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Northland Moves to Feasibility Study after Positive PEA on Kaunisvaara Iron Ore Concentrate Project

September 7, 2009 Northland Resources Inc. (Northland) is pleased to announce the positive outcome of the Preliminary Economic Assessment (PEA) on its 100%-owned Kaunisvaara Project (“the Project”) in northern Sweden.

“The PEA demonstrates that the Kaunisvaara Project stands to be a financially rewarding project with robust operating margins and high rates of return”, said Anders Hvide, Northland’s Executive Chairman.

“The findings of the PEA put Northland firmly on the way to becoming a substantial iron ore producer in Europe,” said Buck Morrow, Northland’s President and CEO.

Highlights of the PEA include:

- The PEA confirms that the Kaunisvaara Project, which includes the Tapuli, Sahavaara and Pellivuoma magnetite iron ore deposits in northern Sweden is technically feasible and financially positive.
- Using a discount rate of 8%, the Project has a potential Net Present Value (NPV) of USD 393 million and an Internal Rate of Return (IRR) of 21.1 %.
- Subject to securing all relevant permits and financing, the production of iron ore concentrate is forecast to begin in 2012 at a rate close to 2 Mt per year, increasing to 5 Mt per year in 2014.
- The Project is estimated to have a 24 year Life of Mine based on NI 43-101 defined resources.
- Northland will need to secure financing of approximately USD 417 million as the total CAPEX will be partially funded by Project cash flow. Total CAPEX to reach 5 Mt of concentrate capacity is USD 617 million. The CAPEX figure includes a 15% contingency (excluding mine mobile equipment).

- Total OPEX per tonne concentrate delivered FOB at the port of Kemi, Finland, is estimated to average USD 38.64/t for the Life of Mine and average USD 34.04/t over the first 10 years of operation. The OPEX figure includes a 15% contingency (excluding royalty and transport).
- Turner & Townsend were engaged as a peer reviewer to provide an independent review of both the CAPEX and OPEX figures in the PEA as compiled by Aker Solutions.

Please note that the PEA is preliminary in nature. It includes inferred mineral resources that are considered too geologically speculative to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty the PEA will be realized.

Northland presented the results of the Kaunisvaara Project PEA to Gulf Industrial Investment Co. (GIIC) in conjunction with the Memorandum of Understanding between the parties for the delivery of up to 3 Mtpa off-take. GIIC and Northland are encouraged by the PEA results and Northland will now consider the best strategy for acquiring funding and moving the Project forward. Discussions between Northland and GIIC will continue to progress towards a final agreement in order to meet part of GIIC's long-term concentrate requirements.

PEA Overview

Northland will stage the development of its iron ore projects, beginning with Northland's Swedish projects - Tapuli, Sahavaara and Pellivuoma - which will provide feed to a single, multi-line processing facility in Sweden (together called "the Kaunisvaara Project").

The PEA commenced in January 2009, with Aker Solutions being responsible for overall study management and coordination, acting in consultation with specialist service groups and sub-consultants including:

Study Management & Coordination	Aker Solutions
Geology and Resources	GeoVista & Micon International Ltd. (Tapuli) Chlumsky, Armbrust & Meyer (Sahavaara) GeoVista (Pellivuoma)
Mine Scheduling	Scott Wilson (Sahavaara) Micon (Tapuli & Pellivuoma)
Processing Plant	Metso
Rail Infrastructure	Scott Wilson/Railize
Capital Cost Estimate Compilation	Aker Solutions
Operating Cost Estimate Compilation	Aker Solutions
Financial Analysis	An international accounting firm

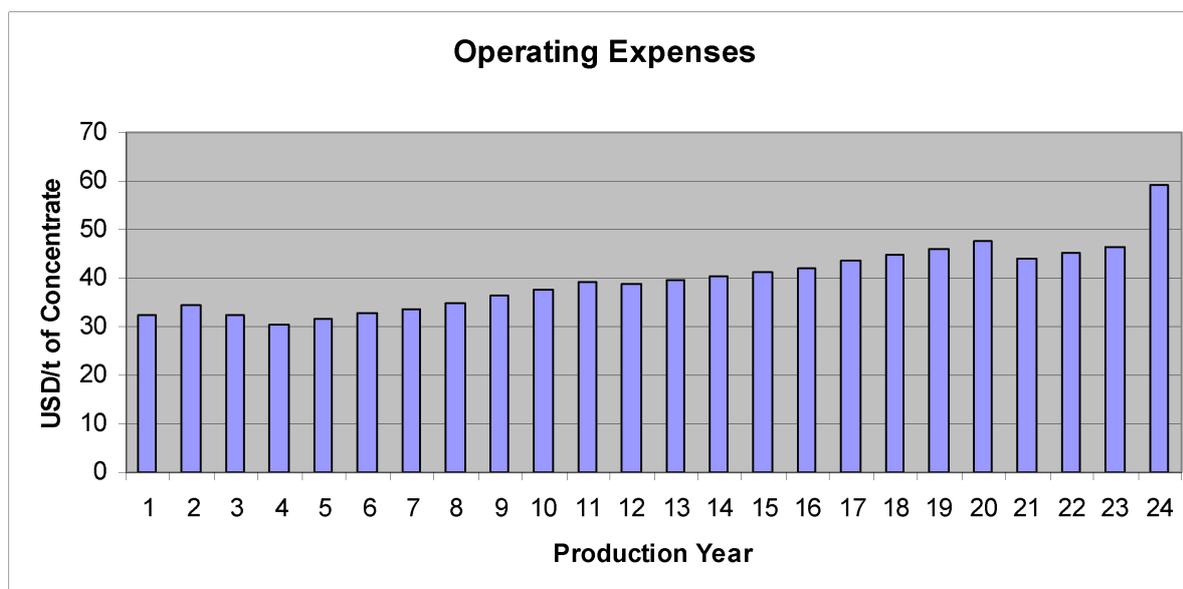
PEA Results

Using the Base Case Scenario, the Project has a potential NPV of USD 393 million and an IRR of 21.1 %. The capital payback period is 5.8 years. A real discount rate of 8% and a USD:SEK exchange rate of 1:8.13 were applied in these calculations. The product pricing used is described in the next section. We have provided a sensitivity analysis on the Base Case below.

Capital and Operating Cost Estimates were compiled by Aker Solutions based on information provided by all consultants involved in the production of the PEA.

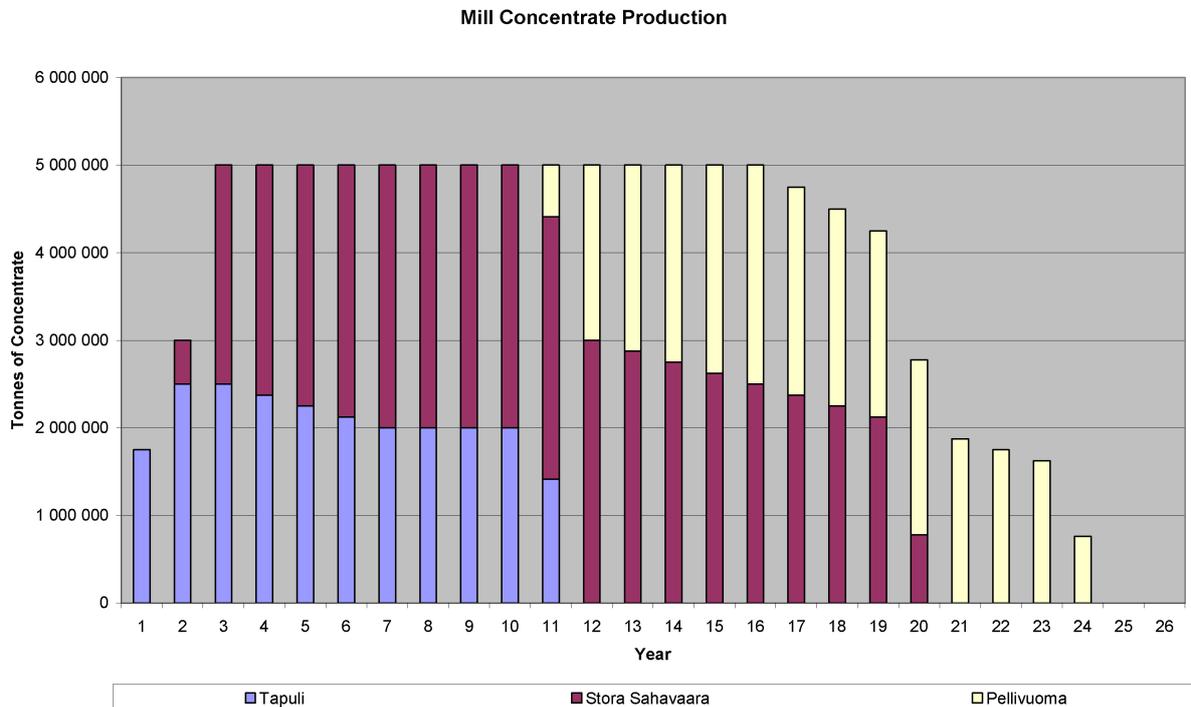
Total CAPEX has been estimated at USD 617 million. This is based on a pipeline solution from the Kaunisvaara process facility in Sweden to Äkäsjokisuu in Finland where an existing rail line is situated. Dewatering and loading facilities will be built in Äkäsjokisuu. The rail line is presently being upgraded by the Finnish rail authority to handle up to 3 million tonnes per year of concentrate. Discussions are ongoing with the Finnish rail authority to increase the rail capacity up to 8 – 10 million tonnes per year from Äkäsjokisuu. A study is ongoing with the Finnish and Swedish rail authorities for an extension of the existing rail line to the Kaunisvaara Project.

Total OPEX has been estimated at an average of USD 38.64/t of concentrate delivered Free on Board (“FOB”) to the Port of Kemi, Finland, over the Life of Mine, with a noticeably lower average operating cost of USD 34.04/t during the first 10 years of operation. The capital and operating costs were developed to an accuracy of plus or minus 30 per cent and include all direct and indirect costs, EPCM costs, and contingency and accuracy provisions.

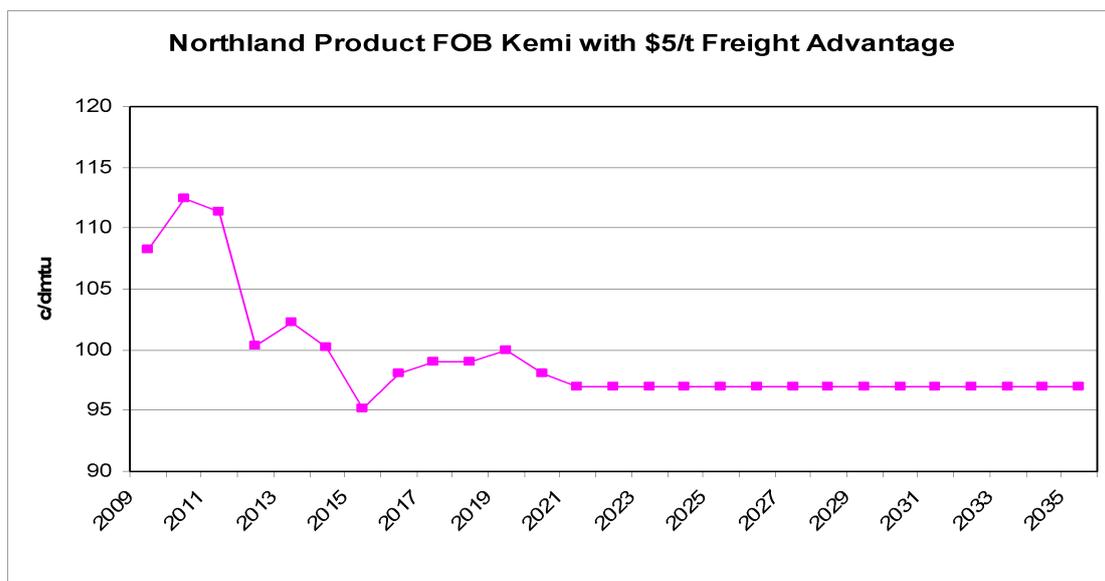


The Kaunisvaara Project will be able to produce 5 Mtpa of iron ore concentrate based on the PEA design basis maximum feed rate of 12.7 Mtpa. The PEA indicates that the

total Project life will be 24 years; during years 3 to 16 the concentrate production will be 5 Mtpa, and will then gradually drop off during the remaining 8 years.



Product Pricing



The product price forecast, as used in the Base Case of the PEA, has been based on price predictions for Carajas fines delivered to Europe, as derived from the confidential internal reports received from several analysts. It has been assumed that Northland's

product should achieve the same price as the premium product Carajas fines. The forecast price also includes the freight rate differential that can be expected to be gained by Northland when shipping to the European market (when compared with those producers shipping from Brazil). Northland has used a freight rate differential of USD 5.00/t.

In evaluating Northland's market potential in the North African region, the consensus of opinion is that there is only likely to be a small difference in the freight rates from Brazil and Kemi to those locations. However, the quality advantages in the chemistry, physical properties and value in use may exact a premium price for Northland's products in the DR pellet feed market. Therefore, it is possible that Northland's quality advantages could provide a similar overall price differential to the North African market that Northland's freight differential provides to the European market.

Sensitivity Analysis

The following sensitivity analyses have been run while keeping all other variables in the Base Case the same.

	NPV₈ USD M	IRR %	Max Cash Req USD M	Payback years
Base Case	393	21.1	417	5.8
Increase Price 10%	613	26.7	385	5.1
Increase Price 20%	832	31.8	352	4.7
Decrease Price 10%	173	14.6	450	6.9
Decrease Price 20%	(47)	5.7	483	9.3
Increase CAPEX 10%	332	18.4	475	6.3
Increase CAPEX 20%	271	16.0	532	6.7
Decrease CAPEX 10%	453	24.2	360	5.4
Decrease CAPEX 20%	514	27.8	303	5.0
Increase OPEX 10%	273	17.8	435	6.3
Increase OPEX 20%	153	14.1	452	6.9
Decrease OPEX 10%	513	24.0	400	5.5
Decrease OPEX 20%	633	26.8	383	5.2
Increase USD vs SEK 10%	462	23.7	379	5.5
Increase USD vs SEK 20%	520	26.1	347	5.2
Decrease USD vs SEK 10%	308	18.0	464	6.3
Decrease USD vs SEK 20%	202	14.5	523	7.0

Permitting

Environmental permitting of the Tapuli mine and the Kaunisvaara mill and any related activities will be the responsibility of the Swedish-Finnish Border River Commission, which has authority over all water-related projects in the border river's watershed. A comprehensive application was filed in June and the permitting process is underway, with responses from the reference authorities requested by September 30th. A hearing before the Commission is anticipated early this fall and a permit may be issued, earliest, by the end of the year. Tapuli has already been granted an Exploitation Concession by the Swedish Mine Inspector.

An Exploitation Concession application for the Sahavaara project will be filed with the Chief Mine Inspector in September. The next step will be the preparation of an Environmental Permit Application for Sahavaara, which contemplates an open pit operation and ore treatment at the Kaunisvaara mill. The goal is to file this application early in 2010.

Pellivuoma has been included in a comprehensive environmental baseline study that will be completed by next year. An Exploitation Concession application will be completed as soon as sufficient information on the mineral resource is available.

Resources and Mining

The Tapuli open pit contains a mineral resource (measured and indicated) of 71.5 million tonnes at an average grade of 25% Fe with an overall stripping ratio of 2.1:1 (waste to ore). Mining is expected to consist of a conventional loader and truck open pit operation, moving approximately 25 million tonnes total material per year. Crusher feed will be hauled to the pit rim, crushed and transported by conveyor to the processing plant.

The Sahavaara open pit, located 4 km to the south of Tapuli, contains a mineral resource (measured and indicated) of 91.0 million tonnes at an average grade of 43% Fe and an inferred resource of 1.8 million tonnes at an average grade of 43% Fe with an overall stripping ratio of 4.6:1 (waste to ore). Like Tapuli, the mining is expected to consist of a conventional loader and truck open pit operation, moving approximately 35 million tonnes total material per year. Crusher feed will be hauled to the pit rim, crushed and then transported by conveyor to the processing plant.

The third open pit mine, Pellivuoma, is located 15 km to the southwest of Sahavaara and contains an indicated mineral resource of 33.8 million tonnes at an average grade of 30% Fe and an inferred resource of 37.4 million tonnes at an average grade of 30% Fe. The overall stripping ratio is expected to reach 2.8:1 (waste to ore). Like the other two mines, the Pellivuoma mine consists of a conventional loader and truck open pit operation, moving approximately 20 million tonnes total material per year. Crusher feed will be hauled to the pit rim, crushed and then transported by conveyor to the processing plant.

Brief Description of Mineral Processes for Tapuli, Sahavaara and Pellivuoma

Process development work has been conducted on all the resources by the Northland staff and consultants and has resulted in process flow sheets that are both simple and flexible and are consequently able to accommodate feed ore variability.

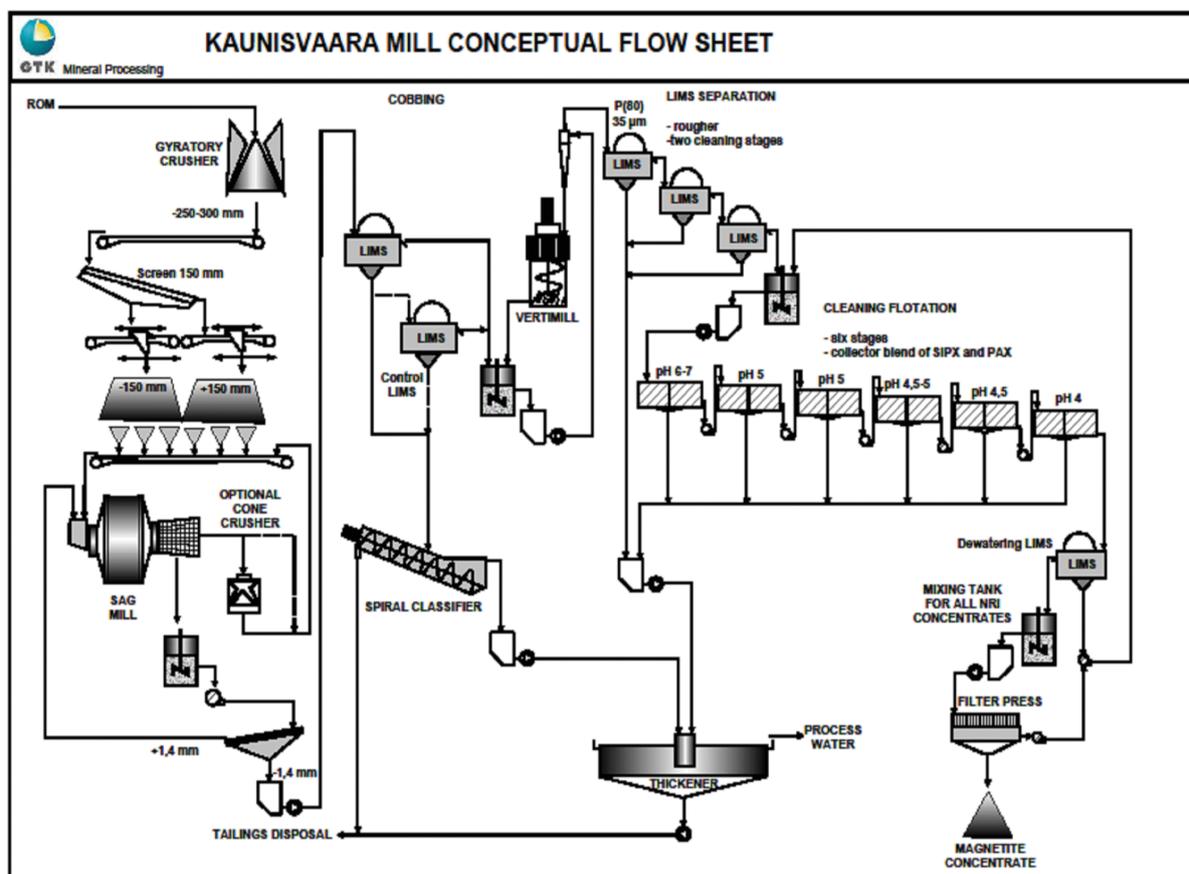
All processes are based on primary crushing at the mine sites and transport to the Kaunisvaara beneficiation plant, which includes the primary grinding plant using AG or SAG (Autogenous or Semi-Autogenous Grinding) mills. There are two process lines capable of processing ores from multiple deposits at any given time. The first

separation stage consists of wet cobbing (with low-intensity magnetic separators – LIMS), which shall reject a substantial portion as a waste material with minimal loss of iron units. The cobbing magnetic concentrate is then ground by efficient, low-energy mills to a size suitable for final stage magnetic separation, again using LIMS.

The vast majority of the Tapuli feed will not require further processing, to achieve the high grade concentrate which will be dewatered and readied for transportation to the port. After dewatering to recover process water, the tailing slurry will be pumped to a tailings disposal area, where it will be combined with the cobbing waste and tailings from other ore processing.

In order to achieve the target quality of concentrate, most of the feed from Sahavaara and Pellivuoma requires further upgrading by removing sulphide minerals using simple flotation techniques (See the flow sheet below).

The PEA shows transportation by pipeline from the process plant to a train loading station across the border in Finland, where the pumped concentrate will be filtered to a low moisture level before being loaded onto railroad wagons for further transport to the harbour at Kemi.



Infrastructure/Logistics

Transport costs of the iron ore concentrate from the mining area to the end customer are crucial for the feasibility of the project. Therefore Northland, in close cooperation with Swedish and Finnish transport authorities, has spent a lot of effort in finding the best possible transport solution. Ideally, such a solution would include;

- Cross-border electrified rail link between Kaunisvaara and Kemi,
- Custom-designed and built iron ore loading terminal in the Port of Kemi and
- Regular year-round shipments in up to Handymax size vessels via trans loading at sea as well as through one or two hub ports.

However, as the time frame within which the cross-border rail link into Sweden has to be completed is very tight and not controlled by Northland, Northland has based the PEA on building a pipeline from Kaunisvaara to Äkäsjokisuu. This will mitigate the risk of delays in the rail construction and serve as an acceptable alternative. The final decision on rail vs pipeline has to be taken at the latest in the beginning of 2010.

The PEA assumes that the power for the project will be supplied by Finland, although a Swedish alternative is still being considered. A final decision on this matter will be based entirely on the economics for the project.

Development Schedule

A provisional timetable for development of the project is as follows:

Feasibility Study Start	August 2009
Feasibility Study Completion	2Q 2010
Commence Basic Engineering	2Q 2010
Commence Detailed Engineering	3Q 2010
Procurement of Long Lead Items	2Q 2010
Commence Site Clearance	2Q 2010
Commence Site Construction	3Q 2010
Commence Operations Tapuli	2012
Commence Operations Sahavaara	2013

The Kaunisvaara Project will involve the staged development of several mines, and a centralised processing plant. Project development will commence immediately upon the finalisation of the Feasibility Study, which is estimated to be complete during Q2 2010. It is intended that toward the end of the Feasibility Study, the basic engineering will commence, leading on to detailed engineering later in 2010. In order to fast-track the overall development of the Project, a number of items will be developed in tandem. The placement of orders for long-lead items is another critical determinant of the overall schedule.

The PEA technical report will be filed on SEDAR and Northland's website www.northlandresourcesinc.com within 45 days.

Independent Peer Review

Turner & Townsend were engaged as a peer reviewer to provide an independent review of both the CAPEX and OPEX figures in the PEA as compiled by Aker Solutions. The opinion follows:

Turner & Townsend: It is our opinion based on the information provided to us that the PEA Capital Expenditure estimate in respect of the Tapuli, Sahavaara and Pellivuoma projects has where visible to us been constructed in line with the general guidance provided by the Institute of Cost Engineers in respect of level 4 design concept. We believe that level 4 design concept to be comparable to the PEA requirement and that the estimate conforms, as far as it is possible to ascertain, to the accepted industry standard of $\pm 30\%$ accuracy and 15% contingency.

The following persons whom are qualified persons under NI 43-101 and are independent of the company, have reviewed and approved the technical information in this press release.

Aker Solutions

Mike Butler, MIMMM, Associate Director

GeoVista AB

Thomas Lindholm, MSc, MAusIMM, Senior Mining Engineer

Micon International

Dibya Kanti Mukhopadhyay, MAusIMM, Senior Economic Geologist

Dayan J. Anderson, MMSA, Senior Mining Engineer

Scott Wilson Mining

David Smith, Technical Director, Mining and Environment

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This press release contains forward-looking information within the meaning of securities laws. Except for statements of historical fact relating to the Company, certain information contained herein constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to mineral reserve and resource estimates; the ability to realize estimated mineral reserves and to convert mineral resources into mineral reserves; terms and costs of future exploration; mineralization projections; receipt of all necessary approvals; the parameters and assumptions underlying the mineral resource estimates and iron ore prices. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the mineral resources, as outlined above and in the technical report, have been based on knowledge of company management and the knowledge and experience of third party experts. Forward-looking information is subject to known and

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For More Information, Contact:

Anders Hvide, Executive Chairman, Oslo: Tel. +47 92 88 98 58

Deborah Craig, Vice President, Northland Resources AB, Stockholm: Tel. +46 70 638 4300

Visit our website: www.northlandresourcesinc.com