

Northland Launches USD 250 Million Equity Offering and Will Launch USD 125 Million Bond Tap Issue to Address its Funding Shortfall

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LUXEMBOURG, LUXEMBOURG -- (Marketwire - Jan. 25, 2013) - (TSX:NAU) (OSLO:NAUR) (FRANKFURT:NPK) (OMX:NAURo) - [Northland Resources S.A.](#) ("Northland" or the "Company") will today launch an equity offering of the equivalent of USD 250 million (the "Equity Offering"). In addition a tap issue of USD 125 million on the existing USD 350 million senior secured bond (the "Tap Issue") (together the "Offerings") will be launched to raise total proceeds of USD 375 million.

As disclosed in the previous release dated January 24, 2013 at 2:30 pm CET, Northland has identified a total additional funding need of USD 425 million, of which USD 375 million is to be raised in the Offerings. The proceeds from the Offerings will be used to fund capital and operating expenditure related to the Kaunisvaara Project and associated logistic chain, and general corporate purposes (including the Hannukainen project and transaction costs).

Following completion of the Offerings, the Company expects to be financed until completion of the Kaunisvaara process facility, the logistics chain from Kaunisvaara to Narvik, and to reach full production of approx. 4 dmtpa of concentrate based on ore from the Tapuli pit in the third quarter 2014.

Northland's President and CEO, Karl-Axel Waplan stated: "In light of the increased funding need, these proposed measures represent a flexible source of financing to resolve Northland's short-term liquidity requirements, and are expected to provide the required financing to bring the Kaunisvaara Project to full production in the third quarter of 2014."

Conference Call

Today, Friday, January 25, 2013, Northland will host a webcast presentation and conference call scheduled to begin at 3.30 pm and end at 4:30 pm Central European Time / 9.30-10:30 am Eastern Standard Time that will be chaired by Anders Hvide, Executive Chairman and Karl-Axel Waplan, President and Chief Executive Officer.

Please call about five minutes before the advertised starting time to access the conference call.

International: +44 (0)1452 555131

Local UK: 08 084 4571 8957

Sweden: +46 (0)8 506 30779

Presentation slides and the webcast and conference call will be provided in the Investor section on www.northland.eu.

Equity Offering

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 USD 250 million, and with a

subscription price per Share to be determined by the Company's board of directors on the basis of a book-building process.

Expected use of proceeds from the Equity Offering is funding capital and operating expenditures at the Kaunisvaara Project and associated logistics chain, and general corporate purposes (including the Hannukainen project and transaction costs).

The Equity Offering will be marketed to professional and institutional investors who may lawfully participate in the Offering in Europe and 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"), and to persons that are both "accredited investors" and "permitted clients" in Canada, with minimum subscription and allocation amount equivalent to EUR 100,000 and with delivery of Shares (in the form of depository receipts) in the Norwegian Central Securities Depository ("VPS") to be listed on Oslo Børs and the Toronto Stock Exchange ("TSX").

The Shares in the Equity Offering may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of 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 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 Equity Offering to be recorded in the VPS may not be traded on the Oslo Børs 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 January 25, 2013 at 15:30 pm CET, and closes on January 29, 2013 at 4:30 pm CET. The Company may at any time resolve to close or extend the book building period in its sole discretion, however the books will in no event close earlier than January 28, 2013 at 8:00 pm CET. Allocation of the Shares is expected to take place before opening of Oslo Børs on January 30, 2012 (subject to extension).

Completion of the Equity Offering is subject to, inter alia, (i) conditional approval of the listing of the Shares by the TSX, (ii) bondholders approving the Tap Issue in a bondholder meeting (scheduled to be held on or about 12 February 2013) (the "Bondholders Meeting"), (iii) received subscriptions in the Tap Issue with total gross proceeds of the equivalent of USD 125 million, (iv) confirmation by resolution at the Bondholders' Meeting, that no event of default will be existing or declared based on any event or circumstance which has occurred prior to the Bondholders' Meeting, and (v) a waiver, if any event of default having occurred and being continuing under the Caterpillar Lease.

Arctic Securities ASA and Pareto Securities AS are acting as Joint Lead Managers and Bookrunners of the Equity Offering. Ocean Equities Ltd. and SpareBank 1 Markets AS act as Co-Lead Managers.

Tap Issue

[Northland Resources S.A.](#)'s wholly owned subsidiary Northland Resources AB (publ) will launch the Tap Issue to increase the total amount in the existing USD 350 million bond loan by an additional amount equivalent to USD 125 million in new bonds (the "New Bonds") and may be issued in both the USD and the NOK tranche with no pre-determined split between the tranches.

The net proceeds from the Tap Issue will be used to fund capital and operating expenditures at the Kaunisvaara Project and associated logistics chain.

The New Bonds will have the same terms and conditions as the existing bonds, including a 13.0% p.a. semi-annual coupon. The bond agreement for the existing bonds will be amended as required to reflect the necessary changes for the Tap Issue.

The New Bonds will not be listed on the TSX and may not be sold, transferred, hypothecated or otherwise traded in Canada until the date that Northland Resources AB becomes a reporting issuer in Canada. Northland Resources AB does not intend to become a reporting issuer in Canada, and as a result, no market for the New Bonds may ever develop in Canada.

The net proceeds from the Tap Issue will be deposited on separate Tap Issue Escrow Accounts, which will be blocked and pledged in favor of the investors in the Tap Issue only (temporary ISINs will be applied for the New Bonds until disbursement from the Tap Issue Escrow Accounts), and will only be released subject to the fulfillment of certain conditions precedent including, inter alia, an amount of minimum USD 204 million in new equity being transferred to the Issuer as equity (or inter-company loan) and all such amount being

employed in full, and the contemplated security being established and perfected.

The security for the New Bonds will, pre-disbursement, consist of a first lien in the Tap Issue Escrow Accounts; following disbursement date, security will be as for the existing bonds.

Settlement of the New Bonds is subject to, inter alia, the bondholders and other relevant financing parties giving the required consents to carry out the Tap Issue in the bondholders meeting expected to be scheduled for February 12, 2013, and additional gross cash equity of minimum USD 250 million being raised by Northland Resources S.A.

Arctic Securities ASA and Pareto Securities AS are acting as Joint Lead Managers and Bookrunners for the Tap Issue. Ocean Equities Ltd. and SpareBank 1 Markets AS as Co-Lead Managers.

For further information on the Company, the Kaunisvaara Project, and the background for the additional funding need, please refer to the release dated January 24, 2013 at 2:30 pm CET, which has been posted on the Company's website: www.northland.eu.

ON BEHALF OF THE BOARD

Karl-Axel Waplan
President & CEO, Northland Resources S.A.

Northland is a producer of iron ore concentrate, with a portfolio of production, development and exploration mines and projects in northern Sweden and Finland. The first construction phase of the Kaunisvaara project is complete and production ramp-up started in November 2012. The Company expects to produce high-grade, high-quality magnetite iron concentrate in Kaunisvaara, Sweden, where the Company expects to exploit two magnetite iron ore deposits, Tapuli and Sahavaara. Northland has entered into off-take contracts with three partners for the entire production from the Kaunisvaara project over the next seven to ten years. The Company is also preparing a Definitive Feasibility Study ("DFS") for its Hannukainen Iron Oxide Copper Gold ("IOCG") project in Kolari, northern Finland and for the Pellivuoma deposit, which is located 15 km from the Kaunisvaara processing plant.

Cautionary Statement

This press release may include "forward-looking" statements within the meaning of applicable securities laws. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are expectations concerning, among other things, Northland's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates, projected capital and operating expenditures, production and price forecasts, assumed exchange rates and the company's anticipated funding requirements and sources thereof. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such factors include, among others, those factors discussed in the section entitled "Risk Factors" in the Company's annual information form dated March 23, 2012, and the management's discussion and analysis of results of operations and financial condition ("MD&A") for the year ended December 31, 2011, and the MD&As for subsequent interim periods. Readers are cautioned that forward-looking statements are not guarantees of future performance and that Northland's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this press release. In addition, even if Northland's results of operations, financial condition and liquidity, and the development of the industry in which Northland operates are consistent with the forward-looking statements contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.

The distribution of this press release may be restricted by law in certain jurisdictions. The Company assumes no responsibility in the event there is a violation by any person of such restrictions. Persons into whose possession this announcement should come are required to inform themselves about and to observe any such restrictions.

The Offerings will only be available in the United Kingdom to persons who are both (a) qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) and (b) persons who

have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order). The Offerings are only available to relevant persons or will be engaged in only with relevant persons.

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Arctic Securities ASA, Pareto Securities AS, Ocean Equities Ltd. and SpareBank 1 Markets AS are acting for Northland Resources S.A. and no one else in connection with the Offerings and will not be responsible to any other person for providing the protections afforded to their respective clients or for providing advice in relation to the Offerings.

This information is subject of the disclosure requirements according to section § 5-12 of the Norwegian Securities Trading Act (Norwegian: verdipapirhandeloven)

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