

Nordic Iron Ore signs SEK 35 billion offtake agreement and SEK 307 million conditional funding commitment with Cargill

Nordic Iron Ore AB (publ) and Cargill International Trading Pte Ltd have entered into agreement whereby Cargill undertakes to buy 25 Mt of high-grade iron ore concentrate from the Blötberget mine in Dalarna, Sweden. The offtake agreement is a central component of a strategic collaboration that includes conditional funding commitments from Cargill, in total amounting to SEK 307 million[2]. The offtake agreement is estimated to generate SEK 35 billion [1] in total revenue during an estimated period of at least 15 years of production.

The intentions of the contracts signed today were originally announced in a memorandum of understanding in February 2022. Apart from the offtake agreement, Cargill commits to invest SEK 307 million[2] in steps where SEK 60 million will initially be invested in a Directed Share Issue (as defined below). Later, Cargill will invest its pro rata portion of the capital required, less the senior debt part, for the construction of Blötberget mine, up to a maximum of USD 23 million (approx. SEK 247 million[2]).

Cargill has committed to invest SEK 60 million in a directed share issue (the "Directed Share Issue") in connection with a rights issue (the "Rights Issue") of ordinary shares at the same subscription price in Nordic Iron Ore. The Rights Issue shall include repayment of outstanding shareholder loans plus interest accrued amounting to approx. SEK 23 million estimated as of June 2023. A capitalization of at least SEK 143 million is planned to be carried out in the second half of 2023 (the "Offer"). Cargill's commitment related to the subsequent issues is subject to certain conditions described in more detail below under "The Funding Commitment Letter". Furthermore, Cargill has a right to participate with up to 1/3 in any future non-equity-related financing facility. In connection with the execution of the funding commitment letter, Cargill and the three currently largest shareholders of Nordic Iron Ore have executed a shareholders' agreement.

"Today is an extraordinary day for Nordic Iron Ore, for the Ludvika Municipality and for the future production of green iron ore products and green steel. This is a fantastic achievement by the team at Nordic Iron Ore and this offtake agreement and the funding commitment paves the way for the planned opening of a new sustainable, electrified and green mine in Blötberget in 2026. We have established a solid relationship through the negotiations with Cargill and I foresee an effective collaboration going forward. Cargill is a significant partner and have increased their efforts and ambitions in Europe and the Nordic countries. We believe that their strategic focus aligns well with our own goals", says Ronne Hamerslag, CEO of Nordic Iron Ore.

"We are very happy to announce signed agreements regarding the strategic investment in Nordic Iron Ore. Our investment into Nordic Iron Ore combined with the offtake agreement is an excellent fit with Cargill Metals' European and green steel strategies and a great opportunity to increase our presence in both areas", says Lee Kirk, CEO of Cargill Metals.

The Offtake Agreement

The offtake agreement regarding 25 Mt produced iron ore concentrate represents an estimated total revenue of approx. SEK 35 billion. The offtake agreement applies from the start of full production rate, estimated to be achieved in 2026. Cargill undertakes to purchase all the produced iron ore concentrate each year, approx. 1.6 Mt per annum, until 25 Mt is reached. Nordic Iron Ore and Cargill will commence technical marketing activities to be ready to sell the product into the most rewarding markets.

Once the 25 Mt of iron ore concentrate have been delivered and during a period of 6 months thereafter, the parties shall work together in good faith to agree on a new contract to replace this offtake agreement. If the parties fail such agreement within this period, Nordic Iron Ore shall be free to negotiate a new offtake agreement to replace this offtake agreement with any other entity. Prior to signing such new offtake contract, Cargill have a right of first offer and is entitled to sign the new offtake contract as the new offtaker.

In addition, the offtake agreement may be terminated by Nordic Iron Ore if Cargill is in breach of the funding commitment under the Funding commitment letter (as further described below).

The Funding Commitment Letter

Cargill commits to invest SEK 307 million[3] in total on certain conditions and with a first investment of SEK 60 million in the Directed Share Issue in connection with the Offer and the remaining as further capital investments for construction of the Blötberget mine.

Cargill's investment in the Directed Share Issue is currently subject to the following conditions:

- Nordic Iron Ore having received binding subscriptions from third party investors of shares at a total subscription amount of at least SEK 60 million in the Directed Share Issue, in addition to Cargill's commitment, or such lower amount which at closing is agreed to be replaced with binding subscription of shares in the Rights Issue,
- The outstanding shareholder loans plus interest accrued on such amount, currently a total of approx. SEK 23 million, to be converted into binding subscription commitments in the Rights Issue.

In the funding commitment letter, Nordic Iron Ore undertakes to use its best endeavors to procure that the Board of Nordic Iron Ore resolves to carry out the Rights Issue, amounting to no less than SEK 50 million. The Rights Issue shall be resolved upon no later than six weeks following the allotment of shares in the Directed Share Issue and the subscription price per share in the Rights Issue shall at least be the same as the subscription price in the Directed Share Issue.

In addition to Cargill's investment in the Directed Share Issue, the funding commitment letter includes terms for further capital investments for construction of the Blötberget mine ("Stage 2 Investment"). Stage 2 Investment aims to regulate financial support going forward between Cargill and Nordic Iron Ore in which Cargill subject to certain conditions undertakes to, among other things, invest its pro rata portion of the capital required, less the senior debt part, for the construction of Blötberget mine up to a maximum of USD 23 million (approx. SEK 247 million[4]).

In addition, Nordic Iron Ore undertakes to offer Cargill to participate with its pro rata holding of shares in issues of shares or other securities and with up to 1/3 in any non-equity-related financing facilities. Further, Nordic Iron Ore undertakes to consider all changes proposed by Cargill in good faith in respect of the form and/or terms of any fundraise and any proposed changes should not be unreasonably ignored. Nordic Iron Ore also undertakes to use their best endeavors to ensure as high ratio as possible of senior secured debt, with the objective of at least 50 percent, for the construction of the Blötberget mine.

The Shareholder Agreement

In connection with the execution of the funding commitment letter and constituting a condition for Cargill's investment in the Directed Share Issue, the Company's three currently largest shareholders (Bengtssons Tidnings AB, Ludvika Holding AB and Kopparinvest AB, together the "Major Shareholders") have entered into a shareholder's agreement with Cargill relating to Nordic Iron Ore. Pursuant to the terms of the shareholder agreement, the parties undertake to use their best efforts to procure that Cargill will be offered to participate up to its pro rata holding of shares in share issues (except for share issues as part of incentive programs) or any other equity-related securities and with up to 1/3 in any non-equity-related financing facilities.

Furthermore, the Major Shareholders undertake not to sell shares within the earlier of 24 months after the Directed Share Issue or 6 months after financing for the construction of the Blötberget mine is in place. For as long as Cargill's shareholding in Nordic Iron Ore is at or above 10 percent (subject to recalculation downwards in the event of any issues of shares due to an incentive program), the parties in the shareholder's agreement undertake to vote for the Board to always consist of such number of Cargill nominees, at least one, that stands in proportion to Cargill's shareholdings (rounded up), always provided that the directors nominated by Cargill shall constitute a minority.

In addition, the Major Shareholders undertake to procure that the Board of Nordic Iron Ore do not make any resolution, or take any other measure, which counteract the provisions of the shareholder's agreement.

The Swedish Securities Council (Sw. *Aktiemarknadsnämnden*) has in its statement AMN 2023:22 ruled that entering into the shareholder's agreement will not cause the parties to be considered related parties for the purpose of mandatory offers in accordance with Section III of the Takeover rules for certain trading platforms and consequently the entering into the shareholder's agreement

will not trigger a requirement to make a mandatory offer. AMN 2023:22 will be available in its entirety on the Swedish Securities Council's website (www.aktiemarknadsnanden.se).

Blötberget mine in short and indicative timeline to production start

Nordic Iron Ore plans to start production in its fully owned Blötberget mine in 2026 and estimates to produce approx. 1.6 Mt high-grade iron ore concentrate per year, aiming to be used in the new green steel production processes. The Blötberget mine will employ advanced electrification technology and methods to minimize carbon emissions and operate sustainably. The iron ore concentrate is planned to be transported by electrical train to the port of Oxelösund. Nordic Iron Ore currently has the necessary permits to start engineering and construction of the new mine and industrial area. Construction of the mine is estimated to commence 2024.

The total capital required for the pre-production phase has earlier been communicated to approx. SEK 2.5 billion but will be estimated more accurately during the engineering and detailed planning, which are expected to be concluded in mid-2024.

Timeline and use of proceeds for the Offer

Complete terms for the Offer, including subscription price, increase in share capital and number of new shares are expected to be announced in the second half of 2023. The Offer is expected to be carried out in the second half of 2023.

Net proceeds from the Offer will be used for the engineering and detailed planning, basic exploration and working capital up until the third quarter 2024. Investments in additional exploration, securing access to land through expropriation or easement, down payment to the reclamation fund and initiating construction work will be made in accordance with future access to capital.

Arctic Securities is assigned as financial advisor for the Offer and Bird & Bird Advokat KB is assigned as legal adviser.

For additional information, please contact:

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The information herein is information that Nordic Iron Ore AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at the date and time set above.

About Nordic Iron Ore

Nordic Iron Ore Group is a mining company with the ambition to revive and develop the iron ore production of Ludvika Mines in Blötberget and Håksberg. The company also intends to expand its mineral resources, and upgrade them to ore reserves, primarily through exploration and other studies of the connecting Väsman field. The Company has all the necessary permits in place for the mine in Blötberget and will be able to produce iron ore of high quality. For more information, see www.nordicionore.se.

Nordic Iron Ore's shares are listed at Nasdaq First North Growth Market. Wildecos is the company's Certified Adviser.

About Cargill

Cargill's 155,000 employees across 70 countries work relentlessly to achieve the purpose of nourishing the world in a safe, responsible, and sustainable way. Every day, Cargill connect farmers with markets, customers with ingredients, and people and animals with the food they need to thrive. Cargill combine 155 years of experience with new technologies and insights to serve as a trusted partner for food, agriculture, financial and industrial customers in more than 125 countries. Side-by-side, a stronger, sustainable future for agriculture is being built.

About Cargill Metals

Headquartered in Singapore, Cargill's metals business provides value-add services and solutions along the global ferrous supply chain. A 150 years track record of risk management in global commodities markets combined with more than 40 years of unique insights in the ferrous industry, Cargill Metals provides its customers the support they need to thrive. Cargill Metals connect iron ore miners around the world with steel mills in key markets and provide a broad range of services from technical marketing to customized risk management solutions along the supply chain including to end users of steel.

With around 150 dedicated experts, an established global network and hubs in China, Singapore, U. K. and Vietnam to serve our customers, Cargill Metals operates across over 25 ports and more than 50 warehouses globally, providing physical and financial solutions to over 2,500 customers in 40 countries. Each year Cargill Metals move around 50 million tons of physical iron ore and 6 million tons of physical steel globally. For more information, visit Cargill Metals Supply Chain or www.cargill.com.

[1] Approx. SEK 35 billion in revenue is based on the first quarter of 2023 average price Index 62% Fe and recent USD/SEK exchange rate, recalculated to the predicted average 69% Fe content with by Nordic Iron Ore estimated adjustments for quality in the produced concentrate, indicative freight costs and profit sharing.

[2] Exchange rate USD/SEK 10.75.

[3] Exchange rate USD/SEK 10.75.

[4] Exchange rate USD/SEK 10.75.

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This information is information that Nordic Iron Ore is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2023-07-12 18:55 CEST.

Image Attachments

[Blotberget](#)

[Ronne Hamerslag Hires](#)

Attachments

[Nordic Iron Ore signs SEK 35 billion offtake agreement and SEK 307 million conditional funding commitment with Cargill](#)