain as much specific detail as possible to allow for proper assessment. The complaint describing an alleged Reportable Activity should be candid and should clearly set forth all of the information that the employee knows regarding the Reportable Activity. In addition, the complaint should contain sufficient corroborating information to support the commencement of an investigation. The Company may, in its reasonable discretion, determine not to commence an investigation if a complaint contains only unspecified or broad allegations of wrongdoing without appropriate factual support.

Investigation of Complaints

Upon receipt of a complaint alleging a Reportable Activity the Audit Committee, or a designated member of the Audit Committee, will make a determination as to whether a reasonable basis exists for commencing an investigation into the Reportable Activity alleged in the complaint. If the Audit Committee or its designated member concludes that an investigation is warranted, it shall take appropriate measures to implement a thorough investigation of the allegations. The Audit Committee shall have the authority to obtain assistance from the Company's management, counsel or auditors, or to retain separate outside legal or accounting expertise as it deems necessary or desirable in order to conduct the investigation. All investigations of Reportable Activities shall be carried out in a manner to ensure confidentiality of the matter and will involve only those individuals who need to be involved in order to conduct the investigation. If requested by the complainant, the investigation will be carried out in a manner to protect the anonymity of the complainant.

At each quarterly meeting of the Audit Committee, the Audit Committee will discuss the status of any ongoing investigation and review the resolution of each complaint submitted during the previous quarter, whether or not the complaint resulted in the commencement of a formal investigation.

Depending on the nature of the Reportable Activity and its materiality, and in particular, with respect to accounting related complaints that could materially affect the financial statements of the Company or the integrity of the Company's system of internal controls, the person(s) designated to investigate the Reportable Activity will be

instructed to keep each member of the Disclosure Committee of the Company (except to the extent a member of the Disclosure Committee is allegedly implicated in the Reportable Activity) apprised of the status of the investigation for purposes of ensuring compliance with regulatory requirements, including, on the Company becoming a ″reporting issuer″ under applicable securities laws, the timely and continuous disclosure obligations of the Company and the certification obligations of the CEO and CFO of the Company.

Corrective Action

The Audit Committee is ultimately responsible for determining the validity of each complaint and fashioning, with the input of its advisors and management, if requested, the appropriate corrective action. The Audit Committee shall report any legal or regulatory non-compliance to management and ensure that management takes corrective action including, where appropriate, reporting any violation to relevant governmental authorities.

Any director, officer or employee deemed to have committed a Reportable Activity may be subject to disciplinary action, up to and including termination.

No Retaliation

Employees should feel confident to report violations as described above or to assist in investigations of such alleged violations. The Company will not tolerate retaliation or discrimination of any kind by or on behalf of the Company and its employees against any employee making a good faith complaint of, or assisting in the investigation of, a Reportable Activity. Anyone engaging in retaliatory conduct will be subject to disciplinary action by the Company, which may include termination.

More specifically, neither the Company, nor any person acting on behalf of the Company or in a position of authority in respect of the Company's employees will take any disciplinary measure against, demote, terminate or otherwise adversely affect the employment of an employee or threaten to do so with the intent to compel an employee to abstain from reporting a Reportable Activity to a law enforcement and/or regulatory authority or with the intent to retaliate against the employee because the employee has reported a Reportable Activity to a law enforcement and/or regulatory authority. Engaging in retaliatory conduct may be considered an offence under various Canadian laws.

Publicizing the Process for Reporting

The Company will make known to personnel the process for reporting on an anonymous and confidential basis on an ongoing basis. This may be accomplished by means of posting the relevant email addresses on the Company's website. This information will make it clear that no employee will be penalized for making a good-faith report of a Reportable Activity nor will the Company tolerate retaliation against an employee who makes a good-faith report of a Reportable Activity. The Company will also periodically (at least annually) communicate reminders to employees of the process for reporting Reportable Activities. This may be accomplished by electronic or other means, including, for example: email, written memos and newsletters.

Retention of Complaints and Documents

All investigations of Reportable Activities will be fully documented in writing by the person(s) designated to investigate the Reportable Activity. The Audit Committee shall retain all documents and records regarding any Reportable Activity for a period of seven (7) years. Such documentation will be available for inspection by members of the Audit Committee, the external auditors and any external legal counsel or other advisors hired in connection with the investigation of the Reportable Activity. Disclosure of such documentation to any other person, and in particular any third party, will require the prior approval of the Chair of the Audit Committee to ensure that privilege of such documentation is properly maintained.

It is illegal and against the Company's policy to destroy any corporate audit or other records that may be subject to or related to an investigation by the Company or any federal, provincial, state or regulatory body.

Compliance with this Policy

All employees must follow the procedures outlined in this policy and cooperate with any investigation initiated pursuant to this policy. Adherence to this policy is a condition of employment. The Company must have the opportunity to investigate and remedy any alleged Reportable Activity, and each employee must ensure that the Company has an opportunity to undertake such an investigation.

This policy should not be construed as preventing, limiting, or delaying the Company from taking disciplinary action against any individual, up to and including termination, in circumstances (such as, but not limited to, those involving problems of performance, conduct, attitude, or demeanour) where the Company deems disciplinary action appropriate.

Review of Policy

This policy will be reviewed by the Audit Committee annually and updated as required.

Inquiries

Any questions with respect to the general application of this policy should be made to the Corporate Secretary.

CERTIFICATE OF NORTHERN IRON

Dated: August 11, 2011

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of each of the provinces of Canada other than Quebec.

(Signed) BASIL BOTHA
Basil Botha
Director, President
and Chief Executive Officer

(Signed) GRANT SMITH
Grant Smith
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) RICHARD BROWN
Richard Brown
Director

(Signed) BRIAN THURSTON
Brian Thurston
Director

CERTIFICATE OF THE AGENTS

Dated: August 11, 2011

To the best of our knowledge, information and belief, this Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of all of the provinces of Canada, other than Quebec.

MGI SECURITIES INC.

By: (Signed) MARK ARTHUR

STONECAP SECURITIES INC.

By: (Signed) RICKARD VERNON