Northland to Finance its Kaunisvaara Project

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Luxembourg, February 2, 2012: Northland Resources S.A. (TSX: NAU, OSE: NAUR, Frankfurt: NPK - "Northland" or "the Company") will today launch an equity offering of the equivalent of minimum USD 225 million and maximum USD 250 million (the "Equity Offering") as well as a senior secured bond offering for a minimum USD 450 million (the "Bond Offering") (together the "Offerings"), in total up to USD 700 million.

The Company has entered into guarantee agreements with certain existing shareholders and institutional investors who have guaranteed subscription of shares in the Equity Offering for an aggregate amount of the equivalent of USD 250 million at the minimum subscription price per share of NOK 7.0/CAD 1.20. However the final pricing per share in the equity placement will be determined through an accelerated book-building process based on a broader marketing of the equity offering. The Company has attracted a demand in excess of USD 250 million from a broad range of high quality investors prior to launch and the guarantee was significantly oversubscribed.

The Company intends to use the net proceeds from the Offerings towards funding the development of the Kaunisvaara project, including the logistics solution for the transportation of iron ore concentrates from the mine in Kaunisvaara to the Port of Narvik, until it generates positive free cash flow, as well as for the completion of the Hannukainen Definitive Feasibility Study ("DFS") and exploration expenditures in Sweden and Finland.

* Following the completion of the Offerings, the logistical solution from mine to port will be financed, controlled and managed by Northland's wholly-owned subsidiaries, allowing the Company to benefit from expected lower operating costs, as well as controlling a vital part of the value chain,
* The Company has made a decision to further optimize the production sequence of the Tapuli and Sahavaara mines, starting the production from Tapuli in the end of 2012, ramping up to 4 million dmtp as of 2015. Sahavaara is expected to come on stream in 2016, which will allow production of 12 mt ore to be maintained of the rest of the Life of Mine ("LOM"). This will ensure a targeted annual production of 4.4 million dmtpa high quality concentrate as of 2017,
* Following the completion of the Offerings, Northland will no longer pursue the previously announced senior loan financing,
* Following the Company's decision to include the logistical solution, operating expenses ("Opex") are expected to decrease by USD 3.2 per tonne, to USD 55.6 per tonne,
* Following a review of all significant future agreements, the Company has revised the total capital expenses ("Capex") expected to be USD 807 million, compared to USD 765 million in the ("DFS") update completed in May 2011,
* Northland has, as previously announced, entered into long term off-take agreements for 100% of the production with well established partners, namely Tata Steel UK Ltd., Standard Bank Plc and Stemcor UK Ltd.,
* The Kaunisvaara project is expected to be completed on time,
* Standard Bank of South Africa Limited ("Standard Bank") will provide Northland with a cost overrun facility of USD 40 million, and
* The Managers of the Offering are Pareto Securities AS as Global Coordinator

and Sole Bookrunner, and Haywood Securities Inc. as Canadian Lead Agent and Ocean Equities Ltd. as Co-lead Manager.

"This financial solution will give Northland the required capital to complete our iron ore project in Sweden," said Karl-Axel Waplan, President and CEO of Northland Resources S.A. "The advantage of this solution is that we will better integrate the Kaunisvaara project and logistics using the management team that has been very successful developing the project on time."

Conference Call
Tomorrow, Friday, January 3, 2012, Northland will host a webcast presentation and conference call scheduled to begin at 3.30 pm Central European Time / 9.30 am Eastern Standard Time and will be chaired by Anders Hvide, Executive Chairman and Karl-Axel Waplan, Chief Executive Officer.
Details about the webcast and conference call will be provided in separate press release prior to the call.

Equity Offering of up to USD 250 million
The Equity Offering is for new shares in the Company with no nominal value and an accounting par value of CAD 0.10 (the "Shares"), with total gross proceeds of the equivalent of minimum USD 225 million and maximum USD 250 million, and with a subscription price per Share (the "Purchase Price") to be determined by the Company's board of directors (the "Board") on the basis of a book-building process with a minimum subscription price per Share of NOK 7.0/CAD 1.20.

Expected use of proceeds from the Equity Offering is funding of capital and operating expenditures at the Kaunisvaara Project, Hannukainen DFS, repayment of the bridge financing provided by Standard Bank Plc. to the Company, exploration expenditures in Sweden and Finland, working capital and general corporate purposes.

The Company has entered into agreements with certain large existing shareholders of the Company and institutional investors (the "Guarantors") who have guaranteed the subscription of Shares in the Offering for an aggregate amount of NOK 1,452 million (equal to CAD 250 million and USD 250 million by using the Norwegian Central Bank's currency exchange rate, fixed as of 1 February 2012) at a subscription price per share of NOK 7.0/CAD 1.20. The Company has attracted demand in excess of USD 250 million from a broad range of high quality investors prior to launch, and the guarantee was significantly oversubscribed.

The Equity Offering is comprised of two tranches. One tranche (the "International Tranche") will be marketed to certain professional and institutional investors who may lawfully participate in the Offering in Europe, Asia and in the United States to "qualified institutional buyers" (each a "QIB") as defined in, and in reliance on, Rule 144A under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), with minimum subscription and allocation amount equivalent to EUR 50,000 and with delivery of Shares (in the form of depository receipts) in the Norwegian Central Securities Depository ("VPS") to be listed on Oslo Børs. The other tranche (the "Canadian Tranche") will be marketed to accredited investors in Canada (as defined in National Instrument 45-106 - Prospectus and Registration Exemptions) and in the United States to QIBs as defined in, and reliance on, Rule 144A under the U.S. Securities Act.

The minimum order has been set to the number of shares that equals an aggregate purchase price of NOK 50,000/USD 100,000. No particular portion of the new Shares is reserved for either the International Tranche or the Canadian Tranche.

The Shares in the Offering may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the Toronto Stock Exchange (the "TSX") or otherwise in Canada or to or for the benefit of a Canadian resident for a period of four months and one day from the date of issue of the Shares (the "Restricted Period"). Until the Restricted Period has lapsed, the Shares issued in the International Tranche will be registered on a separate ISIN. As soon as reasonably possible after the Restricted Period has lapsed, the Company will seek to have such Shares registered under the same ISIN as the existing shares of the Company. The shares in the Offering to be recorded in the VPS may not be traded on the Oslo Stock Exchange until an EEA prospectus has been approved, and announced in accordance with the Norwegian Securities Trading Act.

The book-building and application period for the Equity Offering commences February 3, 2012 at 09.00 CET, and closes on or about February 9, 2012 at 06:00 a.m. CET. The Company may, however, at any time resolve to close or extend the book building period in its sole discretion. Allocation of the new Shares is expected to take place before opening of Oslo Børs on February 10, 2012 (subject to extension).

For the Equity Offering, Pareto Securities AS is acting as Global Coordinator and Sole Bookrunner, Haywood Securities Inc. is acting as Canadian Lead Agent and Ocean Equities Ltd. acts as Co-Lead Manager.

Completion of the Equity Offering is subject to, inter alia, the corporate resolutions of the Company required to implement the Equity Offering, and received applications for the Bond, at the time of the close of the book building period for the Bond, with an amount of the equivalent of USD 450 million (in one or several tranches). The listing of the Shares on the TSX will be subject to TSX approval.

Senior Secured Bond Offering for USD 450 million
Northland Resources S.A. and its wholly owned subsidiary Northland Resources AB will launch the Bond Offering for an equivalent of USD 450 million (in one or several tranches).

The net proceeds from the Bond Offering will be used for financing various costs, capital expenditure and working capital in connection with the development of the Kaunisvaara Project (including the logistics solution for the transportation of magnetite concentrate from the mine in Kaunisvaara to the Port of Narvik and ancillary facilities), and funding the debt service reserve accounts.

The Company's Management anticipates to conduct a global road show in the coming days. The final terms of the Bond Offering will be determined on the basis of market conditions during the roadshow and at the time of pricing.

The book-building and application period for the Bond Offering commences February 3, 2012 at 09:00 CET, and is expected to close on February 14, 2012 at 17:30 CET. The Company may, however, at any time resolve to close or extend the book building period in its discretion.

Settlement and later drawdown of the Bond is subject to approval of the Bond Trustee, including but not limited to, necessary corporate resolutions to complete the Bond Offering, and that Northland has received no less than USD 225 million in gross proceeds from the Equity Offering.

For the Bond Offering, Pareto Securities AS is acting as Global Coordinator and Sole Bookrunner, Haywood Securities Inc. is acting as Canadian Lead Agent, Ocean Equities Ltd. and Arctic Securities ASA as Co-lead Managers.

Changes to mine scheduling and logistics
During the latter half of 2011 a number of changes and reviews to the project resulted in the development of a revised base case for the Kaunisvaara Project. In the earlier base case the plan was to develop the logistics as a separate financed entity. However, to assure full control of the logistics solution, it was decided that logistics should be brought inside the project and as a result the overall Capex of the project increased. A number of reviews were also conducted to the mine sequence to try to optimize the project ramp up further and to also mitigate certain risks related to the permitting of Sahavaara.

The environmental permit for the Tapuli mine is already in place having been granted by the Border River Commission in 2010. However, the Sahavaara environmental permit is not currently in place. The permit, for which the application was submitted in May 2011, is expected to be granted during the second half of 2012. The Company, however, sought to mitigate the risk of any delays. Following detailed investigation, the Company determined that the Tapuli mine alone was capable of supplying the required 12 million tonnes of ore for a period of two years. This is also the maximum period of time that the Company felt would be required to finalize the issuance of the Sahavaara permit. As a further result of this optimization the Company was also able to delay a certain amounts of Capex related to the Sahavaara mine, thereby reducing external financing requirements.

The Tapuli mine is expected to commence production from the end of 2012, with expected production of 1.3 million dmtpa in 2013, 2.4 million dmtpa in 2014 and 3.9 million dmtpa in 2015. In 2016, Tapuli production is expected to be 3.1 million dmtpa, while Sahavaara is expected to produce 0.7 million dmtpa. From 2017 onwards, the combined production is expected to be approximately 4.4 million dmtpa from the two mines. By applying this sequence to the project the Company will achieve almost full planned concentrate production through 2015 while benefiting from delayed Capex spending and mitigated exposure to any delay in the Sahavaara permit.

Updated operating expenses
Following the decision to include the logistical solution, the Opex has been revised. The total Opex for the 17 years LOM operation is now estimated to be USD 55.60 (including 5% contingency per tonne of concentrate (dry) delivered Free on Board ("FOB") to the Port of Narvik. This compares to USD 58.80 per tonne in the May 2011 DFS ("DFS"). Below is an updated table of the Opex.

Cost category	2011 DFS USD/tonne	New plan USD/tonne
Mining	17.6	18.4
Process	12.6	12.5
General & Administration	1.5	1.4
Transportation	26.4	22.4
Royalties	0.4	0.4
Other	0.4	0.6
Total	58.8	55.6

Updated capital expenses
Following the decision to include the logistical solution the expected Capex has increased and a total review of significant future agreements that the Company will enter, the Capex was revised. This is to some extent balanced off with a postponed investment in the start up of Sahavaara. The revised Capex is expected to increase from USD 765 million to USD 807 million. The total LOM Capex has increased from USD 892 million to USD 1,058 million. A comparison to the current and previous Capex estimate is shown in the table below.

Capex changes 2010-2014

Cost category		

USDm	DFS 2011	New Plan
Mines - dikes, mobile mining equipment	148	100
Mines - crushing stations and conveyors	58	34
Plant Stream Sahavaara	125	112
Plant Stream Tapuli	163	160
Tailings and water ponds/line	43	40
Power supply	16	15
Filtration plant / common equipment and infrastructure	127	121
Owners cost	70	47
Closure cost	0	0
Logistics	15	179
Total	765	807
Additional contingency	0	67
Total including contingency	765	874
Life of Mine Capex	892	1,085

The additional contingency of USD 67 million is based on a thorough review of all significant contracts with the objective to cover the risk for increases of the total cost to achieve project completion.

Net Present Value ("NPV")
As a consequence of the increase in Capex (i.e. the inclusion of the logistics), the Internal Rate of Return ("IRR") has decreased in comparison with the DFS update, and is shown in the table below.

DFS update New Plan,
May 2011 January 2012

NPV @ 8% pre tax and funding USD 1,461m USD 1,366m

IRR pre tax and funding 32.0% 28.8%

NPV @ 8% post tax and funding USD 934m USD 800m

IRR post tax and funding 24.0% 20.1%

Pre-tax and interest, NPV of USD 1,366 million using a discount rate of 8% and an IRR of 28.8% (compared to the DFS update May 2011: NPV estimate of USD 1,461 million and an IRR of 32.0%).
After interest and tax, NPV of USD 800 million using a discount rate of 8% and an IRR of 20.1% (compared to the DFS update May 2011: NPV estimate of USD 934 million using a discount rate of 8% and an IRR of 24.0%).

Status on the Kaunisvaara Project
Progress at the Kaunisvaara Project was steady through the first winter months of 2011. Civil works were completed in October. More than 600,000 m(3) of the Tapuli overburden has been removed so far, and ongoing development work is being carried out at an average rate of 100,000 m(3) of material per week. The primary crusher for the Tapuli ore is under construction. The concrete work has been completed and the focus has now shifted to building of the ore sheds in front of the mill. The steel structure was raised in the first weeks of 2012, all according to the original timetable. Two-thirds of the roof and wall panels at the largest building on the site, the process plant, are mounted and the concrete has been poured for the autogenous grinding mills for the Tapuli and Sahavaara lines and for the foundations for the Vertimills (secondary mills). Detailed design of the process plant is ongoing and all long lead items, including the crusher and mills from Metso, are on track for delivery to the site at the end of second quarter of 2012.

Also on plan, the process water pond has been completed and the important water process systems are in their final stage. In addition, all major foundation works for the truck workshop have been completed and erection is ongoing.

The mine mobile equipment all of which will be supplied by Caterpillar/PON remains on schedule for delivery in mid-2012.

During the fourth quarter of 2011, the 40 kV power line was commissioned by Vattenfall Eldistribution AB ("Vattenfall"). In addition, Vattenfall received the permit to commence the construction of the 130 kV power line to the site. Excavation and construction for the concrete foundations for the line started immediately, and most of these were completed by the end of the fourth quarter of 2011. The construction of the power line remains on schedule.

Logistics
The concentrate is intended to be transported by truck from Kaunisvaara to the terminal in Pitkäjärvi for reloading to rail cars for transportation to the ice-free port of Narvik in Norway on the railway track "Malmbanan". To manage the logistical solution, Northland is negotiating with three partners, Peab AB ("Peab"), Savage Companies ("Savage") and Grieg Logistics ("Grieg").
* Savage will assume the overall responsibility for the coordination, management and cooperation between the three parties and coordinate the whole logistic operation. In addition, Savage will ensure an appropriate railway transport solution through the procurement of subcontractors and rail operator,
* Peab will be responsible for the operation of road transport by truck as well as the construction of the infrastructure necessary at the Pitkäjärvi terminal and Port of Narvik, and;
* Grieg will be responsible for the operation of the terminal facility in the port of Narvik.

Port of Narvik
In December 2011, the Narvik Municipality Planning Committee granted the Company a construction permit for the iron ore terminal at Fagernes in Narvik, Norway. The terminal is expected to efficiently load vessels of up to 180,000 tonnes. Construction at the terminal started in December 2011 and is expected to be ready for operation at end of first quarter of 2013.

Cost Overrun Facility from Standard Bank
Standard Bank has committed to provide a senior secured cost overrun facility to Northland to finance potential cost overruns up to a maximum of USD 40 million. The facility will be senior secured but subordinated to the Bond Offering and will mature after the Bond matures.

DFS on Hannukainen and Pellivuoma
Concurrently with these activities, the Company is preparing a DFS on its Hannukainen project and Pellivuoma deposit. The DFS for Hannukainen is expected to be published towards the end of first quarter of 2012, and the DFS for the Pellivuoma deposit is expected to be published during the second quarter of

2012.

Experienced management on site
The Kaunisvaara office is now fully operational and staff moved in at the beginning of December 2011. Northland has a strong and experienced management team in place which will enable the Company to reach production by the end of 2012 with the project expected to be on time. An ongoing recruitment program is hiring the production staff required to run the mine and plant going forward.

For further information about the status of the Kaunisvaara Project, please refer to the Company Update dated February 2012, which has been posted on the Company's website: www.northland.eu.

[ON BEHALF OF THE BOARD]

"Karl-Axel Waplan"
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Or visit our website: www.northland.eu

Northland is a development-stage mining company with a portfolio of iron ore projects in northern Sweden and Finland. The Company's Kaunisvaara Project will exploit two magnetite iron ore deposits in Sweden. The process is expected to yield a high-grade, high-quality magnetite iron concentrate. The construction of the Kaunisvaara project is underway and production is planned to start in the fourth quarter of 2012. Northland has entered into industrial off-take contracts for the entire production from Kaunisvaara. The Company is also preparing a Definitive Feasibility Study for its Hannukainen Iron Oxide Copper Gold Project in Kolari, northern Finland. The results of the study are expected to be released in the first quarter of 2012.

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