Northern Iron Corp. Signs Agreement To Acquire Lithium Projects In Nevada And Arizona

VANCOUVER, BRITISH COLUMBIA, CANADA – July 28th, 2016.

Northern Iron Corp. ("Northern Iron" or the **"Company") (TSX-V: NFE) (FRANKFURT: N8I)** today announced the signing of an agreement to acquire three highly prospective lithium projects; two in Arizona and one in Nevada.

Details of the agreement and properties follow below.

Basil Botha, president, said: "Lithium demand is pressuring lithium prices and the forecasted demand is set to continue to expand the market and the Company intends to play a meaningful role in meeting the needs of the lithium market. Our three highly prospective properties are in Tesla's backyard with excellent infrastructure and unlike many of the lithium projects scattered throughout the world, the projects in Nevada and Arizona can be worked year round".

NEVADA

Northern Iron Corp. has entered into an agreement to acquire 140 mineral claims comprising 2,800 acres in Clark County, Nevada. The contiguous 'Jackpot Lake' claim group is located 39 miles NE of Las Vegas.

Highlights/Geology - Jackpot Lake

The USGS conducted a survey in 1976 taking 129 core samples, all of which encountered lithium with values up to 550 ppm and an average of 175 ppm.

Basil Botha noted "The geological and structural setting as well as the weathering history and brine at Jackpot Lake is highly analogous to the Clayton Valley, where Albemarle has its Silver Peak lithium-brine operation.

Albermarle has been in continuous production of lithium carbonate and lithium hydroxide products from Clayton Valley brines since 1967.

The property is ideally situated to take advantage of amongst other things the solar energy zone in Nevada, and right off of the highway with associated logistical and infrastructural advantages."

ARIZONA

The company has also entered into an agreement to acquire two land packages in Arizona, consisting of 1,434 acres in the Wilcox Playa Basin; a large dry lakebed in southeastern Arizona, and 289 acres in the the Little Rock Target in Yavapai County, Arizona.

Highlights/Geology - Willcox Playa

The Willcox Playa lithium brine target, as per the USGS 1976 report, consists of one of the most prospective locations for undiscovered lithium brines and most nearly like the currently exploited brine field in Clayton Valley, Nevada. Airborne electromagnetic prospecting by the USGS identified a 22-square-mile anomaly characterized by high electrical conductivity. The USGS interpreted this anomaly to be caused by a subsurface brine field hosted in sediments beneath the dry playa surface. Arizona Department of Water Resources records show that wells in the vicinity of this anomaly generally report water tables within 60 feet of the playa surface.

The combination of a gravity survey showing a closed gravity low coincident with the zone of high electrical conductivity reinforces the concept that an accumulation of brine is present beneath Willcox Playa and that no hydrological outlet allows the accumulated brine to escape. High evaporation rates relative to precipitation in this desert environment allows any brine to become increasingly concentrated over time.

A likely source area for lithium is located to the south, up the hydrological gradient from Willcox Playa in the felsic volcanic rocks at Three Sisters Buttes. Hot spring activity at Sulphur Springs, three miles up the hydrological gradient from the Arizona land permits, provides an ongoing mechanism for alteration and leaching of lithium-bearing felsic volcanic rocks. Subsurface drainage of this hydrothermal discharge will report directly to Willcox Playa in the vicinity of the Arizona land permits.

Highlights/Geology - Little Rock

The Little Rock target was first identified serendipitously during a helicopter-borne VTEM electromagnetic survey conducted by in 2007 while searching for massive copper sulfide deposits. A large, highly electrically conductive body at the south end of the survey area was

checked on the ground and found to be a strongly clay-altered rhyolite tuff mostly concealed by a basalt flow.

Geological mapping to the west shows a similar bimodal rhyolite-basalt volcanic association that has been dated between 12 Ma and 8.8 Ma (Late Miocene, Moyer, 1990).

Recognizing that the clay body had potential to be a lithium clay deposit, a reconnaissance sampling campaign was done to understand the extent of the target and the presence, if any, of lithium. Clear evidence was found of a closed, lacustrine paleoenvironment, including thinly bedded rhyolitic claystone and ripple-marked rhyolitic sandstone.

Prior to emplacement of the capping basalt flow, hydrothermal fluid controlled by the basin bounding fault altered the rhyolitic glass to lithium-enriched clay, and then probably discharged into a shallow lakebed. In order to capture the projected basin-bounding fault and the potential volume of hot spring discharge into a closed basin beneath the capping basalt flow, 14 unpatented lode mining claims were staked.

The conceptual dimensions of the target are about 2500 meters along the strike of the basin-bounding fault, about 300 meters perpendicular to the fault, by about 20 meters thick.

Hectorite clay (LR-6) from an active bentonite mine located in the same late Miocene lacustrine and volcanic strata 40 kilometers to the east carries over 2700 ppm lithium.

Timothy Marsh PHD, P. Eng QP prepared the disclosures reports related to these projects.

NI-43-101 reports have not been prepared on these properties.

Nevada Terms

Pay $70,000 to the Vendor on the signing of this Agreement;

Issue $330,000 worth of Shares within five days of regulatory approval of this Agreement at a deemed value of $.015 per Share, to the Vendor or its assigns;

Pay a further $50,000 to the Vendor on or before 180 days of the signing of the Agreement;

Pay a further $100,000 to the Vendor on or before the one year anniversary of the signing of the Agreement;

File all forms and pay all fees to keep the Claims in good standing, including County Fees and BLM Maintenance Fees, as prescribed by US federal law (30 USC 28f; 43 CRF 3833.1-5) on or before September 1, 2016, the latter estimated at US$21,700;

Pay a further $100,000 to the Vendor within 18 months of the signing of the Agreement, in cash or Shares at the election of the Purchaser;

Paying a further $125,000 to the Vendor within 24 months of the signing of the Agreement, in cash or Shares at the election of the Purchaser;

Paying a further $205,000 to the Vendor within 36 months of the signing of the Agreement, in cash or Shares at the election of the Purchaser; and

Completing no less than $1,000,000 worth of Expenditures on the Claims within three years of the signing of the Agreement

Arizona Terms

Paying $20,000 on the signing of this agreement;

Issuing $270,000 worth of common shares within 5 days of regulatory approval of this agreement at a deemed value of $.015 per common share, to the Vendor or Assigns as set out in Schedule B;

Filing all forms and paying all fees to keep the claims in good standing, including County Fees and BLM Maintenance Fees, as prescribed by US federal law (30 USC 28f; 43 CRF 3833.1-5) on claims on or before September 1, 2016

Paying $50,000 on or before June 29, 2016

Paying $100,000 on or before June 8, 2017; and

Paying $300,000 in cash or shares, at the election of the Purchaser on or before June 8, 2018

The Owner shall retain a 2.5% Gross Overriding Royalty or GORR on each Property, of which 1% can be bought back for $1,000,000.

About Northern Iron Corp.

Northern Iron is the owner of five iron (magnetite) properties in the Red Lake District in the Province of Ontario. The Red Lake District is an established mining area in Ontario where Northern Iron has two near term development projects, the past producing Griffith mine and the Karas property.

Northern Iron is currently working towards the production of Hot Briquetted Iron (HBI), a transportable form of direct reduced iron. HBI is complementary and a viable metallic supplement to scrap steel. Quality scrap is a critical raw material in the steel making process. With the diminishing supply of quality scrap steel and ever increasing market demand, steel producers around the world will be looking to secure alternative supplies of metallic products.

As part of the business plan, Northern Iron has acquired the past producing Griffith mine, which produced pellets and sponge iron (Direct Reduced Iron/DRI) from 1968 to 1986. The mine was owned and operated by STELCO and supplied pellets and sponge iron to the Hamilton and Nanticoke steel mills in Ontario.

Transportation infrastructure is currently in place to ship produced HBI into the North American market via rail and lake barges and into Asian markets via rail through the port of Prince Rupert. Existing infrastructure includes all weather roads, 115kV power line, natural gas line, rail bed and port facilities.

To date, Northern Iron has focused on de-risking the project by seeking out potential joint venture partners, off-take agreements or a combination thereof.

For further information, please contact:

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