Northern Iron Corp.

2011 – 2012 Drilling Report on the Karas Iron Project

WGS 84 LATTITUDE: 50.79^{o} N LONGITUDE: -93.125^{o} E
UTM ZONE 15 North 5656000m N 489000m E

Karas Lake Area

Ear Falls Municipality
Red Lake Mining District
NW Ontario
for
Northern Iron Corp.

-Prepared by-
T. Hughes, L. Hunter, R. Sanabria
Northern Iron Corp.
1051-409 Granville St.
Vancouver, BC
V6C 1T2
(604) 602-9868

Work completed September 2011 – November 2012
Report Compiled on February 18, 2013

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Summary

The Karas property consists of 19 mineral claims, located 55 km south-east of Red Lake, Ontario, centred around the North American Datum 1983 (NAD83), Zone 15N 491344m E 5626356m N.

The Property is located within the south-eastern Uchi-Confederation greenstone belt, an area of historic iron ore exploration and mining in north-western Ontario.

The Karas property claims are underlain by meta-sedimentary, submarine sequences with interbeds of intermediate to mafic volcanic flows. Units have been regionally metamorphosed to upper greenschist/lower amphibolite facies. The Karas South occurrence is located within a large, double syncline-anticline fold, thickening the prospective Banded Iron Formations.

The drilling programme ran from September 5, 2011 until November 15, 2012, and consisted of 34 NQ2 diamond drill holes, totalling 14,468 m. The programme was designed to continue to quantify the extent and grade of the Karas South magnetic occurrence.

The majority of the holes intersected the Karas South occurrence, returning grades ranging from 1-55%Fe_2O_3. The most significant intersections included 74.6m of 43.69% Fe_2O_3 in Ka-11-18 including 15m of 50.6% Fe_2O_3, 80m of 40.79% Fe_2O_3 in Ka-11-20, 35m of 43.51% Fe_2O_3 in Ka-12-33, and 114.7m of 42.02% Fe_2O_3 in Ka-12-47.

1. Introduction

This report summarizes work performed on the Karas iron ore project by Northern Iron Corp. personnel from fall 2011 until fall 2012. Northern Iron Corp. conducted a 34 hole drill programme on the property, totalling 14468m. The target of interest is the Karas South magnetic occurrence on the Karas Property, which is characterised by a banded iron formation (BIF) that has been folded and locally faulted by brittle and semi-brittle anisotropies.

2. Location and Access

The Karas property is located in the Red Lake mining division, of the Kenora district in northwest Ontario, 55km south-east of Red Lake, Ontario (Figure 1), and lies within the boundaries of the Municipality of Ear Falls. The property is accessed off highway 105 in Ear Falls, Ontario, through a network of logging roads. Goldpines Road is taken northeast from Ear Falls for 2 km, then the Wenasaga logging road is taken North for 1.5k m, thence the South Bay logging road to the North for 15km (Figure 2).

The property is a contiguous block of 19 mineral claims, totalling 3664 hectares, in which Northern Iron Corp holds a 100% interest (Table 1). All of these claims are in good standing as of February 5, 2013. The property has an irregular, polygonal shape, centred on Emarton and Karas Lakes with claims blocks to the north-east and south-west (Figure 3).

The topography of the property is characterized by rolling hills with elevations between 380 to 420 metres above sea level. Much of the forest on the property has been cut over, leaving mostly secondary growth of poplar, black spruce, and birch with very few larger stands of older growth and variable re-growth and re-forestation in general.

Figure 1: Location map of the Karas Property in NW Ontario, Canada.

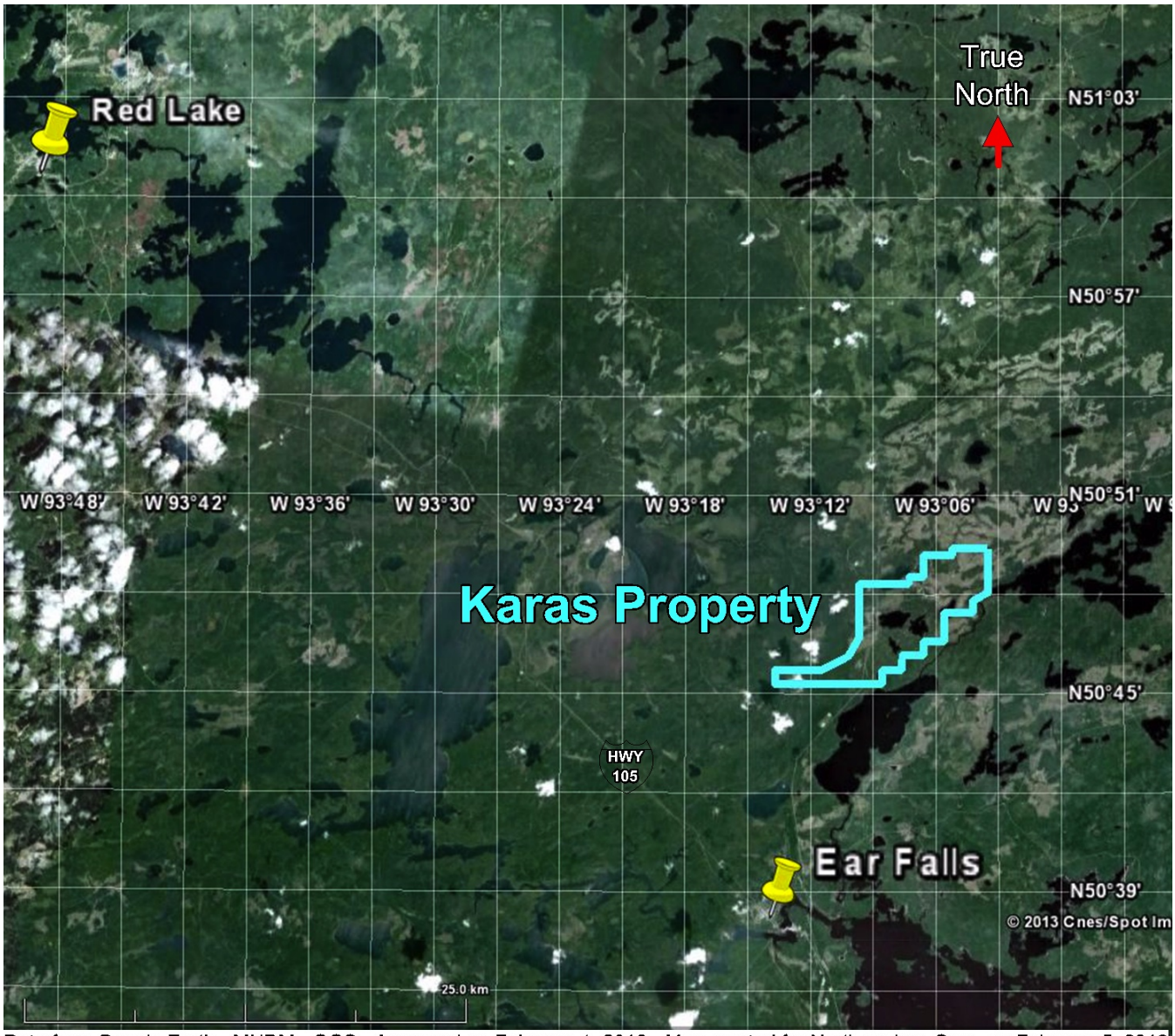


Figure 2: Infrastructure map showing the proximity of the Karas Property to Red Lake and Ear Falls, Ontario.

Table 1: Mineral claims belonging to Northern Iron Corp, comprising the Karas property.

Property	Claim #	# Of 16 Ha Units	Expiry Date	Work Required
Karas	4222965	6	2013-Jun-10	$2,400
Karas	4222966	16	2014-Jun-10	$6,400
Karas	4222967	16	2013-Jun-10	$6,400
Karas	4222968	16	2013-Jun-10	$6,400
Karas	4253441	16	2014-Jul-09	$6,400
Karas	4253442	12	2014-Jul-09	$4,800
Karas	4253443	15	2014-Jul-09	$6,000
Karas	4253444	15	2014-Jul-09	$6,000
Karas	4253445	15	2014-Jul-09	$6,000
Karas	4253446	4	2014-Jul-09	$1,600
Karas	4253447	16	2014-Jul-09	$6,400
Karas	4253448	14	2014-Jul-09	$5,600
Karas	4253449	12	2014-Jul-09	$4,800
Karas	4253450	12	2014-Jul-09	$4,800
Karas	4257010	16	2014-Jun-28	$6,400
Karas	4270681	10	2014-Aug-03	$4,000
Karas	4270686	2	2014-Aug-03	$800
Karas	4270687	15	2014-Aug-03	$6,000
Karas	4270688	1	2014-Aug-03	$400

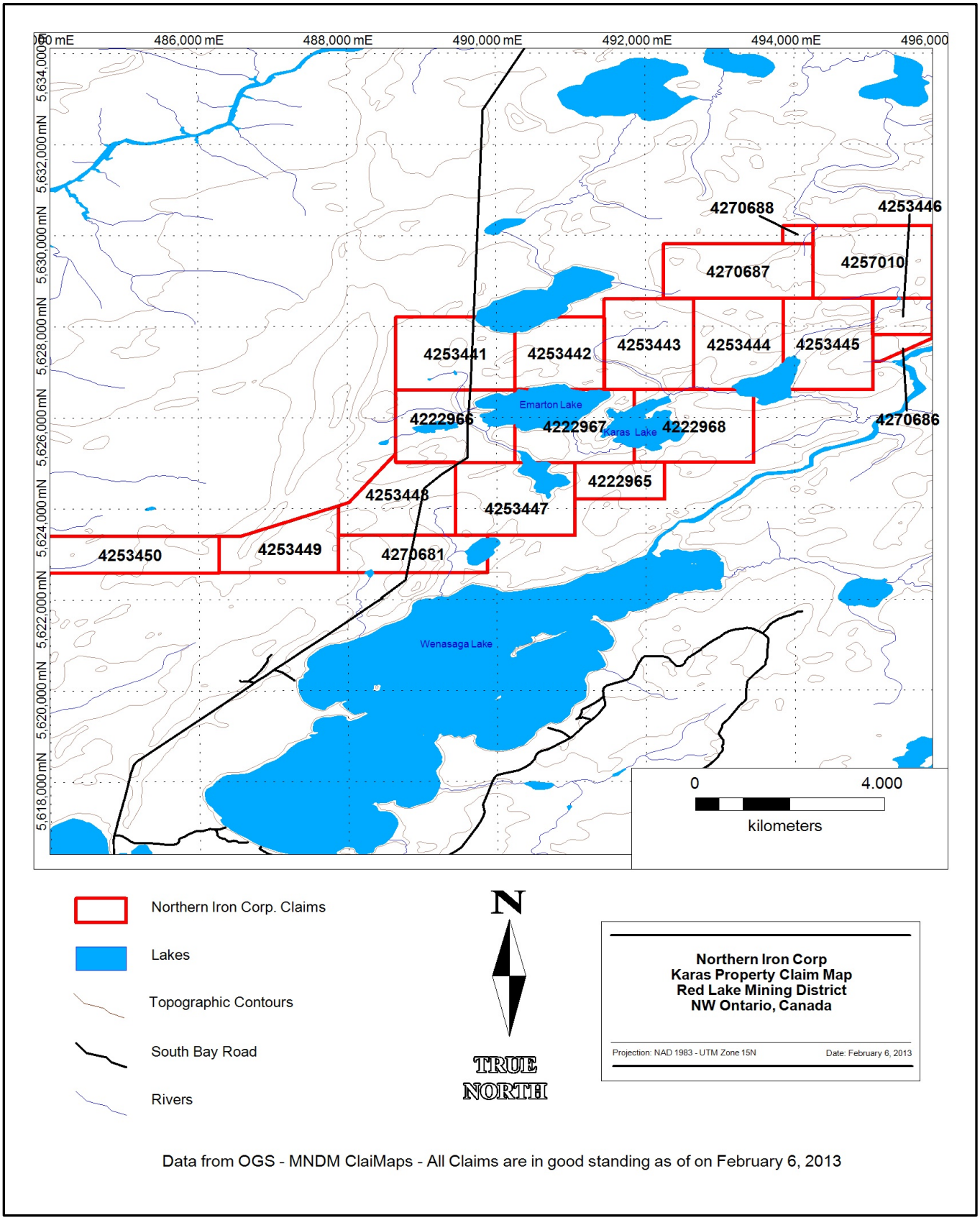


Figure 3: Map of Northern Iron Corp's claims, Karas property, in NW Ontario

3. History

The following summary outlines the exploration history of the area now covered by the Karas Property. It is based primarily on information obtained from assessment files housed in the office of the Resident Geologist, Red Lake, Ontario, and stored in the Ministry of Northern Development, Mines and Forestry's online database.

1956 - Dome Exploration Ltd. conducted a ground based dip needle survey over a known banded iron formation, referred to as the 'Karas' target or 'Karas anomaly' in this report, in the mid-western part of the Karas claim block, to the West of Emarton Lake. Several strong sub-linear anomalies closely associated with weaker responses were defined and interpreted as complexly, isoclinally folded banded iron formations, with nearly vertically plunging fold axes (Richardson, P.W., 1956).

1957 - Dome Exploration Ltd. contracted Koulzine and Brossard Ltd. who conducted an aeromagnetic survey over a considerable section of terrain covering the entire Karas property in order to identify other possible targets for exploration, three anomalies comparable to the Karas anomaly were discovered, as well as several less significant anomalies. Of the larger anomalies discovered, two are referred to in the present report as the 'Hook' and '5000' targets respectively (Koulomzine, T. Brossard, L., 1957)

1957 - Dome Exploration Ltd. drilled 3 holes totalling 600 metres testing the Karas anomaly west of Emarton Lake. All three intersected magnetite as banded iron formation (massive magnetite interbedded with greenschist facies schists, and crosscut by syenite dykes) from the top to the bottom of the hole with average grades of 23-29% Fe. All three holes intersected multiple 4m to 8m intervals of massive magnetite grading 36-38% Fe (Richardson, P.W., 1957).

1976 - Hudson Bay Exploration conducted an airborne electromagnetic survey over a large part of the Karas claim block in the north-east. However, there is no report of this work available, with a record of it is found only as a reference in the 1977 report done by Hudson Bay Exploration (McTavish, R.O., 1977).

1977 - Hudson Bay Exploration and Development Company Ltd. contracted Northwest Geophysics Ltd. who conducted over a dozen individual ground based electromagnetic surveys over various areas to the south-east of Red Lake, including a portion of the northern Karas property. The ground-based survey picked up several well-defined linear conductors in the area. Folding of the strata was suspected because of the change in strike of these conductors. Most of the anomalies displayed good conductivity with the in-phase amplitudes being medium to high and the in-phase to out-of-phase ratios being greater than one (McTavish, R.O., 1977).

2010 - During the summer of 2010 Northern Iron Corp. conducted three separate, ground based magnetic surveys over selected portions of the Karas property in search of banded iron formations. The surveys used Overhauser walking magnetometer, and identified several magnetic anomalies confirmed to be Algoma-type (magnetite-taconite) banded iron formations throughout the property. The Karas anomaly was selected for drilling, and in the fall of 2010 one exploratory hole was drilled there. The drill hole, KA-10-01 was 194.5m deep, and intersected magnetite mineralization from top to bottom. It

returned assays ranging from 9-34.58% Fe, including 8.5m grading 32.87% Fe from 34.9m to 43m depth, 13m grading 30.68% Fe from 61m to 73m depth, and 10m grading 33.39% Fe from 127m to 136m depth. The average grade of the entire hole was 22.61% Fe (Sanabria, R. et al 2010).

2011 - Northern Iron Corp conducted a 16 hole drill programmes from the summer of 2011, totalling 5934m to test the Karas South magnetic occurrence. Magnetite was encountered in every hole, with the best intersection averaging 34.37% Fe_2O_3 across 97.52m in Ka-11-14. Assays returned values up to 54% Fe_2O_3 across 3m in Ka-11-08, 53.5% Fe_2O_3 across 2.85m in Ka-11-14, and 53.1% Fe_2O_3 across 3m in Ka-11-08. The average grade of all samples was 28.1% Fe_2O_3 (Sanabria, R, et al 2011).

4. Regional Geology

The Karas property lies within the southern part of the Confederation assemblage, the largest, south-eastern unit of the Uchi sub-province (Figure 4). The Confederation assemblage is the youngest of three distinct volcano-sedimentary megacycles comprising the Uchi-Confederation greenstone belt, which records a stratigraphic history of approximately 250 Ma (2989-2735 Ma). The Uchi-Confederation belt records several episodes of periodic rifting and associated submarine and aerial volcanic and depositional phases. Unconformity-bounded sequences of mafic to felsic volcanic strata and primarily clastic sedimentary strata accumulated between ca. 2992 Ma and 2700 Ma upon a complex extensional architecture, which largely formed the template upon which later structures were superimposed.

The Confederation assemblage records about 10 Ma (2745-2735 Ma) and consists mainly of supracrustal interbedded pillow basalts, mafic to intermediate volcanic rocks, and associated sediments, with minor interbeds of Algoma-type banded iron formation (BIF). The Confederation belt is thought to have formed as a rifted arc (Rogers, N. et al, 2000) with the aforementioned stratigraphy representing sequences of magmatic and associated depositional phases. The Confederation assemblage can be divided into three distinct north to north-east trending tectono-stratigraphic belts, the eastern, central and western belts, which can be distinguished by petrography, chemistry and the distinct felsic (flows and tuffs) units in each one (Rogers, N. et al, 2000).

Pluton emplacement and explosive volcanism heralded the onset of the Kenoran Orogeny between ca. 2731 and 2700 Ma and induced regional greenschist facies metamorphism and localized compression-related polyphase deformation (Falls, R. 2002). Three phases of major regional deformation, amphibolite facies metamorphism, and emplacement of extensive granite, granodiorite and tonalite intrusions occurred during the magmatic and tectonic accretion of the Kenoran Orogeny, culminating around ca. 2710 Ma. The majority of post tectonic intrusions are comprised of gabbro sills and dykes.

The claims comprising the Karas property lie within an area that is comprised mainly of metasedimentary migmatites and garnet-biotite-feldspar-quartz gneisses, with intercalated intermediate to mafic volcanic flows and tuffs. The north-east portion of the property, in particular, has abundant intercalated to lensoid intermediate to mafic volcanic and sedimentary units, including pillowed basalts, and some dacite flows and tuffs. Interbanded remobilised granitoid and granite to pegmatite dykes and sills are common, probably related to the nearby Bruce Lake pluton to the North and the Wenasaga Lake batholith to the West. Several gabbroic plutons intrude both the meta-sediment/volcanic package and the granites in the centre of the property, and appear to represent the last intrusive event. The Sydney Lake fault zone/unconformity trends along the south-eastern edge of the Karas claim block, marking the boundary between the Uchi and English River sub-provinces.

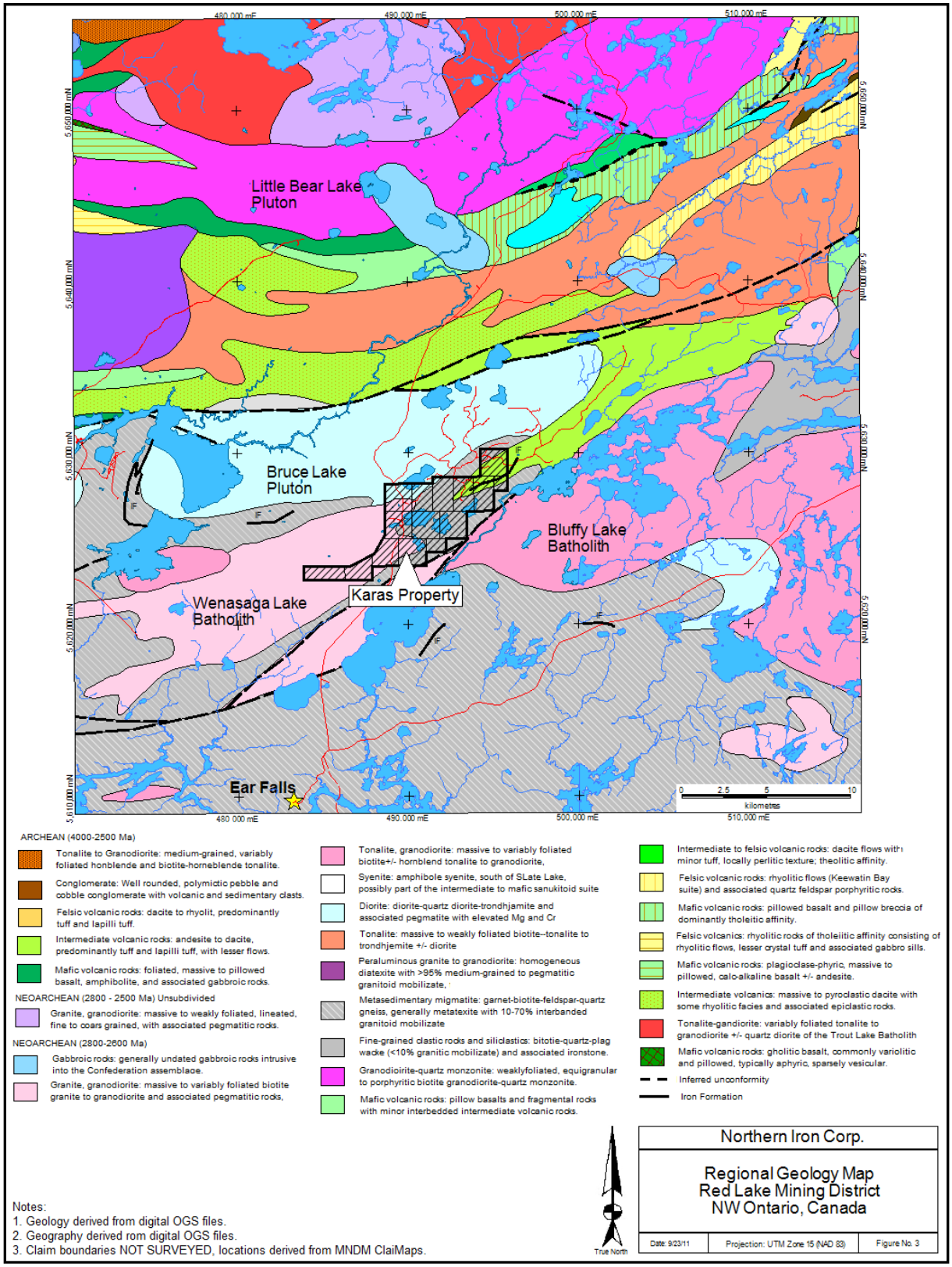


Figure 4: Geologic map of the Red Lake Mining District (Sanabria, R. et al, 2011).

5. Property Geology

The majority of the property geology presented here is known from geological mapping that was carried out on the Karas Property during the summer of 2010 by Northern Iron personnel, and drilling of the Karas Iron target in the summer and fall of 2011. Mapping in 2010 was limited in extent, and was combined with topography analysis and interpretations of collected and existing geophysical data to produce a geological map of the property. Drilling in 2011 was more detailed, but confined to a relatively small area of the property, the Karas Iron target. Thus the geology presented of the Karas Iron target area, for which the drilling in 2011-12 has provided an abundance of data, is of much higher resolution and accuracy.

The property is underlain mainly by sequences of schistose submarine sediments with thick interflow units of intermediate to mafic volcanic flows, and pillow lavas. Both of these major lithotypes have been regionally metamorphosed to the lower amphibolite facies/upper greenschist facies. The abundance of volcanic layers increases in the north-eastern part of the property, where a large fold is interpreted (Figure 5).

This sequence has been intruded by several pulses of granite intrusions and associated pegmatite dykes. These intrusions have locally brecciated the host rocks and contacts with metasediments in particular show abundant amounts of migmatite up to several tens of metres thick. These granites and pegmatites range in size from less than a square kilometre, to the large Bruce Lake pluton to the northwest of the property. Much of the granitic intrusive material appears very similar to the granite/granodiorite comprising the Bruce Lake pluton, and thus is suspected to be part of the same intrusion event, with the exception of granitic dikes and pegmatites near the so-called '5000 anomaly', defined by Northern Iron in 2010, which may be from the Bluffy Lake batholith (Figure 5).

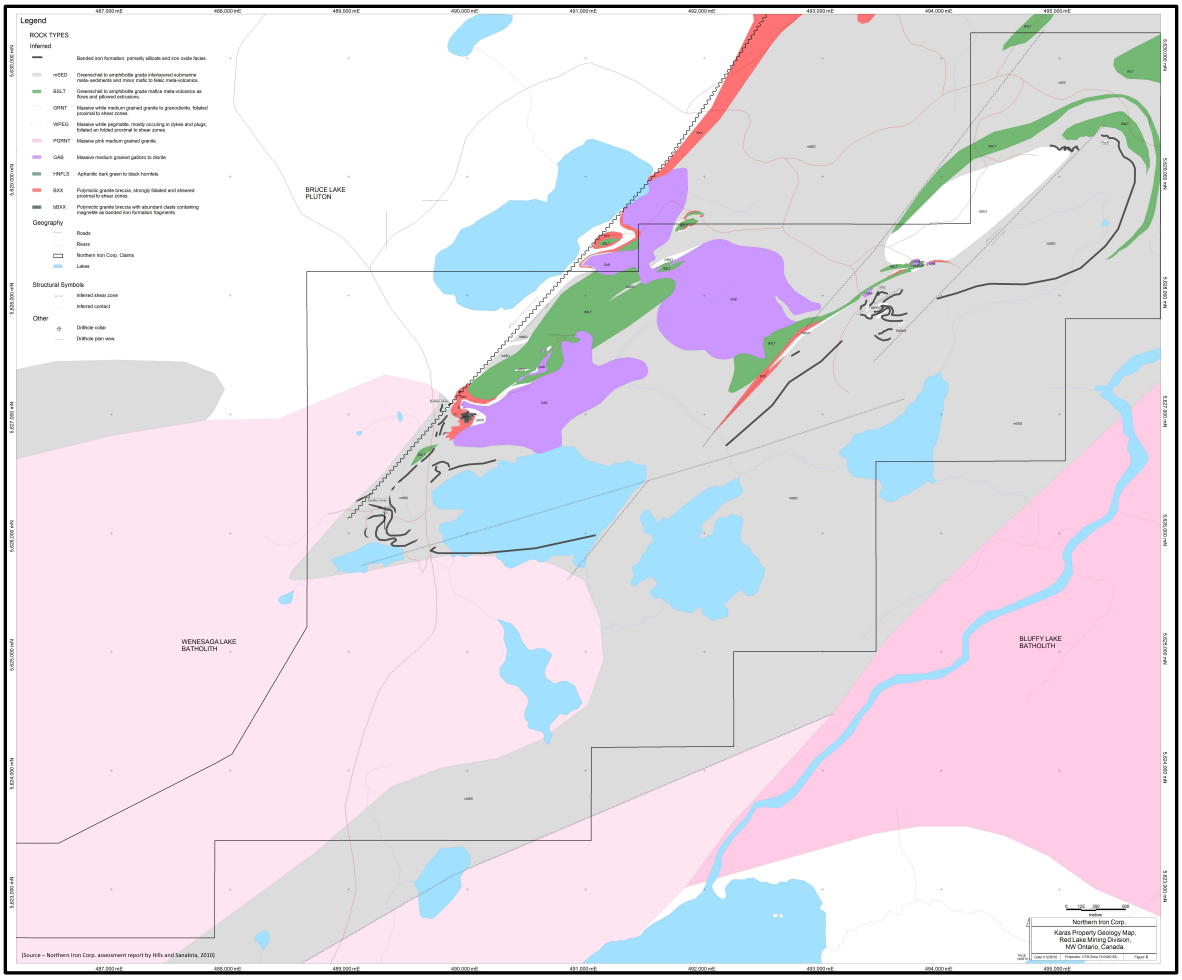
Sedimentary rocks are heavily to moderately foliated throughout the property and all traces of original features such as bedding have been overprinted and can be completely obscured. Foliation trends northeast-southwest in the middle and western parts of the claim block, and east-west in the north-eastern part of the claim block, dipping sub-vertically 75° to 90°. Near the 'Hook anomaly', foliation curves around (Figure 5) dipping sub-vertically 75° to 90°. Foliation near the 5000 anomaly trends in many directions reflecting the complicated folding in that area. Sedimentary rocks are comprised mainly of cherty mudstones, greywackes, and fine schistose sandstones. These sedimentary units host large Archæan Algoma-type banded iron formations (BIF) of magnetite oxide facies (taconite), which comprise the main economic targets on the property. Multiple gabbroic plugs, dykes and sills intrude the sediment/volcanic sequences, in a more brittle fashion, resulting in less deformation of the host rock around the perimeter of the intrusions (Figure 5). These gabbros show finer grained diorite facies near the edges.

One large northeast-southwest ductile to brittle sinistral deformation zone was observed in 2010 in outcrop showing mylonitic textures and intense deformation within granitic breccias, as well as local gneisses with well-developed planar fabrics. Several structures were observed branching off this structure and it is suspected to be an integral part of a large regional shear corridor. Based on geophysical data, geological mapping, and

topography analysis, several more parallel shear structures are interpreted to transect the property to the south-east. These shear zones are cross-cut in the southern claims by a large south-southwest - north-northeast structure. Several of these structures appear to have associated folding observed within the magnetic signature of banded iron formations. Folding is tight, locally isoclinal, with steeply plunging fold axes and complex geometries (parasitic folding). It is particularly evident in areas of 'shear zone' convergence, and in areas where splays branch off, such as is postulated near the main Karas anomaly and 5000 anomaly (Figure 5).

In the north-western part of the claims, the main shear zone has cut along the north part of an extensive unit of meta-basalts with abundant pillow structures. This unit is cut by several gabbro to diorite intrusions. This area was thought to be prospective for gold mineralization, with the assumption that second order structures splaying from the main shear zone may be prospective for shear-hosted mesothermal gold mineralization (Figure 5). Pyrite and arsenopyrite mineralization and alteration, together with tourmaline-quartz veining was observed proximal to this structure.

In the mid-western portion of the property is situated the Karas Iron target, a double syncline-anticline fold of multiple parallel, steeply dipping iron formation beds between two shear zones.


Legend
ROCK TYPES
Inferred
Banded iron formation, primarily silicate and iron oxide facies.
mSED
Greenschist to amphibolite grade interlayered submarine meta-sediments and minor mafic to felsic meta-volcanics.
BSLT
Greenschist to amphibolite grade mafice meta-volcanics as flows and pillowed extrusions.
GRNT
Massive white medium grained granite to granodiorite, foliated proximal to shear zones.
WPEG
Massive white pegmatite, mostly occuring in dykes and plugs, foliated an folded proximal to shear zones.
PGRNT
Massive pink medium grained granite.
GAB
Massive medium grained gabbro to diorite.
HNFLS
Aphanitic dark green to black hornfels.
BXX
Polymictic granite breccia, strongly foliated and sheared proximal to shear zones.
bBXX
Polymictic granite breccia with abundant clasts containing magnetite as banded iron formation fragments.
Geography
Roads
Rivers
Northern Iron Corp. Claims
Lakes
Structural Symbols
Inferred shear zone
Inferred contact
Other
Drillhole collar
Drillhole plan view
BRUCE LAKE PLUTON
WENESAGA LAKE BATHOLITH
BLUFFY LAKE BATHOLITH
(Source – Northern Iron Corp. assessment report by Hills and Sanabria, 2010)
Northern Iron Corp.
Karas Property Geology Map,
Red Lake Mining Division,
NW Ontario, Canada

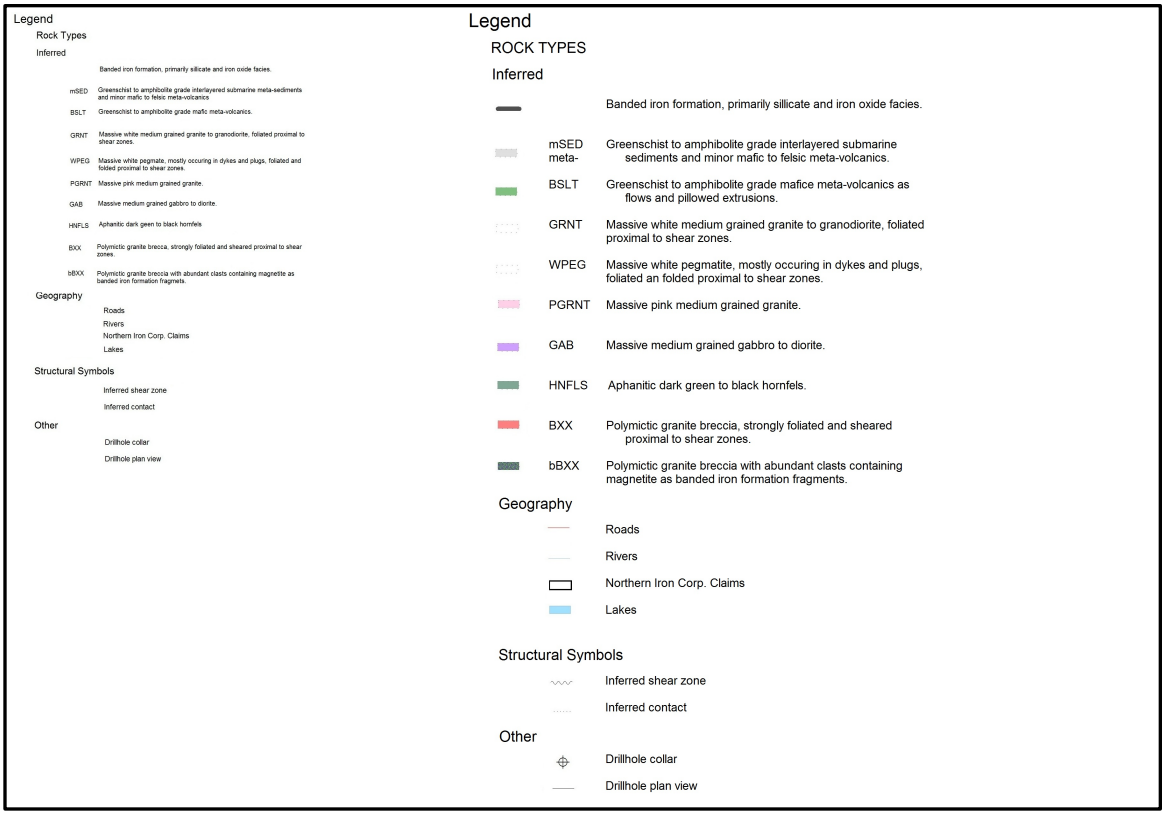


Figure 5a & 5b: Geologic Map and legend for Northern Iron Corp.'s Karas property.

6. Deposit Type

The target is considered to be Algoma-type iron formation.

7. Mineralisation

To date, the Archæan banded iron formations (BIF) are the only known units of potential economic value on the property. The Karas, Hook and 5000 deposits are iron formations of the Algoma-type, and consist predominantly of massive oxide facies magnetite (taconite) thinly interbedded with taconite-bearing silicates and taconite-lean beds. Narrow transitional facies of silicate iron formation containing minimal taconite also occasionally occur.

The main Karas anomaly is interpreted as several tight isoclinal drag folds affecting a banded iron formation (BIF) created by the intersection of two regional shear zones (Figure 5). Several parasitic folds and broken fold limbs surrounding the main folds are inferred from the interpretation of the ground magnetic survey completed in 2010 (Sanabria et al. 2010). Parasitic folding was seen in abundance in drill core. It is suspected that the regional deformation of the banded iron formation (BIF) folds and stretches them in a ductile fashion, resulting in an increase of the thickness of the magnetite beds at the fold hinges. Minor thickening of BIF at fold hinges was observed in parasitic folding in drill core.

Drilling confirmed the presence of several tightly folded units of banded iron formation under the main Karas anomaly, and confirmed the assumed model of folding of the banded iron formations. Magnetite in various grades was encountered in every drill hole, the best intersection being in KA-11-14 where 97.52m of mineralization was encountered averaging 34.370% Fe_2O_3 though several more intersections of similar grade and thickness were encountered in several drill holes. The highest grades of Fe intersected were 3m of mineralization grading 54% Fe_2O_3 in hole KA-11-08, 2.85m of mineralization grading 53.5% Fe_2O_3 in hole KA-11-14, and 3m of mineralization grading 53.1% Fe in hole KA-11-08. The average grade of all sampled sections from all drill holes was 28.10% Fe_2O_3 of the total 3389.35m sampled from the mineralized banded iron formation (Sanabria, R. et al 2011). These grades are similar to those reported by historic drilling of the Karas target (Richardson, 1957). The average silica content was 52.20% SiO_2, and the average sulphur content was 0.10% S in the mineralized sections. The beds encountered in drill core were typically 0.5m to 8m thick with both upper and lower contacts being both gradational and sharp due to the folded nature of the deposit. Abundant cherty bands were common in metasediments for a couple of metres above and below the main banded iron formation, and often formed extensive units several tens of metres thick. Interbeds had significantly less magnetite, but were usually comparatively thin, (0.2-0.4m thick) with the exception of large schist or migmatite beds encountered (Sanabria, R. et al, 2011).

Several rock samples were taken on the property in 2010 (Sanabria, R. et al 2010) and assayed for a range of precious and base metals, including gold and silver. However no anomalous values were returned and it has been determined that this property does not represent a possible target for gold or other types of mineralization (Sanabria, R. et al, 2011).

8. Drilling

Drilling started on September 5, 2011 and was completed on March 21, 2012, then resumed on September 25, 2012 until November 15, 2012. Drilling was carried out by CoreTech Diamond Drilling of Penticton, BC and occurred over two 12-hour shifts per day. Core was delivered by truck, to the Ear Falls field office by the drilling crews at the end of every shift. All core was NQ2, drilled using imperial rods.

Drill hole locations targeted the Karas South magnetic occurrence. Drill hole collars were located and aligned by Northern Iron Corp personnel using an Azimuth Pointing System (APS) and Differential Global Positioning System (D-GPS), rented from Reflex Instruments, in Porcupine, Ontario. Thirty-three of the 34 holes drilled at an azimuth of 160^{o}, and one hole at 270^{o}, the latter to test a postulated fault (Table 2 and Figure 6). Hole inclinations ranged from -47.2^{o} to -63.4^{o}. Down hole surveys were conducted by Northern Iron Corp personnel using a REFLEX Maxibor II, which provides accurate results in magnetic areas. Surveys were taken using the wire line, every 3m starting at the bottom of the hole or on the 10ft drill rods, then converted to metric, starting at the bottom of the hole. Collar dip and azimuth were double checked at the end of every survey. After the drill was removed, the collar locations were marked with labelled stakes and the sites were cleaned up and photographed.

Drill core was reviewed daily by Northern Iron Corp personnel at the Ear Falls field office, rented Ackewance Exploration & Services of Red Lake. Geotechnical work consisted of density calculation, recovery, RQD, fracture frequency, type, infill, and roughness, and rock hardness), photographing and sampling. Core was aligned and examined for lithology, alteration, structure, and mineralization. Geologic logs recorded mineral occurrence and percentage, alteration type and intensity, structural information, and rock type.

Samples were taken over 1-3m intervals with adherence to lithological unit and/or mineralogical variation. Non-mineralized, commercial limestone was inserted into the sample stream as field blanks, and pulverized pellets of known iron content from the Griffith mine was used as a standard. This material was subsequently homogenized at the SGS Lakefield facility, Ontario. Core was cut at the field office by contracted Ackewance personnel. Sampled core was delivered by Northern Iron personnel to the SGS preparation facility in Red Lake, and later assayed at SGS Lakefield, Ontario. Un-sampled core is covered and stored in a fenced compound on site, adjacent to the Griffith Pit.

Table 2: List of drill hole collars from 2011 - 2012 drill program.

Hole	Easting	Northing	Elevation	Azimuth	Dip	Depth
KA-11-17	489129.5	5626194	389.2	165.2	-49.9	404.47
KA-11-18	489143.5	5626375.7	390.4	167.5	-50.5	523.4
KA-11-19	489126.3	5626421	391.7	161.5	-48.9	82.41
KA-11-19R	489126.3	5626421	391.7	161.5	-48.9	60.05
KA-11-20	489126.3	5626424.3	392.1	164.8	-49.34	516.86
KA-11-21	489111	5626241	391.5	159.2	-50.35	141.71
KA-11-21R	489111	5626241	391.5	159.2	-63.35	426.11
KA-11-22	489378	5626096	392.8	172.3	-50.1	383.44
KA-11-23	489364.9	5626332.8	379.8	164.1	-55.1	289.56
KA-11-24	489354.8	5626378.5	380.9	164.9	-54.3	303.27
KA-11-25	489342.9	5626426.2	382.2	168.9	-55.3	370.33
KA-11-26	489110.9	5626446.7	387.8	158.9	-54.41	738.11
KA-12-27 (KA-12-02)	489359.7	5626146.3	390.3	162.6	-57.6	547.42
KA-12-28	489346.4	5626204.5	386.5	161.9	-56.79	510.84
KA-12-29	489331.5	5626246.5	386	163.3	-56.9	584
KA-12-30	489101.4	5626044.8	393	162.5	-56.2	153.5
KA-12-31	489241.1	5626296	391.3	161.6	-55.86	577.9
KA-12-31R	489241.1	5626296	391.3	161.6	-50	27.51
KA-12-32	489225.3	5626347	391.5	160.08	-56.2	672.38
KA-12-33	489204	5626431	390	159.06	-54.3	769.95
KA-12-34	489309.9	5626312.4	386.5	163.2	-56.2	641.9
KA-12-35	489078.9	5626112.9	380.3	164.5	-54.96	245.66
KA-12-36	489060.7	5626185.4	388.3	159.1	-57.2	382.53
Ka-12-37	489437.8	5625960.4	387.1	161.6	-55	234
KA-12-38	489030	5626060	389	161.7	-55.09	159.47
KA-12-39	489398	5626026	387.9	161.7	-55	272
Ka-12-40	489288.9	5626386	386	162.3	-55	718
Ka-12-41	489481.2	5625984.8	383.8	160.8	-54	234
Ka-12-42	489473.6	5626044.8	386.6	163	-53.9	316
Ka-12-43	489221.6	5626000	391	162	-48	268
Ka-12-44	489203.5	5626055.2	389	160.2	-48.7	283
Ka-12-45	489189.1	5626099.6	388	159.6	-47.2	338
Ka-12-46	489134.6	5626036.4	388.4	160.2	-47.8	201.6
Ka-12-47	489436.8	5626215.2	382.5	270.1	-49.5	203
Ka-12-48	489098.6	5626300	391.6	159.5	-55.4	597
Ka-12-49	489033	5626245.6	392	157	-57.7	496
Ka-12-50	489427.4	5626067.6	390	159	-51	472
Ka-12-51	489529.5	5626067	380	159	-51.6	322.5
					Total (m)	14468

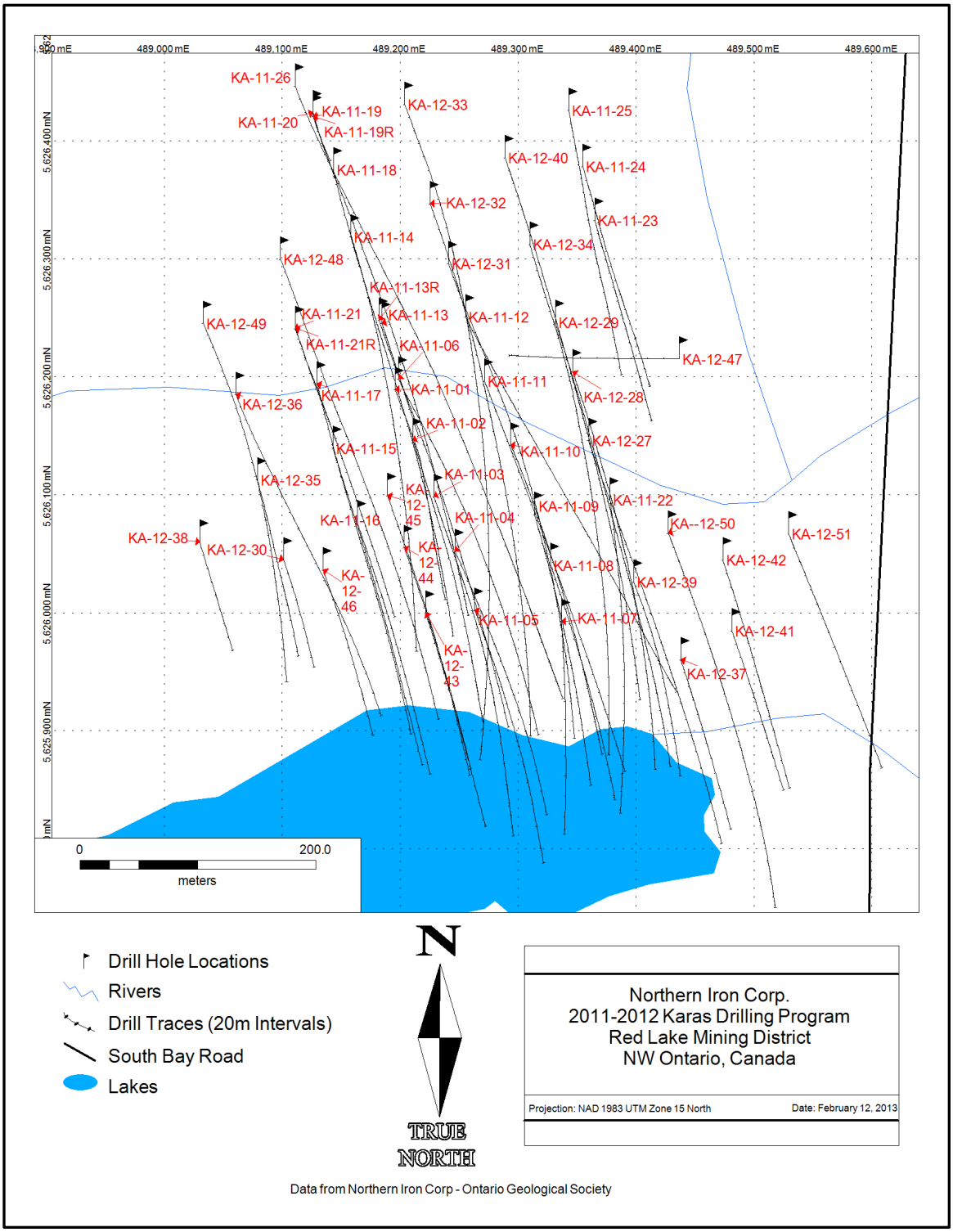


Figure 6: Collar location Map including drill traces on the Karas Property.

9. Results

The 2011-2012 Karas drill programmes completed 34 NQ2 drill holes for a total of 14468m drilled. The most significant intercepts were 43.69% Fe_2O_3 across 74.6m in Ka-11-18 including 50.6% Fe_2O_3 across 15m, 40.79% Fe_2O_3 across 80m in Ka-11-20 including 45.22% Fe_2O_3 across 15m, 43.51% Fe_2O_3 across 35m in Ka-12-33 including 45.33% Fe_2O_3 across 20m, 36.08% Fe_2O_3 across 79.5m in Ka-12-43 including 44.58% Fe_2O_3 across 14.5m, 44.82% Fe_2O_3 across 18m in Ka-12-44, 42.02% Fe_2O_3 across 114.7m in Ka-12-47, including 47.2% Fe_2O_3 across 30.24m and 46.7% Fe_2O_3 across 15.23m, and 35.36% Fe_2O_3 across 128.01m in Ka-12-48 including 43.7% Fe_2O_3 across 27.43m. A summary of significant intercepts can be seen in Table 3 and assay certificates are provided in Appendix III.

Cross sections of the drill holes including % Fe_2O_3 values are attached in Appendix I. Overleaf, Table 3, Significant Drill intercepts.

Table 3: Significant %Fe_2O_3 intercepts from the 2011 – 2012 Karas drill programmes.

Hole #	From (m)	To (m)	Interval (m)	% Fe2O3
Ka-11-17	207	225	18	36.13
Ka-11-17	240	301.56	61.56	36.05
Ka-11-18	84.35	134	49.65	35.84
Ka-11-18	155	179	24	36.95
Ka-11-18	191	206	15	39.28
Ka-11-18	233	308	75	34.19
Ka-11-18	**392.4**	**467**	**74.6**	**43.69**
Ka-11-20	353	407	54	34.61
Ka-11-20	**422**	**502**	**80**	**40.79**
Ka-11-21R	67.8	88	20.2	40.26
Ka-11-21R	297	327.65	30.65	37.39
Ka-11-21R	330.55	351	20.45	41.08
Ka-11-21R	402	419.66	17.66	35.25
Ka-11-22	135	152	17	35.65
Ka-11-22	253	306	53	33.71
Ka-11-26	358	373	15	39.86
Ka-11-26	692	715	23	40.39
Ka-12-27	375	393	18	38.15
Ka-12-27	398.62	413	14.38	39.18
Ka-12-28	27	57	30	38.7
Ka-12-28	57.67	81	23.33	36.41
Ka-12-29	49	76	27	41.49
Ka-12-29	481	505	24	37.28
Ka-12-31	502	529	27	36.25
Ka-12-32	251	308	57	35.26
Ka-12-32	591	611.77	20.77	40.35
Ka-12-33	**323**	**358**	**35**	**43.51**
Ka-12-34	172	193	21	38.57
Ka-12-34	556	588.8	32.8	36.38

Ka-12-35	23	38	15	41
Ka-12-37	79.6	109.05	29.45	35.2
Ka-12-39	167	188	21	38.6
Ka-12-41	112.6	161.5	48.9	36.4
Ka-12-42	187.75	219.08	31.33	33.61
Ka-12-43	**0**	**79.5**	**79.5**	**36.08**
Ka-12-44	31	48.28	17.28	39.09
Ka-12-44	**59.4**	**82.55**	**23.15**	**42.54**
Ka-12-44	101.95	156	54.05	34.16
Ka-12-45	142.6	172.5	29.9	38.38
Ka-12-46	93.88	106	12.12	30.46
Ka-12-47	**88.3**	**203**	**114.7**	**42.02**
Ka-12-48	227.6	284.3	56.7	32.05
Ka-12-48	329.5	352.95	23.45	31.28
Ka-12-48	**386.49**	**514.5**	**128.01**	**35.36**
Ka-12-50	78.45	102.6	24.15	35.08
Ka-12-50	221	293.1	72.1	31.4
Ka-12-51	28	44.45	16.45	36.75

10. Conclusions and Recommendations

Drilling proved up additional resources at Karas. Proposed work will be calculation of indicated and inferred resources, with subsequent drilling based on the outcome of these calculations. Additional drilling on the resource will be dependent on same, accompanied by geotechnical drilling to define an open pit for resource extraction.

11. References

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12. Statement of Qualifications

I, Toby N.J. Hughes, P. Geol., P.Geo., P.Geo., of 1228 Marinaside Crescent, Vancouver, BC, V6Z 2W4, do hereby certify that:

I have a B.Sc. Hons. Degree, Geology, from The University, Dundee, Scotland (1980).

I am registered with the Northwest Territories and Nunavut Association of Professional Engineers and Geoscientists, (NAPEG), the Association of Professional and Geoscientists of the Province of Manitoba (APEGM), and the Association of Professional Geoscientists of Ontario (APGO).

I have practiced my profession continuously for 32 years since graduation.

I am responsible for co-authoring and reviewing this report, and have worked on the property as project manager since April, 2012.

I have had no prior involvement with the property that is the subject of this report.

Signed

Toby Hughes, P. Geol., P. Geo., P. Geo.

STATEMENT OF QUALIFICATIONS

I, **Lesley Hunter**, *Geologist in Training* with the Association of Professional Geoscientists of Ontario (APGO) member number 10014, do hereby certify the following:

I am a Junior Geologist retained by Northern Iron Corp.

I graduated from Western Washington University in June 2012 with a Bachelor of Science in Geology and a minor in Geographic Information Systems.

I am a member and Geologist in Training with the National Association of State Board Geology in Washington State.

I have been engaged full time in mineral exploration projects in Ontario Canada and Colombia since June 2012 as a junior geologist.

I am co-author and personally prepared this Assessment Report on the Karas Property and it is based upon a examination of all available company and government reports pertinent to the subject property.

I was personally onsite from August 2012 until November 2012 conducting and overseeing the drill program, supervised by Toby Hughes, P.Geo.

As of the date of the certificate, to the best of my knowledge, information and belief, I am not aware of any material fact or material change with respect to the subject manner of this report, that is not reflected in this report, or the omission to disclose, which would make this report misleading.

Lesley Hunter, B. Sc, GIT

Lesley Hunter

Dated in Vancouver, BC, this 21. day of February, 2013