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To the bondholders of:

ISIN NO 001 070919.9 – 11% Northland Resources AB (publ.) Super Senior Bridge Bonds 2014,

and

ISIN NO 001 068232.1 – 15% Northland Resources AB (publ.) First Lien Bond Issue 2013/2019

ISIN NO 001 068233.9 – 15% Northland Resources AB (publ.) First Lien Bond Issue 2013/2019

(together the “First Lien Bonds”)

and

ISIN NO 001 063613.7 – 4% Northland Resources S.A Second Lien Bond Issue 2013/2020

ISIN NO 001 063619.4 – 4% Northland Resources S.A Second Lien Bond Issue 2013/2020

(together the “Second Lien Bonds”)

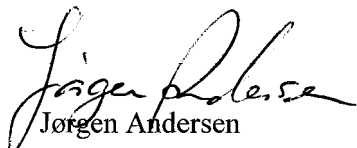
Oslo, 30 June 2014

Press release – Northland Resources S.A. (and its subsidiaries) will temporarily suspend payments and initiate an informal reorganization procedure

Please find attached the press release from Northland Resources S.A. (and its subsidiaries) of today.

Yours sincerely,

Nordic Trustee ASA


Jørgen Andersen

NORTHLAND

Northland decides on new strategy

Luxembourg, June 30, 2014 – Northland Resources S.A. (OSE: NAUR, Frankfurt: NPK, Nasdaq OMX/First North: NAURo – together with its subsidiaries “Northland”, “NRSA” or the “Company”) announces a change in strategy due to low iron ore prices. Focus is to maximize operational flexibility.

Northland’s long term strategy has since 2010 been to develop Kaunisvaara to reach a yearly production of approximately 4 million tonnes of iron ore concentrate, with two processing lines in use. Over the last years, all Northland’s major business decisions have been made in the context of implementing this strategy. Such decisions include staffing and organizational setup, capital expenditures, key supplier contracts and financing.

The production from the first processing line has gradually improved and during April and May the production reached targeted levels both in terms of volumes and cash costs. However, a significant reduction in world market iron ore prices in 2014 from around \$135/dmt in the beginning of the year to a low point of \$89/dmt has made the Board of Directors come to the conclusion that a change in the Company’s strategy is necessary under the prevailing challenging circumstances.

New strategy and operational implications

Northland’s new strategy is based on reaching maximal flexibility in operations and cost structure. Through a focus on production from the existing processing line significant cost reductions can be made, while simultaneously retaining long-term flexibility.

With the new strategy, Northland will complete construction of the second processing line but not take this line into production at current price levels. As remaining expenditure to complete the second processing line is limited, this will preserve the Company’s optionality to ramp up when market conditions improve. Until then, the strategy gives Northland the opportunity to preserve liquidity and at the same time avoid depleting Reserves & Resources in periods of low prices.

With the new strategy fully implemented, the Company is targeting to reach breakeven cash flow on an operating level at prevailing iron ore price level even when operating only one processing line.

As a consequence of the new strategy, significant changes to the operations of Northland are required. The lower cost level is expected to be achieved through organizational changes in combination with a review of certain commercial

supplier contracts. At this stage it is uncertain how employees will be affected by this change. The Company has initiated a dialogue with the relevant labor unions.

In addition, the Company will seek to improve terms and conditions under its off-take agreements. As a part of such improvements, Northland has signed a Memorandum of Understanding with Mitsubishi Corporation RtM International for deliveries of a significant part of the production.

The Company has also entered into a non-binding Term Sheet with a new Strategic Partner. If materialized, a final agreement with the Strategic Partner would allow Northland to source iron ore for the second processing line starting in 2016 and continuing until 2018/2020 maintaining an annual production of 4.4 – 5.4 million dmtpa. Upon expiry of the sourcing agreement the second processing line can be supplied with ore from the Sahavaara deposit. An agreement with the Strategic Partner is expected to result in a higher operating cost but would enable postponing Capex of approximately USD 150 million which would otherwise be required to start production from the Sahavaara deposit. Ramping up production, whether on Strategic Partner ore or based on development of Sahavaara, would nonetheless require an improved market for iron ore or seeing the effects of the new strategy to reduce the cost of production.

Suspension of payments and informal reorganization

To implement the new strategy while preserving liquidity, Northland has today decided to temporarily suspend payments to its suppliers and creditors. The company will initiate an informal reorganization procedure in which creditors and suppliers will be presented with a proposal for a settlement. The process and procedures regarding temporary suspension of payments will be managed by attorney Lars Söderqvist who also managed Northland's formal reorganization in 2013. The new strategy will also affect the capability to keep the repayment time plan for the creditors set up as part of the reorganization in 2013.

The current market environment with low iron ore prices does not provide the basis to secure viable long term financing. Accordingly, the Company's financing process has not been concluded on schedule but will remain an area of focus as the new strategy is implemented. Key stakeholders including major bond holders and key suppliers have indicated their support for the new strategy.

Comments

“With the new strategy that the Board has decided on, Northland achieves a much higher flexibility which we see to serve best the long term interests of all our stakeholders. In current market conditions, we will be able to preserve liquidity and strategic assets allowing Northland to maximize production when iron ore prices are higher”, said Olav Fjell, Chairman of the Board.

“The new strategy means that Northland needs to go through painful but necessary changes. This will affect the organization and how we run our daily

operations. Our task ahead is to secure that Northland has a viable future even in challenging market conditions”, said Johan Balck, CEO.

“Under current circumstances, I believe an informal reorganization of the Company can be successful. Through an informal reorganization it is possible to reach the best available solution for all creditors. If the informal process should not progress as expected the Company will always have the option to at a later stage enter into a formal reorganization, in order to increase protection of the the company’s assets for the long-term benefit of all its creditors”, said attorney Lars Söderqvist.

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Or visit our website: www.northland.eu

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.
