

Q3



Photo: Sandvik

Interim Report
July – September 2023

Nordic
Iron OreTM

Q3

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Nordic Iron Ore is a mining company in the southern Dalarna region of Sweden whose main ambition is to resume mining operations at Ludvika Mines which includes the previously operational mine Blötberget and Håksberg, as well as the Väsman field which is considered to hold significant potential. The company has all necessary permits in place to initiate the project at Blötberget, and has secured an offtake agreement worth SEK 35 billion in estimated total revenue. Nordic Iron Ore will be able to produce high-grade iron ore concentrate and this makes the company well positioned on a market with growing demand for high quality iron.

Financial development

Third quarter, 1 July – 30 September 2023

- Sales amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -4.3 million (-2.8)
- Investments amounted to SEK 0.5 million (0.3) during the period
- Earnings per share before and after dilution amounted to -0.12 SEK (-0.10)

First nine months, 1 January – 30 September 2023

- Sales amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -9.8 million (-7.7)
- Investments amounted to SEK 1.2 million (4.6) in January - September
- Earnings per share before and after dilution amounted to -0.26 SEK (-0.21)
- Cash and cash equivalents amounted to SEK 0.3 million (1.8) on September 30, 2023.



Key ratios

Group (Amounts i SEK)	Q3 2023	Q3 2022	Jan–Sep 2023	Jan–Sep 2022	Full year 2022
Equity / Assets-ratio (%)	80.1 %	87.5 %	80.1 %	87.5 %	85.4 %
Earnings per share, before and after dilution	-0.12	-0.10	-0.26	-0.21	-0.28
Equity per share	3.64	3.98	3.64	3.98	3.91
Quick ratio (%)	2.9 %	13.4 %	2.9 %	13.4 %	14.0 %
No. of shares	37,135,055	37,135,055	37,135,055	37,135,055	37,135,055
Weighted average no. of shares before dilution	37,135,055	37,135,055	37,135,055	37,135,055	37,135,055

Significant events

During the quarter

- Nordic Iron Ore and Cargill Metals entered a collaboration agreement through which Cargill Metals undertakes to purchase 25 Mt of ultra high-grade iron ore concentrate from the Blötberget mine in Dalarna, Sweden. In addition to the supply agreement, the collaboration includes conditional funding commitments from Cargill, in total amounting to SEK 307 million. The supply agreement is estimated to generate SEK 35 billion in total revenue during an estimated period of at least 15 years of production.
- Nordic Iron Ore AB entered into loan agreements, to extend an existing loan facility by SEK 1.5 million, with Bengtssons Tidnings AB and Ronne Hamerslag, CEO of Nordic Iron Ore, to a total of SEK 26.0 million. The term for repayment for the existing outstanding loans was prolonged for existing loans amounting to SEK 24.5 million until December 31, 2023. The previous loan agreements have been entered with the company's three largest shareholders and a former board member. The agreement has the same interest as previous loans which entails an annual interest rate of 8 percent on the outstanding loans.

After the period

- Nordic Iron Ore AB has entered into loan agreements to extend an existing loan facility by SEK 6.0 million from Bengtssons Tidnings AB with family, Ludvika Holding AB and a group of investors including Fredrik Attefall, Johan Flink och Martin Ramqvist, to a total of SEK 32.0 million. At the same time, the term for repayment for the existing outstanding loans of SEK 26.0 million has been prolonged until February 28, 2024. The agreement has the same interest as previous loans which entails an annual interest rate of 8 percent on the outstanding loans.
- Nordic Iron Ore is a partner to the research center "Smart Exploration Research". The research center has been granted SEK 60 million by the Swedish Foundation for Strategic Research and is a multidisciplinary center that will do research on exploration and refinement of metals and minerals. The research is led by Uppsala University and is important for the ongoing energy transition and society's adjustment to the climate.
- Nordic Iron Ore has followed up on this spring's exploration of rare earth elements (REE) with additional testing at Blötberget. This testing shows even more promising results and that the total share of REE, TREE (total rare earth elements) amount to 15,285 ppm (1.53 %) at the most. Nordic Iron Ore will carry out additional testing in order to gain a better understanding of the extent of the REE-mineralization.
- Nordic Iron Ore has made an application to Bergsstaten for an additional exploration permit in the proximity of Blötberget. The reason for the application is that initial exploration has given signals that the area is very interesting for expanded exploration. A successful broadened exploration of the area could potentially increase Nordic Iron Ore's mineral resources.

CEO letter

Dear Shareholder,

During the quarter we took decisive steps on our journey to realize a modern, electrified mining facility with a uniquely low carbon footprint at Blötberget. In July we secured an offtake agreement with Cargill Metals following lengthy negotiations which ensures the sale of at least 15 years' production. In the agreement, Cargill Metals undertakes to purchase 25 Mt of ultra high-grade iron ore concentrate, an agreement valued at SEK 35 billion in total sales at the time of the agreement. Next we plan a capital raise to fund zoning planning for Blötberget, where existing shareholders, Cargill Metals and other investors will be given an opportunity to participate.

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The announcement of Cargill Metals as our new collaboration partner was a decisive milestone for Nordic Iron Ore as they represent a company with both financial resources and deep industrial knowledge. The supply agreement means that Cargill Metals undertakes to purchase 25 Mt of ultra high-grade iron ore concentrate from the company's mine in Blötberget which values the contract at SEK 35 billion based on the prevalent market price and exchange rates at the time of signing. As part of the collaboration, Cargill Metals has also made a conditional funding commitment of SEK 307 during the construction of the Blötberget mine.

We have previously communicated that we aim to complete a directed share issue and a preferential rights issue during the autumn of 2023 in order to finance zoning planning at Blötberget. In the prevailing investment climate with continued high inflation, high interest rates and heightened concerns regarding the overall economy, we can conclude that work to secure funding will require more time but since we signed the agreement with Cargill Metals, we see increased interest and respect for our plans. We have sufficient short term funding to await the right circumstances in order to complete a rights issue at attractive terms for our shareholders. The delayed capitalization means that the previous goal to initiate mining of iron ore towards the end of 2026 no longer can remain. During the quarter, the agreement with our financial advisor Arctic Securities ended and we are currently in final negotiations with new advisors that can lead the capitalization process. The Board will also look over the final structure of the capitalization. We will share more information as this work progresses.

Due to the previous years' inflation and currency changes, the company has updated its cost and investment estimates for completing Blötberget. We now estimate that it will require a total of SEK 3.5 billion in order to make Blötberget into an operational mine, compared to the previous study from Golder in 2019 which estimated a total investment of SEK 2.5 billion.

In order to reduce our capital need, the company is looking to lease or rent some plants and machines. Examples of such assets are buildings, power supply plants, material handling/offloading terminal, mobile machines and process equipment.

If these opportunities are fully exploited, SEK 1.0-1.5 billion of our capex requirement can be converted into opex and thereby reduce our capital need to SEK 2.0-2.5 billion. The previous study was based on assets being purchased. We will complete additional studies related to design of the production plant and how best to allocate our spending in terms of capex and opex before we finally choose our type of funding.

Also our sales price which is based on a iron ore price index denoted in USD has changed due to the changes in the currency exchange rates and a strong dollar contributes positively to our sales. Compared to the study in 2019, the prices in SEK have increased 15-20% due to a stronger dollar and this partly compensates for the larger investment in order to make the mine operational.

The company has also continued to work on its Environmental Permit and continues its dialogue with the County Administrative Board concerning clarification of the terms for the working time for the water operations in the Environmental Permit and handling of identified changes. During the quarter, we have also made an application to the Land and environmental court for an extended working time regarding water operations and we are currently in a dialogue with the court regarding additional material that they require in order to deal with the issue. To summarize, work continues to secure and update the Environmental Permit for water operations in order to fulfil requirements of our operations.

A lot of the infrastructure is already available through close access to the grid and the railway that will transport the iron ore concentrate to Oxelösunds harbour. These are important reasons for why Nordic Iron Ore will be able to produce ultra



Ronne Hamerslag
CEO

high-grade iron ore concentrate with exceptionally low CO₂ emissions, corresponding to only a few kilos of carbon dioxide equivalents per tonne iron ore concentrate.

As soon as we have secured capital to finance initial zoning planning work at Blötberget, the company will accelerate strengthening of its organization, both through recruitments and consultants, and secure agreements with partners and suppliers to complete necessary studies, construction and zoning planning, and provide an updated estimate for production start. I look forward to keeping you posted on our progress and challenges of this exiting journey.

Ronne Hamerslag
CEO
Nordic Iron Ore AB (publ)

As soon as we have secured capital to finance initial zoning planning work at Blötberget, the company will accelerate strengthening of its organization, both through recruitments and consultants, and secure agreements with partners and suppliers.

Financial development

Results

The period's result amounted to SEK -4.3 million (-2.8) during the third quarter. The earnings per share amounted to -0.12 SEK (-0.10) before and after dilution during the third quarter.

Capital structure

The Group had a liquidity of SEK 0.3 million (1.8) at the end of the period.

The equity/assets-ratio amounted to 80.1 %. The Group's equity amounted to SEK 135.2 million (147.9) corresponding to 3.64 SEK per share (3.98). After the period, the company entered into an agreement to extend an existing credit facility by SEK 6.0 million to a total of SEK 32.0 million and the loans are due for repayment on February 28, 2024.

It is the Board's view that the current working capital is insufficient to finance the planned activities during the coming 12 months. This is why Nordic Iron Ore planned for a directed issue and a preferential rights issue, but the Board will now look over the final structure of the required capitalization. The Board will look over the final structure of the capitalization. Outstanding and available shareholder loans plus interest accrued on such amount, currently amounting to approximately SEK 29.5 million as of November, 23, will in its entirety be used as payment in the capitalization. The Board's view is that current working capital is sufficient to fund operations until the aforementioned capitalization is completed.

Investments

Investments amounted to SEK -0,5 million in July – September 2023. The entire amount relates to exploration assets and examination work concerning the planned restart of mining at Blötberget.

Employees

The company had an average of 3 (3) employees during the period.

Risks and uncertainties

The company's short-term risks mainly relate to fulfil the requirements in the Environmental Permit. The company's long-term risks mainly relate to securing sufficient financing since the total capital requirement in order to initiate production at Blötberget is estimated at a total of SEK 3.5 billion even though the capital need can be reduced by SEK 2.0-2.5 billion if the company chooses to lease or rent certain buildings and machines. Other risks are primarily connected to fluctuations in world market prices for iron ore products, which in turn affects the profitability of the project. Furthermore, the company is dependent on obtaining all the necessary authority permits in order to have mining operations. Outlooks for production and sales are estimates based on samples and geological examinations, and there is always a risk that the final outcome will be different.

Financial reports

The company's press releases and financial reports are distributed by Cisionwire and are available on www.nordicironore.se

Share information

Nordic Iron Ore's share is traded on Nasdaq First North Growth Market Stockholm. Wildeco Ekonomisk Information AB is the company's Certified Adviser.

The share capital amounted to 64,400,883 SEK divided upon 37,135,055 shares, with a quota value of 1.734 SEK per share. The number of shareholders amounted to 8,459.

Shareholders on September 30, 2023

Shareholders	Number of shares	Share of votes and capital
Bengtssons Tidnings AB	7,799,238	21.0 %
Ludvika Holding AB	4,453,483	12.0 %
Kopparinvest AB	2,600,132	7.0 %
Skålpussen AB	1,106,000	3.0 %
Björn Israelsson	1,004,000	2.7 %
Johan Flink	746,750	2.0 %
Avanza Pension	558,371	1.5 %
Per Einarsson	550,500	1.5 %
Jonas Bengtsson	524,105	1.4 %
Petter Eriksson	376,167	1.0 %
Total top-10	20,130,292	54.2 %
Other	17,004,763	45.8 %
Total	37,135,055	100.0 %

Share price



Financials

Consolidated statement of comprehensive income – summary

Amounts in TSEK	2023 Jul–Sep	2022 Jul–Sep	2023 Jan–Sep	2022 Jan–Sep	2022 Full year
Net revenue	-	-	-	-	0
Other operating income	-	-	-	-	0
Total operating income	0	0	0	0	0
Other external costs	-2,888	-1,717	-5,322	-5,250	-6,540
Personnel expenses	-918	-744	-3,064	-1,072	-2,080
Depreciation/amortization and impairment of property, plant and equipment and intangible assets	-45	-42	-131	-719	-760
Rörelseresultat	-3,851	-2,504	-8,517	-7,041	-9,380
Financial income	0	-	0	-	0
Financial expenses	-478	-294	-1,302	-610	-1,094
Net financial income/expense	-478	-294	-1,302	-610	-1,094
Profit/loss after financial income and expense	-4,329	-2,797	-9,819	-7,651	-10,474
Profit/loss for the period	-4,329	-2,797	-9,819	-7,651	-10,474
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-4,329	-2,797	-9,819	-7,651	-10,474
Attributable to:					
Parent company shareholders	-4,329	-2,797	-9,819	-7,651	-10,474
Total	-4,329	-2,797	-9,819	-7,651	-10,474
Number of shares					
Number of shares at year-end	37,135,055	37,135,055	37,135,055	37,135,055	37,135,055
Average no. of shares (before dilution)	37,135,055	37,135,055	37,135,055	37,135,055	37,135,055
Average no. of shares (after dilution)	37,135,055	37,135,055	37,135,055	37,135,055	37,135,055
Earnings per share					
Earnings per share, weighted average before dilution, SEK	-0.12	-0.10 _{,,,}	-0.26	-0.21	-0.28
Earnings per share, weighted average after dilution, SEK	-0.12	-0.10 _{,,,}	-0.26	-0.21	-0.28

Consolidated statement of financial position – summary

Amounts in TSEK	2023-09-30	2022-09-30	2022-12-31
Assets			
Non-current assets			
Intangible assets	166,136	164,643	164,886
Property, plant and equipment	1,744	1,874	1,832
Financial assets	31	31	31
Current assets			
Other current assets	598	754	479
Cash and cash equivalents	332	1,802	2,722
Total assets	168,841	169,104	169,950
Equity and liabilities			
Equity	135,250	147,893	145,069
Non-current liabilities	1,972	2,097	1,972
Current liabilities	31,619	19,114	22,909
Total Equity and liabilities	168,841	169,104	169,950

Consolidated statement of change in equity

Amounts in TSEK	Share capital	Other contributed capital	Profit/loss brought forward, incl. profit/loss for the period	Total equity
Opening equity 2022-01-01	64,401	224,295	-133,153	155,543
Comprehensive income for the period			-7,651	-7,651
Closing equity 2022-09-30	64,401	224,295	-140,804	147,892
Opening equity 2022-01-01	64,401	224,295	-133,153	155,543
Comprehensive income for the period			-10,474	-10,474
Closing equity 2022-12-31	64,401	224,295	-143,627	145,069
Open equity 2023-01-01	64,401	224,295	-143,627	145,069
Comprehensive income for the period			-9,819	-9,819
Closing equity 2023-09-30	64,401	224,295	-153,446	135,250

Consolidated cash flow statement – summary

Amounts in TSEK	2023 Jul–Sep	2022 Jul–Sep	2023 Jan–Sep	2022 Jan–Sep	2022 Full year
Operating activities					
Profit/loss for the period	-4,329	-2,797	-9,819	-7,651	-10,474
Adjustments for items not included in the cash flow	25	-40	62	467	720
Cash flow from operating activities before changes in working capital	-4,304	-2,837	-9,757	-7,184	-9,754
Cash flow from changes in working capital					
Change in working capital	-81	2	-167	-432	10
Change in operating liabilities	2,312	676	3,802	985	1,368
Cash flow from operating activities	-2,073	-2,159	-6,122	-6,630	-8,376
Cash flow from investment activities	-582	-299	-1,268	-4,630	-4,965
Cash flow from financing activities	2,000	-	5,000	10,250	13,250
	/	/	/	/	
Cash flow for the year	-655	-2,458	-2,390	-1,010	-90
Opening cash and cash equivalents	987	4,260	2,722	2,812	2,812
Closing cash and cash equivalents	332	1,802	332	1,802	2,722

Parent Company Income statement – summary

Amounts in TSEK	2023 Jul–Sep	2022 Jul–Sep	2023 Jan–Sep	2022 Jan–Sep	2022 Full year
Net revenue	-	-	-	-	-
Other operating income	-	-	-	-	-
Total operating income	0	0	0	0	0
Other external costs	-2,945	-1,773	-5,492	-5,417	-6,763
Personnel expenses	-918	-744	-3,064	-1,072	-2,080
Write-down of intangible fixed assets	-4	0	-6	-594	-594
Operating profit/loss	-3,867	-2,518	-8,562	-7,083	-9,437
Other interest income and similar profit/loss items	0	0	0	0	-
Interest expense and similar profit/loss items	-464	-319	-1,249	-695	-1,060
Profit/loss for the period	-4,331	-2,837	-9,811	-7,778	-10,497
Parent company statement of comprehensive income					
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-4,331	-2,837	-9,811	-7,778	-10,497

Parent Company Balance sheet – summary

Amounts in TSEK	2023-09-30	2022-09-30	2022-12-31
Assets			
Non-current assets			
Intangible assets	165,683	164,122	164,457
Property, plant and equipment	37	0	-
Financial assets	31	31	31
Shares in subsidiaries	50	50	50
Current assets			
Other current assets	598	754	479
Cash and cash equivalents	289	1,759	2,679
Total assets	166,688	166,716	167,697
Equity and liabilities			
Equity	135,101	147,631	144,912
Current liabilities	31,587	19,085	22,785
Total Equity and liabilities	166,688	166,716	167,697

Notes

Note 1 Related parties

Note 1 Related parties Related parties include subsidiaries that are part of the Group, Board members in the company's Board, the Group's senior executives as well as close relatives to these individuals. At the end of the quarter, Nordic Iron Ore had no debts to related parties.

Other

Accounting policies

Group

This interim report was prepared in accordance with IAS 34 Interim Financial Statements and in accordance with RFR 1 of the Swedish Financial Reporting Board and, for the Parent Company, RFR 2. The same accounting policies and calculation methods are applied as in the last interim report. For a detailed description of the accounting policies applied for the Group and the Parent Company in this interim, see the Annual Report 2022.

Definitions

Equity/assets ratio:	Equity as a per cent of the balance total.
Earnings per share:	Profit/loss after tax in relation to the weighted average number of shares.
Equity per share:	Equity in relation to the number of shares on the balance sheet date.
Quick ratio:	Current assets excluding stock in relation to current liabilities.

This interim report contains information that Nordic Iron Ore AB (publ) is required to disclose under the EU Market Abuse Regulation. The information was published through a press release on November 23, 2023 at 15.00 CET.

Financial calendar

Interim Report Q4 and Year-End Report.....	February 22, 2024
Annual Report 2023	April 25, 2024
Interim Report Q1 and AGM	Maj 23, 2024
Interim Report Q2.....	August 22, 2024
Interim Report Q3.....	November 21, 2024

Signatures

Stockholm, November 23, 2023
Board of Nordic Iron Ore AB (publ) org. nr 556756-0940

Bengt Nilsson
Chairman

Jonas Bengtsson

Gösta Bergman

Tomas Olofsson

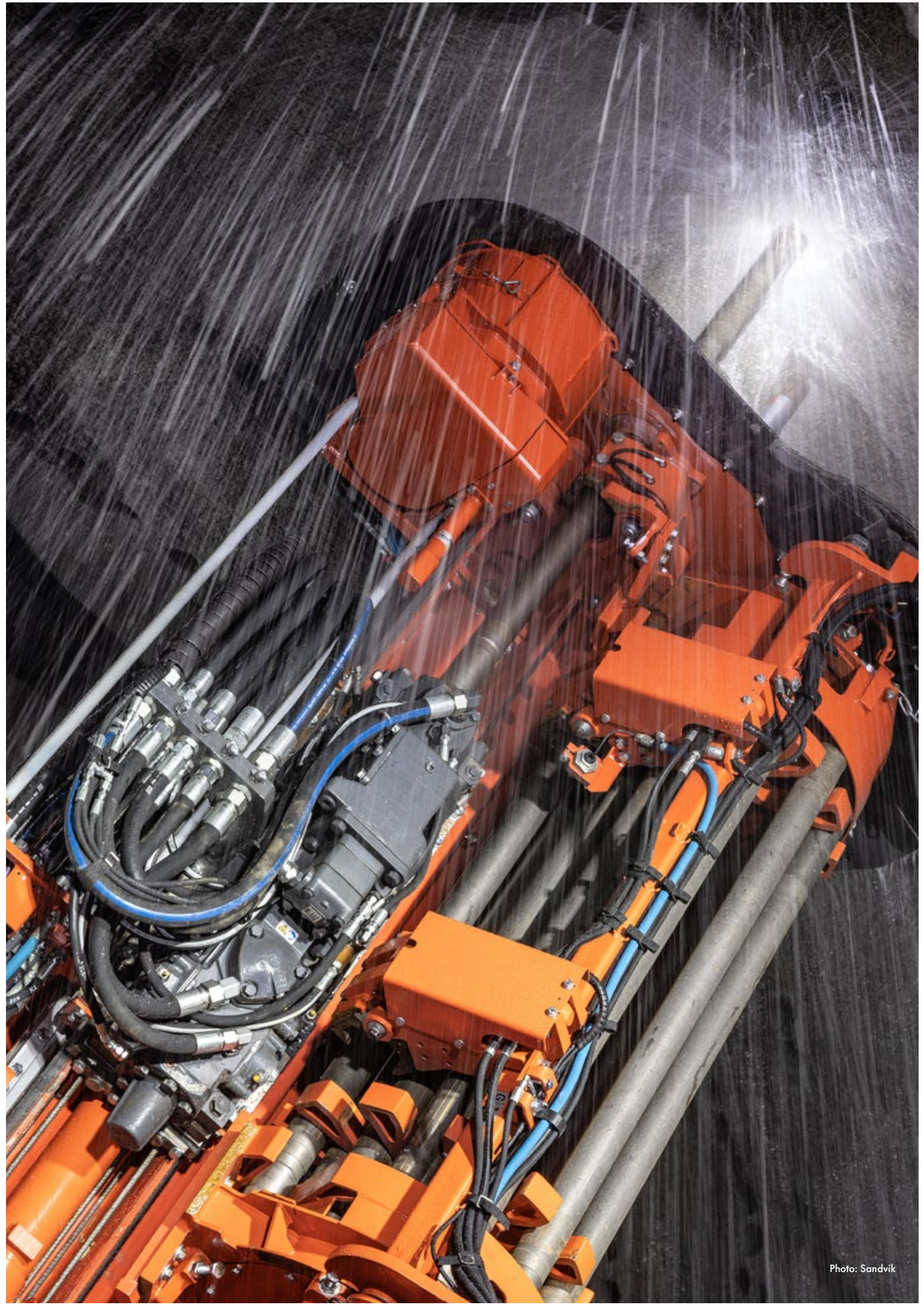
Tobias Hansson

Ronne Hamerslag
CEO

This report has not been reviewed by an auditor.

Technical source material has been reviewed by the Company's qualified persons, Hans Thorshag, a qualified person under FRB standards and Paul Marsden as defined in the internationally recognized JORC Code, based on his training and experience in exploration, project development and mineral process engineering.

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