

Northland Enters Into a Formal Reorganization and Postpones Completion of the Second Processing Line

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LUXEMBOURG, LUXEMBOURG--(Marketwired - Jul 14, 2014) - [Northland Resources S.A.](#) (OSLO:NAUR)(FRANKFURT:NPK)(OMX:NAURo) - together with its subsidiaries "Northland", "NRSA" or the "Company") **announces that the board of the Company's Swedish subsidiaries, Northland Sweden AB, Northland Resources AB (publ), and Northland Logistics AB (the "Swedish Subsidiaries") have today filed for reorganization with the Luleå District Court, and that the Court has approved this application. The Board of Directors has also decided to postpone the completion of the second processing line.**

As announced on June 30, 2014, Northland has made a change in strategy and initiated an informal reorganization in order to implement the new strategy while preserving liquidity. The new strategy focuses on operating the existing first processing line, and postponing taking the second processing line, which is near technical completion, into production. As part of the informal reorganization, Northland has temporarily suspended payments to its suppliers and creditors.

The informal reorganization process and the dialogue with creditors and suppliers have overall been constructive and progressed well. However, a non-material supplier of services has not accepted to deliver services to the Company when the informal reorganization proceeds. In order to secure future deliveries while proceeding with the initiated process, the Swedish Subsidiaries has today decided to file for formal reorganization with the Luleå District Court (the "**Reorganization**") and the application has been approved by the Court. The Swedish Subsidiaries has also considered ongoing discussions with other suppliers, although the abovementioned supplier is the triggering factor for this decision. Through the Reorganization, Northland aims to protect the value of the Company's assets while proceeding with the commenced process together with its creditors and suppliers. Lars Söderqvist has been appointed to manage the process and procedures regarding the Reorganization. Lars Söderqvist managed Northland's formal reorganization in 2013.

"The informal reorganization process has progressed well. However, due to the unwillingness of a supplier to deliver services, the best option for Northland at this stage is to enter a formal reorganization. The formal reorganization is supported by key stakeholders and will enable Northland to proceed with its operations. It will also include increased protection for the Company," said Lars Söderqvist.

The Reorganization would not entail any changes to the management of the Company, who will continue to be responsible for its operations. Operations from the first processing line will continue, including deliveries of iron ore concentrate to its customers.

Northland Logistics AS (Norway) will be indirectly affected by the Reorganization since they form part of the Kaunisvaara, and will be operated as it was formally in a reorganization process

The Company has today also received a notice from the bondholders of the Super Senior Bridge Bond of approximately USD 60 million (the "**Bridge Bonds**"), that they have exercised their right to call for mandatory redemption. This is in accordance with the bond agreement for the Bridge Bonds as the Company has not secured the long term financing as per 30 June, 2014. The amount currently drawn under the Bridge Bonds is approximately USD 42 million, with USD 18 million remaining in a blocked escrow account. The Company and its key bondholders have been and continue to be in a constructive dialogue. The Company were informed of the steps to exercise the put, which were taken to preserve rights and maximize options in the reorganization process.

Furthermore, a supplier of equipment and engineering services has informed Northland that they will

suspend their work on the second processing line until the Company's financial situation is improved. Considering this, the Board of Directors has decided to postpone the completion of the second processing line until further notice.

"Completing the second processing line this year would maximize our operational flexibility, but unless iron ore prices rebound very quickly we will essentially not experience any negative effects from postponing the completion of the second processing line. We will complete the line when the financial situation has improved," commented CEO Johan Balck.

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 has also finalized a Definitive Feasibility Study ("DFS") for its Hannukainen Iron Oxide Copper Gold ("IOCG") project in Kolari, northern Finland.

Forward-Looking Information

This announcement may include "forward-looking" information within the meaning of applicable securities laws. This forward-looking information 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. This forward-looking information includes 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. By their nature, forward-looking information involves risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward-looking information is not a guarantee 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 information 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 information contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.

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