



**2022 Annual Report**

Nordic  
**Iron Ore**™





**We are using  
modern  
technology  
to restart  
production at an  
existing mine in a  
sustainable way**



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# Nordic Iron Ore in brief

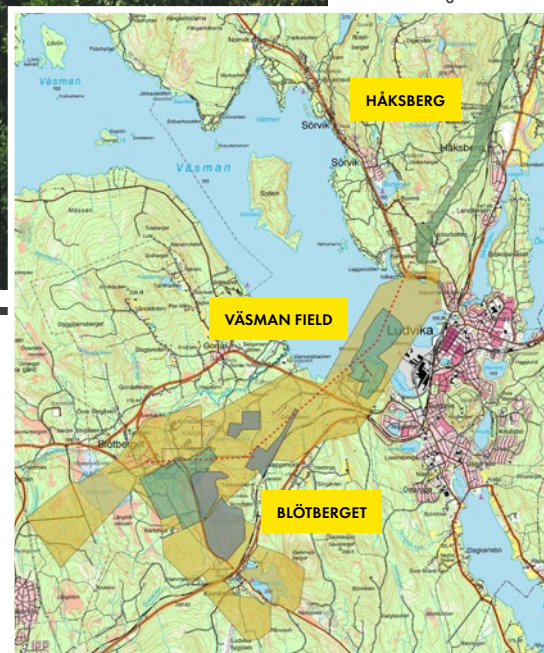
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**N**ordic Iron Ore is a mining development company in the southern Dalarna region of Sweden whose main ambition is to resume mining operations at the previously operational mine Blötberget, as well as Häksberg and the Väsman field which to-date remain unexploited, which are considered to hold significant potential. The company has all necessary permits in place to conduct mining in Blötberget, and will be able to produce high-grade iron ore. This enables the company to meet the growing demand for high quality iron ore concentrate.





The map shows the geographic spread of the company's exploitation concessions and exploration permits in Blötberget, Väsman field and Håksberg.





# Summary of the year

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Photo: Epiroc

## First Quarter

- The company signed a letter of intent for the further development of the project with Cargill International Trading. Negotiations to finalise an agreement have been in progress during the year and after the period, and we are now approaching the end of the negotiations process.
- Nordic Iron Ore announced its participation in the EU-funded ERA-MIN-3 FUTURE project aimed at developing high-tech methods for mineral exploration in a cooperation between European and South African companies.
- The short-term loan of SEK 10.5 million from the company's principal owners Bengtssons Tidnings AB and Ludvika Holding AB and Board member Timo Lindborg (through companies) was extended until the end of September 2022.

## Second Quarter

- Nordic Iron Ore's application to access electrical power with a capacity of up to 20 MW received final approval from Svenska Kraftnät.
- The company completed the relocation of the 50 kV power line that will distribute electric power to the mine.
- Ronne Hamerslag was appointed the new CEO of Nordic Iron Ore, joining the company from his position as Head of Supply Management, Boliden Group Procurement.
- In order to strengthen working capital, the company extended its credit facilities with a short-term loan of SEK 5 million from the company's third-largest owner Kopparinvest AB.

## Third Quarter

- The short-term loan of SEK 15.5 million from the company's principal owners Bengtssons Tidnings AB, Ludvika Holding AB and Kopparinvest, and Board member Timo Lindborg (through companies) was extended until the end of December 2022.

## Fourth Quarter

- Nordic Iron Ore applied to the Mining Inspectorate of Sweden for an additional exploration permit in connection with the Blötberget mine, which was subsequently granted. The background is the interesting indications obtained from the Smart Exploration research project.
- The short-term loan of SEK 15.5 million from the company's principal owners Bengtssons Tidnings AB, Ludvika Holding AB and Kopparinvest, and Board member Timo Lindborg (through companies) was extended until the end of March 2023.
- In order to strengthen working capital, Nordic Iron Ore extended its existing credit facility with a short-term loan of SEK 3 million from the company's two largest owners Bengtssons Tidnings AB and Ludvika Holding AB.
- Nordic Iron Ore signed a letter of Intent with Hitachi Energy whereby the companies will enter into exclusive negotiations on an "Electrification as a Service" solution for the 50/12kV system required for reliable mining operations in Blötberget.

# Asset portfolio

Nordic Iron Ore's current permits, mineral resources and mineral reserves are detailed in the following section.

## Permits – overview

■ There are a number of laws that have a particularly significant impact on Nordic Iron Ore's operations. These are the Swedish Environmental Code (1998:808) and the Minerals Act (1991:45).

BLÖTBERGET:	Environmental permit	Exploitation concessions	Exploration permit
HÅKSBERG:	Environmental permit	Exploitation concessions	
VÄSMAN FIELD:	Exploitation concessions		

### Environmental permit

Under the Swedish Environmental Code, an environmental permit from the Land and Environment Court is required in order to carry out continuous mining activities. Nordic Iron Ore received an environmental permit from the Land and Environment Court at Nacka County Administrative Court in 2014 for the restart of mining production in Blötberget and Håksberg. The environmental permit is subject to subsequent requirements that the company must comply with in its mining operations.

These include requirements on emissions to the air and water, noise, and the management of waste and environmentally hazardous substances. There is also a requirement for a restoration fund to be set up, with a large initial payment once the permit is used through commencement of construction. In connection with its permit application, the company has reported a comprehensive environmental impact assessment, the purpose of which

is to identify and describe the direct and indirect damage that the planned operations could cause to humans, animals, plants, land, air, water, the climate, the landscape and the cultural environment.

### Exploration permit

The Minerals Act is a law governing the exploration and exploitation of mineral deposits on own or third-party land. The act regulates exploration permits, among other things. The holder of an exploration permit may carry out exploration work within the permit area.

Exploration work may only be carried out to demonstrate that the mineral covered by the permit is present in the area and to further investigate the size, nature and mineability of the deposit.

The Mining Inspectorate of Sweden granted an exploration permit for Blötberget in 2022. The

exploration permit previously granted for the Ludvika field expired during the financial year.

In accordance with the Minerals Act, the exploration permit grants exclusive rights to explore the area in question and is valid for three years.

### Exploitation concessions

The Minerals Act also regulates exploitation concessions.

The exploitation concessions for Blötberget and Håksberg were granted by the Mining Inspectorate of Sweden in 2011 and are valid for 25 years with the right to extend. The exploitation concession assigns the right of extraction and exploitation of iron, lanthanum and apatite within a specified area.

Exploration permits	Name	Municipality	Mineral	Validity period	Share	Area (ha)
	Ludvikafältet nr 1	Ludvika	apatite, iron	6 May 2019 – 6 May 2024	100 %	913.65
	Blötberget nr 4	Ludvika	apatite, iron	20 Feb 2020 – 20 Feb 2025	100 %	453.72
	Blötberget nr 5	Ludvika	apatite, iron	14 Nov 2022 – 14 Nov 2025	100 %	465.00

Exploitation concessions	Name	Municipality	Mineral	Validity period	Share	Area (ha)
	Blötbergsgruvan K nr 1	Ludvika	apatite, iron, lanthanum	30 Aug 2011 – 30 Aug 2036	100 %	126.43
	Blötbergsgruvan K nr 2	Ludvika	apatite, iron, lanthanum	14 Aug 2017 – 14 Aug 2042	100 %	38.65
	Håksbergsgruvan K nr 1	Ludvika	gold, iron, copper	15 Dec 2011 – 15 Dec 2036	100 %	136.30
	Södra Väsmanfältet K nr 1	Ludvika	iron	21 Dec 2017 – 21 Dec 2042	100 %	115.39

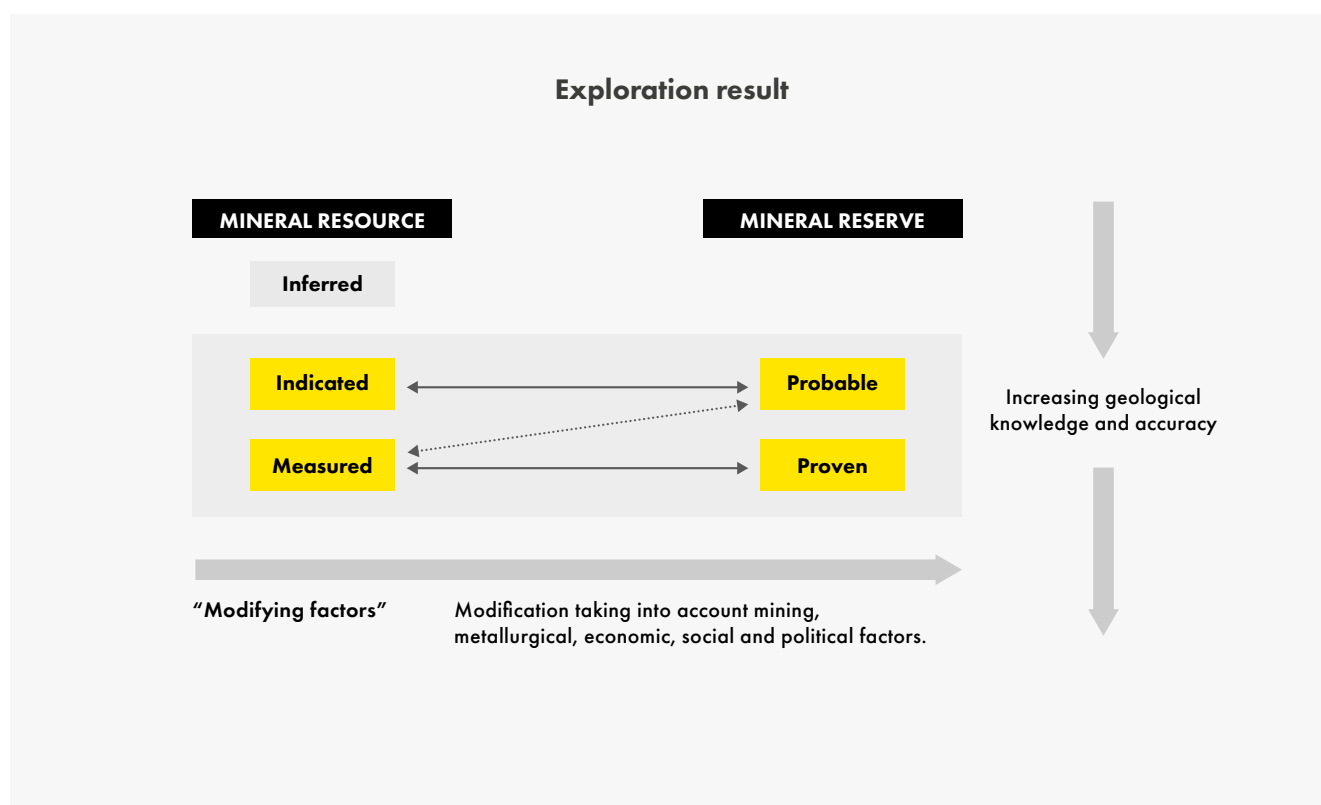


# Classification of mineral resources and mineral reserves

■ There are several methods for classifying mineral resources and mineral reserves. Nordic Iron Ore has chosen to use the so called JORC standard.

THE STANDARD TAKES into account geological knowledge of the deposit and whether mining is economically feasible. Various surveys and studies are carried out to increase knowledge about the deposit. In the matrix below, the mining company has the greatest knowledge about proven mineral reserves and the least knowledge about inferred mineral resources.

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# Mineral resources

■ Estimates of the company's mineral resources have been prepared by an external lead Qualified Person. Reports on mineral resources are available on the company's website.

## Inferred mineral resources

An inferred mineral resource is the part of a mineral resource for which tonnage, grade and mineral content can be estimated based on geological surveys and limited sampling, and assumed, but not verified, geological and grade continuity.

The estimate is based on limited information and sampling, gathered by appropriate techniques from locations such as outcrops, test pits, quarry grindings and drill holes.

## Indicated mineral resources

An indicated mineral resource is the part of a mineral resource for which quantity, content, density, shape and physical properties can be assessed with an accuracy that is sufficient to allow the appropriate application of the technical and economic parameters required for calculating mineral reserves, establishing a mining plan and evaluating the economic viability of the deposits.

The assessment is based on detailed and reliably compiled exploration and testing data obtained through appropriate techniques from outcrops,

trenches, test pits, quarry grindings and drill holes that it is reasonable to assume geological and grade continuity.

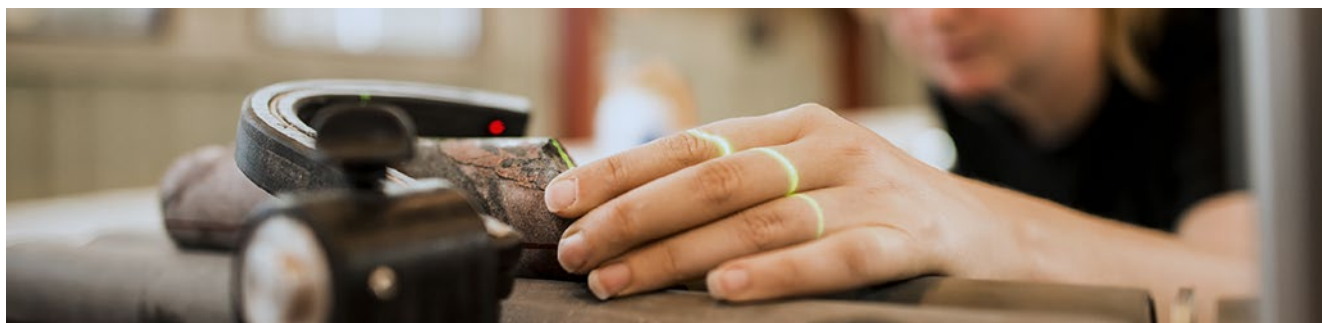
## Measured mineral resources

A measured mineral resource is the part of a mineral resource for which quantity, content, density, shape and physical properties are so well known that they can be assessed with an accuracy that is sufficient to allow the appropriate application of the technical and economic parameters required for calculating mineral reserves, establishing a mining plan and evaluating the economic viability of the deposits.

The assessment is based on detailed and reliably compiled exploration and testing data obtained through appropriate techniques from outcrops, trenches, test pits, quarry grindings and drill holes that are sufficiently close to confirm that geological and grade continuity exists.

Mineral resources	Project	Inferred		Indicated		Measured		Classification
		MT	% FE	MT	% FE	MT	% FE	
	Blötberget	11.8	36.1	9.6	36.2	45.4	41.7	JORC 2012
	Hälsberg	11.6	36	25.4	36.4	-	-	JORC
	Väsman	85.9	38.4	7	38.5			JORC





# Mineral reserves

■ Mineral reserve estimates for Blötberget are based on a feasibility study from October 2019. A summary of the feasibility study is available on the company's website.

## Probable mineral reserves

A probable mineral reserve is a part of an indicated mineral resource, and in some cases a measured mineral resource, which through at least one pre-feasibility study has proven economically viable to mine. This study must include adequate information on mining, concentration, metallurgy, and economic and other relevant factors that demonstrate that extraction is profitable.

## Proven mineral reserves

A proven mineral reserve is a part of a measured mineral resource, which through at least one pre-feasibility study has proven economically viable to mine. This study must include adequate information on mining, concentration, metallurgy, and economic and other relevant factors that demonstrate that extraction is profitable.

Mineral reserves	Project	Probable		Proven		Total	
		MT	% FE	MT	% FE	MT	% FE
	Blötberget	4.67	29.72	29.4	37.32	34.1	36.26

# Statement from the CEO

Dear shareholders,

**During the year, Nordic Iron Ore continued its preparations ahead of mining production at Blötberget, to work on securing long-term financing of the business and not the least to enable a due diligence of the business. This due diligence process, which was carried out by Cargill, led to concrete negotiations on an agreement. In addition, we have secured important permits and agreements to ensure sufficient electricity supply to the mine and continued to work on exploration at Blötberget. We have a positive outlook on completing negotiations with Cargill related to deliveries, investment and our future collaboration during this financial year, and thereafter initiate development of Blötberget into a modern, electrified and green mine.**

**A**s both the processing plant and much of the machinery to be used down in the mine will consume significant amounts of electricity, we need to secure electricity supply to the mine. During the year, Svenska Kraftnät approved our application for a power outtake of 20 MW and later signed a letter of intent with Hitachi Energy for the installation and operation of an electric power plant with a 50/12kV station. In order to secure initial power and ensure that the electric power plant can be connected to the grid, we have also signed an engineering agreement with VB Elnät to determine the required measures to access the initial power requirement and connect the previously mentioned 50/12kV station.

In the second half of 2022, we increased our focus on exploration of Blötberget which led to us applying for a new exploration permit, which was granted. The focus of the exploration is to make complementary analyses of existing data and to add further geological data to models and calculations. We hope this work will lead to an upgrade of some mineral resources or an addition of new mineral resources.

## Upcoming preparations ahead of mining

The infrastructure for transportation is to a great extent already in place through close connection to the railway, which can then transport the iron ore to the port of Oxelösund for further transport. In addition, the company has all necessary permits, in the form of environmental permits and exploitation concessions, to start production at Blötberget. The environmental permit was granted in 2014 and a priority during 2023 is to ensure measures required by the permit and to deal with these with relevant authorities.

However, there are a number of important preparations that need to be made before production can begin. First of all, we will need to build a new industrial area for a hauling machine, a crusher device, an enrichment plant, a warehouse, loading terminal, railway, roads and administrative buildings. To summarize, all that a modern mine requires in order to function in a secure way for both people and environment.

A majority of the mining at Blötberget took place above a depth of 240 metres before its closure in 1979. Nordic Iron Ore plans to restart mining even deeper at a depth of 420 metres and a new ramp down to the ore body will therefore be built.





### **The company is meeting growing demand**

According to current schedules and calculations, Nordic Iron Ore has a lead time of about three years before mining can start at Blötberget. The mine is expected to annually produce approximately 1.6 million tonnes of iron ore concentrate with an average iron concentration of 69%, one of the highest concentrations that is available on the market. Iron ore concentrate of this quality is an important component in reducing the CO<sub>2</sub> intensity in the entire iron ore value chain. This high-grade iron ore product that Nordic Iron Ore wants to offer the market is characterized by its high share of magnetite and low concentration of damaging elements, and is a product in increasing demand from the steel industry.

In order to build necessary plants and infrastructure at the mine, as well as strengthen the organization, a capital investment of approximately SEK 2.5 billion will be required. Current working capital is insufficient for the planned activities during the coming 12 months. We have already initiated discussions with investors and banks on the financing that will be required over the coming years in order to establish the new mining area and for this we need to initiate necessary work at the mine in the near term. We have an exciting time ahead and I look forward to keeping you updated on our progress.

**Ronne Hamerslag**  
CEO, Nordic Iron Ore AB

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**This long-term cooperation agreement means that we can now start developing Blötberget into a modern, electrified and green mine.**

# The mines



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**Iron ore began to be mined in the area as far back as the 1600s, with large-scale operations beginning in the year 1900.**

## History

Ludvika Mines (the collective name for Nordic Iron Ore's mines) have ancient roots and a long history of mining. Iron ore began to be mined in the area as far back as the 1600s, with large-scale operations beginning in the year 1900. Stora Kopparberg took over operations at Blötberget in the mid-1900s, but discontinued operations in 1979 due to low iron ore prices and a weak economy.

In 2008, Nordic Iron Ore obtained the necessary exploration permits and has conducted extensive exploration of the area since then. The company's objective is to restart mining operations in the area, starting in Blötberget and expanding to Väsman and Häksberg.

In total, Nordic Iron Ore controls measured and indicated mineral resources of 87.4 million tonnes with an iron content of 36.2 -41.7 percent. Based on the feasibility studies, Blötberget has 34 million tonnes of resources that have been classified as mineable reserves. The economic life of the Blötberget reserves is at least 10-12 years.

## Technical description

All ore mining is planned to take place as underground mining and at a lower depth than the previous mining activities in the area. Underground mining has significantly less impact on the surface. The selected mining method, a variant of backfill mining, enables a high ore extraction rate while maintaining low waste rock content, which means higher iron content in the extracted ore to obtain optimal performance in the ore concentrating plant. All waste rock from the underground construction works is deposited in empty mine workings on completion of ore mining in the specific area.



# 45.4      41.7

Measured mineral resources % MT      Measured mineral resources % FE

## Blötberget

■ Blötberget is the first deposit that Nordic Iron Ore will process, and the mine has an estimated life of 10-12 years based on currently known mineral reserves. Nordic Iron Ore has all permits in place to start mining in Blötberget, which includes both exploitation concessions valid until 2036 and 2042 and an environmental permit valid until at least 2024. A focus area for 2023 is to secure an extended environmental permit once its validity expires.

The process of developing Blötberget into a modern, electrified and green mine continued in 2022. The company has worked on securing funding of preparations ahead of mining operations, such as building up the organisation and initial site work at Blötberget.

Strengthening the organisation includes recruiting our own, employed personnel to leading roles in engineering, project management and mining.

Nordic Iron Ore has secured many important contracts with suppliers for access to electricity supply, but negotiations continue with other partners who will be involved in key aspects of the construction work at the mine.

Nordic Iron Ore has already entered into an agreement, whereby ABB will contribute

knowledge on optimum development of operations underground, including an electrification programme. During the year, a letter of intent was signed with Hitachi Energy for an electric power plant to secure the necessary electricity supply during construction and mining operations. Nordic Iron Ore also has a strategic partnership with Epiroc, who will assist with knowledge of modern mining operations and electrified vehicles. All these agreements require the parties to work together to produce the most sustainable and productive solutions for mining in Blötberget.

### Completed studies

Golder Associates reported the results of its definitive feasibility study in October 2019. The study found that Blötberget's net present value, taking into account identified mineral reserves, amounted

to just over USD 71 million at a discount rate of 8 percent, with an EBITDA margin of 43 percent and a pre-tax internal rate of return of 13 percent.

In 2020, Whittle Consulting, a specialist in strategic planning for the mining industry, conducted an optimisation study for Blötberget. The purpose of the study was to optimise the economic outcome of the project based on the definitive feasibility study for Blötberget. Profitability improved significantly and the net present value was USD 172 million at a discount rate of 8 percent, more than double the previous figure. The pre-tax internal rate of return rose to 21.2 percent.

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### Blötberget's resources

Valid exploitation concessions	Name	Mineral	Validity	Area (ha)
	Blötbergsgruvan K nr 1	Iron, lanthanum, lanthanides, apatite	30 August 2011 – 30 August 2036	126.4
	Blötbergsgruvan K nr 2	Iron, lanthanum, yttrium, scandium, apatite	14 August 2017 – 14 August 2042	38.7

Mineral resources	Measured		Indicated		Inferred		Classification
	MT	% FE	MT	% FE	MT	% FE	According to
	45.4	41.7	9.6	36.2	11.8	36.1	JORC 2012

Mineral reserves	Proven		Probable		Total	
	MT	% FE	MT	% FE	MT	% FE
	29.4	37.32	4.67	29.72	34.1	36.26

# 7.0 38.5

Indicated mineral resources % MT

Indicated mineral resources % FE

## Väsman field

■ The extensive magnetite mineralisations under Lake Väsman have been known about since the 1800s. For Nordic Iron Ore, the Väsman field is a very exciting opportunity to further expand operations once mining starts at Blötberget.

The Väsman field is close to the Blötberget mine and its planned industrial area and is a direct southern continuation of the iron mineralisations in the Häksberg field. This will enable the Väsman field to benefit from significant logistics and infrastructure synergies arising from the investments in logistics and concentration that are planned for Blötberget.

The Väsman field will benefit from the infrastructure that has been built up for Blötberget. Preliminary planning for the Väsman deposit is for it to be mined using a method similar to Blötberget or using a variant of sub-level stoping. Possible application of backfill mining will be evaluated when making the final selection of the mining method. Key issues are complete avoidance of subsidence of the surface (due to the overlying lake) and evaluation of the potential at the northern end of the Väsman field. The deposit requires extensive exploration work to determine mineable reserves, particularly for the northern part.

### Mineral resources

In 2019, SRK Consulting conducted a techno-economic conceptual study concerning the southern section of the Väsman field where the company has been granted an exploitation concession. Despite the area only corresponding to less than half of the total of Väsman field, the study indicated a profitable mine with a seven-year lifespan.

The southern part of the Väsman field, including the mineralisations at Finnäset, were investigated in autumn 2012 by core drilling down to about 300 metres. The mineral resources in the smaller part investigated through core drilling have been estimated at 7.0 million tonnes with 38.5 percent Fe, classified as indicated resources, and 85.9 million tonnes with 38.4 percent Fe currently classified as inferred mineral resources.

A summary of the optimisation study can be found at [nordicironore.se](http://nordicironore.se) under "Technical reports". SRK's conceptual study for the southern Väsman field is also available there.

### The Väsman field's resources

Valid exploitation concession	Mineral		Validity		Area (ha)
	Iron		20 December 2017 – 20 December 2042		115.4

Mineral resources	Indicated		Inferred		Classification
	MT	% FE	MT	% FE	According to
	7.0	38.5	85.9	38.4	JORC



25.4      36.4

Indicated mineral resources % MT      Indicated mineral resources % FE

# Håksberg

■ Håksberg is Nordic Iron Ore’s third field. The area was mined from the 1700s until 1979. Nordic Iron Ore holds an exploitation concession and an environmental permit for Håksberg which is valid by 2024.

**H**åksberg is the third field that Nordic Iron Ore will process after Blötberget and the Väsman field. The mineralisations at the Håksberg field occur in four elongated parallel zones, from Iviken by Lake Väsman in the south to Källbotten in the north.

The iron oxide minerals comprise approximately 80 percent magnetite and 20 percent haematite. The indicated mineral resources at the Håksberg field down to the 350-metre level have been estimated at 25.4 million tonnes with an average iron content of 36.4 percent. Historical deep-hole

drilling down to around 800 metres suggests that the ore bodies continue to depth. Current mineral resource estimates indicate at least 11.6 million tonnes with an iron content of around 36.0 percent.

The company’s exploitation concession application was granted by the Mining Inspectorate of Sweden on 15 December 2011. The mining concession provides rights to extract and exploit iron, copper, gold and molybdenum for 25 years, with an extension option. An environmental permit was granted in 2014.

## Håksberg’s resources

Valid exploitation concession	Mineral	Validity		Area (ha)
	järn, koppar, guld, molybden	15 December 2011 – 15 December 2036		136,3

Mineral resources	Indicated		Inferred		Classification
	MT	% FE	MT	% FE	According to
	25.4	36.4	11.6	36.0	JORC

# Market and products

**Iron ore prices continued to fluctuate in 2022 in line with developments in steel demand. The price of 62 percent iron ore peaked at approximately USD 160/tonne in spring and closed at USD 113/tonne, while 65 percent iron ore peaked at USD 192/tonne, closing at 128 USD/tonne.**

## Global iron ore market

Volatility remained high during the year, although slightly less so than in 2021. The war in Ukraine has resulted in a shortage of energy, food and raw materials, which in turn has increased inflation around the world. The decline in iron ore prices is mainly due to a more cautious market outlook as central banks around the world have raised interest rates. Demand for steel has fallen in both China and Europe, while many steel producers have been negatively affected by rising energy prices.

Global steel demand fell by 2.3 percent to 1,796 million tonnes.<sup>1</sup> In Europe, demand fell by 3.5 percent and in China, which experienced extensive lockdowns during the year due to the pandemic, demand fell by 4 percent. Despite this, China

accounted for more than half of the world's total steel consumption. Global demand was generally weak during the year, although some countries and regions showed positive development. In the US, demand increased by 2 percent compared with the previous year. Also countries in Asia, such as Indonesia, Thailand, Vietnam and India, which are investing heavily in infrastructure projects, saw demand for steel increasing by more than 6 percent.

The economic slowdown can also be seen in steel production data. Total global production of crude steel is estimated at 1,845 million tonnes, a reduction of 6 percent from the previous year.<sup>2</sup> In line with the rest of the world, Swedish production of crude steel decreased by 6 percent and amounted to 4.4 million tonnes in 2022. The war in Ukraine has of course also had trade policy implications and the EU, along with several other countries around the world, has responded to the Russian invasion by imposing comprehensive sanctions. All these sanctions have made it very difficult to trade with Russia. A ban on iron and steel imports from Russia was introduced in spring. To avoid a shortage of steel in Europe, the European Commission has adjusted the regulatory framework for EU safeguard measures so that Russia's unused free quotas for exports to the EU are allocated to other countries' production quotas instead. The war has also caused problems with increased prices of electricity, energy and other key inputs for the steel industry.

During the year, the EU started preparing legislation to secure the supply of important minerals – the Critical Raw Materials Act. To date, 30 minerals and metals have been identified as critical due to high economic importance and potentially high risk of supply disruption. In August, a substantial, far-reaching legislative package was approved in the US – the Inflation Reduction Act – which includes almost USD 400 billion in government support for energy production and environmental protection measures in the US.

Sweden is the largest iron ore producer in the EU and the eleventh largest in the world. The Swedish share of global production is 1.3 percent. The largest producer in Sweden by far is LKAB, which is owned by the Swedish state, and which mines approximately 80 percent of all iron ore in the EU.

## Increased demand for high-grade iron ore

The development towards a fossil-free future in the steel industry continued during the year with several announcements of more and larger transition projects in Europe and the rest of the world. It is evident that this development is now in motion and is increasing in both speed and size. An important step for green steel production is to replace the use of coal and coke used in reduction processes with hydrogen, so the residual product is water rather than carbon dioxide. The traditional production method uses blast furnaces for heating up to reduce and melt the iron ore to liquid core iron for the continued process to produce steel, while the production method using hydrogen is called direct reduction. Direct reduction occurs in the solid state and there is no residual product and this leads to direct reduction requiring a cleaner iron ore product than the traditional production method in order to produce iron that can be used in the steel production process.

In addition to environmental aspects, there are other reasons why demand for high-grade iron ore is expected to increase. For example, higher productivity can be achieved by using a raw material with higher iron content and better metallurgical properties. This trend has increased the demand for pellets, an iron ore product made from iron ore concentrate with a generally high iron content.

Overall, this indicates continued strong growth in the market segment in which Nordic Iron Ore will operate.

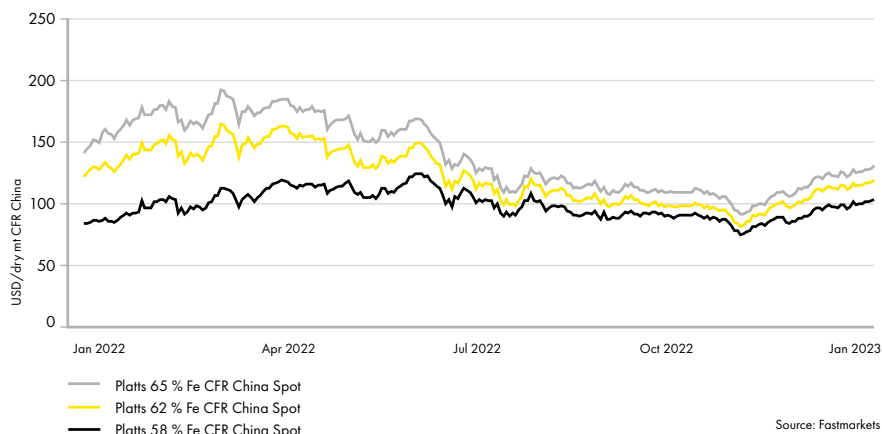
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**Replacing the use of coal and coke with hydrogen is an important step in reducing carbon dioxide emissions in steel production.**

1. Short Range Outlook, World Steel Associations  
2. World Steel Associations



Price trend for different iron ore products



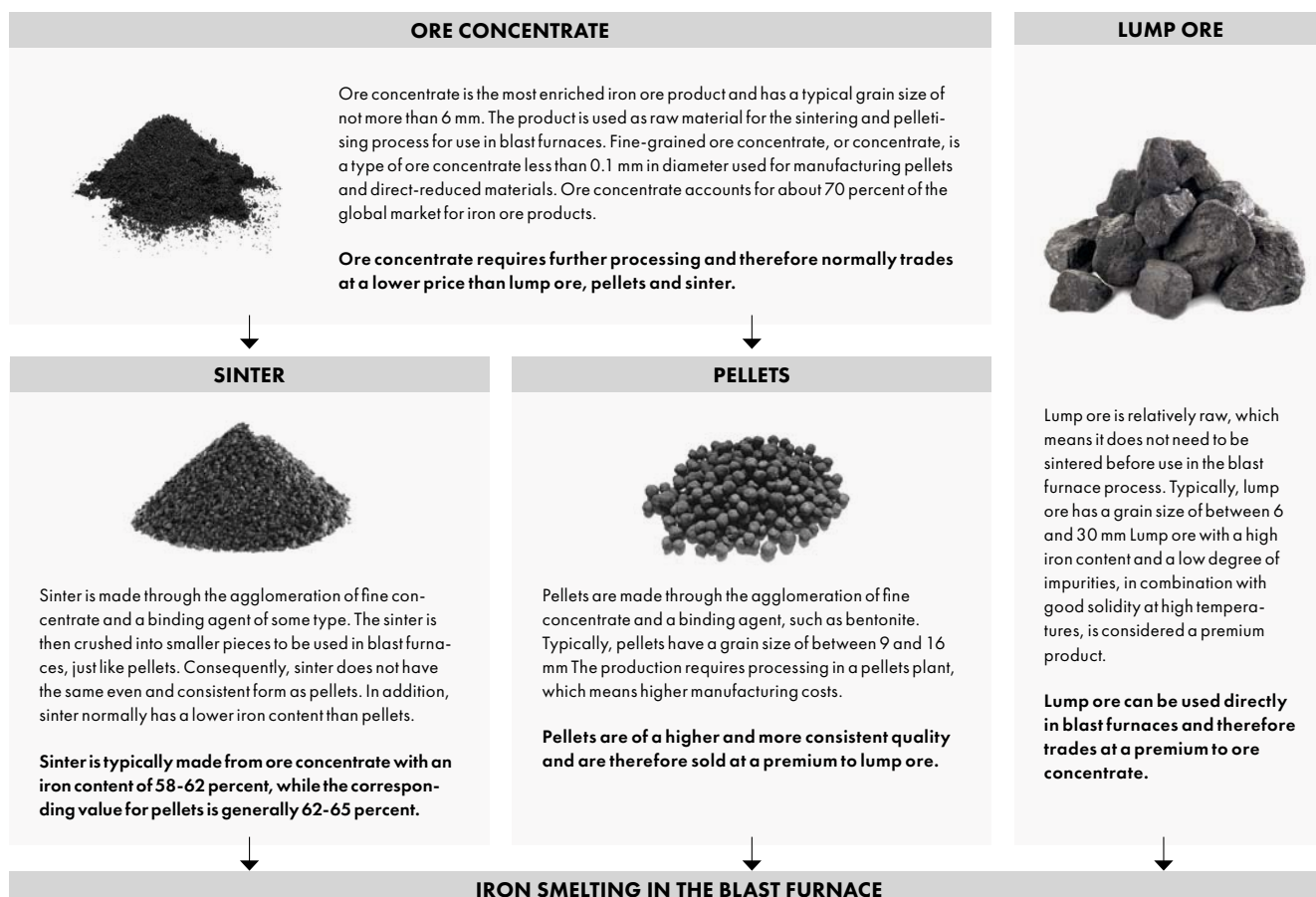
## Different product segments

There are four main types of iron ore products:

- Ore concentrate
- Pellets
- Sinter
- Lump ore

Ore concentrate is used in the production of sinter and pellets, which can then enter the blast furnace process or a direct reduction process. Nordic Iron Ore will be producing ore concentrate. The price of different iron ore products is based on a number of market indices that are based on executed contracts with deliveries to China. The indices are based on different iron ore products

and different concentrations of iron which provide a basis for final adjustments of the price based on actual iron content and potential contaminations of the delivered product. Products with higher concentrations of iron are traded at additional premiums since the product is well suited for green steel production and have cheaper production costs regardless of reduction process.



# Strategy

## Vision

**Nordic Iron Ore will be a major Swedish producer of high-grade iron ore products.**

## Objectives

The company's operational objectives are to:

- Resume mining operations at Blötberget, where all permits are in place, with a production start in 2026, gradually expanding to an anticipated annual production of about 1.6 million tonnes of high-grade iron ore concentrate
- Substantially expand mineral assets and mineral reserves through continued exploration of the Väsman field and Håksberg

The company's financial objectives are to:

- Achieve profit after financial expenses that is sustainable and a profitability level above the industry average within two years of the start of production

## Strategic priorities

The company's objectives will be achieved by:

- Exploring and developing high-grade iron ore deposits
- Creating an efficient and sustainable complete solution for mining, concentration and logistics
- Being an attractive business partner providing a high level of reliability of supply for selected customer segments and offering products tailored to customers.
- Producing and marketing a niche product with a very high iron content.

## Phases for the resumption of mining operations

### Phase 1

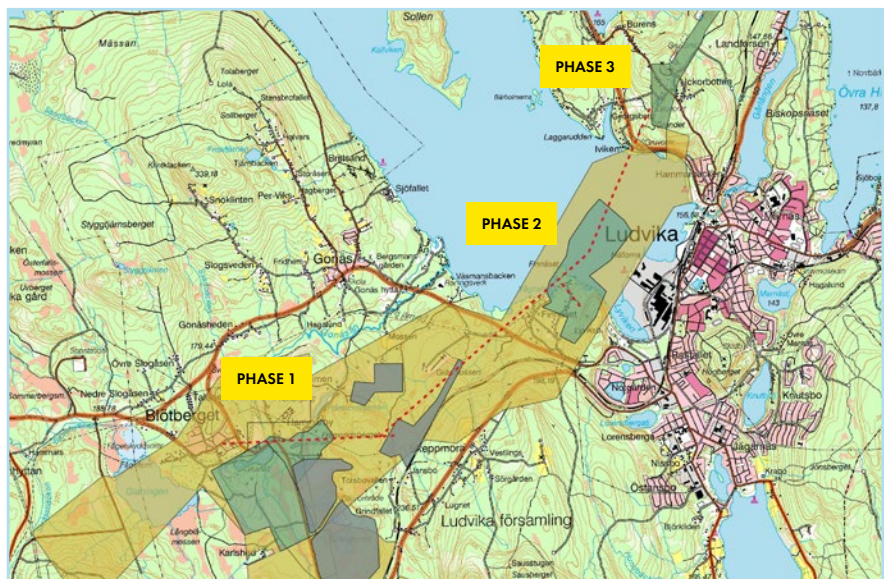
The first phase covers the start of mining at Blötberget planned for 2026, with a first production line at the ore concentrating plant. Exploration and development of the Väsman field continues in parallel. Cash flows from Blötberget will contribute to financing the following two phases.

### Phase 2

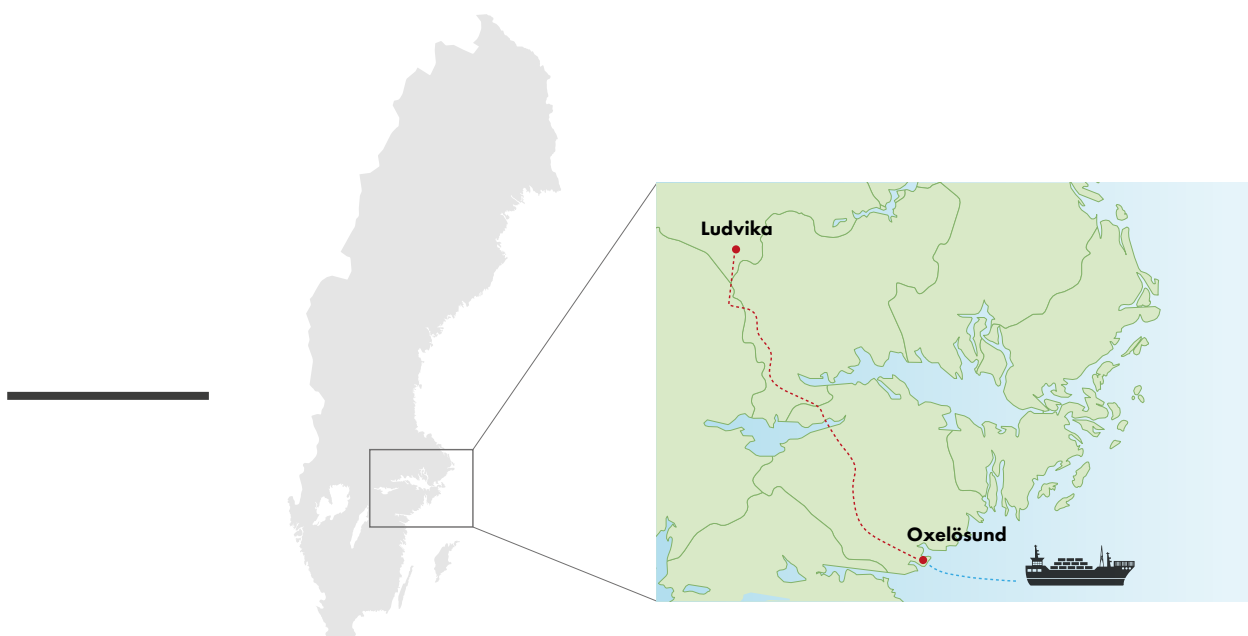
In phase 2, the deposits in the Väsman field are developed. The Håksberg exploration and development continues in parallel.

### Phase 3

In phase 3, the Håksberg deposits are developed.







The iron ore concentrate can be transported by rail to the harbour in Oxelösund for further transport to a global market.

## Funding

Executing the company's long-term strategy and processing the company's resources requires substantial funding.

Nordic Iron Ore has during the year made significant progress towards a completed partnership agreement with Cargill. Only a few points remain outstanding in the agreement and the company expects to complete an agreement this financial year. Financing from a potential partnership agreement would enable initial site work at Blötberget.

## Future capital requirements

The total capital requirement to build the necessary facilities and infrastructure at the mine and strengthen the organisation will be approximately SEK 2.5 billion. The company plans to finance itself in stages through a combination of new share issues and loan financing, with the goal of at least 50 percent in loan financing.

In future raising of capital, Cargill undertakes to invest its pro-rata share of the capital raised, excluding unsubordinated debt.

## Product

Nordic Iron Ore will initially focus on iron ore concentrate delivered to customers. Tests show that the company will be able to deliver a high quality product with an expected average iron content of about 69 percent. This is a premium product that is well suited for direct reduction and so called green steel production and therefore demand is expected to increase significantly in the coming years, from approximately 170 million tonnes today to almost 600 million tonnes by 2050.

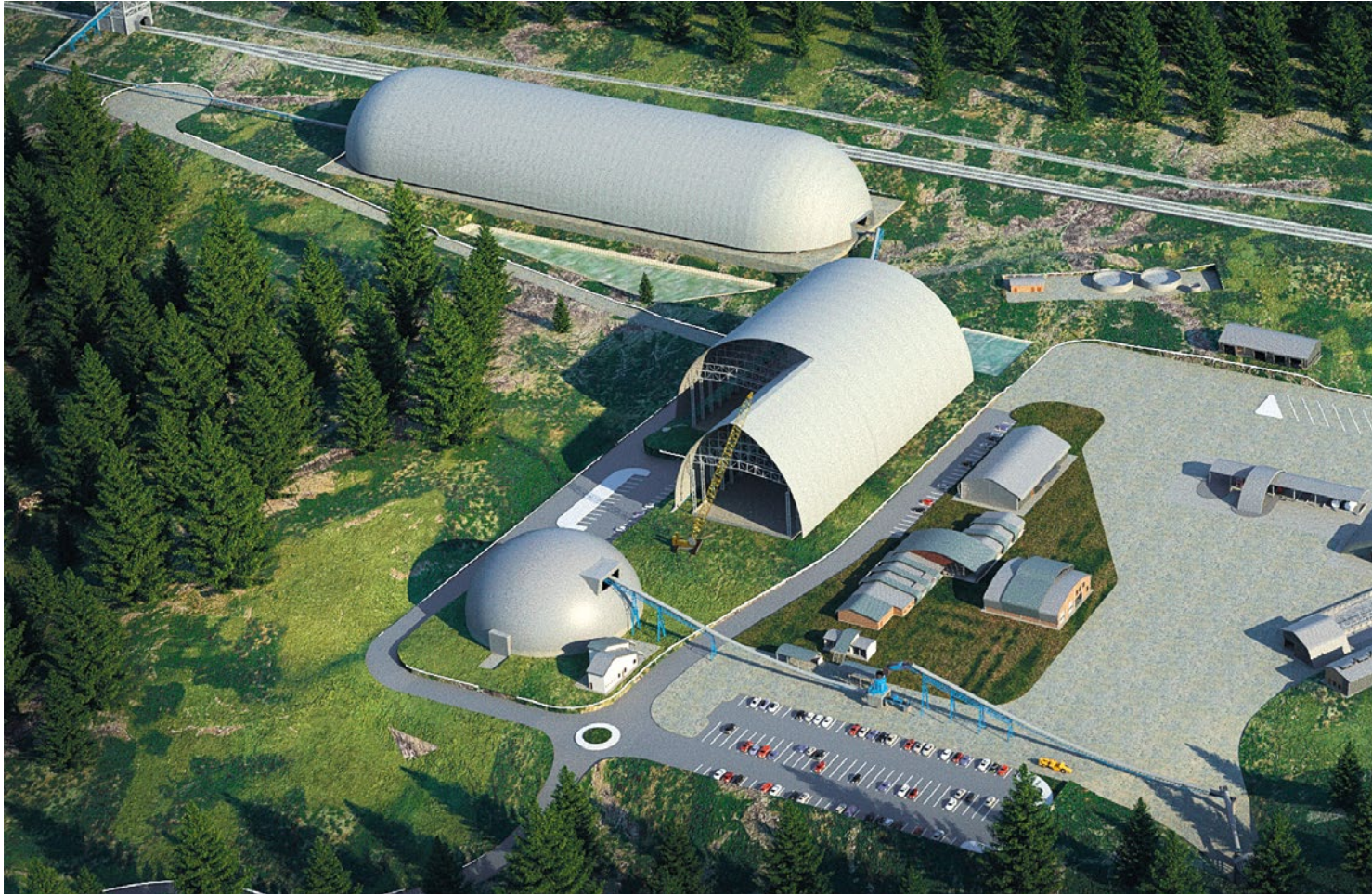
The plan is then to evaluate other types of premium iron ore products, including pellets.

## Logistics

The mines are located next to a railway that is connected to the national rail network. Nordic Iron Ore can then deliver the iron ore concentrate by rail to the port of Oxelösund for further transportation to a global market. The company has signed a letter of intent with the port of Oxelösund for use of the port. During the year, preparatory work has continued with both the port of Oxelösund and the Swedish Transport Administration to ensure that preparations are proceeding according to plan.

”

**This is a premium product that is well suited for direct reduction and so called green steel production and therefore demand is expected to increase significantly in the coming years.**



## Production

### Enrichment plant

The deposit includes two main categories of ore minerals: magnetite and haematite. Although both categories require specific processing, the mine will only mine and transport mixed input materials to the ore concentrating plant. This is possible thanks to an concentrating plant that allows a varied haematite/magnetite ratio in the incoming ore with a concentration process that produces an iron ore concentrate that meets the company's high expectations.

Three products could be produced: a magnetite, haematite and a mixed concentrate depending on future demand and pricing of individual products. The primary exploitation methods are magnetic separation for magnetite and gravimetric separation for haematite concentrate. Gravimetric separation is a chemical process whereby a chemical solution is used to separate the iron ore concentrate from the input product.

For the removal of phosphorous, reverse flotation is applied. This results in very low residual phosphorous levels and therefore a higher quality end product.

The enrichment plant will have an annual capacity of just over 3 million tonnes of ore minerals, resulting in annual concentrate production of approximately 1.6 million tonnes.

Construction of the ore enrichment plant is a standardised procedure and is expected to start in 2024 and be completed for the start of production in 2026.

### Sustainable mining operations

Nordic Iron Ore aims to operate in a sustainable way. Mining operations are designed with modern technology to minimise impact in the form of noise, vibrations and emissions into the air and water. Our environmental permit has strict requirements that we must continuously meet in order to conduct mining operations in Blötberget.

The company maintains ongoing dialogue with the County Administrative Board, the municipality and local residents to inform them of the company's activities.

Sustainable development means meeting human needs in a way that does not prevent future generations from meet their needs. In specific terms, this means long-term conservation of the ecosystem's

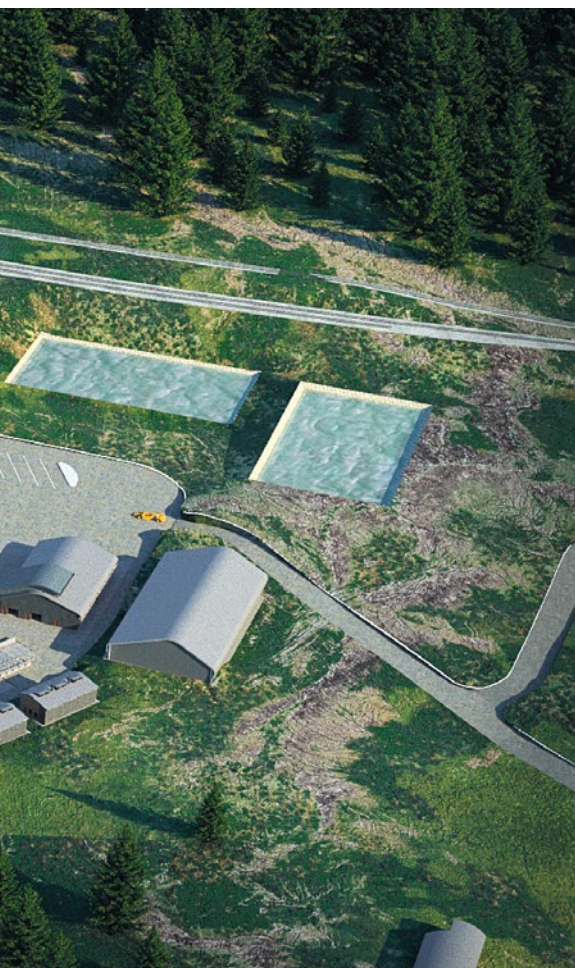
productive capacity and minimisation of negative impacts on nature and human health.

*Sustainable development can be divided into three areas:*

- **ECONOMIC SUSTAINABILITY:** ensuring long-term economic growth without compromising social and ecological sustainability.
- **SOCIAL SUSTAINABILITY:** developing societies that are inclusive, equal and tolerant by putting people's needs and well-being at the centre.
- **ECOLOGICAL SUSTAINABILITY:** developing societies without endangering the ecosystem through over-exploitation of natural resources, thus ensuring future generations are able to meet their needs.

When Nordic Iron Ore plans future operations, these three sustainability aspects will act as guiding principles on how they are conducted. In preparing for the start of production in Blötberget, the company is focusing on minimising emissions in water and air. Nordic Iron Ore will, for example, use efficient and modern mining methods that minimise discharges into groundwater and





The image shows the future layout at Blötberget. In the lower part of the picture there is a conveyor from the mine to a dome where the ore is stored before entering the ore concentrating plant (building under construction). The oblong building at the top of the picture is a storage facility for the finished concentrate product, which can then be transported via the railway alongside. Other buildings are administrative buildings such as offices, storerooms and repair shops.

## Environmental permit

Under the Swedish Environmental Code's rules, a permit from the Land and Environment Court is required in order to conduct continuous mining activities. The rules include requirements on emissions to the air and water, noise, and the management of waste and environmentally hazardous substances. The permit application is accompanied by a comprehensive environmental impact assessment, the purpose of which is to identify and describe the direct and indirect damage that the planned operations could cause to humans, animals, plants, land, air, water, the climate, the landscape and the cultural environment. The Land and Environment Court at Nacka District Court approved the company's application for an environmental permit in 2014 which is valid until 2024.

In 2015, an important condition of the judgement was met when the County Administrative Board in Dalarna approved the company's compensation plan for nature conservation values that will be lost at the restart of production at the Blötberget and Håksberg mines. The judgement also required a restoration fund to be set up, with a large initial payment once the permit is used through commencement of construction. A focus area for Nordic Iron Ore in 2023 is to secure an extended environmental permit once it expires.

waterways, and machinery that consumes as little energy as possible.

The company also wants to contribute to the development of the area surrounding Ludvika. Blötberget is expected to provide direct employment for over 200 people and once the planned expansion of operations at the Väsman field and Håksberg is underway, the company will employ even more people.

In 2022, the company continued to work on a number of sustainability-related activities in preparation for the upcoming mining operations. Among other things, the continuous water quality monitoring programme has progressed, with about thirty samples having been taken from holes and wells. The level of groundwater is measured continuously to monitor changes before and during the mine's development.

Another focus area during the year has been to work on the electrification of future mining operations and a sustainable logistics solution. The plans and analyses of future operations indicate uniquely low CO<sub>2</sub> emissions per tonne of iron ore concentrate delivered to the port. The company also had its application for the necessary electrical power approved by Svenska Kraftnät during the year.

The compensation programme for nature conservation values, approved in 2015, involves management plans and easement agreements. Nordic Iron Ore is working on the details of these together with Stora Enso Skog och Mark and with Ludvika Municipality. In 2022, a right of use agreement was signed with Ludvika Municipality with regard to a management area for deciduous forest in accordance with this compensation programme.

### Management of sustainability work

Nordic Iron Ore's efforts to minimise damage to the natural environment and contribute to sustainable development are based on the policies and guidelines adopted by the Board. The principles of the UN Global Compact are an important framework. Ultimate responsibility for Nordic Iron Ore's sustainability work lies with the Board, while company management has operational responsibility for monitoring targets and prioritised activities.

### Nordic Iron Ore's policies and guidelines

#### Sustainability policy

Basic principles on how operations are to be conducted sustainably, from an economic, ecological and social perspective.

#### Personnel policy

Basic principles on the employee's right to fulfilling work, including taking responsibility for a work environment characterised by safety, respect for and trust in each individual employee.

#### Environmental policy

Basic principles providing guidance on how to minimise the overall environmental impact and resource consumption of operations and contribute to sustainable and profitable development. Three priority areas for environmental work:

- Minimising the impact on the natural environment in the area of operations
- Minimising emissions to the air and water
- Creating a safe work environment

#### Code of Conduct

Principles on the company's responsibilities and conduct as a good business partner, employer and member of society.

The company intends to gradually certify its operations under ISO 14001.

# The share

**Nordic Iron Ore's share was admitted to trading on Nasdaq First North Stockholm on 1 October 2018. The last price paid for Nordic Iron Ore's share, on 31 December, was SEK 7.97, corresponding to a market capitalisation of SEK 296.0 million.**

**F**irst North Growth Market is an alternative marketplace operated by NASDAQ and does not have the same legal status as a regulated market. Investing in a company traded on First North entails more risk than investing in a company traded on a regulated market. All companies whose shares are admitted to trading on First North have a Certified Adviser that monitors regulatory compliance. Nordic Iron Ore's Certified Adviser is Wildeco.

## Dividend policy

Nordic Iron Ore is in an expansive phase of growth, with any surplus capital in operations being invested in operations and/or acquisitions. As the company has not distributed a dividend to its shareholders since it was founded, there is no adopted dividend policy.

Ticker: NIO  
ISIN code: SE0011528017



## Shareholders, 31 December 2022

Shareholders	Number of shares	Share of votes and capital
Bengtssons Tidnings AB	7,799,238	21.00 %
Ludvika Holding AB	4,453,483	11.99 %
Kopparinvest AB	2,600,132	7.00 %
Whittle Equity Pty Ltd	1,752,369	4.72 %
Skålpussen AB	1,116,000	3.01 %
Björn Israelsson	965,000	2.60 %
Avanza Pension	671,833	1.81 %
Johan Flink	645,100	1.74 %
Per Einarsson	558,500	1.50 %
Jonas Bengtsson	524,105	1.41 %
<b>Total top 10</b>	<b>21,085,760</b>	<b>56.78 %</b>
Other	16,049,295	43.22 %
<b>Total</b>	<b>37,135,055</b>	<b>100.00 %</b>

## Share capital development

The table below shows the company's share capital development since it was founded.

Year	Event	Change in no. of shares	Change in share capital, SEK	Total no. of shares	Total share capital, SEK	Quotient value, SEK *
2008	Founded	1,000	100,000	1,000	100,000	100.00
2008	Split	11,000	-	12,000	100,000	8.33
2010	Non-cash issue <sup>1</sup>	18,400	153,333	30,400	253,333	8.33
2010	Warrants <sup>2</sup>	14,000	116,667	44,400	370,000	8.33
2010	Bonus issue	-	400,000	44,400	770,000	17.34
2010	New share issue <sup>3</sup>	6,940	120,356	51,340	890,356	17.34
2011	New share issue <sup>4</sup>	26,500	459,572	77,840	1,349,928	17.34
2011	Split	7,706,160	-	7,784,000	1,349,928	0.17
2012	Offset issue <sup>5</sup>	3,708,738	643,182	11,492,738	1,993,110	0.17
2014	New share issue <sup>6</sup>	1,606,000	278,518	13,098,738	2,271,628	0.17
2014	New share issue <sup>7</sup>	745,099	129,218	13,843,837	2,506,786	0.17
2014	Offset issue <sup>8</sup>	610,875	105,940	14,454,712	2,377,568	0.17
2014	Offset issue <sup>9</sup>	56,000	9,712	14,510,712	2,516,497	0.17
2015	Offset issue <sup>10</sup>	3,112,501	539,781	17,623,213	3,056,278	0.17
2015	New share issue <sup>11</sup>	14,837,741	2,573,212	32,460,954	5,629,490	0.17
2016	New share issue <sup>12</sup>	4,084,596	708,365	36,545,550	6,337,854	0.17
2017	New share issue <sup>13</sup>	73,091,100	12,675,709	109,636,650	19,013,563	0.17
2018	Offset issue <sup>14</sup>	16,370,000	2,838,941	126,006,650	21,852,505	0.17
2018	New share issue <sup>15</sup>	73,091,100	12,675,709	199,097,750	34,528,214	0.17
2018	Reverse share split	-179,187,975	-	19,909,775	34,528,214	1.73
2019	Warrants exercised <sup>16</sup>	68,419	118,654	19,978,194	34,646,868	1.73
2019	Rights issue <sup>17</sup>	9,991,276	17,327,213	29,969,470	51,974,081	1.73
2020	Private placement <sup>17</sup>	400,000	693,694	30,369,470	52,667,775	1.73
2020	Conversion <sup>18</sup>	885,834	1,536,244	31,255,304	54,204,018	1.73
2020	Private placement <sup>19</sup>	2,327,689	4,036,758	33,582,993	58,240,776	1.73
2021	Offset issue <sup>20</sup>	3,552,062	6,160,108	37,135,055	64,400,884	1.73

\* Rounded to two decimal places.

1. The subscription price was SEK 450.00 per share. Payment was with a non-cash consideration.

2. New share issue through the exercise of warrants. The subscription price was SEK 8.33 per share.

3. The subscription price was SEK 500 per share.

4. The subscription price was SEK 850 per share.

5. The subscription price was SEK 17 per share. Payment was by offsetting receivables.

6. The subscription price was SEK 25 per share.

7. The subscription price was SEK 25 per share.

8. The subscription price was SEK 20 per share. Payment was by offsetting receivables.

9. The subscription price was SEK 25 per share. Payment was by offsetting receivables.

10. The subscription price was SEK 1.00 per share. Payment was by offsetting receivables.

11. The subscription price was SEK 1.00 per share.

12. The subscription price was SEK 1.00 per share.

13. The subscription price was SEK 0.25 per share. The new share issue was registered in two stages: share capital increased by SEK 9,958,369.102110 at the first registration, and by SEK 2,717,339.719908 at the second.

14. The subscription price was SEK 0.50 per share. Payment was by offsetting receivables.

15. The new share issue comprised units consisting of two shares and a warrant that was free of charge. Each unit was issued at a price of SEK 1.00, meaning a subscription price of SEK 0.50 per share as the warrant was issued free of charge.

16. The subscription price was SEK 10.00 per share.

17. The subscription price was SEK 2.50 per share.

18. The conversion price was SEK 9.02 per share.

19. The issue price was SEK 2.57 per share.

20. The issue price was SEK 3.0 per share.



# Corporate governance

**Corporate governance at Nordic Iron Ore is based on Swedish legislation, the company's articles of association and internal instructions. The Swedish Corporate Governance Code ("the Code") applies to Swedish limited liability companies whose shares are listed on a regulated market. As Nordic Iron Ore is not listed on a regulated market, it is not obliged to apply the Code but has elected to apply certain sections of the Code.**

## The share

The company's shares were admitted to trading on Nasdaq First North Growth Market on 1 October 2018. The share capital at the end of the financial year was SEK 64,400,884 divided into 37,135,055 shares with a quotient value of SEK 1.734 per share. The number of shareholders is 7,943.

There are no restrictions on the transferability of shares under the Articles of Association or other agreements. The company has appointed Wildeco Ekonomisk Information AB as its Certified Adviser in order to fulfil the requirements for listing on Nasdaq First North.

## Shareholders and general meetings

The highest decision-making body is the general meeting, at which shareholders exercise their influence in the company. An ordinary shareholder meeting must be held each year, referred to as the Annual General Meeting. The AGM passes resolutions on items including adoption of the income statements and balance sheets, appropriation of the company's profit or loss, discharge from liability for the Board and CEO, election of the Board and auditors and adoption of their fees.

Notice of the AGM shall be issued no earlier than six weeks and no later than four weeks before the meeting. This also applies to an Extraordinary General Meeting dealing with amendments to the Articles of Association. Notice of any other EGM shall be issued no earlier than six weeks and no later than two weeks before the meeting. Notice of the meeting is given by announcement in Post och Inrikes Tidningar and on the company's website. Shareholders who are recorded in Euroclear's share register on the record date and have notified the company of their participation in due time are entitled to participate and vote their shares at the general meeting.

## 2022 Annual General Meeting

The Annual General Meeting was held on 30 June 2022. At the meeting, a decision was made to postpone decision on the number of Board members and the election of Board members until the next general meeting, and the following Board members will continue until then: Jonas Bengtsson, Gösta Bergman, Tomas Olofsson and Timo Lindborg. Tomas Olofsson is Chairman of the Board. The AGM resolved to amend the Articles of Association as follows: the company's share capital shall amount to not less than SEK 64,340,090 and not more than SEK 257,360,360 and the number of shares in the company shall amount to not less than 37,100,000 and not more than 148,400,000 shares.

The meeting also authorised the Board of Directors to decide on the issue of shares, warrants and/or convertibles with or without pre-emptive rights for existing shareholders, whereby the share capital and number of shares in the Company on issuance, exchange and/or conversion will be increased by an amount and number that is within the limits of the Articles of Association at the time of the relevant issue.

## Board of Directors

The Board of Directors is the company's highest decision-making body after the general meeting. In accordance with the Swedish Companies Act, the Board of Directors is responsible for the company's administration and organisation, which includes responsibility for establishing goals and strategies, ensuring procedures and systems are in place for evaluating defined goals, continuously evaluating the company's results and financial position and evaluating the operational management. The Board is also responsible for ensuring the timely preparation of the annual report and interim reports.

In addition, the Board appoints the company's CEO.

Board members are elected by the AGM for the period until the end of the next AGM. According to the Articles of Association, the Board is to comprise between three and ten members with not more than ten deputies.

The Chairman of the Board is elected by the AGM and has a particular responsibility for managing the work of the Board and ensuring that the work is well organised and carried out efficiently.

The Board of Nordic Iron Ore comprises expertise and experience in areas that are important to the company. The Board consists of members with expertise and experience in areas including the mining industry and financing. Board work is conducted based on prevailing legislation, regulations and the rules of procedure adopted by the Board.

The rules of procedure are regularly reviewed and adopted at least once a year at the statutory Board meeting following the AGM. The Board meets according to an annual schedule. In addition to these Board meetings, additional meetings may be convened to deal with matters that cannot be scheduled for a regular Board meeting. In addition to the Board meetings, the Chairman of the Board and the CEO maintain regular dialogue regarding the management of the company.

For the time being, the Board has decided against appointing any Board committees, as it is of the opinion that the duties that would be performed by remuneration and audit committees are currently handled most efficiently by the full Board. According to the rules of procedure, the Board is to hold at least six meetings in addition to the statutory meeting. In 2022, the Board held 11 meetings.

Information about the Board and senior executives is available on the company's website [www.nordicironore.se](http://www.nordicironore.se) under the heading Corporate governance, Articles of Association and information about the Board and senior executives. Information about fees paid to the Board is provided in Note 8.

## CEO

The CEO reports to the Board and has the main responsibility for operating activities, including personnel, financial and accounting issues, regular contact with the company's stakeholders (such as authorities and the financial market) and for providing the Board with the information required to make well-founded decisions. The distribution of duties and responsibilities between the Board and the CEO is regulated by law and the company's instructions for the CEO. Ronne Hamerslag has been the company's CEO since July 2022. Information about remuneration of the CEO is presented in Note 8.

## Insider register and insider policy

Before listing of the company's share on Nasdaq First North, the Board of Directors adopted an information policy that includes rules for managing insider information. The policy regulates procedures for the periods during which persons in senior positions and other insiders are not permitted to trade shares or other financial instruments issued by the company.

## Audit

The auditor reviews the company's Annual Report and accounting records, and the administration of the Board of Directors and CEO pursuant to the Swedish Companies Act and generally accepted auditing standards in Sweden. The

2022 AGM re-elected the company's auditor, Öhrlings PricewaterhouseCoopers AB, with Anna Rozhdestvenskaya as auditor-in-charge for the period until the 2023 AGM.

## Disclosure of information

Nordic Iron Ore aims to keep the share market continuously informed about the company's operations, to ensure that the market's requirements regarding timely information are met. Disclosure requirements are mainly determined by legislation and First North Growth Market's rules for issuers.

Nordic Iron Ore AB issues quarterly reports, year-end reports and annual reports, which are disclosed through press releases and published on the company's website.

# Board of Directors and Management

## Board of Directors



### TOMAS OLOFSSON

**Board member and Chairman of the Board** since May 2017 (Deputy Board member 2014–2016)

**Born:** 1968

**Other assignments:** CEO of Lemont AB; owner, partner and Board member of Ludvika Holding AB, Grytänge Invest AB, Fastighets AB, Morgårdshammar AB, Datorama AB, Badhusudden AB, A.Rentall AB, Mecapto AB, Svanströms Lackeringar AB and Rondic Invest AB.

**Background:** Tomas Olofsson is an entrepreneur with 20 years' experience in the engineering industry. He has developed and built up a number of industrial, staffing and real estate companies.

Independent of the company and its senior management. Not independent of major shareholders.

**Holding in the company:** 4,453,483 shares held through companies.



### JONAS BENGTSOON

**Board member** since 2011

**Born:** 1969

**Education:** MBA, Stockholm University

**Other assignments:** Board member of Bengtssons Tidnings AB and subsidiaries; Board member of Zensum AB, Jonas Bengtsson Invest AB and subsidiaries, and Svenska Nyttobostäder AB and subsidiaries

**Background:** Jonas Bengtsson is a partner at BTAB Invest and has 15 years' experience in the financial sector and in the development of small and medium-sized industrial and property companies.

Independent of the company and its senior management. Not independent of major shareholders.

**Holding in the company:** 524,105 shares directly and 7,799,238 through companies.



### TIMO LINDBORG

**Board member** since 2019

**Born:** 1955

**Education:** PhD and MSc in Civil Engineering, Water and Environmental Engineering, BSc in Geology and Adjunct Professor, Business Processes of the Mining Industry, at the University of Oulu in Finland.

**Other assignments:** Timo Lindborg is an independent consultant and CEO of Arkkitehti- ja ympäristösuunnittelu Hentilä & Lindborg Oy

**Background:** Timo Lindborg has more than 35 years' experience in mining projects and Nordic companies, including CEO of Sotkamo Silver, Endomines AB (publ), Endomines Oy and Kalvinit Oy.

Independent of the company and its senior management. Independent of major shareholders.

**Holding in the company:** 55,300 shares held through companies.



### GÖSTA BERGMAN

**Board member** since August 2018

**Born:** 1950

**Education:** LL.B, Stockholm University.

**Other assignments:** Owner of Advokatfirman Bergman & Partners AB. Chairman of the Board of OptiMobile AB and Board member in Sensor Fonder AB.

**Background:** Corporate lawyer since 1978 with experience from several major companies such as Ericsson, Unisys and Ovako Steel. Chairman of the Board of Grängesberg Iron AB.

Independent of the company and its senior management. Independent of major shareholders.

**Holding in the company:** –



## Executive Management



**RONNE HAMERSLAG**  
CEO since July 2022

**Born:** 1969

**Education:** MSc in Metallurgy and Materials Technology, Royal Institute of Technology (KTH), Stockholm

**Background:** Ronne Hamerslag has previously held managerial roles within Boliden's raw materials supply and procurement organisation. Prior to that, he has held a number of operational and business management roles in international operations. Ronne also has experience from several start-up companies and board positions.

**Other assignments:** Board member of the subsidiary Ludvika Gruv AB and Mahvie Minerals AB.

**Holding in the company:** –



**HANS THORSHAG**  
Technology advisor since 2011

**Born:** 1950

**Education:** Mining Engineer, Royal Institute of Technology in Stockholm.

**Background:** Hans Thorshag has over 40 years' experience in the mining industry as a project manager, production manager and mining specialist at companies such as LKAB, Boliden, Midroc Gold and Lundin Mining. He is also a designated Qualified Person as defined by SveMin's regulatory framework.

**Other assignments:** Board member of H T Mineral Aktiebolag and owner in Mining and Milling in Bergslagen Handelsbolag.

**Holding in the company:** 14,000 shares.



**PAUL MARSDEN**  
Advisor in Marketing and Product Development

**Born:** 1957

**Education:** Bsc in Geological Sciences, Aston University, Birmingham, Chartered Engineer (C Eng) and Chartered Scientist (CSci).

**Background:** Paul Marsden has been Nordic Iron Ore's Technical Sales and Marketing Director since 2011, and previously held various executive positions over five years at Northland Resources including as VP, Business Development. Prior to this, Paul Marsden was engaged as a consultant in the international mining, iron and steel industry for almost 30 years, including just under 27 years with Corus Consulting (formerly British Steel Consultants Ltd). Paul Marsden's most recent position at Corus Consulting, as project manager, included responsibility for preliminary studies and the global marketing of iron ore. He is also a designated Qualified Person according to The Institute of Materials, Metals and Mining (IOM) and its regulatory framework.

**Other assignments:** No other assignments.

**Holding in the company:** 17,740 shares.

### Changes in management in 2022

During the year, Ronne Hamerslag was elected new CEO of Nordic Iron Ore and he began in his role on July 25, 2022. Ronne Hamerslag thereby replaced Lennart Eliasson who continues to support the company in an advisory role.

# Board of Directors' Report

The Board of Directors and CEO of Nordic Iron Ore AB (publ), Corp. Reg. No. 556756-0940, hereby submit the following Annual Report and consolidated financial statements for the financial year 1 January 2022 to 31 December 2023.

## Operations

The company's operations comprise exploration and project development for future mining operations, principally through the management and refinement of the exploitation concessions held for iron-ore deposits in Ludvika, Dalarna.

The company has all the necessary permits, including environmental permits, for the initial project in Blötberget.

## Significant events during the financial year

### Project development

The company signed a letter of intent for the further development of the project with Cargill International Trading. Negotiations to finalise an agreement have been in progress during the year and after the period, and only a few points are now outstanding.

Nordic Iron Ore announced its participation in the EU-funded ERA-MIN-3 FUTURE project aimed at developing high-tech methods for mineral exploration in a cooperation between European and South African companies.

Nordic Iron Ore's application to access electrical power with a capacity of up to 20 MW received final approval from Svenska Kraftnät.

The company completed the relocation of the 50 kV power line that will distribute electric power to the mine.

Ronne Hamerslag, former Head of Supply Management, Boliden Group Procurement, was appointed the new CEO of Nordic Iron Ore.

Nordic Iron Ore applied to the Mining Inspectorate of Sweden for an additional exploration permit in connection with the Blötberget mine, which was subsequently granted. The background is the interesting indications obtained from the Smart Exploration research project.

Nordic Iron Ore signed a letter of Intent with Hitachi Energy whereby the companies will enter into exclusive negotiations on an "Electrification as a Service" solution for the 50/12kV system required for reliable mining operations in Blötberget.

### Funding

The short-term loan of SEK 10.5 million from the company's principal owners Bengtssons Tidnings AB and Ludvika Holding AB and Board member Timo Lindborg (through companies) was extended until the end of September 2022.

In order to strengthen working capital, the company extended its credit facilities with a short-term loan of SEK 5 million from the company's third-largest owner Kopparinvest AB.

The short-term loan of SEK 15.5 million from the company's principal owners Bengtssons Tidnings AB, Ludvika Holding AB and Kopparinvest AB, and Board member Timo Lindborg (through companies) was extended until the end of December 2022.

The short-term loan of SEK 15.5 million from the company's principal owners Bengtssons Tidnings AB, Ludvika Holding AB and Kopparinvest AB, and Board member Timo Lindborg (through companies) was extended until the end of March 2023.

In order to strengthen working capital, Nordic Iron Ore extended its existing credit facility with a short-term loan of SEK 3 million from the company's two largest owners Bengtssons Tidnings AB and Ludvika Holding AB.

## Events after the end of the financial year

The company entered into an engineering agreement with VB Elnät to determine the measures required to enable connection to the electric grid.

The short-term loan of SEK 18.5 million from the company's principal owners Bengtssons Tidnings AB, Ludvika Holding AB and Kopparinvest AB, and Board member Timo Lindborg (through companies) was extended until 30 June 2023.

In order to strengthen working capital, Nordic Iron Ore extended its existing credit facility with a short-term loan of SEK 3 million from the company's two largest owners Bengtssons Tidnings AB and Ludvika Holding AB. The credit facility thereby amounts to a total of SEK 21.5 million.

The company prolonged short-term loans of SEK 21.5 million from the company's three largest owners and a Board member. The term of the loans was prolonged by three months until September 30, 2023.

In order to strengthen working capital, Nordic Iron Ore extended its existing credit facility with a short-term loan of SEK 3 million from the company's two largest owners Bengtssons Tidnings AB and Ludvika Holding AB. The extension has the same terms as existing loans, meaning an annual interest rate of 8 percent and needs to be repaid on September 30, 2023. The credit facility thereby amounts to a total of SEK 24.5 million.

## Employees

The average number of employees during the period was 3 (3) and the company also engaged 6 (4) consultants.

## Financial position, liquidity and future capital requirements

The Group had liquidity of SEK 2.7 million at the end of the financial year. The Group's equity amounted to SEK 145.1 million, with an equity/assets ratio of 85.36%. During the period, the loan facility with the company's three largest owners and a Board member was increased by a further SEK 3 million, bringing the total to SEK 18.5 million. After the period, the credit facility was

extended by SEK 6.0 million and repayment was prolonged by three months and the loans need to be repaid by September 30, 2023. It is the Board's view that the current working capital is insufficient to finance the planned activities during the coming 12 months, which means that there are significant uncertainties which could lead to significant doubts regarding the company's going concern.

Implementing the long-term strategy and developing the company's project requires access to extensive financing. The start of construction will require financial resources – both equity and loan financing. Existing working capital is therefore not sufficient for the planned activities over the next twelve months. For this reason, the Board is planning major capital raising in connection with strengthening the ownership base and is in advanced discussions with Cargill, having signed a letter of intent on future cooperation with that company in January 2022. The company expects to finalise an agreement in 2023.

## Risks and uncertainties

The company's risks are mainly related to securing the necessary funding to execute the business plan. Another important risk is fluctuations in global market prices for iron ore products, which in turn affect the profitability of future mining operations. Technical risks relate to the ability to resume mining operations in the company's deposits due to technical difficulties in extracting the iron ore from the rock. Regulatory risks relate to the ability to secure all the requisite permits from authorities and continuous compliance with the requirements of the environmental permit.

## Future progress

Strengthening our ownership base and securing funding for the necessary construction are our most important milestones during the year. The immediate plan is to raise capital of at least SEK 100 million to finance preparations for construction and to build the organisation. The process of securing full long-term project funding of approximately SEK 2 billion will be pursued in parallel with these activities. The funding is expected to encompass both borrowing and equity.

## Proposed appropriation of profits

Funds at the disposal of the AGM:

Amounts in SEK	
Retained earnings	-189,268
Share premium reserve	224,296
Profit/loss for the year	-10,497
<b>Total</b>	<b>24,531</b>

The Board proposes that the profit, SEK 24,531 thousand be carried forward.

The earnings and financial position of the company and the Group are presented in the following income statements and balance sheets with supplementary information and notes.

# Financials

## Consolidated statement of comprehensive income

Amounts in SEK 000	Note	2022	2021
<b>Operating income</b>			
Other operating income		-	121
<b>Total income</b>		-	121
<b>Operating expenses</b>			
Other external costs	6,7,8	-6,540	-4,565
Personnel expenses	8	-2,080	-3,375
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	13,14,15	-760	-423
<b>Total operating expenses</b>		<b>-9,380</b>	<b>-8,363</b>
<b>Operating profit/loss</b>		<b>-9,380</b>	<b>-8,242</b>
Financial income	9	0	5
Financial expenses	10	-1,094	-601
<b>Net financial expense</b>		<b>-1,094</b>	<b>-596</b>
<b>Profit/loss after financial items</b>		<b>-10,474</b>	<b>-8,838</b>
Tax	11	-	-
<b>Profit/loss for the year</b>		<b>-10,474</b>	<b>-8,838</b>
<b>Other comprehensive income</b>			
<b>Attributable to</b>			
Parent Company shareholders		-10,474	-8,838
<b>Number of shares</b>			
Number of shares at end of year		37,135,055	37,135,055
Average number of shares (before dilution)		37,135,055	34,380,990
Average number of shares (after dilution)		37,135,055	34,380,990
<b>Earnings per share</b>	12		
Earnings per share, weighted average before dilution, SEK		-0.28	-0.26
Earnings per share, weighted average after dilution, SEK		-0.28	-0.26

## Parent company statement of comprehensive income

Amounts in SEK 000	Note	2022	2021
Profit/loss for the year		-10,474	-8,838
Other comprehensive income		-	-
<b>Total other comprehensive income</b>		<b>-10,474</b>	<b>-8,838</b>



## Consolidated statement of financial position

Amounts in SEK 000	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Capitalised expenditure pertaining to exploration and evaluation	13	164,886	160,440
<b>Property, plant and equipment</b>			
Machinery and equipment	14	-	-
Right-of-use assets	15	1,832	1,998
<b>Financial assets</b>			
Other non-current receivables	17	31	31
<b>Total non-current assets</b>		<b>166,749</b>	<b>162,470</b>
<b>Current assets</b>			
Other receivables	18,19	253	324
Prepaid expenses and accrued income	20	226	164
Cash and cash equivalents	18,21	2,722	2,812
<b>Total current assets</b>		<b>3,201</b>	<b>3,300</b>
<b>TOTAL ASSETS</b>		<b>169,950</b>	<b>165,770</b>
<b>EQUITY</b>			
<b>Equity attributable to Parent Company shareholders</b>			
Share capital	22	64,401	64,401
Other contributed capital		224,295	224,295
Retained earnings including comprehensive income for the year		-143,628	-133,154
<b>Total equity</b>		<b>145,068</b>	<b>155,542</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	15	1,972	2,097
		<b>1,972</b>	<b>2,097</b>
<b>Current liabilities</b>			
Borrowings	18	19,644	5,347
Lease liabilities	15	125	114
Trade payables		446	270
Other liabilities	18,23	149	135
Accrued expenses and deferred income	18,24	2,546	2,265
<b>Total current liabilities</b>		<b>22,910</b>	<b>8,131</b>
<b>Total liabilities</b>		<b>24,882</b>	<b>10,228</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>169,950</b>	<b>165,770</b>

## Consolidated statement of changes in equity

Amounts in SEK 000	Attributable to Parent Company shareholders			Total equity
	Share capital	Other contributed capital	Retained earnings incl. profit/loss for the year	
<b>Opening equity, 1 Jan 2021</b>	<b>58,241</b>	<b>219,819</b>	<b>-124,316</b>	<b>153,745</b>
Profit/loss for the year			-8,838	-8,838
New share issue	6,160	4,496		10,656
Issue expenses		-20		-20
<b>Closing equity, 31 Dec 2021</b>	<b>64,401</b>	<b>224,295</b>	<b>-133,154</b>	<b>155,542</b>
<b>Opening equity, 1 Jan 2022</b>	<b>64,401</b>	<b>224,295</b>	<b>-133,154</b>	<b>155,542</b>
Profit/loss for the year			-10,474	-10,474
<b>Closing equity, 31 Dec 2022</b>	<b>64,401</b>	<b>224,295</b>	<b>-143,628</b>	<b>145,068</b>

## Consolidated cash flow statement

Amounts in SEK 000	Note	2022	2021
<b>Operating activities</b>			
Profit/loss for the year		-10,474	-8,838
Adjustment for non-cash items			
Depreciation, amortisation and impairment	13, 14, 15	760	423
Other non-cash items		-40	-449
		<b>-9,754</b>	<b>-8,864</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/Decrease (+) in operating receivables		10	51
Increase (+)/Decrease (-) in operating liabilities		1,369	-292
<b>Cash flow from operating activities</b>		<b>-8,375</b>	<b>-9,105</b>
<b>Investing activities</b>			
Acquisition of intangible assets	13	-4,965	-3,528
<b>Cash flow from investing activities</b>		<b>-4,965</b>	<b>-3,528</b>
<b>Financing activities</b>			
New share issue, net of issue expenses		-	-
Proceeds from borrowings	25	13,250	10,250
Repayment of borrowings		-	-
<b>Cash flow from financing activities</b>		<b>13,250</b>	<b>10,250</b>
<b>Cash flow for the year</b>		<b>-90</b>	<b>-2,383</b>
Opening cash and cash equivalents		2,812	5,195
<b>Closing cash and cash equivalents</b>	21	<b>2,722</b>	<b>2,812</b>

## Parent Company income statement

Amounts in SEK 000	Note	2022	2021
<b>Operating income</b>			
Other operating income		-	121
<b>Total income</b>		<b>0</b>	<b>121</b>
<b>Operating expenses</b>			
Other external costs	6,7,8	-6,763	-5,067
Personnel expenses	8	-2,080	-3,375
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	13,14	-594	-
<b>Total operating expenses</b>		<b>-9,437</b>	<b>-8,442</b>
<b>Operating profit/loss</b>		<b>-9,437</b>	<b>-8,321</b>
<b>Profit/loss from financial investments</b>			
Interest income	9	0	5
Interest and similar expenses	10	-1,060	-548
<b>Total profit/loss from financial investments</b>		<b>-1,060</b>	<b>-543</b>
<b>Profit/loss after financial items</b>		<b>-10,497</b>	<b>-8,864</b>
Tax	11	-	-
<b>Profit/loss for the year</b>		<b>-10,497</b>	<b>-8,864</b>

## Parent Company statement of comprehensive income

Amounts in SEK 000	Note	2022	2021
Profit/loss for the year		-10,497	-8,864
Other comprehensive income		-	-
<b>Total other comprehensive income</b>		<b>-10,497</b>	<b>-8,864</b>



## Parent Company balance sheet

Amounts in SEK 000	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Capitalised expenditure pertaining to exploration and evaluation	13	164,457	160,086
		<b>164,457</b>	<b>160,086</b>
<b>Property, plant and equipment</b>			
Machinery and equipment	14	-	-
		0	0
<b>Financial assets</b>			
Investments in Group companies	16	50	50
Other non-current receivables	17	31	31
		<b>81</b>	<b>81</b>
<b>Total non-current assets</b>		<b>164,538</b>	<b>160,167</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Other receivables	19	253	324
Prepaid expenses and accrued income	20	226	164
Cash and bank balances	21	2,679	2,769
<b>Total current assets</b>		<b>3,158</b>	<b>3,257</b>
<b>TOTAL ASSETS</b>		<b>167,696</b>	<b>163,424</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	22	64,401	64,401
Development expenditure reserve		55,981	51,016
		<b>120,382</b>	<b>115,417</b>
<b>Non-restricted equity</b>			
Share premium reserve		224,296	224,296
Retained earnings		-189,268	-175,439
Profit/loss for the year		-10,497	-8,864
		<b>24,531</b>	<b>39,993</b>
<b>Total equity</b>		<b>144,913</b>	<b>155,410</b>
<b>Current liabilities</b>			
Borrowings	18	19,644	5,347
Trade payables		445	270
Other current liabilities	23	149	135
Accrued expenses and deferred income	24	2,546	2,262
<b>Total current liabilities</b>		<b>22,784</b>	<b>8,014</b>
<b>Total liabilities</b>		<b>22,784</b>	<b>8,014</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>167,697</b>	<b>163,424</b>

## Parent Company statement of changes in equity

Amounts in SEK 000	Restricted equity		Non-restricted equity			Total equity
	Share capital	Development expenditure reserve	Share premium reserve	Retained earnings	Profit/loss for the year	
Opening equity, 1 Jan 2021	58,241	47,488	219,820	-162,823	-9,088	153,638
Appropriation of profits				-9,088	9,088	-
New share issue	6,160		4,496			10,656
Issue expenses			-20			-20
Capitalisation of development expenditure		3,528		-3,528		-
Comprehensive income for the year					-8,864	-8,864
Closing equity, 31 Dec 2021	64,401	51,017	224,296	-175,439	-8,864	155,410
Opening equity, 1 Jan 2022	64,401	51,017	224,296	-175,439	-8,864	155,410
Appropriation of profits				-8,864	8,864	-
Capitalisation of development expenditure		4,965		-4,965		-
Comprehensive income for the year					-10,497	-10,497
Closing equity, 31 Dec 2022	64,401	55,982	224,296	-189,268	-10,497	144,913

## Parent Company cash flow statement

Amounts in SEK 000	Note	2022	2021
<b>Operating activities</b>			
Profit/loss for the year		-10,497	-8,864
Adjustment for non-cash items			
Depreciation, amortisation and impairment	13, 14, 15	594	-
		<b>-9,903</b>	<b>-8,864</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/Decrease (+) in operating receivables		10	51
Increase (+)/Decrease (-) in operating liabilities		1,518	-292
<b>Cash flow from operating activities</b>		<b>-8,375</b>	<b>-9,105</b>
<b>Investing activities</b>			
Acquisition of intangible assets	13	-4,965	-3,528
<b>Cash flow from investing activities</b>		<b>-4,965</b>	<b>-3,528</b>
<b>Financing activities</b>			
Proceeds from borrowings	25	13,250	10,250
<b>Cash flow from financing activities</b>		<b>13,250</b>	<b>10,250</b>
<b>Cash flow for the year</b>		<b>-90</b>	<b>-2,383</b>
Opening cash and cash equivalents		2,769	5,152
<b>Closing cash and cash equivalents</b>	21	<b>2,679</b>	<b>2,769</b>

# Additional disclosures

## Note 1 General information

Nordic Iron Ore AB (publ) is a mining and exploration company with its main operations consisting of exploration and mining activities, principally through the management and refinement of the exploration permits and exploitation concessions held by the Company for iron-ore deposits in Västerbergslagen (a geographical area in the south of Dalarna).

In addition to the Parent Company Nordic Iron Ore AB (publ), the Nordic Iron Ore Group consists of the wholly owned subsidiary Ludvika Gruv AB.

The Parent Company is a limited liability company registered in Sweden and domiciled in the municipality of Ludvika. The street address of the head office is Åkarevägen 2, SE-772 32, Grängesberg, Sweden. All amounts are stated in thousand Swedish kronor unless otherwise specified. The information in parentheses refers to the preceding year. The Board approved the publication of the annual accounts and consolidated financial statements on 27 April 2023.

## Note 2 Summary of significant accounting policies

### BASIS OF PREPARATION

The following accounting and valuation policies refer to the consolidated financial statements and the Parent Company's annual accounts unless otherwise specified. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Commission for application within the EU. The most important accounting policies applied in preparing these consolidated financial statements are described below. The consolidated financial statements have also been prepared in accordance with Swedish law and application of RFR 1, Supplementary Accounting Rules for Groups, published by the Swedish Financial Reporting Board.

The consolidated financial statements have been prepared in accordance with the cost method. The Parent Company's accounts have been prepared in accordance with RFR 2, Accounting for Legal Entities, and the Annual Accounts Act. In cases where the Parent Company applies accounting policies that differ from those of the Group, this is described separately under the heading Parent Company's accounting policies. Preparing financial statements in compliance with IFRS requires the use of certain critical accounting estimates. Management is also required to make certain judgements when applying the Group's accounting policies. Areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are of material importance to the consolidated financial statements, are described separately. See note 4.

### Changes in reporting standards

New, amended or improved accounting standards and interpretations that have been published and apply after 2022 are not expected to have any material impact on future reporting periods.

A number of minor amendments have been published for IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment and IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as annual improvements to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments and IFRS 16 Leases, and these enter force on or after January 2022.

The narrow-scope amendments to IAS 1 Presentation of Financial Statements related to the classification of liabilities have been deferred until 1 January 2024.

### BASIS OF CONSOLIDATION

The Group's business combinations are accounted for using the acquisition method. The Group's only subsidiary was formed on the Group's own initiative and was therefore not acquired.

### EFFECTS OF EXCHANGE-RATE CHANGES

#### Functional currency and reporting currency

Group companies have the Swedish krona (SEK) as their functional currency and reporting currency.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing on the transaction date. Exchange gains and losses arising on settlement of such transactions and on translation of foreign currency trade receivables and trade payables are recognised in profit or loss.

### INTANGIBLE ASSETS

#### Capitalised expenditure on exploration and evaluation

Expenditure on exploration for and evaluation of mineral resources is recognised according to IFRS 6 Exploration for and Evaluation of Mineral Resources. Exploration and evaluation work is measured at cost and refers to all expenditure directly attributable to exploration for and evaluation of mineral resources.

Capitalised expenditure on exploration and evaluation assets includes expenditure on geological and technical surveys, test drilling and laboratory analyses. Indirect expenses and expenses arising prior to obtaining exploration permits are recognised directly as an expense in the period in which they arise. Once technically and commercially feasible, capitalised development expenditure attributable to Ludvika Mines will no longer be classified as exploration and evaluation assets. The assets will then be reclassified and recognised in accordance with IAS 16 Property Plant and Equipment or IAS 38 Intangible Assets, depending on how they have been classified.

#### Amortisation

Amortisation of exploration and evaluation work commences at the start of production at the mining facilities and then continues in line with the useful life of the mining facility.

#### Impairment

Exploration and evaluation assets are tested for impairment when reclassified as property, plant and equipment or intangible assets, or whenever facts and circumstances indicate that the asset's carrying amount may be higher than its recoverable amount.

An impairment loss is recognised as an expense in the income statement.

One or more of the following factors and circumstances indicate the need for impairment testing:



- The period during which the company is entitled to explore the specified area has expired or will expire within the near future, and has not been renewed.
- Significant expenditure on further exploration for and evaluation of mineral resources in the area in question is neither planned nor budgeted.
- Exploration for and evaluation of mineral resources in the area in question have not led to the discovery of mineral resources in commercially viable quantities and the company has decided to cease such operations in the area in question
- There is sufficient information to indicate that, despite the probable continuation of development in the area in question, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in its entirety through successful development or a sale.

Capitalised expenses in the form of exploration and evaluation assets and exploration permits are written down as soon as the exploitation licence is relinquished to the issuer.

### PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are recognised at cost less depreciation. Cost includes expenses directly attributable to the acquisition of the asset.

In order to distribute the cost down to the calculated residual value, depreciation of other assets is applied on a straight-line basis over the estimated useful life as follows:

#### Machinery and equipment 5 years

Gains and losses on disposal are determined by comparing the sales proceeds and the carrying amount.

### LEASES

The Group recognises the obligation to make lease payments as a lease liability in the balance sheet. The right to use the underlying asset over the lease term is recognised as an asset. Depreciation of the asset is recognised in profit or loss as is the interest payable on the lease liability. Lease payments are apportioned between interest charges and repayment of the lease liability. Payments on short-term leases (under 12 months) and low-value leases are exceptions.

Lease costs comprise rent for premises and land leases.

### FINANCIAL INSTRUMENTS

Financial instruments recognised under assets in the balance sheet include cash and cash equivalents, loan receivables and other current assets. Financial instruments recognised under liabilities include loan liabilities, trade payables, lease liabilities and other current liabilities.

#### Recognition and derecognition

A financial asset or liability is recognised in the balance sheet when the company becomes party to the contractual provisions of the instrument. A liability is recognised when the counterparty has delivered and the company is contractually obliged to settle the obligation, even if no invoice has been received.

A financial asset is derecognised in the balance sheet when the contractual rights have been realised, have expired or the company loses control over them. The same applies to part of a financial asset. A financial liability is derecognised in the balance sheet when the contractual obligation has been discharged or has expired in some other way.

A financial asset and a financial liability may be offset and the net amount presented in the balance sheet only if the company has a legally enforceable right to set off the recognised amounts, and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### Classification and measurement

On initial recognition, financial assets are classified as at fair value through profit or loss, at amortised cost or at fair value through other comprehensive income. The classification is based on the business model the Group uses to manage the financial assets and their contractual cash flow characteristics. A financial asset is measured at amortised cost if it is held for collection of contractual cash flows and the contractual terms of the asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. If the financial asset is held with the objective of both collecting contractual cash flows and selling financial assets, it is measured at fair value through other comprehensive income. Financial assets that are not measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

All financial assets are measured at amortised cost.

All financial liabilities are classified as measured at amortised cost.

### FAIR VALUE MEASUREMENT

The carrying amount, after any impairment, of loan receivables and trade receivables, and other liabilities, is assumed to correspond to their fair value as these items are current in nature. The Group does not have any financial instruments measured at fair value in the balance sheet.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances. Cash and cash equivalents in the cash flow statement include cash and bank balances.

### SHARE CAPITAL

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are recognised in equity as a deduction from the issue proceeds.

### Earnings per share

Basic earnings per share are calculated by dividing earnings for the year attributable to Parent Company shareholders by a weighted average number of shares outstanding during the period. In calculating diluted earnings per share, the number of shares is adjusted for all shares with a potential dilutive effect.

### TRADE PAYABLES

Trade payables are undertakings to pay for expenses and capitalised expenditure. Trade payables are classified as current liabilities if they fall due within one year. Trade payables are recognised at their nominal amount. The carrying amount of trade payables is assumed to correspond to their fair value as this item is current in nature.

### BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently recognised at amortised cost, and any difference between the amount received (net of transaction costs) and the repayment amount is recognised in profit or loss over the term of the loan using the effective interest method.

### BORROWING COSTS

Borrowing costs that are attributable to the construction of qualifying assets are capitalised as part of the qualifying asset's cost. A qualifying asset is an asset that necessarily takes a substantial period of time to prepare. For the Group, capitalisation of interest pertains to exploration and evaluation.

### CURRENT AND DEFERRED TAX

Income tax consists of current tax and deferred tax. Taxes are recognised in the income statement except when an underlying transaction is recognised directly in equity.

#### Current tax

Current tax is tax payable or recoverable in respect of the current financial year and any adjustment of tax attributable to prior years.

The current tax expense is estimated according to the tax rate applicable to the tax assessment. In the balance sheet, the tax asset or tax liability for current tax is recognised as current.

#### Deferred tax

Deferred tax is calculated on the difference between the carrying amounts of the company's assets and liabilities and their tax bases. Deferred tax is accounted for using the balance-sheet method. Deferred tax is recognised on essentially all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. There are currently no differences between carrying amounts and tax bases in the company's balance sheet, which means there are no temporary differences that could lead to deferred tax assets/liabilities.

#### CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method. Cash and cash equivalents include cash and bank balances.

#### EMPLOYEE BENEFITS

##### Pension obligations

Nordic Iron Ore AB only has defined-contribution plans. For these, Nordic Iron Ore AB pays contributions into publicly or privately managed pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no additional payment obligations once the contributions have been paid. The contributions are recognised as personnel expenses when due for payment. Prepaid contributions are recognised as an asset to the extent that cash repayment or a reduction in future payments can accrue to the Group.

#### PROVISIONS

A provision is recognised in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimate can be made.

#### REVENUE RECOGNITION

Interest income is recognised over the relevant period using the effective interest method.

#### PARENT COMPANY'S ACCOUNTING POLICIES

The Parent Company applies RFR 2, Accounting for Legal Entities, and the Swedish Annual Accounts Act.

#### Income statement and balance sheet presentation

The presentation of the income statement and balance sheet follows the format prescribed in the Annual Accounts Act.

This main differences from the consolidated financial statements concern financial income and expenses, the statement of comprehensive income, provisions and the statement of changes in equity.

#### Shares in subsidiaries

Shares in subsidiaries are recognised at cost less any impairment. Dividends received are recognised as financial income. A dividend that exceeds the subsidiary's comprehensive income of for the period, or where the carrying amount of the holding's net assets in the consolidated financial statements is less than the carrying amount of the shares, is an indication of impairment. When there is an indication that shares in subsidiaries have declined in value, the recoverable amount is calculated. If this is lower than the carrying amount, an impairment loss is recognised. Impairment is recognised under profit/loss from investments in Group companies.

#### Leases

The Parent Company recognises all leases according to the rules for operating leases in accordance with the exemption in RFR 2. This means that the Parent Company's accounting policies for leases are unchanged.

#### Classification and measurement of financial instruments

In accordance with the exemption in RFR 2, the Parent Company does not apply IFRS 9.

Financial instruments are measured at cost, after taking into account the provisions on measurement of current and non-current assets contained in the Annual Accounts Act.

Interest income and expenses are recognised using the effective interest method.

The Parent Company applies the same policies as the Group with regard to the recognition and derecognition of financial instruments in the balance sheet. In addition, the same policies under IFRS 9 as the Group are applied to assess and calculate impairment of receivables.

#### Borrowing costs

The Parent Company, borrowing costs are expensed as incurred.

### Note 3 Financial risk factors

In the course of its operations, the Group is exposed to a number of different financial risks: market risk (comprising currency risk, interest risk in cash flow and price risk), credit risk and liquidity risk. The Group's financial policy/risk management policy focuses on minimising potentially adverse effects on Group earnings.

#### Market risk

– Currency risk is the risk of exchange rate fluctuations negatively affecting the company's earnings, financial position and/or cash flows. Currency risk comprises both transaction risk and translation risk. The company currently does not currently have any material currency exposure as operating activities largely have costs linked to the Swedish krona (SEK). Decisions about any future mining will involve the need for significant investments in mining and processing plants, machinery and equipment, in certain cases with foreign suppliers in currencies other than the SEK. Furthermore, iron ore prices are set on the global iron ore market in USD. Once the decision has been made to start the mines, there will be currency exposure, mainly related to future revenue flows in USD, that needs to be managed.

The company has not yet decided on any currency hedges or adopted a hedging policy, but intends to do so when the need arises.

- The Group is not currently exposed to price risk, but when operations begin, there will be exposure to fluctuations in the price of iron ore.
- There is only limited interest risk at present as the loans raised carry a fixed interest rate.

#### Credit risk

Credit risk is the risk of a counterparty in a financial transaction failing to meet its obligations on the due date. Credit risks arise through bank balances, including restricted bank balances. Only banks and financial institutions with a high credit rating are accepted by the Group.

#### Liquidity risk

Liquidity risk is the risk of the Group lacking sufficient cash and cash equivalents to meet its financial liabilities. In order to strengthen working capital, the company has extended its credit facilities with a short-term loan of SEK

3 million from the company's two largest owners. The company continually monitors the Group's liquidity reserve to ensure that the Group has sufficient funds to meet the needs of operating activities. As of 31 December 2022, the Group had a cash balance of SEK 2,722 (2,812) thousand. The Group's credit facilities of SEK 18.5 million expire on 30 June 2023 and the company therefore needs to strengthen its solvency before this date.

#### Maturity analysis

31 December 2022	Within 1 year	2-5 years	After 5 years
Interest on short-term borrowings	-1 144	-	-
Repayment of short-term borrowings	-18 500	-	-
Trade payables	-445	-	-
Lease liabilities	-227	-956	-1 583

#### Note 4 Significant accounting estimates and assumptions

Accounting estimates and assessments are evaluated regularly. They are largely based on historical experience and other factors, including expectations about future events which are considered reasonable in the present circumstances. The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, rarely match the actual outcome. The estimates and assumptions involving a significant risk of material adjustments in the carrying amounts of assets and liabilities in the following financial years are outlined below.

##### (a) Impairment testing for exploration and evaluation work

Exploration and evaluation assets are tested for impairment, based on the requirements of IFRS 6, when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances indicate that the carrying amount is higher than the recoverable amount, the assets are measured, with classification and disclosures provided in accordance with the requirements of IAS 36 Impairment of Assets. On 31 December 2022, the value of intangible assets, capitalised exploration and evaluation expenditure, amounted to SEK 164,457 (160,089) thousand. The value is dependent on, among other factors, the opportunities and resources for developing the capitalised expenditure into mineable deposits. If there is any change in the underlying assessments on which the value of the intangible assets is based, and facts and

#### Capital risk

In order for the company to achieve its long-term goals and start mining operations, the company needs access to additional funding. It is the Board's assessment that existing capital and cash flow is not sufficient for all planned activities until the start of mining and the Board is actively working on funding as an essential part of the company's strategy.

circumstances arise to indicate that impairment testing is required, their value may need to be written down.

No impairment of capitalised expenses was recognised during the year or in the previous year.

##### (b) Assessment of potential capitalisation of loss carry-forwards

Unutilised loss carry-forwards are recognised as deferred tax assets to the extent that it is probable that future taxable profit will be available against which they can be utilised. Because the Group has not yet commenced commercial sales, it is company management's opinion that loss carry-forwards will not be capitalised at this point. This will be assessed at the end of each reporting period.

The Group's existing loss carry-forwards continue indefinitely, with no time limit.

##### (c) Assessment of provision for restoration costs

Meeting the requirements of environmental legislation may require substantial expenses, including fees for restoring land and for damage due to land contamination. As the company has not commenced mining operations and has only carried out limited exploration, no provision for restoration costs has been recognised.

#### Note 5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for allocating resources and assessing the operating segments' performance. For the Group, this function has been identified as the CEO. At the end of 2022, Nordic Iron Ore AB (publ) was active in one operating segment, namely exploration for and evaluation of mineral resources. The operations are conducted in Sweden. Consequently, Nordic Iron Ore AB's identified operating segment coincides with reporting for the Group as a whole.

Additional disclosures related to revenue from external customers and non-current assets for geographical areas, as well as information about major customers, is not applicable to the Group as operations are only conducted in Sweden and the Group has not yet reported any revenue.



**Note 6 Auditors' fees**

Auditors' fees cover examination of the annual financial statements, accounting records and administration of the Board of Directors and CEO, other procedures required to be carried out by the company's auditors and advice or other assistance in connection with observations made during the performance of these other procedures. Anything else is classified as other services.

Amounts in SEK 000	2022	2021
<b>Group and Parent Company</b>		
PWC		
Audit engagement	276	276
Audit-related services	25	10
<b>Total</b>	<b>301</b>	<b>286</b>

**Note 7 Leases**

Amounts in SEK 000	2022-12-31	2021-12-31
<b>Group and Parent Company</b>		
Lease payments for the year recognised as an expense:		
Lease payments regarding rental expenses for premises and land leases	667	913
Future lease payments are due for payment as follows:		
Within 1 year	670	664
2-5 years	840	840
After five years	1,260	1,470

**Note 8 Remuneration of employees etc.**

Average number of employees	2022	2021
<b>Group and Parent Company</b>		
Average number of employees	3	3
<b>Group total</b>	<b>3</b>	<b>3</b>

Board members – number on reporting date	2022	2021
<b>Group and Parent Company</b>		
Board members		
Number of Board members	4	4
Women	-	-
<b>Total</b>	<b>4</b>	<b>4</b>

Senior executives – number on reporting date	2022	2021
<b>Group and Parent Company</b>		
CEO and other senior executives		
Men	3	3
Women	-	-
<b>Total</b>	<b>3</b>	<b>3</b>

Salaries, other benefits and social security contributions	2022	2021
<b>Group and Parent Company</b>		
Board, CEO and company management	2,927	3,166
Other employees	917	737
<b>Total</b>	<b>3,844</b>	<b>3,903</b>
Social security contributions	586	1,037
Pension expenses, Board and CEO	184	321
Pension expenses	37	65
<b>Total</b>	<b>807</b>	<b>1,423</b>

SEK 785 (692) thousand of personnel expenses have been capitalised.

The fees for the Board, CEO and company management include invoiced fees to the project director, CTO and the marketing and product development advisor. These expenses have been recognised under other external costs in the income statement. The fee recognised for 2022 was SEK 661 (1,271) thousand and relate to compensation to Paul Marsden and Hans Thorshag.

A mutual notice period of six months applies between the company and the CEO. Salary is payable under normal terms during the notice period. Lennart Eliasson served as interim CEO on a consultancy basis from 1 January 2022 to 24 July 2022, and after this period as an advisor to the CEO and Chairman of the Board. His fee for the period amounted to SEK 511 thousand.

**Note 8** Remuneration of employees etc., cont'd**2022**

Amounts in SEK 000	Fees	Salaries	Other benefits and remuneration	Pension expense	Total remuneration
Tomas Olofsson, Chairman of the Board	200				200
Lennart Eliasson, CEO until 25 July 2022	1,109				1,109
Ronne Hamerslag, CEO from 25 July 2022		732		184	916
Jonas Bengtsson, Board member	75				75
Gösta Bergman, Board member	75				75
Timo Lindborg, Board member	75				75
Other senior executives, 2 individuals	661				661
<b>Total</b>	<b>2,195</b>	<b>732</b>	<b>-</b>	<b>184</b>	<b>3,111</b>

**2021**

Amounts in SEK 000	Fees	Salaries	Other benefits and remuneration	Pension expense	Total remuneration
Tomas Olofsson, Chairman of the Board	200				200
Lennart Eliasson, CEO		1,470		321	1,791
Jonas Bengtsson, Board member	75				75
Gösta Bergman, Board member	75				75
Timo Lindborg, Board member	75				75
Other senior executives, 2 individuals	1,271				1,271
<b>Total</b>	<b>1,696</b>	<b>1,470</b>	<b>-</b>	<b>321</b>	<b>3,487</b>

**Note 9** Financial income

Amounts in SEK 000	2022	2021
<b>Group and Parent Company</b>		
Exchange differences	0	5
<b>Total financial income</b>	<b>0</b>	<b>5</b>

**Note 10** Financial expenses

Amounts in SEK 000	2022	2021
<b>Group</b>		
Interest expenses, external	-1,081	-593
Exchange differences	-13	-8
<b>Total financial expenses</b>	<b>-1,094</b>	<b>-601</b>
<b>Parent Company</b>		
Interest expenses, external	-1,046	-540
Exchange differences	-13	-8
<b>Total financial expenses</b>	<b>-1,060</b>	<b>-548</b>

**Note 11** Income tax/tax on profit for the year

Amounts in SEK 000	%	2022	%	2021
<b>Group</b>				
Profit/loss before tax		-10,474		-8,838
Tax based on Parent's applicable tax rate	20.6 %	2,158	20.6 %	1,821
Tax effect of				
Non-deductible expenses		-7		-2
Non-taxable income				-
Issue expenses				4
Tax effect of net loss/gain on operations not recognised as deferred tax assets		-2,151		-1,823
<b>Current tax expense recognised</b>	<b>0.0 %</b>	<b>-</b>	<b>0.0 %</b>	<b>-</b>
<b>Parent Company</b>				
Profit/loss before tax		-10,496		-9,088
Tax based on Parent's applicable tax rate	20.6 %	2,162	20.6 %	1,872
Tax effect of				
Non-deductible expenses		-7		-2
Non-taxable income				-
Issue expenses		-		4
Tax effect of net loss/gain on operations not recognised as deferred tax assets		-2,155		-1,874
<b>Current tax recognised</b>	<b>0.0 %</b>	<b>-</b>	<b>0.0 %</b>	<b>-</b>

**Tax loss carryforwards**

Amounts in SEK 000	2022	2021
<b>Parent Company</b>		
Tax loss carryforwards	166,684	156,221
<b>Group</b>		
Tax loss carryforwards	166,691	156,228

The Group's existing loss carry-forwards continue indefinitely, with no time limit.  
The weighted average tax rate for the Group and Parent Company is 20.6 % (20.6 %).  
No deferred tax had been recognised as of 31 Dec 2022 or 31 Dec 2021.

**Note 12** Earnings per share

Amounts in SEK 000	2022	2021
<b>Basic earnings per share</b>		
Profit/loss for the year attributable to Parent company shareholders	-10,474	-8,838
Average number of shares	37,135,055	34,380,990
Number of shares when calculating basic earnings per share	<b>37,135,055</b>	<b>34,380,990</b>
<b>Diluted earnings per share</b>		
Profit/loss for the year attributable to Parent company shareholders	-10,474	-8,838
Average number of shares	<b>37,135,055</b>	<b>34,380,990</b>
Number of shares when calculating diluted earnings per share	<b>37,135,055</b>	<b>34,380,990</b>

**Basic earnings per share**

The calculation of earnings per share attributable to Parent Company shareholders is based on profit/loss for the year after tax attributable to Parent Company shareholders in relation to the weighted average number of shares amounting to 37,135,055 (34,380,990).

**Diluted earnings per share**

The calculation of earnings per share attributable to Parent Company shareholders is based on profit/loss for the year after tax attributable to Parent Company shareholders.



**Note 13** Intangible assets

Amounts in SEK 000	31 Dec 2022	31 Dec 2021
<b>Group</b>		
Accumulated cost		
At beginning of year	160,440	156,723
Acquisitions during the year	5,040	3,717
<b>Closing carrying amount</b>	<b>165,480</b>	<b>160,440</b>
<b>Accumulated amortisation and impairment</b>		
At beginning of year	-	-
Amortisation and impairment for the year	-594	-
<b>Closing accumulated amortisation and impairment</b>	<b>-594</b>	<b>-</b>
<b>Carrying amount</b>	<b>164,886</b>	<b>160,440</b>
<b>Amounts in SEK 000</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
<b>Group</b>		
Accumulated cost		
At beginning of year	160,086	156,435
Acquisitions during the year	4,965	3,651
<b>Closing carrying amount</b>	<b>165,051</b>	<b>160,086</b>
<b>Accumulated amortisation and impairment</b>		
At beginning of year	-	-
Amortisation and impairment for the year	-594	-
<b>Closing accumulated amortisation and impairment</b>	<b>-594</b>	<b>-</b>
<b>Carrying amount</b>	<b>164,457</b>	<b>160,086</b>

**Capitalised expenditure on exploration and evaluation**

Capitalised expenditure on exploration and evaluation refers to costs incurred in connection with investigative work on the planned start of mining operations, chiefly drilling. All items directly associated with exploration, including personnel expenses, have been capitalised during the year. Borrowing costs in the Group have been capitalised.

**Note 14** Property, plant and equipment

Amounts in SEK 000	31 Dec 2022	31 Dec 2021
<b>Group and Parent Company</b>		
Accumulated cost		
At beginning of year	696	696
<b>Closing accumulated cost</b>	<b>696</b>	<b>696</b>
<b>Accumulated depreciation and impairment</b>		
At beginning of year	-696	-696
<b>Closing accumulated depreciation and impairment</b>	<b>-696</b>	<b>-696</b>

**Note 15** Right-of-use assets

Amounts in SEK 000	31 Dec 2022	31 Dec 2021
<b>Group</b>		
Opening cost	4,075	4,075
<b>Closing accumulated cost</b>	<b>4,075</b>	<b>4,075</b>
<b>Opening depreciation</b>		
At beginning of year	-2,077	-1,654
Amortisation and impairment for the year	-166	-423
Closing accumulated amortisation and impairment	-2,077	-2,077
<b>Closing carrying amount</b>	<b>1,832</b>	<b>1,998</b>
<b>Amounts in SEK 000</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
<b>Group</b>		
Opening lease liabilities	2,211	2,590
Repayments	-239	-379
<b>Closing accumulated cost</b>	<b>1,972</b>	<b>2,211</b>
Future lease payments are due for payment as follows:		
Within 1 year (undiscounted)	227	223
2-5 years (undiscounted)	956	937
After 5 years (undiscounted)	1,583	1,829

Leases comprise rented premises and land leases. The lease for the premises in Grängesberg is extended one year at a time. The land lease for the coming mine has a planned useful life up to and including the year 2033. Future lease payments are tied to developments in the CPI, although to a limited extent when changes are negative. Index adjustments are included in the lease liability as soon as they are applicable, at which point the right-of-use asset is adjusted.

**Note 16** Investments in Group companies

Amounts in SEK 000	31 Dec 2022	31 Dec 2021
<b>Parent Company</b>		
Accumulated cost		
At beginning of year	50	50
Closing balance	50	50

Subsidiary / Org. number / Municipality	Number of shares	Share of votes/ capital	Equity	Carrying amount	Earnings
Ludvika Gruvor AB 556856-2994 Ludvika	50	100	43	50	–

**Note 17** Other non-current receivables

Amounts in SEK 000	31 Dec 2022	31 Dec 2021
<b>Group</b>		
Deposit under the Minerals Act issued to the Mining Inspectorate of Sweden	31	31
<b>Total</b>	<b>31</b>	<b>31</b>
<b>Parent Company</b>		
Deposit under the Minerals Act issued to the Mining Inspectorate of Sweden	31	31
<b>Total</b>	<b>31</b>	<b>31</b>

**Note 18** Financial instruments by category

31 Dec 2022				
Amounts in SEK 000	Financial assets at amortised cost	Financial liabilities at amortised cost	Total carrying amount	Fair value
<b>Group</b>				
Deposits and restricted bank balances	31		31	31
Other receivables	253		253	253
Cash and cash equivalents	2,722		2,722	2,722
<b>Total</b>	<b>3,006</b>	<b>–</b>	<b>3,006</b>	<b>3,006</b>
Borrowings		19,644	19,644	19,644
Lease liabilities		2,097	2,097	2,097
Trade and other payables		446	446	446
<b>Total</b>		<b>22,187</b>	<b>22,187</b>	<b>22,187</b>
31 Dec 2021				
<b>Group</b>				
Deposits and restricted bank balances	31		31	31
Other receivables	324		324	324
Cash and cash equivalents	2,812		2,812	2,812
<b>Total</b>	<b>3,167</b>	<b>–</b>	<b>3,167</b>	<b>3,167</b>
Borrowings		5,347	5,347	5,347
Lease liabilities		2,211	2,211	2,211
Trade and other payables		270	270	270
<b>Total</b>		<b>7,828</b>	<b>7,828</b>	<b>7,828</b>

**Note 19** Other receivables

Amounts in SEK 000	31 Dec 2022	31 Dec 2021
<b>Group and Parent Company</b>		
VAT recoverable	152	143
Other items	101	180
<b>Total</b>	<b>253</b>	<b>324</b>

**Note 20** Prepaid expenses and accrued income

Amounts in SEK 000	31 Dec 2022	31 Dec 2021
<b>Group and Parent Company</b>		
Prepaid rental expenses	40	37
Other items	186	127
<b>Total</b>	<b>226</b>	<b>164</b>

**Note 22** Share capital and other contributed capital

The Articles of Association of Nordic Iron Ore AB (publ) stipulate a share capital of not less than SEK 34,000,000 and not more than SEK 136,000,000. The number of shares shall be not less than 37,100,000 and not more than 148,400,000. The company's registered share capital on 31 December 2022 was SEK 64,400,883.865445 divided into 37,135,055 shares with a quotient value of SEK 1.734 per share.

2021	Number of shares	Share capital, SEK	Other contributed capital
Opening balance, 1 Jan 2021	33,582,993	58,240,776	219,818,660
New share issue	3,552,062	6,160,108	4,476,509
<b>Closing balance, 31 Dec 2021</b>	<b>37,135,055</b>	<b>64,400,884</b>	<b>224,295,169</b>
<b>2022</b>			
Opening balance, 1 Jan 2022	37,135,055	64,400,884	224,295,169
<b>Closing balance, 31 Dec 2022</b>	<b>37,135,055</b>	<b>64,400,884</b>	<b>224,295,169</b>

Proposed appropriation of the company's profit	Parent Company
Retained earnings	-189,268,433
Share premium reserve	224,295,169
Profit/loss for the year	-10,496,319
	<b>24,530,417</b>
<b>To be carried forward</b>	<b>24,530,417</b>

**Note 23** Other liabilities

Amounts in SEK 000	31 Dec 2022	31 Dec 2021
<b>Group and Parent Company</b>		
Withholding tax	83	75
Employer's contributions	66	60
<b>Total</b>	<b>149</b>	<b>135</b>

**Note 21** Cash and cash equivalents

Amounts in SEK 000	31 Dec 2022	31 Dec 2021
<b>Group</b>		
Cash and bank balances	2,722	2,812
<b>Total</b>	<b>2,722</b>	<b>2,812</b>
<b>Parent Company</b>		
Cash and bank balances	2,679	2,769
<b>Total</b>	<b>2,679</b>	<b>2,769</b>

**Note 24** Accrued expenses and deferred income

Amounts in SEK 000	31 Dec 2022	31 Dec 2021
<b>Group and Parent Company</b>		
Accrued salaries and fees	675	692
Accrued holiday pay	321	520
Accrued capitalised expenses	120	120
Accrued pension expenses	54	182
Other items	1,376	748
<b>Total</b>	<b>2,546</b>	<b>2,262</b>

**Note 25** Report on cash flows

Amounts in SEK 000	31 Dec 2021	Cash items	Non-cash items	31 Dec 2022
Liabilities to investors	5,250	13,250	–	18,500
<b>Total liabilities from financing activities</b>	<b>5,250</b>	<b>13,250</b>	<b>–</b>	<b>18,500</b>

**Note 26** Pledged assets and contingent liabilities

Amounts in SEK 000	31 Dec 2022	31 Dec 2021
<b>Group and Parent Company</b>		
Contingent liabilities	None	None
Pledged assets	–	–
Restricted bank balances, SHB, pledged to the benefit of the County Administrative Board of the County of Värmland regarding a commitment to restore land	31	31
<b>Total pledged assets and contingent liabilities</b>	<b>31</b>	<b>31</b>

**Note 27** Related-party transactions

Related parties are defined as subsidiaries included in the Group, members of the company's Board of Directors and senior executives of the Group including close family members of such individuals. Nordic Iron Ore did not have any liabilities to related parties as of the reporting date. For remuneration of Board members, see Note 8.

**Note 28** Significant events after the end of the financial year

The company entered into an engineering agreement with VB Elnät to determine the measures required to enable connection to the electric grid.

The short-term loan of SEK 18.5 million from the company's principal owners Bengtssons Tidnings AB, Ludvika Holding AB and Kopparinvest AB, and Board member Timo Lindborg (through companies) was extended until 30 June 2023.

In order to strengthen working capital, Nordic Iron Ore extended its existing credit facility with a short-term loan of SEK 3 million from the company's two largest owners Bengtssons Tidnings AB and Ludvika Holding AB. The credit facility thereby amounts to a total of SEK 21.5 million.

The company prolonged short-term loans of SEK 21.5 million from the company's three largest owners and a Board member. The term of the loans was prolonged by three months until September 30, 2023.

In order to strengthen working capital, Nordic Iron Ore extended its existing credit facility with a short-term loan of SEK 3 million from the company's two largest owners Bengtssons Tidnings AB and Ludvika Holding AB. The extension has the same terms as existing loans, meaning an annual interest rate of 8 percent and needs to be repaid on September 30, 2023. The credit facility thereby amounts to a total of SEK 24.5 million.



The undersigned hereby affirm that the annual accounts and the consolidated financial statements were prepared in compliance with International Financial Reporting Standards, IFRS, as adopted within the European Union, and with generally accepted accounting principles, and that they provide a true and fair representation of the Group's and the Parent Company's financial position and earnings, and that the Administration Report provides a true and fair view of the Group's and Parent Company's operations, financial position and performance and describes the material risks and uncertainties faced by the companies in the Group.

Ludvika on 22 May 2023

Tomas Olofsson  
Chairman of the Board

Jonas Bengtsson

Gösta Bergman

Timo Lindborg

Ronne Hamerslag  
CEO

Our auditor's report was submitted on 22 May 2023  
Öhrlings PricewaterhouseCoopers AB

Anna Rozhdestvenskaya  
Authorised public accountant  
Auditor in charge

Jonas Åkerlund  
Authorised public accountant  
Co-signing auditor

# Auditor's Report

To the general meeting of the shareholders of Nordic Iron Ore AB (publ), corporate identity number 556756-0940

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Nordic Iron Ore AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 28-44 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Significant uncertainty factor regarding the assumption of going concern

Without affecting our statements above, we would like to draw attention to the management report, which shows that existing working capital is not sufficient for the planned activities during the next twelve-month period.

In order to implement the long-term strategy and develop the company's projects, access to extensive financing is required. During the year, the company entered into a letter of intent regarding future collaboration with Cargill International Trading Inc. with the aim of negotiating a long-term supply agreement for the company's future production of iron ore concentrate from the Blötbergs project, as well as to design conditions for Cargill to provide an investment of SEK 50 million in the company as part of a larger capital acquisition of at least SEK 100 million.

The two companies began a process of company inspection ("due diligence") and negotiations concerning both the supply agreement and the conditions surrounding the investment. The process is intended to be completed in the second quarter of 2023. Given that Cargill's review of the project is satisfactory and the parties agree on the future commercial terms for the collaboration, Cargill will initially invest SEK 50 million in an issue of at least SEK 100 million to finance the planned activities for the next year.

As the future commercial terms of the collaboration have not yet been determined, future financing remains uncertain. These conditions indicate

that there is a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and can be found on pages 1-27 and 48. The Board of Directors and the Managing Director are responsible for the other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisorsansvar](http://www.revisorsinspektionen.se/revisorsansvar). This description is part of the auditor's report.

## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nordic Iron Ore AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that

the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Stockholm, 22 May 2023

Öhrlings PricewaterhouseCoopers AB

Anna Rozhdestvenskaya  
Authorized Public Accountant  
Auditor in charge

Jonas Åkerlund  
Authorized Public Accountant

# Glossary

## Apatite

A mineral composed of calcium phosphate mixed with either calcium fluoride or calcium chloride. However, the apatite that occurs in Sweden is almost entirely a mixture of calcium phosphate and calcium fluoride, and it exists as a component of, for example, granite, gneiss and iron ore.

## Blast furnace

Furnace in which the iron ore oxide is reduced to pig iron.

## Brownfield

In this Annual Report brownfield is used together with project or exploration. Brownfield exploration normally means exploration in an area where mines have been operating in the past and where the geological conditions are well known. For a brownfield project, relevant information is already available which facilitates further exploration and minimises risks.

## Core drilling

Rotary drilling used to extract a core from the bedrock.

## Cut off

The lowest level that is acceptable for inclusion in calculations of tonnage and average content.

## Diabase

Fine to medium-size grains, dark grey to black hypabyssal rock, which to a volume of 65–35% is composed of calcium-rich plagioclase (labradorite-bytownite) and to 35–65% of pyroxene; olivine can also occur.

## Drift

Mining tunnel.

## Environmental permit

Permit to conduct mining and ore processing under the Environmental Code.

## Exploitation concession

Permit to process (mine) a deposit (previously known as a mining concession).

## Exploration

The search for ore.

## Exploration permit

Permit from the Mining Inspectorate of Sweden to operate.

## Feasibility study

Scoping study/feasibility study. A study with sufficient accuracy to serve as the basis for an investment decision.

## Flotation

A concentration process whereby mineral grains in a liquid are lifted to the surface and skimmed off. Geophysical survey Measurements with instruments that identify the physical properties of the rock types (ores and tectonic structures).

## Haematite

Mineral with the chemical composition  $\text{Fe}_2\text{O}_3$ . Mined for extraction of iron. Also previously called red iron ore.

## Inclined trackway

Tunnel for the ascent from and descent into the mine. Often in a spiral.

## JORC (Australasian Joint Ore Reserves Committee)

Internationally accepted standard setting minimum standards for public reporting of exploration results and mineral resources. The standard is prepared by the Australasian Joint Ore Reserves Committee, which gave its name to the standard.

## Lump ore

Iron ore product obtained when dressing.

## Magnetite

Mineral with the chemical composition  $\text{Fe}_3\text{O}_4$ . Mined for extraction of iron. Also referred to as black ore.

## Metavolcanite

Volcanic rock types that have undergone metamorphosis.

## Mineralisation

Concentration of potential economically interesting mineral deposits in the bedrock.

## Mineral reserves

Mineral reserves are calculated based on the indicated and measured mineral resources taking into account, for instance, technical and economic considerations for mining and concentration as well as matters of a legal nature.

## Mineral resources

Refers to mineralisations of such quality and quantity as to enable commercial extraction of metals or minerals. The mineral resources are classified based on the extent of geological knowledge about them, i.e. inferred, indicated or measured mineral resources. Mineral resources are calculated and classified by a Qualified Person.

## Mining

Removing rock or ore in an open-cast or underground mine.

## Mtpa

Million tonnes per annum.

## NPV

Net present value. Net present value is the estimated value of an investment's future cash flows, both positive and negative, discounted using a given interest rate calculation.

## Ore

Previous term for a mineralisation that can be exploited for financial gain, see also mineral reserves.

## Ore concentrate

Fine-grained iron ore product obtained through concentration of iron ore.

## Pegmatite

Igneous rocks with exceptionally coarse and variable grain size.

## Preliminary economic assessment (PEA)

A preliminary economic assessment and early evaluation of a mining project aimed at objectively identifying the strengths and weaknesses of the project and highlighting the relevant opportunities and threats, the resources required for implementation and, finally, the prospects of success.

## Preliminary feasibility study (PFS)

A PFS is less detailed than a feasibility study but more extensive than a PEA, from which it differs by, for instance, only including measured and indicated mineral resources in the calculations.

## Raise

Vertical or steeply sloping link between two levels in a mine.

## Shaft

Usually, a vertical drift that was used for the transport of ore and workers.

## Sinter

Coarser product for charging to the blast furnace, made of fine-grained iron ore concentrate.

## Sintering

Reduction processes that produce large pieces of ore, sinter, through partial fusion.

## Skip

Ore lifting cage.

## Stoping

Blasting with free discharge, whereby the drill hole direction is roughly parallel to the surface to which the discharge occurs.





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