NORTHERN IRON

MANAGEMENT DISCUSSION AND ANALYSIS

OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS

FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2015

Stated in Canadian Funds

Dated: 27 May 2015

Northern Iron Corp.

Canadian Funds
Unaudited

Report to Shareholders and Management Discussion and Analysis

To Our Shareholders

This Management Discussion and Analysis ("MD&A") supplements, but does not form part of, the Condensed Interim Consolidated Financial Statements for the six month period ended 31 March 2015. Consequently, the following discussion and analysis of the financial condition and results of operations for Northern Iron Corp. ("Northern Iron" or the "Company"), should be read in conjunction with the Condensed Interim Consolidated Financial Statements for the six month period ended 31 March 2015, and related notes therein, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), consistently applied.

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

Forward-Looking Statements

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

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

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

Future Outlook

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

For the Company to continue to operate as a going concern it must continue to obtain additional financing to maintain operations; although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future. In an effort to preserve capital, the Company has ceased all field activity and deep cost cutting measures have been adopted. In addition to the reduction in field work, these cost cutting measures include significant reductions in consulting, travel, and shareholder relation expenditures. At the current burn rate the Company has sufficient cash reserves until mid-2016. There were additional cost cutting measures that came about in May 2014 that will provide the Company with additional cash into January 2017.

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

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

GENERAL

Northern Iron is a mineral exploration company focused on developing high quality iron ore opportunities in the Red Lake Mining Division of Ontario, Canada, which is a past-producing iron ore district. The Company is a 100% owner of five iron ore properties in the Red Lake district containing significant historical resources with grades ranging from 22% to 31% Fe_2O_3. Northern Iron is listed on the TSX Venture Exchange and commenced trading on 26 August 2011.

SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

On 3 February 2015, the Company announced the appointment of Alberto Hassan as Chairman of the Board of Directors.

On 16 October 2014, the Company announced that it has entered into an investment agreement with OMC Investments Limited ("OMC"), of Hong Kong. The transaction closed on 28 November 2014, and the Company issued 19,048,000 units of the Company ("Units") by way of private placement at a price of $0.05 per unit, for aggregate proceeds of $952,400. OMC now holds approximately 19.9% of the issued and outstanding shares of the Company. Each Unit consists of one common share in the capital of Northern Iron and one common share purchase warrant (a "Warrant"). Each Warrant is exercisable for a period of three years from the date of closing of the Private Placement at an exercise price of $0.05. The Company also issued 15 common shares of its subsidiary Canadian Iron Metallics Inc. (Canadian Iron) to OMC, reducing its ownership share from 100% to 85%. Canadian Iron holds the Company's interests in the Karas and Griffith's properties. The value attributed to the non-controlling interest in CIM on the closing date is nil.

In addition, the shareholders' agreement with OMC will allow OMC to progressively earn additional equity in CIM, up to a total of 70% of CIM's issued and outstanding shares, as follows:

- an additional 30% for $8.2 million in funding from OMC for dewatering, resource drilling and environmental permitting ("Resource Definition Funding");
- an additional 5% for $2 million in total funding for a preliminary economic assessment, funded 70% by OMC and 30% by Northern Iron; and
- an additional 20% for $20 million in total funding for a feasibility study, funded 70% by OMC and 30% by Northern Iron, and assuming the feasibility study establishes technical and economic viability.

Should either party not fully contribute its share of funding to both the preliminary economic assessment and feasibility study, it may face dilution.

In connection with this transaction, Northern Iron has also agreed to enter into an option agreement with OMC on its other mineral properties. Should OMC fund the full $8.2 million Resource Definition Funding, it has the right to acquire an 80% interest in either the El Sol, Whitemud and Papaonga properties. This may be increased to 90%, if within a five year period after earning 80%, OMC funds an additional $1.5 million in expenditures on the property chosen.

EVENTS SUBSEQUENT TO 31 MARCH 2015

On 10 April 2015, the Company granted 200,000 stock options to a director of the Company. The stock options vest immediately, and are exercisable at $0.05 per option for a period of five years.

RESULTS OF OPERATIONS

The comprehensive loss in the six month period ended 31 March 2015 was $378,162 compared to $375,640 in the comparative period. The comprehensive loss in three month period ended 31 March 2015 was $200,461 compared to $208,240 in the comparative period. The main fluctuations in costs are as follows:

Consulting fees (rounded to the nearest '000)	**6 months** **2015**	6 months 2015	**3 months** **2015**	3 months 2014
	$ 144,000	$ 172,000	**$ 73,000**	$ 62,000
Variance (decrease)	**$ (28,000)**		**$ (11,000)**	

Consulting fees were reduced as the Company discontinued the services of several consultants during the comparative fiscal period. Consulting fees during the six month period ended 31 March 2014 include a severance payment of $35,500 paid to a former consultant.

Travel (rounded to the nearest '000)	**6 months** **2015**	6 months 2015	**3 months** **2015**	3 months 2014
	$ 60,000	$ 34,000	**$ 29,000**	$ 17,000
Variance increase	**$ 26,000**		**$ 12,000**	

Travel expenses increased during the six months ended 31 March 2015 as management closed a private placement with OMC Investments Limted, of Hong Kong. The transaction closed on 28 November 2014; accordingly, travel costs are expected to decline and stabilize during the balance of fiscal 2015.

Office and general (rounded to the nearest '000)	**6 months** **2015**	6 months 2015	**3 months** **2015**	3 months 2014
	$ 16,000	$ 38,000	**$ 7,000**	$ 16,000
Variance (decrease)	**$ (22,000)**		**$ (9,000)**	

The decline in office and general expense results from a decrease in head office rental expense. The Company relocated its head office to a smaller premises in May 2014 to reduce general and administrative expenses.

Transfer agent and filing fees (rounded to the nearest '000)	**6 months** **2015**	6 months 2015	**3 months** **2015**	3 months 2014
	$ 15,000	$ 28,000	**$ 14,000**	$ 19,000
Variance (decrease)	**$ (13,000)**		**$ (5,000)**	

The decrease in transfer agent and filing fees is the result of the timing of payments for various regulatory dues and subscriptions. In addition, regulatory fees incurred with respect to the current period's private placement have been charged to equity. On an annual basis, management expects transfer agent and filing fees to be consistent with comparative periods.

EXPLORATION AND EVALUATION ASSETS

	Karas	Whitemud	Griffith	El Sol	Papagonga	Total
ACQUISITION						
Balance as at 01 October 2013	$ 187,150	$ 138,600	$ 375,749	$ 1,060,000	$ 105,000	$ 1,866,499
Additions	1,500	-	-	-	-	1,500
Balance as at 30 September 2014	$ 188,650	$ 138,600	$ 375,749	$ 1,060,000	$ 105,000	$ 1,867,999
Additions	-	-	-	-	-	-
Balance as at 31 March 2015	**$ 188,650**	**$ 138,600**	**$ 375,749**	**$ 1,060,000**	**$ 105,000**	**$ 1,867,999**
EXPLORATION EXPENDITURES						
Balance as at 01 October 2013	$ 4,456,176	$ 338,570	$ 2,757,585	$ -	$ 92,181	$ 7,644,512
Admin and camp	-	-	19,174	-	-	19,174
Assaying	5,564	-	-	-	-	5,564
Dewatering	-	-	4,533	-	-	4,533
Drilling	2,654	-	-	-	-	2,654
Geological and consulting	-	-	8,262	365	-	8,627
Staking	-	32,490	1,440	2,755	12,825	49,510
Transportation	-	-	7,937	-	-	7,937
Balance as at 30 September 2014	$ 4,464,394	$ 371,060	$ 2,798,931	$ 3,120	$ 105,006	$ 7,742,511
Admin and camp	**978**	**2,723**	**1,100**	**-**	**-**	**4,801**
Dewatering	**-**	**-**	**10,929**	**-**	**-**	**10,929**
Geological and consulting	**16,284**	**-**	**24,385**	**-**	**-**	**40,669**
Survey			**606**			**606**
Staking	**2,430**	**-**	**7,919**	**-**	**-**	**10,349**
Balance as at 31 March 2015	**$ 4,484,096**	**$ 373,783**	**$ 2,843,870**	**$ 3,120**	**$ 105,006**	**$ 7,809,865**
CARRYING AMOUNTS						
Balance at 30 September 2014	$ 4,653,044	$ 509,660	$ 3,174,680	$ 1,063,120	$ 210,006	$ 9,610,510
Balance at 31 March 2015	**$ 4,672,736**	**$ 512,383**	**$ 3,219,619**	**$ 1,063,120**	**$ 210,006**	**$ 9,677,864**

SUMMARY OF QUARTERLY RESULTS

Three months ended	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13	Jun-13
	$	$	$	$	$	$	$	$
Total revenue	-	-	-	-	-	-	10,730	-
Loss for the period	(200,461)	(177,701)	(259,782)	(188,313)	(208,240)	(167,400)	(114,653)	(170,928)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	11,258,587	11,460,900	10,800,384	11,047,892	11,217,743	11,420,812	11,939,619	11,868,180
Working capital surplus	1,114,840	1,329,365	555,037	859,158	1,021,812	1,191,148	1,377,531	1,463,581

The increased loss reported during the quarter ended 31 March 2015 results from an increase in operations as the Company returns its focus to exploration of the Karas and Griffith properties.

The losses reported from June 2013 to June 2015 are generally lower than the preceding periods as a result of the Company's focus on cost control.

The increased loss during the quarter ended 31 March 2014 results from the grant of 1,550,000 incentive stock options and the corresponding recognition of $29,000 in stock-based compensation expense. This is a non-cash item.

OUTSTANDING SHARES

As at 31 March 2015, the Company had 95,727,875 common shares issued and outstanding. The fully diluted amount of 119,350,875 includes options of 4,575,000 and warrants of 19,048,000. 200,000 options were granted subsequent to 31 March 2015 increasing the fully diluted amount to 119,550,875 as at the date of this report.

FINANCIAL POSITION AND LIQUIDITY

As at 31 March 2015, the Company's financial instruments consist of cash, amounts receivable, and accounts payable and accrued liabilities. The Company has no speculative financial instruments, derivatives, forward contracts or hedges.

As at 31 March 2015 the Company had a working capital of $1,114,840 compared to a working capital of $555,037 as at 30 September 2014. Working capital has increased as a result the closing of a private placement on 28 November 2014 yielding gross proceeds of $952,400.

Cash used in operating activities during the six month period ended 31 March 2015 totalled $319,029 (Comparative period: $610,575). This is consistent with expectations of management.

Cash used in investing activities during the six month period ended 31 march 2015 totalled $50,596 (Comparative period: $29,046).

Cash raised in financing activities during the six month period ended 31 March 2014 totalled $913,219 (Comparative period: $nil).

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Statement of Financial Position are carried at amortized cost with the exception of cash, which is carried at fair value. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 31 March 2015 and 30 September 2014.

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

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

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

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, amounts receivable, accounts payable and accrued liabilities, and taxes payable. As at 31 March 2015 and 30 September 2014, the carrying value of cash is fair value. Amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

c) Market risk

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

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada, accordingly the Company believes it not exposed to significant credit risk.

e) Interest rate risk

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

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. To manage this risk the Company maintains only the minimum amount of foreign cash required to fund its on-going exploration expenditures. As at 31 March 2015 and 30 September 2014, the Company holds no cash denominated in foreign currency and therefore is not exposed to significant foreign currency risk.

g) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at 31 March 2015, the Company had a cash balance of $1,142,743 to settle current liabilities of $55,595. The Company is not exposed to significant liquidity risk.

CAPITAL RESOURCES

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

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

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. Although Northern Iron successfully completed a financing during the six month period ended 31 March 2015, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable.

CAPITAL MANAGEMENT

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

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

Northern Iron is meeting its objective of managing capital through its detailed review and performance of the due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity and monthly review of financial results. There are no externally imposed capital restrictions and there has been no change in management's approach in capital management for the period ended 31 March 2015.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at 31 March 2015 and as at the date hereof.

RELATED PARTY TRANSACTIONS

Transactions and balances with related parties not disclosed elsewhere in the condensed interim consolidated financial statements are as follows for the six month periods ended 31 March 2015 and 31 March 2014.

RELATED PARTY DISCLOSURE

Name and Principal Position	Period[(i)]	Remuneration or fees[(ii)]	Share-based awards	Amounts Receivable (Payable)
Basil Botha – President CEO and Director, consulting fees	**2015**	$ 72,000	$ -	$ -
	2014	60,000	5,648	-
Clearline – a company of which the CFO is a director, professional fees	**2015**	19,800	-	(3,150)
	2014	18,225	2,806	(3,150)
1514380 Ontario Ltd. – a company owned or controlled by a former Director, consulting fees	**2015**	-	-	-
	2014	50,450	-	-
Condor Precious Metals Inc. – a company with directors in common, office sharing costs	**2015**	-	-	-
	2014	-	-	58,520
Director, director fees (1)	**2015**	250	-	-
	2014	-	5,613	-
Directors, director fees (2)	**2015**	500	-	-
	2014	-	2,806	-

(i) For the six month periods ended 31 March 2015 and 31 March 2014.
(ii) Amounts disclosed were paid or accrued to the related party.

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

DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Consistent with other companies in the mineral exploration industry, Northern Iron has no source of operating revenue. The Company's 31 March 2015 Condensed Interim Consolidated Financial Statements provide a breakdown of the general and administrative expenses for the period under review and an analysis of the capitalized and expensed exploration and development costs incurred on its mineral properties.

INVESTOR RELATIONS ACTIVITIES

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

MANAGEMENT

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

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer of Northern Iron are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Northern Iron's financial statements for external purposes in accordance with

IFRS. The design of Northern Iron's internal control over financial reporting was assessed as of the date of this MD&A.

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

RISK FACTORS

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

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

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

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

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REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

APPROVAL

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

A CAUTIONARY TALE

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

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

Respectfully submitted on behalf of the Board of Directors,

"Basil Botha"

Basil Botha

President & CEO