

# NORTHLAND

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## **Northland Relaunches Bond on Revised Terms**

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**Luxembourg, May 20, 2013 – Northland Resources S.A.** (OSE: NAUR, Frankfurt: NPK, Nasdaq OMX/First North: NAURo – together with its subsidiaries “Northland”, or the “Company”) **announces that it will today relaunch its bond offering on revised terms (the “Offering”).**

Northland announced in a press release dated May 7, 2013, that it had launched a USD 362 million senior secured bond offering. In a press release dated May 15, 2013, it was announced that the subscription period was extended until May 17, 2013. While the Company has received substantial interest for its original offering, several large orders have been conditional on revised terms. The Company has therefore decided to offer revised terms for the new bond. The key changes are:

- Total issue sized reduced from USD 362 million to USD 335 million
- Coupon increased from 12% to 15%, coupon payments (PIK/cash) unchanged
- Warrants exercisable into post-restructuring equity in Northland Resources S.A. increased from 14.2% to 50% (in aggregate)
- Number of board representatives for new bond increased from one to two

In addition, certain key changes have been proposed to the restructuring terms previously announced for the existing USD 370 million of existing bonds:

- Mandatory equitization at earlier of i) the Company having produced and sold 4m tonnes of iron ore concentrate on a rolling 12 month basis, or ii) July 2016
- Bonds convertible into shares representing 46.9% of the fully diluted post-restructuring equity in Northland Resources S.A. (from previously 80.5%).

As a consequence, the current existing shareholders will hold 3.1% of the fully diluted post-restructuring equity in Northland Resources S.A.

- Number of board representatives reduced from three to two

Further, certain key changes have been proposed to the treatment of the supplier credit in the restructuring:

- Certain key suppliers to defer their pro rata share of USD 30 million supplier payment in December 2013 for payment under the waterfall; corresponding to USD 27 million (USD 23.6 million excl. of VAT),
- Other terms and structure of waterfall remain unchanged

The changes to the offering, the existing USD 370m bonds and the changes to the supplier credit is subject to the approval by the existing bondholders (at a bondholder meeting expected to be held on Friday 24 May, 2013), the Administrator and certain key suppliers.

The subscription period for the Offering will end on Wednesday May 22, 2013.

For the Offering, Arctic Securities ASA and Pareto Securities AS are acting as Joint Lead Managers and Bookrunners, and Ocean Equities Ltd. is acting as Co-Lead Manager.

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**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**

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This press release may include “forward-looking” statements and “forward-looking information” within the meaning of applicable securities laws. These forward-looking statements and forward-looking information may 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. Forward-looking statements and forward-looking information 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 and forward-looking information 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 28, 2013, and the Company’s management discussion and analysis of results of operations and financial condition (“MD&A”) for the year ended December 31, 2012 and as updated in this press release. Readers are cautioned that forward-looking statements and forward-looking information 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 and 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 statements and 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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