


Contents

4	Nordic Iron Ore in brief
6	Words from the CEO
8	Market and products
10	Development of a mining project
11	Nordic Iron Ore's asset portfolio
13	Project: Blötberget
14	Project: The Väsman field
15	Project: Håksberg
16	Planning phase
17	Drilling phase
18	Mapping and initial analysis
19	Final analysis and outcome of the drilling programme
20	Logistics
21	Plant
22	Environment and sustainability
24	Board of Directors, senior executives and auditors
25	Board of Directors
27	Senior executives
27	Auditors
28	Share capital and ownership structure
29	Notice of the Annual General Meeting of Nordic Iron Ore AB (publ)
30	Directors' report
33	Consolidated statement of comprehensive income
34	Consolidated balance sheet
35	Consolidated statement of changes in equity
36	Consolidated cash flow
37	Income statement – Parent Company
38	Balance sheet – Parent Company
39	Changes in equity – Parent Company
40	Cash flow statement – Parent Company
41	Notes
55	Auditor's report
56	Glossary

Mine layout Blötberg

The image on the cover is a sketch of the layout of the extensive drift system with shafts and ramps already in place at the Blötberg mine south of Ludvika, for which Nordic Iron Ore has obtained an exploitation concession. The Company plans to restart mining operations using the 280 metre level as the new main level.



Nordic Iron Ore is a mining development company in the southern Dalarna region of Sweden whose main ambition is to resume mining operations at the Ludvika mines, comprising the previously operational mines Blötberget and Håksberg, and the intermediate Väsman field, which is considered to hold significant potential. Nordic Iron Ore's establishment and expansion plan are motivated by strong demand for steel with favourable iron ore prices, significant mineral resources, a robust logistics solution with access to an existing railway directly to a deep-water port, and the economies of scale ensuing from the Company being the first player ever able to integrate the major iron ore deposits in the Ludvika region.

For further information: www.nordicironore.se

Nordic Iron Ore in brief

THE COMPANY IN BRIEF

Vision

Nordic Iron Ore will be one of the major Swedish producers of high quality iron ore products.

Business concept

Nordic Iron Ore's business concept is to own iron ore deposits in the mining district known as Bergslagen either under its own auspices or with other operators, and develop them into operational mines with sound long-term profitability that can supply high quality products to steelworks in Europe and other parts of the world.

Objectives

Nordic Iron Ore's operational targets are to achieve the following before the end of 2015:

- resuming mining operations at the Ludvika mines, with an expected annual production of about 4.4 million tonnes of finished product at full operation
- significantly expanding the scope of the mineral resources, primarily through continued exploration in the Väsman field
- applying for and obtaining the requisite permits for resuming mining operations
- preparing requisite feasibility studies and thorough production plans ahead of the start of production

Nordic Iron Ore's financial target is, two years after the full-scale production start, to achieve a sustainable level of profitability after financial expenses that is at least in line with the industry average.

Strategy

Nordic Iron Ore's ambition is to become one of the major Swedish producers of iron ore products. The Company will initially develop the iron ore deposits in the Ludvika mines and eventually assess other iron ore deposits under its own auspices or together with another operator. The strategy is to:

- explore, identify and develop quality iron ore deposits
- create an efficient holistic solution for mine operation, concentration and logistics
- be an attractive business partner which, with high delivery reliability, produces high quality iron ore products for the selected customer segment

Asset portfolio

Since its start in 2008, Nordic Iron Ore has acquired a number of exploration permits and established a portfolio consisting of a total of 19 exploration permits for iron ore deposits in Bergslagen.

The Company's top-priority projects include the deposits at Blötberget, the Väsman field, and Håksberg near Ludvika. The deposits are located along an approximately 15 km long vein of iron deposits that run from Blötberget in the south, under Lake Väsman to the Håksberg field north of Väsman. For the first time ever in history, all iron deposits along this vein are controlled by a single company.

Ludvika Mines

Projects	Mineral resources					
	Measured		Indicated		Inferred	
	Mt	% Fe	Mt	% Fe	Mt	% Fe
Blötberget	-	-	29.8	44.5	10.2	42.9
Håksberg	-	-	25.4	36.4	11.6	36.0
Väsman	-	-	7	38.5	85.9	38.4
Total			62.2		107.7	



THE 2012 FINANCIAL YEAR IN BRIEF

Projects

- An application for an environmental permit regarding resuming operations at the Blötberget and Håksberg mines was completed and submitted to the Nacka District Court at the beginning of July.
- In August, the Company embarked on a drilling campaign, which continued during the autumn of 2012. The purpose of the drilling campaign was to increase geological knowledge about the deposits at Blötberget and the Väsman field, and assess the mineral resources therein according to the international JORC standard.
- The government's infrastructure bill was presented at the beginning of October. It included financing for upgrading the railway to Oxelösund, in which the government will invest around SEK 900 million until end-2021.

Organisation

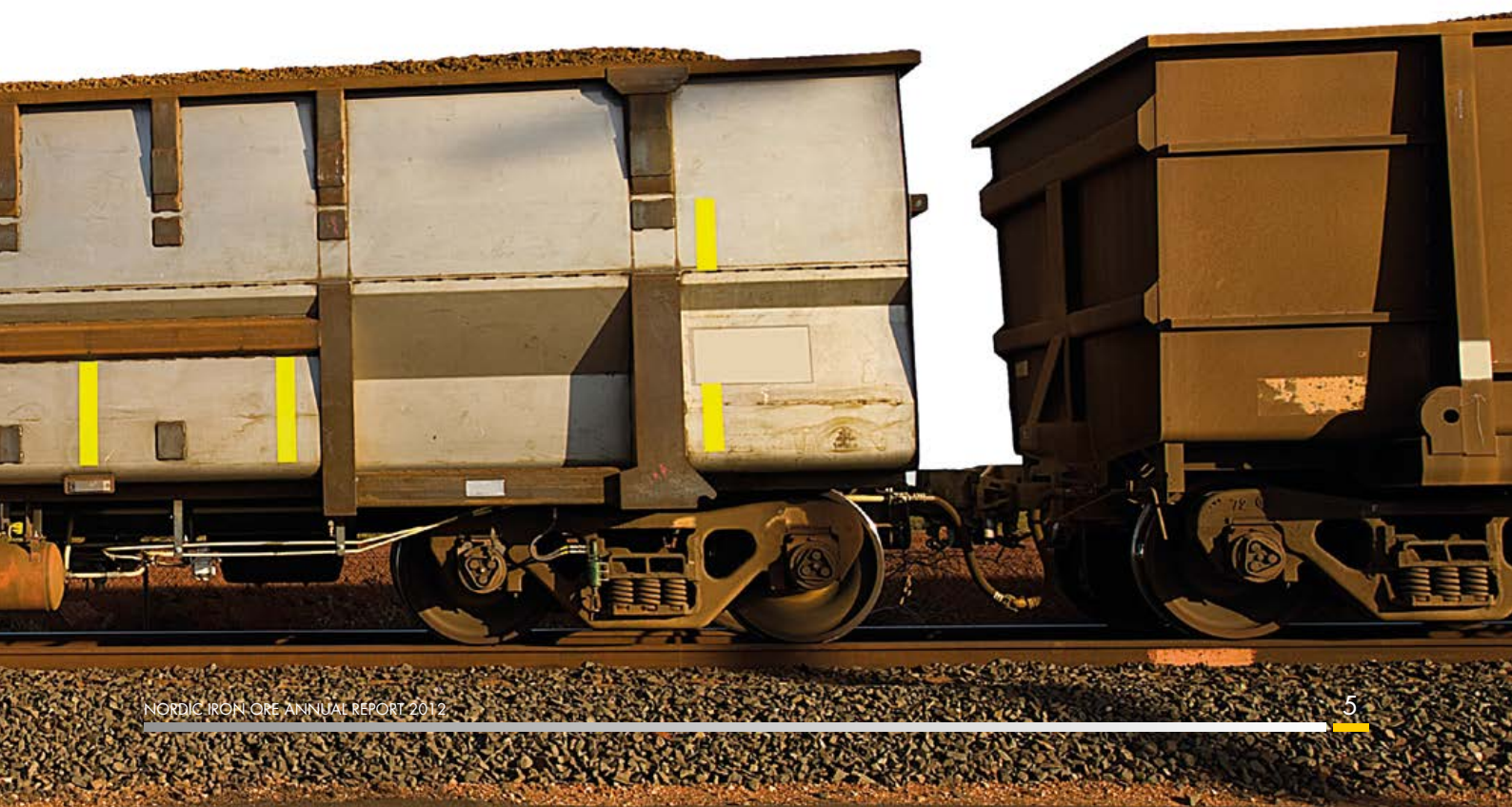
- In 2012, Nordic Iron Ore strengthened its organisation through the appointment of two individuals. Throughout the year, it also worked with several external consulting companies for drilling initiatives and geological surveys.
- At the AGM on 29 June, Göran Ekdahl, Tomas Olofsson and Johnas Jansson were elected new Board members. Ulf Adelsohn was re-elected ordinary Board member and Chairman, and Anders Bengtsson, Jonas Bengtsson, Christer Lindqvist, Per Storm and Lars-Göran Ohlsson were re-elected ordinary Board members.

Financing

- Planning and preparations ahead of a new share issue and stock market listing of Nordic Iron Ore's shares on the NASDAQ OMX First North was called off in February because demand was insufficient to secure effective stock market trade.
- In the second quarter, the Company completed a round of financing in the form of an offering directed at a limited circle of investors regarding a short-term loan with compulsory conversion. The loan, which amounted to SEK 60 million, was converted to shares on 30 October 2012.

Significant events after the end of the financial year

- A new appraisal of the Company's mineral resources, following evaluation of the drilling programme in the autumn, was released in January 2013. It resulted in indicated and inferred mineral resources at Blötberget now amounting to 29.8 million tonnes with 44.5 percent iron, and 10.2 million tonnes with 42.9 percent iron, respectively. This equals an increase in total mineral resources of around 66 percent compared with the former appraisal. At the southern Väsman field, including Finnäset, the mineral resources indicated and inferred after the 2012 drilling campaign amount to 7.0 million tonnes with 38.5 percent iron, and 85.9 million tonnes with 38.4 percent iron, respectively.
- In January, the Company signed a letter of intent with Oxelösunds Hamn AB (the port of Oxelösund) regarding iron ore shipments of up to 5 million tonnes annually.
- In February, the Company's application for an environmental permit was announced by the Land and Environment Court.
- In April, the Company signed a letter of intent with Coal and Ore Trading Limited regarding marketing and delivery of up to 600,000 tonnes of iron ore products annually. With the signed letter of intent in place, the Company plans to bring forward the start of production at the Blötberg mine to the second half of 2014.



The emergence of an industrial project with low development risk

The fundamentals for restarting Ludvika mines are very solid. In the past year, we have reached a series of key milestones that both confirm our low development risk and distinguish us from similar Swedish projects.

A successful iron ore project is defined by major mineral resources transferable to mineral reserves, easily dressed ore, low production costs and, not least, access to a railway to a deep-water port. An expert project organisation that grows with the project is also required. The commitment of the community is of great importance too. We are pleased to say that we have all of these factors in place and have come a long way in a short time. Yet, in the past year, we have witnessed Swedish mining projects failing on timing, costs and production. These incidents clearly emphasise the importance to the success of a project of the company creating its own project organisation equipped with the right expertise and management systems at an early stage. Our project stands out on this vital point.

MILESTONES ACHIEVED DESPITE EXTERNAL CHALLENGES

In the 2012 financial year, we achieved several key milestones which advanced the project. At the same time, we had external challenges to contend with. The price of iron ore was volatile during the year, while the financial market was uneasy. Our planned stock market listing in February had to be shelved due to insufficient interest to guarantee decent trading levels in the share. Nonetheless, we managed to secure financing in the summer, which enabled us to maintain strong momentum in our project plan. The general economic climate gradually improved during the year and the iron ore price recovered, as expected, very rapidly. At the time of writing, the price is back at high levels, driven mainly by the prospect of China's steel requirement remaining high for many years to come. However, it is expected to continue to fluctuate sharply around a high level in the foreseeable future.

SHARP RISE IN OUR MINERAL RESOURCES

It was also during the summer that we seriously started to dig. Over the course of a few months, a comprehensive core drilling programme was carried out at Blötberget and the Väsman field. The core drilling, performed on land and from a barge on Lake Väsman, covered close to 15,000 metres. Extracted drill cores were gradually surveyed and mineralised sections were extracted and samples were prepared and sent for analysis. As early as in January this year, we were able to publish a new mineral resources appraisal which was beyond our expectations. It showed that we had almost tripled our indicated and inferred mineral resources to 170 million tonnes in total, with good iron content. And, this was the result of merely the first part of the core drilling campaign we intend to conduct. There is a lot to suggest that there are much greater mineral resources in our area, and the more we drill the greater the tonnage we will probably be able to classify under accepted standards.

INTERNATIONALLY COMPETITIVE PRODUCTION COST

The test drilling has also formed an important part of the feasibility study currently in progress, in which we have evaluated various project optimisation alternatives. Our excellent fundamentals make the feasibility calculation look undeniably bright.

AN EXPERT PROJECT ORGANISATION IS KEY

In light of the way other mining projects have gone recently, it is even more crucial for us to clarify our strategy for executing our plant project efficiently. In this context, it is essential that we gradually develop our project organisation at the Company with the right control systems in place before the projects kick off properly. Efforts are currently under way to identify further key individuals for this organisation. My intention is for us to boast the best project management there is before we conclude negotiations and start executing the major plant projects at Ludvika mines.

LOGISTICS SOLUTION EVEN STRONGER

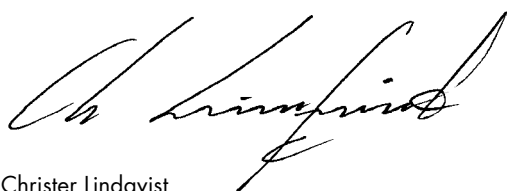
Logistics is one of our main comparative advantages. In January 2013 we signed a letter of intent with the port of Oxelösund regarding future deliveries of up to 5 million tonnes annually, which is the expected volume at the full production rate towards the end of 2018. The port of Oxelösund already has facilities with sufficient capacity to enable storage and loading of iron ore in the initial years. In its infrastructure bill in October, the Swedish government proposed that around SEK 900 million be allocated to capacity-increasing measures for the railway between Ludvika and Oxelösund, which further boosts our project.

COMMERCIAL SUCCESSES

Our project plan remains in place, with an estimated full-scale production start under our own auspices at the end of 2015, and the aim of achieving a production rate of 4.4 million tonnes annually in 2018. Gratifyingly, however, we recently signed our first letter of intent regarding supplying Coal and Ore Trading Limited with up to 600,000 tonnes of ore annually. In light of this, we are now planning getting production started at the Blötberget mine in the second half of 2014. The initial investment cost for rolling out production is estimated at around SEK 165 million, and the plan is to outsource all production to contractors initially. This demonstrates the scalability of our project, which will generate a capital inflow far ahead of our concentrator plant being ready for production.

2013 – AN EVENTFUL YEAR

2013 is an eventful year and not without challenges. System procurement for mining and concentrator equipment and outward freight logistics will start at the end of the year, and we will prioritise standard solutions as far as possible in order to minimise the risks. Before that, we hope to have our important environmental permit in place. Also, we need to obtain further financing for the project ahead of the production roll-out at the Blötberg mine. While the Company is still prepared for a stock market listing, the Board of Directors has, due to the uncertain climate on the financial market, not made a decision regarding the timing of listing the Company's shares. A perceivable scenario is the listing occurring in connection with the first major round of plant financing, which ought to take place at the end of 2013 or beginning of 2014. Financing efforts have already commenced. Some investors still have the difficulties of our industry peers fresh in their memory. Other investors see what we do – that Ludvika mines is an industrial project in the middle of Sweden with low execution risks and major mineral resources.



Christer Lindqvist
CEO Nordic Iron Ore



Market and products

GLOBAL IRON ORE TRADE

Global iron ore production has increased by close to 100 per cent, or over 900 million tonnes, since 2001. This has occurred despite the sharp decline of the steel industry during the financial crisis in 2008, when industries including construction, automotive and engineering were hit hard by the global recession.

Emerging economies with major investments in infrastructure projects, such as China and India, are driving the market. As a group, developing countries accounted for almost 66 per cent of total iron ore imports in 2012. China is the world's largest iron ore importer by a margin, with 744 million tonnes annually (an increase of 8.5 per cent annually). In Europe, Germany, France, Italy and the UK are the biggest iron ore importers.

The three largest companies operating in the iron ore industry – Brazilian Vale and Rio Tinto, and BHP Billiton – together controlled around 35 per cent of global production and 65 per cent of seaborne iron ore trade in 2012. In the Nordic region, there are just a few players, with LKAB of Sweden (with three mines in operation at Kirunavaara, Malmberget and Gruvberget) being the only iron ore-producing mining company with annual production of around 26 million tonnes. LKAB is a major producer in Europe, but only accounts for barely 3 per cent of global production. Besides LKAB, there are at least five other Nordic iron ore projects at various stages of development, including Nordic Iron Ore. Despite a certain increase in production in the region, Western Europe imports around 80 per cent of its iron ore requirement. The European steel industry is anxious to diversify suppliers and shorten the logistics chain in order to better secure supply.

PRICING OF IRON PRODUCTS

The price of iron ore varies depending on iron content and grade, and on the location in the world from where the iron ore is shipped. The spot rate as quoted each day relates to a standard price of dressed ore with an iron content of 62 per cent with free delivery to a Chinese port. In addition to iron ore with an iron content of 62 per cent, the ore is traded with iron contents of 58 per cent, 63.5 per cent and 65 per cent. To some extent, prices correlate with the iron content. Dressed ore has the most linear pricing. Products with an iron content higher than 62 per cent usually carry a price premium which, over time, is estimated at around USD 5 per tonne for each percentage point of iron content exceeding 62 per cent. Nordic Iron Ore plans to produce a product with an iron content exceeding 67 per cent.

TREND IN 2012

2012 was a turbulent year for the global mining and steel industries. The year started out with sustained rising demand for steel, which buoyed iron ore prices at very high levels. However, the escalating financial crisis in Europe in the spring spread economic uncertainty globally, and made a clear mark on practically all metal prices. Declining iron ore spot rates in the summer were also caused by seasonal destocking at Chinese steelworks, and the trend was amplified by lower capacity utilisation at European steelworks. However, the iron ore price recovered quickly to high levels in the autumn, and is currently at around just over USD 140 per dry metric tonne. A price of USD 120 per tonne is deemed by experts to be a sustainable level in the long term, because it corresponds to the cost of a large proportion of the production of Chinese marginal producers. Until the production from these producers is replaced

by more cost-efficient iron ore imports, the costs of marginal production will govern the spot market rate. The price decline in the summer brought to light important differences between various iron ore projects currently under way. Compared with a lot of them, there are several factors in Nordic Iron Ore's favour. The Company's Ludvika mines project has a highly competitive future mining cost, low development risk and access to an existing railway.

Also, global outlook for the steel and iron ore markets further improved in the last quarter of the year because positive indicators such as the Chinese purchasing managers' index started to rise, and the market again saw that China's new leader would continue to focus on growth-friendly reforms for the country.

In a European perspective, steel demand has experienced a slower recovery due to a certain amount of overcapacity, obliging steelworks to produce at reduced capacity utilisation. However, there were indications of a slight improvement in demand in the fourth quarter. Several European steelmakers then announced price hikes, indicating that they see a slight improvement in demand in the first half of 2013.

FUTURE OUTLOOK

Growth

Assuming an unchanged relationship between iron ore demand and steel production, iron ore demand is expected to have amounted to 1,910 million tonnes in 2011 and around 2,000 million tonnes in 2012. Of this amount, around 1,200 million tonnes is imported for the consumer channel. In terms of long-term outlook, there have been no fundamental changes in the global iron ore market. Growth in China is expected to require more steel, although the growth rate is forecast to probably drop slightly over the next few years, while the iron ore requirement of other developing countries will rise. Growth in China is expected to remain at over 7 per cent annually driven by urbanisation and industrialisation of the economy. This will require more steel and, despite increased domestic production, there will be a major reliance on higher grade iron ore imports. China is expected to consume over 1,200 million tonnes in 2013 and growth is forecast to continue until 2030. As long as the supply of seaborne iron ore is limited, China's low-grade, high-cost mines will buoy the spot rate in Asia. Global average growth in excess of 3 per cent is estimated until 2030, when crude steel production is forecast to reach 3,500 million tonnes, which can be compared to current production of 1,500 million tonnes.

Driving forces

Growth can generally be estimated by reviewing and considering the current phase of development of countries and regions, and assessing how steel-intensive that phase is. Countries which were in development phases previously, such as Indonesia, are still at around their trigger point in terms of steel usage. That is, they are at the phase in which steel usage will start to grow sharply. India, which is considered to be a slightly more advanced economy, is – like China – undergoing a strong growth phase. However, China has reached the point in growth at which steel usage has started to decline. Mature economies are at, or have surpassed, their steel usage peak. However, there are very few indications indeed to suggest that steel usage would actually decline, and saturation points can diverge sharply between individual countries, mainly due to the industrial structures of the countries in question.

Nordic Iron Ore plans to produce dressed ore, intended for pelletising or sinter production, with high iron content.

CONCENTRATE



Concentrate iron ore is the most enriched iron product and has a typical grain size of no more than 6 mm. The product is used as raw material for the sintering and pelletising process for use in the blast furnaces.

Concentrates are produced where the iron content needs to be improved or other detrimental elements for the steelmaker need to be removed. Concentrates are usually produced for pellet production.

SINTER



Sinter is manufactured through agglomeration of fine concentrate and some type of binding agent after which the sinter is crushed into smaller pieces to, just like pellets, be used in the blast furnaces. Sinter thusly does not hold the same even and consistent form of pellets. Furthermore, sinter contains a lower degree of Fe compared to pellets.

Sinter is made from iron ore fines with an iron content typically 58 to 65 percent iron.

PELLETS



Pellets are made to agglomeration of fine concentrate and a binding agent. Pellets typically have a grain size between 9 and 16 mm. The production demands treatment in a pellets plant, which means higher costs for manufacturing.

Pellets hold a higher and steadier quality and are therefore sold at a premium compared to lump ore.

LUMP ORE



Lump ore is relatively raw and therefore does not need to be sintered before use in the blast furnace process. Normally, lump ore has a size of between 6 and 30 mm. Lump ore with high iron content and a low degree of impurities, in combination with good solidity at high temperatures is considered to be a so called premium product.

Lump ore can be used directly in the furnace and is therefore traded at a premium compared to concentrate.

IRON MANUFACTURE IN BLAST FURNACE

Source: Cuervo Resources, Raw Materials Group

Development of a mining project

Nordic Iron Ore works with all stages of the mine development process, from exploration to production. In greatly simplified terms, a mine development process rests on four cornerstones – permits, exploration, evaluation and planning/construction.

PERMITS

The licensing process for the extraction of ore in Sweden is primarily regulated by the Minerals Act and the Environmental Code. The permits required for the development process are usually an exploration permit, exploitation concession and environmental permit. In addition, building permits issued by the relevant municipality are required.

PROSPECTING AND EXPLORATION

In order to localise deposits and upgrade mineral resources, a continuous programme of exploration is undertaken for the entire development process. This is done through core drilling and geophysical surveys. When knowledge of the mineralisation is sufficient, a calculation is made of the mineral resources, which forms the basis for the calculation of mineral reserves and the further evaluation of the deposits.

EVALUATION

The evaluation phase includes surveys in several stages with increasing levels of detail. Their purpose is to obtain more detailed knowledge of the circumstances for conducting profitable mineral extraction. The initial study forms the basis for preparing the application for an exploitation concession to the Mining Inspectorate of Sweden. Then, the next stage usually commences – a Preliminary Economic Assessment (PEA) or a Preliminary Feasibility study (PFS). A Feasibility Study (FS) then follows, which forms the basis of an investment and production decision.

PLANNING AND CONSTRUCTION

After obtaining an exploitation concession, a process of construction planning generally begins and test mining and ore processing tests are carried out on a large scale. Construction and installation of the plants is normally initiated after the environmental permit has been secured, an investment decision has been made and the required funding is in place. After the start of production, a running-in period is normally required before the mine and ore processing plant reach full capacity.

MINERAL RESOURCES

The term Mineral Resource refers to a mineralisation of such quality and quantity that it enables commercial extraction of metals or minerals. Mineral resources are classified according to the extent of geological knowledge about them, i.e.

- Inferred Mineral Resources
- Indicated Mineral Resources
- Measured Mineral Resources

as established by the Australasian Joint Ore Reserves Committee (the JORC standard).

Inferred mineral resources

An inferred mineral resource is the part of a mineral resource for which quantity, content or quality can be estimated on the basis of geological surveys and limited test mining and reason-

ably estimated, although unconfirmed, geological context and content context. The assessment is based on limited information and test mining accumulated through appropriate techniques from outcrops, test pits, quarry grinding and boreholes.

Indicated mineral resources

An indicated mineral resource is the part of a mineral resource for which quantity, content or quality, density, shape and physical properties, can be assessed with an accuracy that is sufficient to allow the appropriate application of 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 boreholes that are close enough to presume that geological and content continuity exists.

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 deemed with sufficient certainty for allowing 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 boreholes that are sufficiently close to confirm that both geological and content continuity exists.

MINERAL RESERVES

Mineral reserves are classified according to the extent of knowledge about them, i.e.

- Probable Mineral Reserves
- Proven Mineral Reserves

Probable mineral reserves

A probable mineral reserve is the part of an indicated mineral resource, and in certain 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, concentrations, metallurgy, economic and other relevant factors that, at the time of the report, demonstrate that extraction is profitable.

Proven mineral reserves

A proven mineral reserve is the 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, concentrations, metallurgy, economic and other relevant factors that, at the time of the report, demonstrate that extraction is profitable.

Nordic Iron Ore's asset portfolio

Nordic Iron Ore AB was formed in 2008 when the Company acquired twelve exploration permits from Archelon Mineral AB, IGE Nordic AB (now Nickel Mountain Resources AB (publ)) and Kopparberg Mineral AB. The asset portfolio has been gradually expanded to a total of 19 exploration permits for iron ore deposits in Bergslagen, a historic iron ore region where mining has been conducted since the 1500s. All deposits except Kölen, the Väsman field and parts of the Håksberg field are known as "brown-field" projects and ore has previously been mined in the now defunct facilities. The Company's project portfolio includes iron ore deposits in the exploration permits and exploitation concessions to a total area of 6,527 hectares.

In total, Nordic Iron Ore controls indicated mineral resources of 62.2 million tonnes (with an iron content between 36.4 and 44.5 percent) and inferred mineral resources of 107.7 million tonnes (with an iron content between 36.0 and 42.9 percent) in accordance with the JORC standard.

LUDVIKA MINES

The Ludvika mines comprise the deposits at Blötberget, the Väsman field and Håksberg near Ludvika, and include a vein of iron deposits of around 15 km. For the first time in history, this vein is being controlled by a single owner. At both the Blötberget and Håksberg fields, mining operations were in progress

until 1979 when the then owner, SSAB, closed the mines. At that time, the mines were not exhausted, but operations were shut down because of poor efficiency and profitability due to low ore prices. The Väsman field, which offers the greatest expansion potential in the area, extends southwards towards the Blötberg mineralisation, and passes northwards directly into the Håksberg field.

Nordic Iron Ore aims to resume mining operations at the Ludvika mines. They are expected to be fully operational in 2018 with annual production of around 4.4 million tonnes with a 67 percent iron content. Given this mining rate and that the indicated and inferred mineral resources at Blötberget and Håksberg can be upgraded to mineral reserves, the two mines have an estimated potential lifespan of at least 15 years. In addition, the Company intends to continuously explore, evaluate and maintain other permits for any future development and mining.

MEASURES AHEAD OF THE PLANNED RESTART OF THE LUDVIKA MINES

The development of the Ludvika mines follows an established plan in which several steps need to be completed before any mining operations can be initiated. The construction start itself for the project will commence immediately upon the completion of a feasibility study, issuance of an environmental permit and

List of exploration permits and exploitation concessions in the Company at 31 December 2012

Current exploration permits

Permit id	Name	Validity period	Area (ha)
20004	Blötberget no. 1	29/05/2007 – 29/05/2013	303.00
20005	Blötberget no. 2	07/06/2007 – 07/06/2013	500.00
20020	Blötberget no. 3	16/06/2010 – 16/06/2013	217.00
20008	Burängsberg no. 1	19/07/2007 – 19/07/2013	128.06
20012	Främundsberg no. 1	25/09/2008 – 25/09/2013	156.03
20014	Håksberg no. 100	30/05/2007 – 30/05/2013	528.18
20015	Håksberg no. 200	30/05/2007 – 30/05/2013	636.98
20016	Håksberg no. 300	01/06/2007 – 01/06/2013	272.01
20022	Håksberg no. 400	17/01/2011 – 17/01/2014	81.36
20010	Kölen no. 3	25/04/2005 – 25/04/2013	113.63
20013	Kölen no. 5	11/02/2009 – 11/02/2013	2,636.37
20009	Laxsjö field no. 1	20/07/2007 – 20/07/2013	965.56
20007	Rundberget no. 3	06/07/2007 – 06/07/2013	59.28
20023	Skeppmora no. 1	26/04/2012 – 26/04/2015	37.30
20017	Stråssa no. 1	14/07/2008 – 14/07/2013	124.29
20018	Stråssa no. 2	02/09/2008 – 02/09/2013	65.36
20019	Stråssa no. 3	02/09/2008 – 02/09/2013	97.80
20021	Väsman no. 1	02/08/2010 – 02/08/2013	483.46

Existing exploitation concessions

Name	Mineral	Validity period	Area (ha)
Blötberg mine K no. 1	iron, lanthanum, lanthanides and apatite	30/08/2011 – 30/08/2036	126.4287
Håksberg mine K no. 1*	iron, copper, gold, molybdenum	15/12/2011 – 15/12/2036	136.2986

* The decision of the Swedish Mining Inspectorate has not yet entered into force.

securing all or part of the requisite financing. All of these conditions are expected to be met before the end of 2013. In order to accelerate the overall progress of the project, a number of activities will be pursued in parallel.

Exploitation concession

In 2010 and 2011 Nordic Iron Ore applied for exploitation concessions for the deposits at Blötberget and the Håksberg field. On 31 August 2011 the exploitation concession was obtained for Blötberget and on 15 December 2011 an exploitation concession for Håksberg was granted. However, the concession for Håksberg has not yet come into force. In the autumn of 2013, the Company intends to submit an exploitation concession application for the Väsman field.

Environmental permit

In July 2012 Nordic Iron Ore submitted an environmental permit application to the Land and Environment Court. The environmental permit application comprises the planned operations at both Blötberget and the Håksberg field and the concentrator, and covers annual production of 6.0 million tonnes of crude ore equalling at least 2.5 tonnes of dry iron ore product. The processing period at the Land and Environment Court is expected, under normal circumstances, to be between 12 and 15 months. In February 2013, the application was announced by the Land and Environment Court. In 2014 the Company plans to submit an environmental permit application for the Väsman field.

Feasibility study

In 2013, the Company has commenced work on a feasibility study. Work on the study is managed by a steering committee with representatives from Nordic Iron Ore's management and is conducted in a project organisation comprising employees and consultants. The core drilling and mineral resource appraisals according to the JORC standard performed in 2012 form the basis of the study.

Core drilling campaign

In the autumn of 2012, Nordic Iron Ore conducted a core drilling campaign comprising 14,260 metres. The campaign was the first part of a greater programme planned to be resumed in 2013, with the aim of further increasing and upgrading the mineral resources at Blötberget, the Väsman field and Håksberg.

Conducted appraisals show that indicated and inferred mineral resources at Blötberget have increased in total by 15.9 million tonnes with 46.1 percent iron – a tonnage increase of 66 percent compared to the previously reported appraisals. At the Väsman field including Finnäset, the indicated mineral resources amount to 7.0 million tonnes with 38.3 percent iron, and inferred mineral resources to 85.9 million tonnes with 38.4 percent iron. All mineral resources were appraised in accordance with the JORC code guidelines and were performed by a qualified person independent of the Company. The outcome of the appraisals will form the basis of calculating mineral reserves.

Test mining

Nordic Iron Ore has applied to the County Administrative Board for limited test mining for extracting ore and sending it for verification of the results from the concentration tests performed in laboratories. They will form the basis for the final processing configuration and design of the necessary equipment. A calculation of investment and operating expenses in the planned concentrator will then be made. The intention is that the concentrated final product can be used for trial deliveries for potential buyers. Trial deliveries are considered necessary in order to enter into supply contracts with potential customers with respect to the planned production.

Investment decision

After an environmental permit has been obtained from the Land and Environment Court, and subject to the planned completed feasibility study being positive, and that financing has been secured, Nordic Iron Ore intends to take decisions on the plant investments needed to resume production and subsequently start shipping to customers.

Project: Blötberget

Mining operations at Blötberget have a long history dating back to 1644, but it was not until 1900 that large-scale mining began. Operations were under way until 1979 when the mine was closed. The deposits at Blötberget consist mainly of five mineralised bodies with magnetite and haematite. Nordic Iron Ore's application for an exploitation concession for Blötberget was granted by the Swedish Mining Inspectorate on 30 August 2011. The exploitation concession, which runs for 25 years with the option of extension, assigns the right of extraction and exploitation of iron, lanthanum, lanthanides and apatite.

ORE FIELD

The Blötberg field mainly consists of five mineralised bodies. Taken from west to east, these are:

- The Kalvgruvan mine (high-apatite magnetite mineralisation)
- The Flygruvan Mine (high-apatite, haematite dominated mineralisation with minor magnetite)
- The Hugget and Betsta ore mines (high-apatite magnetite haematite mineralisation)
- Sandell ore (high-apatite magnetite mineralisation)

The indicated mineral resources at Blötberget have been estimated at 29.8 million tonnes with an iron content of 44.5 percent. In addition, there are inferred resources of 10.2 million tonnes with an iron content of 42.9 percent. Historically, as well as the Company's completed feasibility studies, a cut-off limit of 30 percent iron has been applied for tonnage and content calculations. Today's high iron ore price justifies the use of a lower cut-off limit, which probably means that the mineral resources would increase while the average iron content therein would decrease.

THE MINE

The majority of mining operations at the Blötberg mine before its closure in 1979 were conducted above the 240 metre level. An inclined trackway connects the different mining levels from 160 metres down to 280 metres. Nordic Iron Ore plans to restart mining operations using the 280 metre level as the new initial main level. The mine's active main haulage level used to be at this level.

In the late 1960s, a blind shaft was sunk from 280 to 570 metres, to ensure that a deepening of the main shaft with a raise

and stope could be made from this level. In addition, a new crusher station was constructed (480 metre level), a skip station (530 metre level) and pumping stations (430 and 530 metre levels), which went into service in December 1975. Before its closure in 1979, construction also began on a new haulage level at the 330 metre level, and an inclined trackway down to a 160 metre level. These facilities were never put into operation. After the necessary renovations and additions, the Company expects to be able to utilise the existing infrastructure underground at the planned restart of operations.

START-UP OF MINING BROUGHT FORWARD

In April 2013, Nordic Iron Ore signed a letter of intent with Coal and Ore Trading Limited regarding marketing and delivery of up to 600,000 tonnes of iron ore products annually. With the signed letter of intent in place, the Company plans to bring forward the start of production at the Blötberg mine to the second half of 2014. The initial investment cost is estimated at around SEK 165 million, and the plan is to outsource all production to contractors initially. The earlier production start will also make a significant contribution to the start-up of the main Ludvika mines project.

Overview of mineral resources at Blötberget

Projects	Mineral resources*						Classified according to JORC
	Measured		Indicated		Inferred		
	Mt	% Fe	Mt	% Fe	Mt	% Fe	
Blötberget	-	-	29.8	44.5	10.2	42.9	

* Calculation carried out by Thomas Lindholm, Qualified Person. The report was made available on www.nordicironore.com in February 2013.

Project: The Väsman field

The Väsman field provides Nordic Iron Ore with an attractive expansion opportunity. The field is a directly northward continuation of the iron mineralisations at Blötberget and Finnäset, and a southward continuation of the Håksberg mineralisations. The bulk of the field is located under Lake Väsman west of Ludvika. The Company can therefore capitalise on its geographical location in terms of both logistics and infrastructure, and future mining of the three fields can potentially come from a common drift system.

HISTORY

Under Lake Väsman, the magnetite mineralisations have been common knowledge since the late 1800s when the first magnetic map was drawn up of the lake. Initial exploration drilling was carried out in the winter of 1916. However, it was not until 1954 that the Stållberg company, which was the owner at the time, drew up the first aerial magnetic map of the western Bergslagen region as part of their exploration strategy, and carried out detailed magnetic measurements from the ice on Lake Väsman. The interpretations of these measurements indicated that mineralisations were substantial and could have a depth of at least a thousand metres.

Between 1954 and 1959 the Stållberg company also conducted a research programme. The results led to its decision to continue surveying the subterranean southern part of the Väsman deposits. A shaft was sunk to a depth of 280 metres in 1960. At full-scale concentration tests, 8,000 tonnes of iron ore produced about 4,000 tonnes of dressed ore with an iron content of 65 percent. However, in 1964, the Stållberg company terminated its exploration of the Väsman field due to the projected weak price trend of the iron ore market.

PROJECT STATUS

In 2012, Nordic Iron Ore commenced a limited core drilling campaign which will form the basis of the forthcoming exploitation concession application for the Väsman field. The programme initially comprised around 10,000 metres of core drilling and was performed from barges on Lake Väsman. The drilling results from the Väsman field, including Finnäset, showed indicated and inferred mineral resources of 7.0 million tonnes with 38.3 percent iron, and 85.9 million tonnes with 38.4 percent iron, respectively. All mineral resources were appraised in accordance with the JORC code guidelines and were performed by the Company's independent qualified person.

In parallel with the drilling campaign, further feasibility studies were conducted for both the Väsman field and the Ludvika mines as a whole in 2012. The aim is to study the overall technical and economic conditions for the integration of future crude ore production at the Väsman field with, in the first instance, the nearby infrastructure at the Blötberg mine and the plant at Skeppmora. These studies, together with the results of geological surveys, will form the basis for the forthcoming application for an exploitation concession and a feasibility study.

DEVELOPMENT AND INTEGRATION PLANS

The Company is studying various options for developing the expansion potential of the Väsman field. It is assumed that planned exploration activities turn out positive, and that necessary permits for exploiting the field are obtained. The base case scenario is that mining operations at Blötberget commence at the end of 2014, with mining and simple concentration being outsourced to contractors. And, at the end of 2015, the start-up of the main project under the Company's own auspices, with mining and concentration taking place in a newly built concentrator. This includes the initial production from the Blötberg mine starting at the end of 2015 followed by drift tunnelling under Lake Väsman from the north of Blötberget to the south of the Håksberg field. The region is planned to be drifted so that it follows the mineralisations, whereby mining and mineralisation development at the Väsman field can occur in connection thereto, thus increasing production volumes in 2016. This alternative, which has been slightly revised compared with the Company's previous development plan, will lead to substantial cost savings and a lower environmental impact at Håksberg because no overground railway terminal will be necessary.

Overview of mineral resources at Väsman South

Projects	Mineral resources*						Classified according to
	Measured		Indicated		Inferred		
	Mt	% Fe	Mt	% Fe	Mt	% Fe	
Väsman	-	-	7	38.5	85.9	38.4	JORC

* Calculation carried out by Thomas Lindholm, Qualified Person. The report was made available on www.nordicironore.com in February 2013.

Project: Håksberg

In the area around the central shaft at Håksberg, mining took place between the beginning of the 18th century until 1979. The ores previously mined in connection with the central shaft and at Iviken, Ickorbotten and Källbotten are all within an elongated mining field with both magnetite and haematite. Nordic Iron Ore's application for an exploitation concession for the Håksberg field was granted by the Swedish Mining Inspectorate on 15 December 2011. The exploitation concession will, when in force, provide rights to the extraction and exploitation of iron, copper, gold and molybdenum for 25 years, with the option of an extension.

ORE FIELD

The mineralisations at the Håksberg field occur in the four elongated parallel zones from Iviken at Lake Väsman in the south to Källbotten in the north. Iron oxide minerals are made up of around 80 percent magnetite and 20 percent haematite. The bedrock comprises high-alkaline metavolcanites which have largely been converted into high-mica slaty rock types which are permeated by pegmatite and diabase.

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. Previously completed drilling campaigns indicate that the potential for identifying additional tonnage at depth is substantial. Below the 350 metre level, the inferred mineral resources were calculated at 11.6 million tonnes with an iron content of 36.0 percent down to the 800 metre level. A minor mineralisation of copper and molybdenum occurs locally in the field.

THE MINE

The ores of the Håksberg field extend over a seven km long area from Iviken at Väsman in the south to Källbotten in the north. Between Iviken and Källbotten there is a drift connection at the 300 metre level.

Overview of mineral resources at Håksberg

Projects	Mineral resources*						Classified according to
	Measured		Indicated		Inferred		
	Mt	% Fe	Mt	% Fe	Mt	% Fe	
Håksberg	-	-	25.4	36.4	11.6	36	JORC

* Calculation carried out by Thomas Lindholm, Qualified Person. The report was made available on www.nordicironore.com in February 2013.



Planning phase

Because diamond drilling costs around SEK 800–1,000 per drilled metre, and there are thus constraints on the number of drilled holes, thorough and cautious planning is required in order to obtain information from the drill cores that is as useful as possible. The results of geophysical surveys are often used as a basis in planning drilling programmes. They can show divergences in magnetic or electric qualities and density. Rock mechanical mapping is also performed to identify

any weak spots in the rock, and hydrogeological mapping to study water courses and impact. Ahead of the drilling at Lake Väsman and its southern shore, planning was principally based on the results of the earlier magnetic survey. Because large parts of the area are covered by a lake 20 metres in depth, special facilities were required to drill. A number of barge elements were joined together to form an operation platform that could be used as a drilling base.

Drilling phase

In the autumn of 2012 Nordic Iron Ore conducted core drilling, both from barges on Lake Väsman and from its southern shore – the area known as Finnäset. During the most intensive period, four drilling rigs were in operation at the same time. Drilling from the lake was performed using rigs

on barges anchored by eight radial anchors to resist the force of the drilling. On the whole, the drilling programme produced 14,260 metres of drill cores for mapping and selection of mineralised sections for further analysis.





Mapping and initial analysis

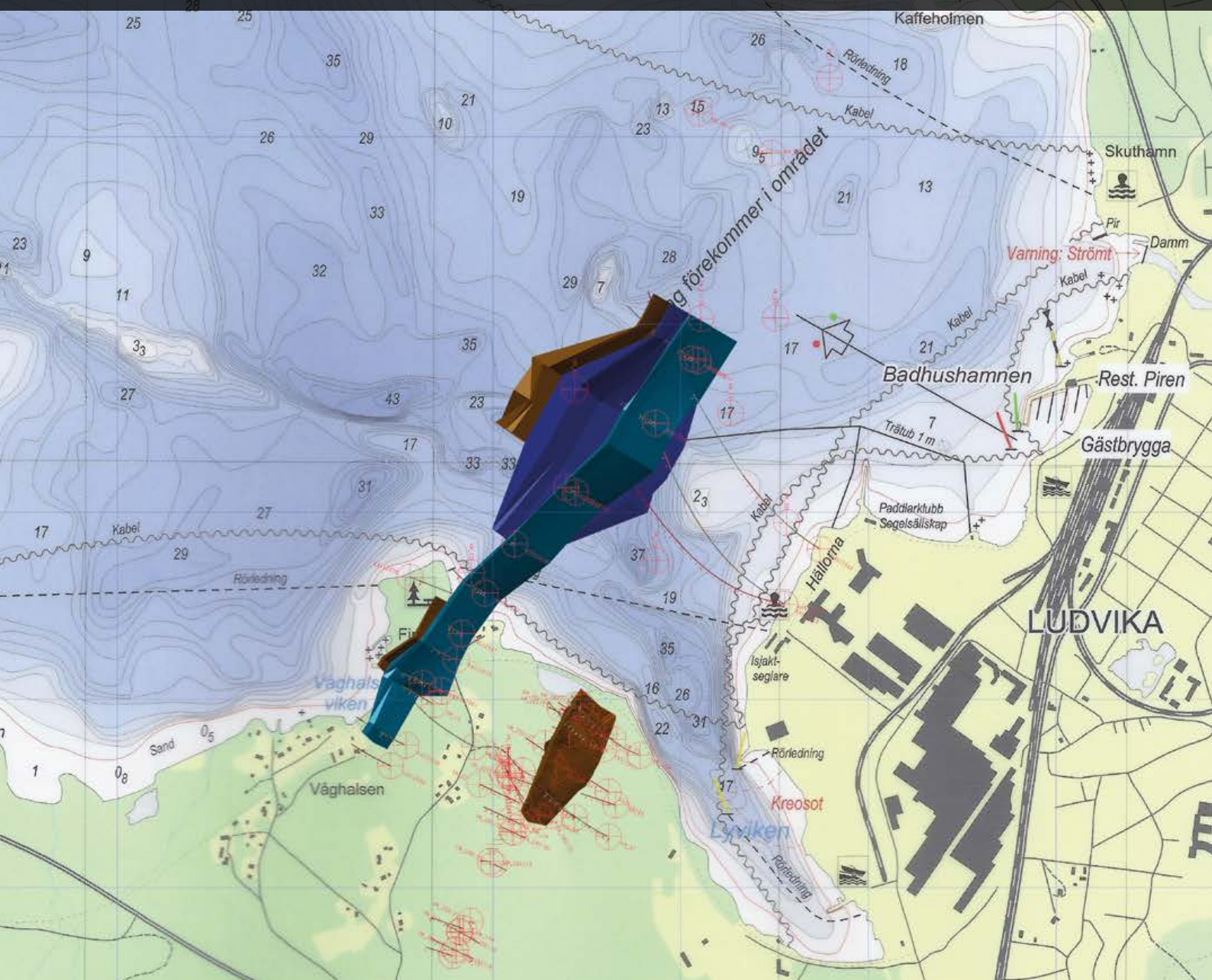
When the drill cores were extracted from the bedrock, they were sent to the logging centre for mapping by the Company's geologists. The use of a conveyor belt enabled viewing the entire core from ground surface level to the end of the drill hole – in this case drill cores 50–1,000 metres in length. An array of both low- and high-tech tools were used for mapping, but perhaps the most important tool is, in fact, water. When the drill core is wet, structures and minerals appear that can be hard to see in dry state. Using magnets,

susceptibility gauges, x-ray fluorescence instruments and UV lamps, the mineral composition of the core can largely be determined. Studying the mapping information provides clues about the type of environment in which the mineralisation was formed, which in turn makes it easier to predict how it spreads. In the final stage, the mineralised core sections are split and one half is sent for analysis at an external laboratory. The analyses received are then used for appraising and classifying mineral resources.

Final analysis and outcome of the drilling programme

In the final phase, the Company's independent qualified person ensures that handling and mapping of the drill cores followed accepted industry standards, and that sampling and analysis was duly performed and that the database is reliable and can thus be used to appraise mineral resources. When everything is complete and verified, interpreting the results commences. Nordic Iron Ore's geologists then work alongside

the Company's independent qualified person to prepare three-dimensional interpretations of the mineralised bodies, which then form the basis for appraising the mineral resources. The outcome of the drilling programme more than doubled Nordic Iron Ore's mineral resources and verified the results of the magnetic surveys of the southern Väsman field, indicating that this field as a whole may have substantial iron mineralisation deposits.



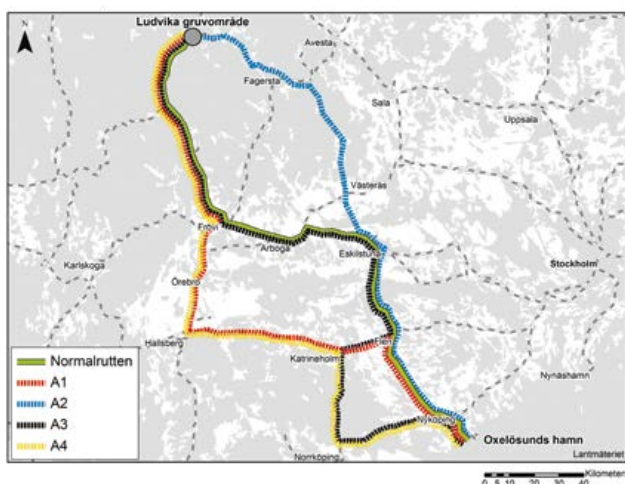
SHIPPING PORT

Thanks to Ludvika's favourable geographic location, Nordic Iron Ore has relatively short distances to three potential shipping ports at Gävle, Lysekil and Oxelösund. The company evaluated all port alternatives for iron ore shipment to end customers and in 2012 it signed a letter of intent with Oxelösunds Hamn AB (the port of Oxelösund) for iron ore shipments of up to 5 million tonnes annually. The port of Oxelösund already has existing facilities with sufficient capacity to enable storage and loading of iron ore in the initial years. Over time, the facilities will be extended and developed to meet Nordic Iron Ore's needs. The mines and port are connected by an existing railway, and Nordic Iron Ore is in discussions with railway operators for the procurement of a transport solution for ore products between Ludvika and the port of Oxelösund.

RAILWAY

In recent years, Nordic Iron Ore has pursued an active dialogue with authorities and politicians on various transportation solutions to secure future iron ore transportation from Ludvika to the shipping port. The Company also has a cooperation agreement with the Swedish Transport Administration for planning for the future off-site shipment of iron ore. In April, the Swedish Transport Administration submitted its capacity inquiry to the government. The inquiry was then circulated for review and formed the basis for the government's infrastructure bill, which was presented at the beginning of October, and included financing for upgrading the railway to Oxelösund, in which the government will invest around SEK 900 million until end-2021.

From concentrator to shipping port



Port of Oxelösund

- Good technical performance of the infrastructure between Ludvika and port
- Fewer transshipment options for railway transport
- Capacity constraints at unloading yard

PLANT

The smooth execution of mining projects requires both internal and external infrastructure, such as concentrators, transshipment terminals, roads, railways, ports etc. A logistics solution that efficiently utilises the infrastructure is also crucial to a mining project's profitability. As mining operations were conducted at the mines in Håksberg and Blötberget up until the end of the 1970s, many vital components are already in place which greatly simplifies restarting the mines. Nordic Iron Ore's assessment is that the historical production structure (such as inclined trackways, shafts as well as drifts and other underground facilities) generates considerable investment savings in connection with the planned restart.

Based on a study conducted by consulting company Ramböll, Nordic Iron Ore plans to build a concentrator at Skeppmora near the Blötberget mine for handling and processing mined ores from Blötberget, the Väsman field and Håksberg.

The planning assumes that the crude ore is crushed underground. Crude ore transportation from the mine at Blötberget will be via a band winding system from about the 400 metre level in the mine to the crude ore silo at the concentrator at Skeppmora.

Underground transports is planned for the crude ore from the Väsman field, as well as the Håksberg mine, to connect with the band feed in Skeppmora.

Concentrator

The concentration of iron ore from Blötberget, the Västman field and Håksberg is planned to follow the same process sequence, but in two distinctly separate production lines. Concentration ends at a common flotation circuit prior to dewatering and transfer to the railway centre. The Company primarily intends to develop an iron ore concentrate with 67 percent iron content, but the planning of the concentrator also includes the capacity to produce a sinter concentrate with 62 percent iron.

The charged crude ore, crushed to a grain size less than about 150 mm in diameter, is ground down in three stages, firstly by autogenous grinding (self-grinding, without external grinding bodies) and then in two stages in a ball mill. The concentration of iron minerals between these stages is made in wet magnetic separators for magnetite, followed by gravimetric

separation for the haematite part of the ore. However, for the Håksberg ore, there is the option of extracting a sinter concentrate by sieving and then crushing the outgoing material from the autogenous grinding (6-40 mm in diameter) to less than 4 mm and then two-step dry grinding, separating and then shipping directly to the loading silo at the rail terminal.

Loading terminal

As a way of minimising costs it is considered most advantageous to place the terminal and rail yard directly adjacent to the railway's main line, the so called Bergslagsbanan, which will eliminate the need for long branch lines to the yard.

The rail yard is intended to be located level with Skeppmora at the relatively flat, approximately thousand metre long section of straight track on the main line. The unloading terminal is located most effectively as close to the concentrator as possible, and the crude ore terminal is planned to be located west of the rail yard.

Tailings dam

The Company plans to place the tailings dam adjacent to the previously used tailings dam at Blötberg, located approximately two km south west of the planned industrial site at Skeppmora. The advantages of this location, in addition to the proximity to the concentrator, are that the area is already affected by industrial landfill and that it can accommodate the project's total expected volume of sand.

The water content in the deposited sand results in an excess of water in the dam. As the concentration process needs water, it is important that this can be re-circulated back to the concentrator. This is enabled by decanting excess water in the tailings dam to a settling basin. This basin, which will be built adjacent to the tailings dam, will accommodate about one million m³. A pumping station will be built in the basin from where the water is returned via a pipeline to the concentrator.

The planned tailings dam covers the area around and on top of the old tailings dam and will hold just over 20 million m³ of sand. Initially the settling basin and the area south of it is planned to be expanded to accommodate 6-7 years of sand production.

Overview of the concentrator and loading terminal at Skeppmora/Blötberget



Environment and sustainability

Mining operations are subject to strict environmental and regulatory requirements in particular with regard to noise, discharges and/or other emission types, the handling and disposal of substances hazardous to the environment as well as other health and safety requirements.

ENVIRONMENTAL PERMIT

For engaging in permanent mining activities, permits are required from the Land and Environment Court under the provisions of the Environmental Code. An environmental permit application is to include an environmental impact statement, which aims to identify and describe the direct and indirect impacts the planned operations can have on humans, animals, plants, soil, water, air, climate, the landscape and cultural environment, and the management of land, water, and the physical environment in general, and on other management of materials, raw materials and energy. The Land and Environment Court's review procedure includes the mining and concentration, any drainage of groundwater from the mine, construction and operation of

tailings dams, and any transportation to and from the area, etc. Nordic Iron Ore's stated ambition is to minimise the impact on local residents, the wider community and the environment, so issues relating to environment and sustainability are crucial.

In 2012, the company conducted a number of activities to inform the local community.

ENVIRONMENTAL IMPACT ASSESSMENT

Based on the extensive environmental impact studies undertaken and that will form the basis for Nordic Iron Ore's environmental impact assessment and application to the Land and Environment Court for engaging in activities hazardous to the environment, the Company has assessed that the impact on the surrounding environment from its planned activities and facilities will not be of the magnitude and character that would prevent current target and limit values from being met. Furthermore, the Company has not identified any specific environmental risks that cannot be handled in the usual manner within the framework for the plant of the planned standard.



Board of Directors, senior executives and auditors



BOARD OF DIRECTORS

The Board of Nordic Iron Ore currently consists of nine Board members, including Ulf Adelsohn as chair. The shareholdings disclosed below include related parties and through companies or similar.

1. ULF ADELSON

Board member and Chairman since September 2011. **Born:** 1941. **Education:** Bachelor of Laws, Stockholm University. **Other assignments:** Chairman of Humle Kapitalförvaltning AB, Moreintenz AB and Svenska Vårdfastigheter AB. Board member of Business Sweden, Gummesson Gruppen AB, Holdingaktiebolaget Fastator and Transticket AB. Board member of the Foundation of Acta Oto-Laryngologica. **Background:** Senior advisor at the Stockholm Chamber of Commerce, Chairman of the Board of SJ, Commissioner of the Finance Department of the Stockholm City Administration, cabinet minister and head of ministry of communication, member of parliament and Stockholm county governor, head of the conservative (Moderate) party. **Holdings in the Company:** 80,000 warrants.

2. ANDERS BENGTSSON

Board member since June 2011. **Born:** 1963. **Education:** MBA, Monterey Institute of International Studies. **Other assignments:** CEO, board member and owner of DIMITRA AB. Board member of Bengtssons Tidnings AB, Dala Marknad AB, Bengtssons Värdepapper AB, Bjäreterrassen AB, Bjärebyholding AB, Elfvik Strand Holding AB, Fastighets AB Larsfyrén, Fastighets AB Larsfyrén 2, Fastighets AB Larsfyrén 3, Gramame Invest AB, Kevinge Strand Fastighets AB, Kevinge Strand Holding AB, Scandinavian Biogas Fuels International AB, Solrosen Invest AB, Svenska Landsortstidningars Förlagsaktiebolag, ThisBelongsTo AB, Tvålfvingan AB, Tvålfvingan Holding AB, Vaktfyrén Holding AB and Vaktfyrén Fastighets AB. Deputy board member of Origo Capital AB. **Background:** Anders Bengtsson is a partner at BTAB Invest and has over 20 years' experience as a company executive and management consultant from business development and financing of small and medium-sized industrial and property companies. **Holdings in the Company:** 2,033,684 shares directly and through companies and 15,000 warrants.

3. JONAS BENGTSSON

Board member since June 2011. **Born:** 1969. **Education:** MBA, Stockholm University. **Other assignments:** CEO and board member of Stenbe Förvaltnings AB and Stenbe Fastigheter AB. Board member of Bengtssons Tidnings AB, Bengtssons Värdepapper AB, Bjärebyholding AB, Jonas Bengtsson Invest AB, Bjäreterrassen AB, Jarlaparken Kontorshotell AB, Origo Capital AB, Svenska Landsortstidningars Förlagsaktiebolag, Såpsjudaren Fastighets AB, Såpsjudaren Holding AB and Svensk Markförvaltning AB. Deputy board member at Tvålfvingan AB and Tvålfvingan Holding AB. **Background:** Jonas Bengtsson is a partner at BTAB Invest and has 15 years' experience in the financial sector and the development of small and medium-sized industrial and property companies. **Holdings in the Company:** 2,033,684 shares directly and through companies and 15,000 warrants.

4. LARS-GÖRAN OHLSSON

Board member since June 2011. **Born:** 1944. **Education:** Mining Engineer, Royal Institute of Technology, Stockholm. **Other assignments:** CEO and board member of GEO-Management of Luleå AB. Board member of Endomines AB (publ) and Lappland Goldminers AB (publ). **Background:** Lars Göran Ohlsson has over 45 years' experience in exploration and evaluation of deposits. He has had operational responsibility for several major Swedish exploration companies (including as CEO of LKAB Prospektering AB), and served on the boards of fifteen companies/organisations with operations focused on mining exploration. He is designated as a Qualified Person as defined by the SveMin regulatory framework. **Holdings in the Company:** 50,000 warrants.

5. PER STORM

Board Member since September 2011. **Born:** 1962. **Education:** Mining engineer, Degree of Licentiate and Doctor of Technology, Royal Institute of Technology, Stockholm, and MBA. University of Stockholm. **Other assignments:** CEO of Kopparberg Mineral AB, Kopparberg Mining Exploration AB and Argo AB. Owner of private firm Per Storm Teknik och Ekonomi. Board chairman of Finnish limited liability company Ecce Nordic. **Background:** Per Storm has been active in the Swedish mining and steel industry and a supplier to it for more than 20 years. He was most recently engaged as CEO and senior consultant for Raw Materials Group RMG AB, one of the leading companies in the analysis of the mining and metal industry. He has founded and served on the boards of several small companies. **Holdings in the Company:** -

6. JOHNAS JANSSON

Board member since 2012. **Born:** 1971. **Other assignments:** CEO and owner, partner and board member of Elbolaget Montage AB, Elbolaget Produktion AB, Elbolaget Installations AB, Östansbotjärnen Fastighets AB, Ludvika Vedlager AB and Elbolaget Jansson & Co AB, Nordic Protection AB, Badhusudden AB. **Background:** Johnas Jansson is an entrepreneur with over 20 years' experience from the industrial sector and staffing industry. He has developed and built up several industrial, staffing and real estate companies. **Holdings in the Company:** 735,000 shares directly and through companies.

7. TOMAS OLOFSSON

Board member since 2012. **Born:** 1968. **Other assignments:** CEO and owner, partner and board member of Lemont Maskin AB, Lemont AB, Aje Mekaniska AB, Fastighets AB Morgårdshammar AB, Datorama AB, Abacus Sales AB, A. Rentall AB and Mecapto AB. **Background:** Tomas Olofsson is an entrepreneur with over 20 years' experience from the engineering industry. He has developed and built up several industrial, staffing and real estate companies. **Holdings in the Company:** 150,000 shares directly and through companies.

8. GÖRAN EKDAHL

Board member since 2012. **Born:** 1940. **Education:** Bachelor of Laws, Stockholm University. **Other assignments:** Legal services operations at Bird&Bird Stockholm. **Background:** Göran Ekdahl has been active at LKAB for 25 years as secretary to the board with various related assignments in logistics, exploration and grade development. Furthermore, he has been active in the steel industry through board assignments for Rauttarukki's long steel product operations. **Holdings in the Company:** -

9. CHRISTER LINDQVIST

Board member since November 2008* and CEO since December 2010. **Born:** 1956. **Education:** Mining Engineer, Royal Institute of Technology, Stockholm. **Other assignments:** Board member of Kopparberg Mineral AB. Chairman of Argo AB and Malmköpings Nya Spritbolag AB. Board Member of the subsidiary Ludvika Gruvor AB. **Background:** Christer Lindqvist has been active in various managerial positions in Swedish industry for over 25 years. He has extensive experience in management and financing of international infrastructure and industrial projects, including at ABB, STC Interfinans and Åkers AB, and later in connection with the development of Dannemora Minerals' iron ore mine. **Holdings in the Company:** 403,386 shares through companies and 50,000 warrants.

* During the period November 2008 to December 2010 Christer Lindqvist was also Chairman of Nordic Iron Ore..

Board of Directors, senior executives and auditors



SENIOR EXECUTIVES

The Company's management consists of the following senior executives. The shareholdings disclosed below include related parties and through companies or similar.

1. CHRISTER LINDQVIST

Chief Executive Officer since 2010. Christer Lindqvist is also Chairman of the Board of the Company. See "Board of Directors" (page 26) for further information.

2. LENNART ELIASSON

CFO/Finance Director since April 2011. **Born:** 1956. **Education:** MBA, Uppsala University. **Other assignments:** Deputy board member of the subsidiary Ludvika Gruvor AB. **Background:** Lennart Eliasson has worked as a chartered accountant at KPMG where he was a partner and also worked as a specialist in financial analysis, company transfers and valuation issues. For nine years, Lennart Eliasson was also Vice President, Corporate Finance, at Swedbank Markets. **Holdings in the Company:** 50,000 warrants.

3. LOUISE SJÖGREN

Head Geologist since June 2011. **Born:** 1979. **Education:** Bedrock Geologist, Gothenburg University/Chalmers, Gothenburg. **Other assignments:** Part of the management team for mining work training at a national level - "Professional training for mining workers starting in autumn 2012". **Background:** Louise Sjögren has several years' experience in the mining development process (from diamond drilling to mining operations), mining production and as a mining geologist in supervisory positions at Garpenberg's mine and exploration geologist in Zn-Pb-Ag and Cu-Au at Renström's mine, Kristineberg, Garpenberg and others. She has held training courses for mining work for students, production staff, and for supervisors. Louise Sjögren is a trained risk analysis manager. **Holdings in the Company:** 25,000 warrants.

4. HANS TORSHAG

Technical Director, since May 2010. **Born:** 1950. **Education:** Mining Engineer, Royal Institute of Technology, Stockholm. **Other assignments:** Board member of H T Mineral Aktiebolag and partner in Mining and Milling In Bergslagen Handelsbolag. **Background:** Hans Thorshag has over 35 years' experience from 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 designated as a Qualified Person as defined by the SveMin regulatory framework. **Holdings in the Company:** 25,000 warrants.

5. PAUL MARSDEN

Director of Marketing since November 2011. **Born:** 1957. **Education:** Bachelor of Science in Geological Sciences, Aston University, Birmingham, Chartered Engineer (C Eng) and Chartered Scientist (CSci). **Other assignments:** - **Background:** Paul Marsden has, over the last five years, held various managerial positions at Northland Resources SA, and most recently 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 nearly 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 global marketing of iron ore. Paul Marsden is also a designated Qualified Person according to The Institute of Materials, Metals and Mining (IOM3) and its regulatory framework. **Holdings in the Company:** 6,244 shares and 25,000 warrants.

AUDITORS

At the AGM on 29 June 2012, accounting firm Öhrlings PricewaterhouseCoopers AB was appointed auditor of the Company with Authorised Public Accountant Annika Wedin (born 1961 and a member of FAR) as principal auditor, with a term of office for the period until the end of the 2013 AGM.

Share capital and ownership structure

SHARE CAPITAL DEVELOPMENT

Under the current articles of association, share capital is to be a minimum of SEK 1,000,000 and a maximum of SEK 4,000,000 and the number of shares must be no less than 7,000,000 and no more than 28,000,000 in number. At 31 December 2012, the Company's registered share capital was SEK 1,993,110 distributed over 11,492,738 shares with a par value of SEK 0.17 per share. There are no limitations on the transferability of shares under the articles of association or applicable law.

Warrants of series 2011/2014:1

The AGM on June 15, 2011 resolved on a directed new issue of no more than 410,000 warrants for current and future key employees at the Company. Each warrant entitles the holder to subscribe to one new share in Nordic Iron Ore. The payment for these was SEK 1 per warrant. The warrants may be exercised for subscription to shares from 16 July 2013 to 15 July 2014 inclusive. The redemption price for the warrants is SEK 19. If the warrants are fully exercised, the Company's share capital will increase by SEK 71,103.60. If the warrants are fully exercised, the dilution effect will equal about 3.5 percent of the total number of shares and votes in the Company, based on the currently registered share capital of SEK 1,993,110.

OWNERSHIP STRUCTURE

At 31 December 2012, the ownership circle comprised 78 individuals and companies, with the largest owners being the Bengtsson family, Kopparberg Mineral AB and Archelon Mineral AB. The Company's CEO is also a major shareholder in the Company.

Shareholder agreements and specific agreements

As far as the Company is aware, there are no shareholder agreements or other agreements between the major shareholders whose purpose is to coordinate influence and control over the Company.

Authorisation for the new issue of shares

The 2012 AGM resolved to authorise the Board to make decisions, until the time of the next AGM and on one or more occasions, regarding the issue of new shares, convertibles and/or warrants, diverging or not from the preferential rights of shareholders, in return for cash payment and/or payment in kind and/or offsetting. According to the authorisation, issues may in total comprise such a maximum amount of shares, convertibles and/or warrants that falls within the limits of the articles of association. The reasons for diverging from the preferential rights of shareholders, according to the above, shall be to secure the company's future financing or attract new owners to the company. When diverging from the preferential rights of shareholders, the issue price shall be in line with the market.

Share capital development in brief

Time*	Company event	Change in no. of shares	Total no. shares	Change in share capital (SEK)	Total share capital (SEK)	Par value (SEK)	Paid including share premium (SEK)	Issue price (SEK)
Apr 2008	New formation	1,000	1,000	100,000	100,000	100.00	100,000	100.00
May 2008	Split	-	12,000	-	100,000	8.33	-	-
Mar 2010	Non-cash issue	18,400	30,400	153,333	253,333	8.33	8,280,000	450.00
Mar 2010	Warrant	14,000	44,400	116,667	370,000	8.33	116,668	8.33
June 2010	Bonus issue	-	44,400	400,000	770,000	17.34	-	-
Sept 2010	New share issue	2,500	46,900	43,356	813,356	17.34	1,250,000	500.00
Sept 2010	Rights Issue	4,440	51,340	77,000	890,356	17.34	2,220,000	500.00
Jan 2011	New share issue	26,500	77,840	459,572	1,349,928	17.34	22,525,000	850.00
June 2011	Split	-	7,784,000	-	1,349,928	0.17	-	-
Nov 2012	Offset issue	3,708,738	11,492,738	643,182	1,993,110	0.17	63,048,546	17.00

* Refers to timing of Company event decisions

Ownership structure at 31 December 2012

Shareholders	No. of shares	No. votes and capital
Bengtsson family, directly and indirectly	3,496,071	30.41%
Kopparberg Mineral AB	2,369,104	20.61%
Archelon Mineral AB	1,509,712	13.14%
Elbolaget i Ludvika Montage AB	735,823	6.40%
Mecapto AB	393,391	3.42%
Christer Lindqvist through companies	388,000	3.38%
Paul Lederhausen	308,758	2.69%
IGE Nordic AB	280,000	2.44%
Per Einarsson	136,752	1.19%
Väsman Invest	130,876	1.14%
Other shareholders	1,744,251	15.18%
Total	11,492,738	100.00%

Warrants of series 2011/2014:1

Warrants of series 2011/2014:1	No.	Dilution if fully exercised
Options granted	405,000	3.5%
Total	405,000	3.5%

Notice of the Annual General Meeting of Nordic Iron Ore AB (publ)

The shareholders of Nordic Iron Ore AB (publ), corp. id no. 556756-0940, are hereby invited to attend the Annual General Meeting of shareholders on Friday, 28 June 2013 at 2pm at the offices of Bird & Bird Advokatbyrå KB, Norrlandsgatan 15, Stockholm. Registration for the meeting will commence at 1.30pm.

THE RIGHT TO PARTICIPATE AND NOTIFICATION

Shareholders entered in the register of shareholders held by Euroclear Sweden AB on Friday, 21 June 2013 are entitled to partic-

ipate in the AGM. Please notify the Company of your intention to participate no later than 24 June 2013. Notification can be sent in writing to Nordic Iron Ore AB, Vendevägen 85 A, 182 91 Danderyd or by e-mail to info@nordicironore.se. In such notification, shareholders should state their name, personal identity number or corporate identity number, address and daytime phone number and, where applicable, the name of any assistant, proxy or representative.



Directors' report

All amounts, unless otherwise stated in SEK

The Board and CEO of Nordic Iron Ore AB, corporate identity number 556756-0940 herewith submit the Annual Report for the financial year 1 January to 31 December 2012.

OPERATIONS

The Company's business consists of exploration and mining operations, principally through the management and refinement of iron ore deposits in the framework of the exploration permits held by the Company for the western Bergslagen region.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Raising of capital

In February 2012, the Company carried out a directed offering to the general public by issuing SEK 140 million linked to a listing of its shares on NASDAQ OMX First North. As demand for shares was considered insufficient to ensure adequate trading in the secondary market, the Board decided to cancel the issue and instead conduct an initiative to raise capital aimed at a limited group of investors and without subsequent listing. This initiative to raise capital provided the Company with SEK 62.7 million after deducting issue expenses, and the number of shareholders increased to 78.

Exploration work

In the autumn, a drilling programme was conducted around Blötberget and the Väsman deposits. Total drilling exceeded 14,300 metres, with six holes drilled from a platform on the Väsman lake.

Environmental permit application

In order to engage in permanent mining activities, permits are required from the Land and Environment Court under the provisions of the Environmental Code. Applications for environmental permits for Blötberget and Håksberg were submitted to the Land and Environment Court on 6 July.

Events after the end of the financial year

A new appraisal of the Company's mineral resources, following evaluation of the drilling programme in the autumn, was released in January 2013. It resulted in indicated and inferred mineral resources at Blötberget now amounting to 29.8 million tonnes with 44.5 percent iron, and 10.2 million tonnes with 42.9 percent iron, respectively. This equalled an increase in tonnage of around 66 percent compared to the previous appraisal.

At the Väsman field, including Finnäset, indicated and inferred mineral resources now amount to 7.0 million tonnes with 38.5 percent iron, and 85.9 million tonnes with 38.4 percent iron, respectively.

In January, the Company signed a letter of intent with Oxelösunds Hamn AB (the port of Oxelösund) regarding iron ore deliveries of up to 5 million tonnes annually.

In February, the Company's application for an environmental permit was announced by the Land and Environment Court.

Employees

During the financial year, the average number of employees was 4 (2). All of them were employed by the Parent Company.

FINANCIAL POSITION, LIQUIDITY AND FUTURE CAPITAL REQUIREMENT

The Group had a cash balance of SEK 18,925 thousand on the balance sheet date. The equity/assets ratio was 87.35%. Consolidated equity was SEK 70,922 thousand, equalling SEK 6.17 per share.

In the first half of 2013, the Company intends to raise capital to fund operations until the environmental permits have been obtained, and investment in the concentrator and mining equipment will be ordered, which will require a substantial capital injection. Raising capital is necessary to ensure further operations as a going concern, which is fundamental to the measurement of assets in the balance sheet.

RISKS AND UNCERTAINTIES

In addition to the risks associated with future global market prices for iron ore products that affect the profitability of the project, as well as the technical risks, the possibility of starting up operations depends on the requisite permits from authorities being obtained and the extensive capital requirement being met.

FUTURE PROGRESS

The future progress of the project requires a further capital injection. The final feasibility study will be completed soon. Obtaining an environmental permit is expected at the beginning of the autumn, and preparations for pumping out the mines and plant procurement can commence.

CORPORATE GOVERNANCE

Corporate governance refers to the decision-making systems through which shareholders directly or indirectly govern Nordic Iron Ore AB.

Corporate governance at Nordic Iron Ore is based on Swedish legislation, chiefly the Swedish Companies Act, and the Company's articles of association, as well as internal instructions prepared and adopted by the Company.

The Swedish Code of Corporate Governance (the Code) applies to Swedish limited liability companies whose shares are traded on a regulated market. It aims to constitute guiding rules for sound corporate governance and supplement legislation in areas in which it places more stringent demands. Since the Company's shares are not traded on a regulated market, the Company is not required to apply the Code. However, the Company's ambition is to gradually undertake measures to comply with the rules of the Code at a rate deemed reasonable based on the stage and scope of the operations.

The share

The share capital at the end of the financial year was SEK 1,993,110 in total distributed over 11,492,738 shares with a par value of SEK 0.17 per share.

According to the articles of association, the Company's share capital shall be no less than SEK 1,000,000 and no more than SEK 4,000,000, and the number of shares shall not exceed 28,000,000. There are no limitations in the transferability of shares under the articles of association or applicable law. At the 2012 AGM, a decision was taken to authorise the Board to issue financial instruments with or without preferential rights for existing shareholders. According to the authorisation, issues may comprise such a maximum amount of shares, convertibles or warrants that falls within the limits of the articles of association.

Shareholders and general meetings of shareholders

Nordic Iron Ore's highest decision-making body is the general meeting of shareholders, at which the latter exercise their influence over the Company. Each year, an ordinary shareholder meeting shall be held – an Annual General Meeting. The AGM makes decisions on e.g. adopting the income statement and balance sheet, appropriation of the Company's profit or loss, discharging the Board of Directors and CEO from liability, election of the Board and auditors and establishing the fees of the latter.

According to Nordic Iron Ore's articles of association, general meetings of shareholders can be held in the municipality of Ludvika, which is considered to be where the main operations are conducted, or in the municipality of Stockholm. Notice of AGMs and EGMs at which the matter of an amendment to the articles of association will be addressed shall be issued no earlier than six weeks and no later than four weeks prior to the meeting. Notice of any other extraordinary general meeting shall be issued no earlier than six weeks and no later than two weeks prior to the meeting. Notice of the meeting shall be given in the form of an announcement in Post och Inrikes Tidningar and on the Company's website. Information about the notice having been issued shall be announced in Dagens Industri. Shareholders who are, on the record day, entered in the register of shareholders held by Euroclear and who have also notified the Company in time of their intention to participate in the meeting are entitled to participate and vote shareholdings at the general meeting.

The 2012 AGM was held on 29 June at the offices of law firm Bird & Bird in Stockholm. The report from the AGM is published on the Company's website. The AGM resolved to re-elect Board members Ulf Adelsohn, Anders Bengtsson, Jonas Bengtsson, Lars-Göran Ohlsson, Per Storm and Christer Lindqvist. In addition, Johnas Jansson and Tomas Olofsson were newly elected ordinary Board members. Ulf Adelsohn was re-elected Chairman of the Board.

NOMINATION COMMITTEE

The AGM resolved that the nomination committee shall be appointed by the Chairman of the Board contacting at least three of the largest shareholders at the end of 2012 in order for these to appoint one representative each who, together with the Chairman of the Board, form the nomination committee. The nomination committee appoints the chair from among its members.

THE BOARD OF DIRECTORS AND ITS WORK PROCEDURES

The Board is responsible for Nordic Iron Ore's organisation and the administration of the Company's affairs. The Board shall regularly assess the Company's and Group's financial situation and ensure that the Company's organisation is structured such that accounting, management of assets and the Company's financial circumstances in general are satisfactorily controlled. The Board is elected for the period until the next AGM.

According to the articles of association, the Board shall comprise between three and ten members with no more than ten deputies. The Board of the Company currently consists of nine Board members and no deputies. The CEO is a member of the Board.

The Board of Nordic Iron Ore AB comprises expertise and experience from areas of importance to the Company. The Board comprises members with expertise and experience in areas including project management, geology, plant projects, mining exploration, mining operations, concentration, permit management and the iron ore market, company development, company management, financing, logistics, business law and the public sector.

Board work is conducted based on prevailing legislation, regulations and the rules of procedure adopted by the Board. The rules of procedure are regularly evaluated over and adopted at least once a year at the inaugural Board meeting.

The Board has resolved to refrain currently from appointing any committees within the Board, because it is of the opinion that, at the current stage of the Company's development, the duties that would be performed by a remuneration and audit committee are handled most efficiently within the framework of the Board as a whole.

According to the rules of procedure, the Board shall hold at least six meetings in addition to the inaugural meeting. In 2012 the Board held 21 meetings and five telephone meetings at which minutes were taken. The high number of meetings is linked to the current stage of the Company's operations, with many external meetings due to activities relating to the matter of raising capital. At its ordinary meetings, the Board addressed the set items incumbent upon each Board meeting pursuant to the Board's rules of procedure, such as the CEO's report of significant events since the previous meeting and financial statements.

The Board is kept informed of the Company's financial position and performance, at least at each ordinary Board meeting. Financial reporting to the Board shall occur according to adopted financial reporting instructions.

The current rules of procedure, financial reporting instructions and order of delegation were adopted by the Board in connection with the AGM on 29 June 2012.

Information is available on the Company's website, www.nordicironore.se under the heading Corporate Governance, articles of association, about the Board and senior executives, minutes from the latest shareholder meetings, the Board's rules of procedure, information about the nomination committee and the Company's incentive programme. Information about remuneration paid to the Board is provided in the notes to the Annual report.

Directors' report

Chief Executive Officer

The Chief Executive Officer reports to the Board and bears the main responsibility for operating activities, including personnel, financial and accounting matters, ongoing contacts with the Company's stakeholders (such as authorities and the financial market) and provides to the Board with requisite information for making well-founded decisions. The distribution of duties and responsibilities between the Board and CEO is regulated by law, the Company's instructions for the CEO regarding the distribution of duties between the Board and CEO, and the order of delegation adopted by the Board. The Chairman of the Board is in regular dialogue with the CEO and if needed is summoned to extraordinary general meetings.

Christer Lindqvist has been CEO of the Company since 2010. Previously he was the working Chairman of the Board of the Company. The CEO is presented in more detail on the Company's website under "About us – organisation – senior executives". Information about remuneration for the CEO is disclosed in the notes to the Annual Report.

Insider register and insider policy

In preparation for a future market listing of the Company's shares, the Board has adopted an insider policy. The insider policy regulates procedures for the periods during which trade in shares or other financial instruments may not occur.

Auditor

The auditor shall audit the Company's Annual Report and accounts, and the administration of the Board of Directors and Managing Director pursuant to the Companies Act and accepted auditing standards in Sweden.

At the 2012 AGM, the Company's auditors Öhrlings Price-waterhouseCoopers AB were re-elected with Annika Wedin as principal auditor for the period until the 2013 AGM.

Information for the stock market

With two of the Company's major owners being listed, Nordic Iron Ore AB aims to keep the stock market regularly informed about the Company's operations so that the market's requirements in terms of disclosure and timely information are adequately met. Requirements with respect to the Company's disclosure of information are mainly set forth by law and NASDAQ OMX rules for First North.

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

ENVIRONMENT AND SUSTAINABILITY

Mining operations are subject to stringent environmental and regulatory requirements including with regard to noise and emissions, the management of substances hazardous to the environment and other health and safety risks.

Nordic Iron Ore's stated ambition is to minimise impact on the environment, local community and society at large. Environmental and sustainability matters are therefore key and comprise the external environment, energy consumption and occupational environment alike..

Multi-year overview

The Group	2012	2011	2010
Net sales	0	0	0
Total assets	81,194,148	36,034,072	18,246,578
Earnings per share before dilution, SEK	-2.63	-0.98	-0.46
Earnings per share after dilution, SEK	-2.63	-0.98	-0.46
Equity per share, SEK	6.17	3.87	3.15
Equity/capital ratio, %	87.35	83.64	88.59
Cash liquidity	207.12	34.9	59

Proposed appropriation of profits

	Amounts in SEK
Funds at the disposal of the AGM	
Share premium reserve	94,208,734
Accumulated loss	-3,396,221
Loss for the year	-21,877,513
Total	68,935,000

The Board proposes that the profit, SEK 68,935,000, be carried forward.

The Company and consolidated results and financial position in general are presented in the following income statements and balance sheets with supplementary information and notes.

Consolidated statement of comprehensive income

Amounts in SEK	Note	2012	2011
Other external expenses	7, 10	-14,087,619	-5,780,996
Personnel expenses	8	-5,117,993	-1,795,567
Depreciation/amortisation and impairment of property, plant and equipment and intangible fixed assets	13, 14	-94,250	-32,757
Operating profit/loss		-19,299,862	-7,609,320
Financial income	9	211,280	197,426
Financial expense	9	-2,789,664	-8,048
Net financial income/expense		-2,578,384	189,378
Profit/loss after financial income and expense		-21,878,246	-7,419,942
Income tax	11	-	-
PROFIT/LOSS FOR THE YEAR		-21,878,246	-7,419,942
OTHER COMPREHENSIVE INCOME		-	-
Total comprehensive income for the year		-21,878,246	-7,419,942
Attributable to:			
Parent Company shareholders		-21,878,246	-7,419,942
TOTAL		-21,878,246	-7,419,942
No. of shares			
No. shares at year-end		11,492,738	7,784,000
Average no. shares (basic)		8,312,368	7,595,233
Average no. shares (diluted)		8,312,368	7,595,233
Earnings per share			
Earnings per share, weighted average:			
basic, SEK		-2.63	-0.98
diluted, SEK		-2.63	-0.98

The notes on pages 41-53 form an integrated part of this annual report.

Consolidated balance sheet

Amounts in SEK	Note	31/12/2012	31/12/2011	01/01/2011 ¹
ASSETS				
Non-current assets				
<i>Intangible assets</i>				
Capitalised expenditure regarding exploration and evaluation work	13	59,629,766	33,480,859	16,995,720
Licences	13	-	212,182	-
		59,629,766	33,693,041	16,995,720
<i>Property, plant and equipment</i>				
Machinery and equipment	14	212,365	207,515	-
		212,365	207,515	-
<i>Financial assets</i>				
Other non-current receivables	16	77,840	76,782	30,000
		77,840	76,782	30,000
Total non-current assets		59,919,971	33,977,338	17,025,720
Current assets				
Other receivables	18	1,863,569	986,757	483,259
Prepaid expenses and accrued income	19	485,031	340,249	-
Cash and cash equivalents	20	18,925,577	729,728	737,599
Total current assets		21,274,177	2,056,734	1,220,858
TOTAL ASSETS		81,194,148	36,034,072	18,246,578
EQUITY				
Equity attributable to Parent Company shareholders				
Share capital		1,993,110	1,349,928	890,356
Other contributed capital		94,208,734	32,191,370	11,255,317
Profit/loss brought forward, inc. comprehensive income for the period		-25,279,301	-3,401,055	4,018,887
Total equity		70,922,543	30,140,243	16,164,560
LIABILITIES				
<i>Current liabilities</i>				
Accounts payable		6,631,488	3,268,183	1,600,101
Other liabilities	22	361,506	200,551	-
Accrued expenses and prepaid income	23	3,278,611	2,425,095	481,917
Total liabilities		10,271,605	5,893,829	2,082,018
TOTAL EQUITY AND LIABILITIES		81,194,148	36,034,072	18,246,578

LINE ITEMS

Amounts in SEK	Note	31/12/2012	31/12/2011	01/01/2011
Pledged assets	24	76,657	76,204	30,000
Contingent liabilities		None	None	None

¹ The figures refer to the Parent Company restated to IFRS
The notes on pages 41-53 form an integrated part of this annual report.

Consolidated statement of changes in equity

Amounts in SEK	Attributable to Parent Company shareholders			Total equity
	Share capital	Other contributed capital	Profit/loss brought forward, inc. profit/loss for the year	
Opening equity 01/01/2011	890,356	11,255,317	4,018,887	16,164,560
Effects from transition to IFRS	-	-	-	-
Profit/loss for the year			-7,419,942	-7,419,942
<i>Comprehensive income for the year</i>			-7,419,942	-7,419,942
Option premiums		410,000		410,000
New share issue	459,572	22,065,428		22,525,000
New issue costs		-1,539,375		-1,539,375
Closing equity 31/12/2011	1,349,928	32,191,370	-3,401,055	30,140,243
 Opening equity 01/01/2012	 1,349,928	 32,191,370	 -3,401,055	 30,140,243
Profit/loss for the year			-21,878,246	-21,878,246
<i>Comprehensive income for the year</i>			-21,878,246	-21,878,246
Converted debenture loan	643,182	62,405,364		63,048,546
Expenses for converted debenture loan		-388,000		-388,000
Closing equity 31/12/2012	1,993,110	94,208,734	-25,279,301	70,922,543

The notes on pages 41-53 form an integrated part of this annual report.

Consolidated cash flow

Amounts in SEK	Note	31/12/2012	31/12/2011
Operating activities			
Profit/loss for the year		-21,878,246	-7,419,942
Adjustment for items not included in the cash flow:			
Depreciation/amortisation and impairment		94,250	
Other items not affecting cash flow		190,855	21,589
Cash flow from operating activities before changes in working capital		-21,593,141	-7,398,353
Cash flow from changes in working capital			
Increase (-) Decrease (+) in operating receivables		-1,021,595	-840,529
Increase (-) Decrease (+) in operating liabilities		4,377,776	3,811,812
Cash flow from operating activities		-18,236,960	-4,427,070
Investment activities			
Acquisitions of subsidiaries		0	-50,000
Acquisition of property, plant and equipment	14	-54,430	-229,104
Acquisition of intangible fixed assets	13	-26,172,249	-16,697,322
Acquisition of financial assets	16	-1,058	-
Cash flow from investing activities		-26,227,737	-16,976,426
Financing activities			
New share issue, net of issue costs		62,660,546	20,990,625
Option premiums		-	405,000
Cash flow from financing activities		62,660,546	21,395,625
Cash flow for the year		18,195,849	-7,871
Opening cash and cash equivalents		729,728	737,599
CLOSING CASH AND CASH EQUIVALENTS		18,925,577	729,728
Interest received		211,280	197,426
Interest paid		2,789,664	3,048

The notes on pages 41-53 form an integrated part of this annual report.

Income statement – Parent Company

Amounts in SEK	Note	2012	2011
Other external expenses	7, 10	-14,086,451	-5,780,994
Personnel expenses	8	-5,117,993	-1,795,567
Depreciation/amortisation	13, 14	-94,250	-32,757
Operating profit/loss		-19,298,694	-7,609,318
Interest income	9	210,845	197,258
Interest expenses	9	-2,789,664	-3,048
Net financial income and expense		-2,578,819	194,210
Tax on profit/loss for the year	11	-	-
Profit/loss for the year		-21,877,513	-7,415,108

STATEMENT OF COMPREHENSIVE INCOME

Other comprehensive income	-	-
Total comprehensive income for the year	-21,877,513	-7,415,108

The notes on pages 41-53 form an integrated part of this annual report.

Balance sheet – Parent Company

Amounts in SEK	Note	31/12/2012	31/12/2011	01/01/2011 ¹
ASSETS				
Non-current assets				
<i>Intangible fixed assets</i>				
Capitalised expenditure regarding exploration and evaluation work	13	59,629,766	33,480,859	16,995,720
Licences	13	-	212,182	-
		59,629,766	33,693,041	16,995,720
<i>Property, plant and equipment</i>				
Machinery and equipment	14	212,365	207,515	-
		212,365	207,515	-
<i>Financial assets</i>				
Participations in Group companies	15	50,000	50,000	-
Other non-current receivables	16	31,058	30,604	30,000
		81,058	80,604	30,000
Total non-current assets		59,923,189	33,981,160	17,025,720
Current assets				
Other receivables	18	1,863,569	986,757	483,259
Prepaid expenses and accrued income	19	485,031	340,249	-
Cash and bank balances	20	18,927,925	730,739	737,599
Total current assets		21,276,525	2,057,745	1,220,858
TOTAL ASSETS		81,199,714	36,038,905	18,246,578
EQUITY AND LIABILITIES				
Equity				
<i>Restricted equity</i>				
Share capital		1,993,110	1,349,928	890,356
		1,993,110	1,349,928	890,356
<i>Unrestricted equity</i>				
Share premium reserve		94,208,734	32,191,370	11,255,317
Retained earnings		-3,396,221	4,018,887	5,402,816
Profit/loss for the year		-21,877,513	-7,415,108	-1,383,929
		68,935,000	28,795,149	15,274,204
Total equity		70,928,110	30,145,077	16,164,560
Liabilities				
<i>Current liabilities</i>				
Accounts payable		6,631,488	3,268,183	1,600,101
Other current liabilities	22	361,505	200,550	-
Accrued expenses and prepaid income	23	3,278,611	2,425,095	481,917
<i>Total current liabilities</i>		<i>10,271,604</i>	<i>5,893,828</i>	<i>2,082,018</i>
Total liabilities		10,271,604	5,893,828	2,082,018
TOTAL EQUITY AND LIABILITIES		81,199,714	36,038,905	18,246,578
LINE ITEMS				
Amounts in SEK	Note	31/12/2012	31/12/2011	01/01/2011 ¹
Pledged assets	24	76,658	76,204	30,000
Contingent liabilities		None	None	None

¹ The figures refer to the Parent Company restated to IFRS
The notes on pages 41-53 form an integrated part of this annual report.

Changes in equity – Parent Company

Amounts in SEK	Restricted equity	Unrestricted equity			Total equity
	Share capital	Share pre- mium reserve	Retained earnings	Profit/loss for the year	
Opening equity 01/01/2011	890,356	11,255,317	5,402,816	-1,383,929	16,164,560
Effect of transition to RFR 2	-	-	-	-	-
Appropriation of profits			-1,383,929	1,383,929	
New share issue	459,572	22,065,428			22,525,000
New issue costs		-1,539,375			-1,539,375
Option premiums		410,000			410,000
Profit/loss for the year				-7,415,108	-7,415,108
Closing equity 31/12/2011	1,349,928	32,191,370	4,018,887	-7,415,108	30,145,077
Opening equity 01/01/2012	1,349,928	32,191,370	4,018,887	-7,415,108	30,145,077
Appropriation of profits			-7,415,108	7,415,108	
New share issue	643,182	62,397,364			63,040,546
New issue costs		-388,000			-388,000
Profit/loss for the year				-21,877,513	-21,877,513
Closing equity 31/12/2012	1,993,110	94,200,734	-3,396,221	-21,877,513	70,920,110

The notes on pages 41-53 form an integrated part of this annual report.

Cash flow statement – Parent Company

Amounts in SEK	Note	31/12/2012	31/12/2011
Operating activities			
Profit/loss for the year		-21,877,513	-7,415,108
Adjustment for items not included in the cash flow:			
Depreciation and amortization		94,250	
Other items not affecting cash flow		190,855	32,756
Cash flow from operating activities before changes in working capital		-21,592,408	-7,382,352
Cash flow from changes in working capital			
Increase (-) Decrease (+) in operating receivables		-1,021,596	-843,747
Increase (-) Decrease (+) in operating liabilities		4,377,776	3,811,811
Cash flow from operating activities		-18,236,228	-4,414,288
Investment activities			
Acquisition of property, plant and equipment	14	-54,430	-229,104
Acquisition of intangible fixed assets	13	-26,172,249	-16,708,489
Acquisition of financial assets	16	-453	-50,604
Cash flow from investing activities		-26,227,132	-16,988,197
Financing activities			
New share issue, net of issue costs		62,660,546	20,990,625
Option premiums		-	405,000
Cash flow from financing activities		62,660,546	21,395,625
Cash flow for the year		18,197,186	-6,860
Opening cash and cash equivalents		730,739	737,599
CLOSING CASH AND CASH EQUIVALENTS		18,927,925	730,739
Interest received		210,845	197,426
Interest paid		2,789,664	3,048

The notes on pages 41-53 form an integrated part of this annual report.

Note 1 | General information

Nordic Iron Ore AB is a mining and exploration company with its main operations consisting of exploration and mining activities principally through the management and refinement of iron ore deposits in the framework of the exploration permits held by the Company for the western Bergslagen region.

The Nordic Iron Ore Group consists of, besides the Parent Company Nordic Iron Ore AB, 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 headquarters visiting address is Vendevägen 85 A, 182 91 Danderyd, Sweden. All amounts are in Swedish kronor (SEK) unless otherwise specified. The information in brackets refers to the preceding year. The Board approved the annual and consolidated accounts for publishing on May 23 2013.

Note 2 | Summary of important accounting policies

BASIS FOR PREPARING THE STATEMENTS

The accounting and valuation policies below refer to both the consolidated accounts and the Parent Company's annual accounts unless otherwise stated.

This annual report is Nordic Iron Ore's first to be prepared in accordance with IFRS. Nordic Iron Ore AB has restated historical financial information from 1 January 2011, which is the date of transition to reporting according to IFRS. Explanations about the transition from formerly applied accounting policies to IFRS and the effects of the restatement of the income statement and balance sheet on the year 2011 are described in Note 5.

The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Commission for application in the EU. The most important accounting policies applied when these consolidated accounts were prepared are described below. The consolidated accounts were also prepared in compliance with Swedish law and the application of RFR 1, supplementary accounting rules for corporate groups, as published by the Swedish Financial Reporting Board.

The Parent Company accounts were prepared according to 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 accounting policies. The application of RFR 2 has not brought about any differences in the Parent Company's accounts compared to previous years.

Preparing statements that comply with IFRS requires the use of a number of important estimations for accounting purposes. Management is also required to make certain judgements in the application of the Group's accounting policies. The areas which involve a high degree of judgement, which are complex or are such areas in which assumptions and estimations are of material importance to the consolidated accounts are described separately.

Changes in accounting policies and disclosure

No IFRS or IFRIC interpretations, which are compulsory for the first time for the financial year that started on 1 January 2011, have had any material impact on the Group. When preparing the consolidated accounts at 31 December 2012, several standards, amendments and interpretations of existing standards, which have not yet entered into force, were not applied early by Nordic Iron Ore AB.

The following is a preliminary assessment of effects from the standards deemed relevant to Nordic Iron Ore AB:

- Changes have been introduced into IAS 1 "Presentation of financial statements" with respect to other comprehensive income. The most material change in the amended IAS 1 is the requirement that items recognised in "other comprehensive income" be presented broken down into two groups. The division is based on whether or not the items can be reclassified to the income statement (reclassification adjustments). The amendment does not address the matter of which items are to be included in "other comprehensive income". The Group will apply the new standard to the financial year starting 1 January 2013

- IFRS 9, "Financial instruments" (published 31 December 2010).

This standard is the first step in the process of replacing IAS 39, "Financial instruments: recognition and measurement". IFRS 9 introduces two new requirements for the recognition and measurement of financial assets and will probably affect the Group's recognition of financial assets. The provisions relating to financial liabilities is essentially transferred from IAS 39, with the exception of the fair value alternative.

The Group intends to apply the new standard at the latest to the financial year starting on 1 January 2015 and has not yet evaluated the effects. The standard has not yet been adopted by the EU.

- IFRS 13 "Fair value measurement" aims for fair value measurement to be more consistent and less complex through the standard providing an exact definition and common source in IFRS for fair value measurements and related disclosures. The requirements do not extend the area of application for fair measurement, but provide guidance about how it should be applied where other IFRS already require or permit fair value measurement. The Group has not yet evaluated the full effect of IFRS 13 on the financial statements. The Group intends to apply the new standard to the financial year starting on 1 January 2013.

None other of the IFRS or IFRIC interpretations not yet in force are expected to have any material effect on the Group.

CONSOLIDATED ACCOUNTS

The acquisition method is used in the recognition of the Group's acquisitions. Identifiable acquired assets and assumed liabilities in a business combination are initially measured at fair value on the acquisition date. Acquisition-related costs are expensed as they arise. Subsidiaries are all the companies for which the Group is entitled to prepare financial and operative strategies in a way that usually accompanies a shareholding amounting to over half of the voting rights. The occurrence and effect of potential voting rights that are currently possible to exercise or convert are taken into account when assessing whether the

Group exercises controlling influence over another company. Subsidiaries are included in the consolidated accounts as of the date controlling influence is transferred to the Group. They are excluded from the consolidated accounts as of the date controlling influence ceases. Group-internal transactions and balance sheet items, and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction constitutes proof of impairment for the transferred asset. The accounting policies for subsidiaries have, where appropriate, been changed to guarantee consistent application of the Group's policies.

The only subsidiary in the Group was formed under the Group's own auspices and was thus 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 balance sheet items

Transactions in foreign currency are translated into the functional currency according to the exchange rates prevailing on the transaction date. Exchange rate gains and losses arising upon payment of such transactions and in translating accounts receivable and payable in foreign currency are recognised in the income statement.

INTANGIBLE ASSETS

Licences

Licences acquired separately are recognised at cost. The item Licences in the balance sheet includes licence fees. Amortisation of licences commences from the time of acquisition and occurs according to plan over 5 years.

Capitalised expenditure regarding exploration and evaluation work

Expenditure for exploration for and evaluation of mineral resources is recognised according to IFRS 6 "Exploration for and evaluation of mineral resources." Exploration and evaluation efforts are measured at cost and refer to all expenditure directly attributable to the exploration for and evaluation of mineral resources. Capitalised expenditure for exploration and evaluation assets includes expenditure for geological and technical surveys, test drilling and laboratory analyses. Indirect expenses and expenses arising prior to obtaining licences are recognised directly as an expense in the period in which they arise. As of commercial mining operations, capitalised development expenditure attributable to Ludvika mines will no longer be classified as exploration and evaluation assets. A reclassification will then be made, whereupon recognition will be according to IAS 16 Property Plant and Equipment, and IAS 38 Intangible Assets, depending on how the assets 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

Licences and exploration and evaluation assets shall be impairment-tested when there are facts and circumstances to suggest that the carrying amount may exceed its recoverable amount. An impairment 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 for further exploration for and evaluation of mineral resources in the area in question are 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, despite development in the area in question probably continuing, that the carrying amount of the exploration and evaluation asset can probably be not recovered in its entirety through successful development or a sale.

Capitalised expenses in the form of exploration and evaluation assets and licences are impaired as soon as the exploitation licence is returned to the issuer.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recognised at historical cost less depreciation. The historical cost includes expenditure directly attributable to the acquisition of the asset. Additional expenditure is added to the carrying amount of the asset or is recognised as a separate asset, depending on which is appropriate, only when it is probable that the future economic benefits associated with the asset will accrue to the company and the historical cost of the asset can be reliably measured. The carrying amount for the replaced part is derecognised. All other forms of repairs and maintenance are recognised as expenses in the income statement in period in which they arise. Depreciation of other assets, in order to distribute their historical cost down to the calculated residual value, is performed on a straight-line basis over the estimated useful life as follows:

Machinery and inventory 5 years

Gains and losses on sales are established by means of a comparison between the income from the sale and the carrying amount.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The residual value and useful life of the asset are tested at the end of each reporting period and adjusted if necessary. Also, the carrying amount of an item of property, plant and equip-

ment is immediately impaired to its recoverable amount if the carrying amount of the asset exceeds its assessed recoverable amount. Property, plant and equipment is assessed with respect to the decline in value whenever events or changed circumstances indicate that the carrying amount is perhaps not recoverable. An impairment is made in the amount to which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value minus selling expenses and its value in use. When assessing for impairment, assets are grouped at the lowest levels at which there are separately identifiable cash flows (cash generating units). An impairment is recognised in the income statement. Previously impaired property, plant and equipment is, at the end of each reporting period, tested for whether a reversal should be made.

FINANCIAL INSTRUMENTS

The Group classifies its financial assets and liabilities into the following categories: loans receivable and accounts receivable, and other financial liabilities. The classification depends on the purpose for which the financial asset or liability was acquired.

General policies

The purchase and sale of financial assets and liabilities is recognised on the transaction date – the date on which the Group undertakes to buy or sell the asset or liability. Financial assets and liabilities are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred largely all risks and benefits associated with ownership.

Financial liabilities are derecognised when the obligation in the agreement has been fulfilled or otherwise extinguished. Loans receivable and accounts receivable, and other financial liabilities, are recognised after the time of acquisition at amortised cost using the effective interest method.

Loans receivable

Loans receivable are financial assets which are not derivatives, which have determined or determinable payments and which are not listed on an active market. They are included in current assets with the exception of items falling due more than 12 months after the balance sheet date, which are classed as non-current assets. Loans receivable are recognised as other receivables and financial assets, respectively, in the balance sheet. Cash and cash equivalents are also included in this category. At the end of each reporting period, the Group assesses whether there is objective evidence of an impairment for a financial instrument.

Other financial liabilities

This category includes loans and other financial liabilities, such as accounts payable. Loans are measured at amortised cost. Amortised cost is determined based on the effective rate calculated when the liability was assumed. For accounts payable,

the expected maturity is short, so the value is recognised at the undiscounted nominal amount.

CALCULATION OF FAIR VALUE

The carrying amount, after any impairment, of loans receivable and accounts receivable, and other financial liabilities, is assumed to equal their fair value because such 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 bank balances and restricted bank balances expected to be settled within 12 months after the end of the reporting period. Cash and cash equivalents in the cash flow statement include cash and bank balances.

COMPOSITE FINANCIAL INSTRUMENTS

The liability part of convertible debt instruments is recognised as a liability at amortised cost until the liability ceases through conversion or redemption. The remainder of the amount received is attributable to the option part. This is recognised in equity, net of tax.

SHARE CAPITAL

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

Earnings per share

Basic earnings per share are calculated by dividing profit for the year attributable to Parent Company shareholders by a weighted average number of outstanding shares during the period. When calculating basic earnings per share, the number of shares is adjusted for all shares with a potential dilution effect. This includes issued options. An option gives rise to a dilution effect if the redemption price is below the fair value of the company's shares and this leads to a reduction in diluted earnings per share.

ACCOUNTS PAYABLE

Accounts payable are undertakings to pay for expenses and capitalised expenditure. Accounts payable are classified as current liabilities if they fall due within one year or earlier. Accounts payable are recognised at their nominal amount. The carrying amount of accounts payable is assumed to equal its fair value, because 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 the income statement distributed over the loan period and applying the effective interest method.

BORROWING COSTS

Borrowing expenditure directly attributable to loans is recognised as part of the qualified asset's historical cost. This is because the loan was raised to finance the investments of the mine, which is an asset which necessarily takes a long time to complete for its intended use. The capitalisation ceases when all activities required to complete the asset for its intended use have largely ended. All other borrowing expenditure is expensed as it arises.

CURRENT AND DEFERRED TAX

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement, except in cases where the underlying transaction is recognised directly in equity.

Current tax

Current tax is tax to be paid or received with respect to the current fiscal year and any adjustment of tax with respect to preceding fiscal years. The tax expense in question 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 and tax base of the company's assets and liabilities. Deferred tax is recognised according to the so-called balance sheet method. Deferred tax is recognised on basically all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated accounts.

Deferred income tax is calculated by using tax rates (and laws) decided or announced as per the balance sheet date, and which are expected to apply when the deferred tax asset in question is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future tax surpluses will be available, against which the temporary differences can be utilised.

There are currently no differences between tax bases and carrying amounts in the Company's balance sheet and hence 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, and current investments with maturities of up to 90 days.

REMUNERATION FOR EMPLOYEES

Pension obligations

Nordic Iron Ore AB only has defined contribution plans. For these, Nordic Iron Ore pays fees to public or private administering pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the fees have been paid. The fees are recognised as personnel expenses when they fall due for payment. Prepaid fees are recognised as an asset to the extent that cash repayment or a reduction in future payments can accrue to the Group.

SHARE-RELATED REMUNERATION

Warrants programme

The Group has a warrants programme, which has provided senior executives and key individuals with the opportunity of subscribing to warrants on market terms. Payment for the warrants is recognised in equity as other contributed capital. The warrants programme has not given rise to any expenses for the Company because employees paid the market value for the options. In the event of Group companies owning warrants at the closing of any accounts, these are restated to the lower of historical cost and market value. The effect of the restatement is recognised as other contributed capital. If the options are exercised, new shares are issued. Payments received, less any directly attributable transaction costs, are credited to equity, par value, and other contributed capital.

PROVISIONS

A provision is recognised in the balance sheet when the Group has an existing legal or informal obligation ensuing from a transpired event, and it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimation can be performed.

REVENUE RECOGNITION

Interest income is recognised as revenue distributed over the duration and applying the effective interest method.

LEASES

Leases are classified in the consolidated accounts as either finance or operating leases. A finance lease is when the risks and rewards incidental to ownership are essentially transferred to the lessee; if it is not, it is an operating lease. In operating leases, the lease payments are expensed over the duration based on utilisation, which may differ from what is actually paid for leasing during the year. All leases in the Group are classified as operating leases.

PARENT COMPANY ACCOUNTING POLICIES

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

Income statement and balance sheet format

The income statement and balance sheet follow the format of the Annual Accounts Act. This involves differences from the consolidated accounts, mainly with respect to financial income and expense, statement of comprehensive income, provisions and statement of changes in equity.

Shares in subsidiaries

Shares in subsidiaries are recognised at historical cost less any impairment. Dividends received are recognised as financial income. Dividends exceeding the comprehensive income of the subsidiary for the period, or which involve the book value of the net assets of the holding falling below the book value of the participations in the consolidated accounts, indicates an 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 is made. Impairments are recognised in the item Profit/Loss from participations in Group companies.

Borrowing expenditure

All borrowing expenditure is expensed as it arises.

Classification and measurement of financial instruments

IAS 39 "Financial instruments: Recognition and measurement" is applied except with respect to financial guarantees, for which the exception according to RFR 2 is selected. Financial guarantees are included in Contingent liabilities.

Note 3 | Financial risk factors

In its operations, the Group is exposed to an array of different financial risks – market risk (comprehensive currency risk, interest risk in the cash flow and price risk), credit risk and liquidity risk. The Group's financial policy/risk management policy focuses on minimising potential adverse effects on Group earnings.

Market risk

- Currency risk is the risk of exchange rate differences negatively affecting the Company's profit, financial position and/or cash flows. Currency risk is in the form of both transaction and translation risk. The Company currently has no material currency exposure because operating activities largely have costs linked to the Swedish krona. Decisions about any future mining will involve the need for significant investments in mining and processing plant, 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. As of the decision to start up the mines, there will be currency exposure to manage, chiefly relating to revenue flows in USD. The Company has not yet decided on any currency hedges or adopted a hedging policy, but intends to do so when the need arises.

- There is currently no price risk in the Group.
- Interest rate risk is limited in the Group because there are no interest-bearing liabilities. However, there are interest-bearing investments in the form of bank balances with interest.

Credit risk

Credit risk is the risk of a counterparty in a financial transaction failing to fulfil 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 cash or equivalents to pay its financial liability obligations. The Company carefully monitors forecasts for the Group's liquidity reserve in order to ensure that the Group has sufficient cash assets to meet the need of the operating activities.

At 31 December 2012, the Group had a cash balance of SEK 18,925,577 (SEK 729,728). The Group has no credit facilities.

Capital risk

In order to secure financial resources needed to maintain momentum in the project, the Company completed a round of financing in the second quarter with an offering directed at a limited circle of investors in the form of a short-term loan with mandatory conversion. The loan, which amounted to SEK 60 million, was converted into shares at the beginning of November of the current year.

The Company has also made preparations for a stock market listing of its shares, but is waiting for the right time on the financial market. The Company deems the capital risk to be limited.

Note 4 | Important estimations and assumptions for accounting purposes

Estimations and judgements are regularly evaluated and are based on experience and other factors, including expectations about future events deemed reasonable in the prevailing circumstances.

The Group establishes estimations and assumptions about the future. The resulting estimations for accounting purposes will, by definition, rarely match the actual outcome. The estimations 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 impairment tested, 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 suggest that the carrying amount exceeds the recoverable amount, measurement, classification and information is provided on the basis of the requirements of IAS 36, "Impairment of Assets". At 31 December 2012, the value of intangible assets, capitalised exploration and evaluation expenditure, amounted

to SEK 56,630k (SEK 33,481k). The value is dependent upon the opportunities and resources to develop the capitalised expenditure into mineable deposits.

Should the circumstances of the underlying judgements forming the basis of the value of the intangible assets change, and facts and circumstances arise to suggest that an impairment test is required, the value may need to be impaired.

During the year, capitalised expenses for exploration and evaluation work and licences were impaired because certain licences were returned to the issuer.

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

Unutilised loss carry-forwards shall be booked as a deferred tax asset to the extent it is probable that they can be used to offset surpluses in future taxation. Because the Group has not yet commenced commercial sales, the Company management team is of the opinion that loss carry-forwards shall not be capitalised at this point. Assessment thereof shall be made at the close of each reporting period.

There is no time limit on the utilisation of loss carry-forwards in the Group today.

(c) Assessment of provision for restoration costs

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

Note 5 | Effects of the transition to International Financial Reporting Standards (IFRS)

The interim report for Q1 2012 was the first financial report that Nordic Iron Ore AB prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. These annual accounts are the first to be prepared according to IFRS for the Group. The date of transition of the Nordic Iron Ore Group to IFRS was 1 January 2011. Until the end of the 2011 financial year, the Group prepared consolidated accounts according to the Annual Accounts Acts and statements and general guidelines from the Accounting Standards Board. The transition to IFRS is reported in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". Previously published financial information for the 2011 financial year, prepared in accordance with the Annual Accounts Act and statements and general guidelines from the Accounting Standards Board, have been restated to IFRS. The transition to IFRS has had slight effects on the Group's income statement

and balance sheet, see under Presentation and format for more information. The main rule is that all applicable IFRS and IAS standards, in force and approved by the EU, shall be applied retroactively. However, IFRS 1 contains transition rules providing companies with certain options; none of these options are deemed applicable to Nordic Iron Ore. The following describes the changes in accounting policies brought about by the introduction of IFRS and the transition effects on Nordic Iron Ore's consolidated income statement, balance sheet and cash flow statement for the 2011 financial year.

Cash flow statement

Nordic iron Ore has classified cash and bank balances as cash and cash equivalents in the cash flow statement according to IFRS. According to previously applied accounting policies, Nordic Iron Ore classified cash and bank balances including restricted bank balances as cash and cash equivalents. According to IAS 7 "Statement of Cash flows", only liquid assets which at the time of acquisition had an outstanding maturity shorter than 3 months may be recognised as cash and cash equivalents. All restricted bank balances in the Group are restricted for over 3 months from the close of the reporting period and may thus not be recognised as cash and cash equivalents in the cash flow statement. Cash and cash equivalents in the cash flow statement are thus reduced by SEK 46k at 31 December 2011.

Presentation and format

According to IAS 1 "Presentation of Financial Statements", provisions shall be recognised as liabilities and not under a separate heading in the balance sheet. Furthermore, provisions shall be broken down and recognised as current or non-current liabilities. Nordic Iron Ore AB has reclassified all provisions as non-current or current liabilities based on when they are expected to be paid. According to IAS 1, cash and cash equivalents with a maturity exceeding 12 months may not be recognised as a current asset. The Group has cash and cash equivalents that are restricted, with maturities exceeding 12 months. These items have therefore been reclassified as "financial assets". This reclassification brought about a reduction in cash and cash equivalents of SEK 46k at 1 January 2011 and of SEK 46k at 31 December 2011. Equity is no longer divided into restricted and non-restricted equity. There have also been certain reclassifications within equity. Equity is divided into share capital, other contributed capital and profit/loss brought forward including profit/loss for the period. Furthermore, certain terms have been adjusted, with "Cash and bank balances" being called "Cash and cash equivalents", and "Interest income and similar profit/loss items" being called "Financial income" or "Financial expense". Also, the item "Tax on profit/loss for the year" is called "Income tax"..

Note 6 | Segment information

Operating segments are reported such that they match the internal reporting submitted to the highest executive decision maker. The highest executive decision maker is the function responsible for allocating resources and assessing the earnings of the operating segment. In the Group, this function has been identified as the CEO.

Until the end of 2012, Nordic Iron Ore AB operated within one operating segment, i.e. exploration for and evaluation of mineral resources. The operations are conducted in Sweden. The type of business identified in Nordic Iron Ore AB thus coincides with reporting for the Group as a whole.

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

Note 7 | Remuneration for auditors

The auditors' fee comprises auditing the annual accounts and accounting and the administration of the Board of Directors and CEO, other duties incumbent upon the Company's auditors, as well as the provision of advice or other assistance resulting from observations made in such an audit or the execution of other such duties. Everything else comes under other assignments.

Audit fee

	2012	2011
Group and Parent Company		
<i>PWC</i>		
Audit assignment	152,839	212,441
Audit activities in addition to the audit assignment	95,146	13,635
Other services	144,745	-
Total	392,730	226,076

Note 8 | Remuneration for employees, etc.

Average number of employees

	2012	2011
Men	3	1
Women	1	1
Total	4	2

Gender distribution in Company management

	2012	2011
Number of Board members	9	6
of which women	0	0
CEO and other senior executives	4	2
of which women	1	1

Salaries, other remuneration and social security contributions

	2012	2011
Board and CEO	2,224,997	406,250
Other employees	2,258,386	1,061,155
Total	4,483,383	1,467,405
Pension expenses for the Board and CEO	288,000	-
Pension expenses for other employees – defined contribution plans	281,460	151,098
Social security contributions	1,151,876	476,504
Total	1,721,336	627,602

The CEO received remuneration in the form of consulting fees totalling SEK 0 (SEK 1,562,406), as recognised in Other external expenses.

Pension obligations

Nordic Iron Ore AB only has defined contribution plans.

Remuneration for the Board, CEO and other senior executives

Fees are payable to the Board Chairman and members according to the decision of the AGM. In 2011, remuneration for the CEO was paid in the form of a consulting fee approved by the Board. As of 2012, the CEO is employed and his monthly salary is SEK 100,000. His contract entitles allocating 24 percent of gross salary to an occupational pension. It also entitles a company car, although this right has not yet been utilised. The CEO's contract states a mutual notice period of six months. There are no agreements regarding severance pay for either the CEO or senior executives (4 individuals). One of the senior executives is appointed on a consultancy basis with a one-month notice period. The remuneration policy for senior executives for 2012 was adopted by the CEO.

2012					
Amounts in SEK	Fees	Salaries	Other benefits and remuneration	Pension expense	Total remuneration
Ulf Adelsohn, Chairman of the Board	262,497				262,497
Christer Lindqvist, Board member and CEO	37,500	1,200,000		288,000	1,525,500
Per Storm, Board member	112,500				112,500
Anders Bengtsson, Board member	131,250				131,250
Jonas Bengtsson, Board member	131,250				131,250
Lars-Göran Ohlsson, Board member	131,250				131,250
Johnas Jansson, Board member	56,250				56,250
Göran Ekdahl, Board member	56,250				56,250
Thomas Olofsson, Board member	56,250				56,250
Thomas Jansson, former Board member	50,000				50,000
Other senior executives, 4 individuals	-	1,944,635		281,460	2,226,095
Total	1,024,997	3,144,635	-	569,460	4,739,092

2011					
Amounts in SEK	Fees	Salaries	Other benefits and remuneration	Pension expense	Total remuneration
Ulf Adelsohn, Chairman of the Board	37,500		75,000		112,500
Christer Lindqvist, Board member and CEO	37,500		1,562,406		1,599,906
Per Storm, Board member	37,500				37,500
Anders Bengtsson, Board member	37,500				37,500
Jonas Bengtsson, Board member	37,500				37,500
Thomas Jansson, Board member	37,500				37,500
Lars-Göran Ohlsson, Board member	37,500				37,500
Ulrich Andersson, former Board member	18,750				18,750
Patric Perenius, former Board member	18,750				18,750
Tore Hallberg, former Board member	18,750				18,750
Other senior executives, 3 individuals	0	1,000,000	875,900		1,875,900
Total	318,750	1,000,000	2,513,306	-	3,832,056

Options programme for employees

Amounts in SEK	2012	2011
Parent Company		
Total number of options	405,000	410,000
Options granted	-	405,000
Options written off	-	-5,000
Total outstanding warrants	405,000	405,000

The 2011 AGM resolved to approve a warrants programme, providing certain senior executives, key individuals and Board members with the opportunity of subscribing to options on market terms. Because the warrants were transferred on market terms, there is no benefit to recognise as a personnel expense item, and no social security contributions are expected to be paid either.

From the beginning, the programme comprised 410,000 warrants and the market value was calculated by an independent, reputed valuation institution. In 2011, 5,000 non-allocated options were written off.

Each warrant entitles the holder to subscribe to one share in Nordic Iron Ore AB, and payment for these was SEK 1 per warrant. The warrants may, observing the Company's insider policy, be exercised for subscription to shares between 16 July 2013 and 15 July 2014 inclusive. The redemption price for the warrants is SEK 19.

Full subscription and exercising of the warrants will bring about a dilution effect of 4.9 percent of the total number of shares and votes in the Company, calculated on the currently registered share capital of SEK 1,349,927,932.

Note 9 | Financial income and financial expense

Amounts in SEK	2012	2011
The Group		
Interest income	211,280	197,426
Total financial income	211,280	197,426
Parent Company		
Interest income	210,845	197,258
Total financial income	210,845	197,258

Amounts in SEK	2012	2011
The Group		
Interest expenses	2,789,664	3,048
Total financial expense	2,789,664	3,048
Parent Company		
Interest expenses, external	2,789,664	3,048
Total financial expense	2,789,664	3,048

Interest expense for the year refers to interest for the convertible loans. The interest liability has been converted to shares.

Note 10 | Leasing

Amounts in SEK	31/12/2012	31/12/2011
Group and Parent Company		
Maturity:		
Within one year	53,076	-
Between one year and five years	79,614	-
More than five years	-	-
	132,690	-

The Group has no finance lease commitments. Operating lease commitments for the Group and Parent Company are shown above. Lease fees for operating leases are expensed on a straight-line basis over the period of the lease. The total amount at the balance sheet date of future minimum lease fees regarding non-terminable operating leases is noted above. The leases in the Group refer to one car and two copiers. The total lease expense for 2012 is barely SEK 50k. The corresponding figure for the preceding year was 0. The lease for the car runs until June 2015.

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

The difference between recognised tax (so-called tax expense) and computed tax expense based on the applicable tax rate is as follows:

Group	%	2012	%	2011
Profit/Loss before tax		-21,878,246		-7,419,942
Tax according to the applicable tax rate for the Parent Company 26.3%		5,753,979	26.3%	1,951,445
<i>Tax effect of</i>				
Non-deductible expenses		-22,773		-9,759
Non-taxable income		75		163
New issue costs		-102,044		-404,856
Tax effect of net loss/gain from operations not recognised as a deferred tax asset		-5,629,237		-1,536,993
Recognised current tax expense	0.0%	-	0.0%	-

Parent Company	%	2012	%	2011
Profit/Loss before tax		-21,877,513		-7,415,108
Tax according to the applicable tax rate for the Parent Company 26.3%		5,753,786	26.3%	1,950,173
<i>Tax effect of</i>				
Non-deductible expenses		-22,773		-9,759
Non-taxable income		75		163
New issue costs		-102,044		-404,856
Tax effect of net loss from operations not recognised as a deferred tax asset		-5,629,044		-1,535,721
Recognised current tax	0.0%	-	0.0%	-

	2012	2011
Tax deficit		
Parent Company		
Tax deficit	32,646,564	10,294,014
The Group		
Tax deficit	32,647,297	10,298,848

There is no time limit on the utilisation of loss carry-forwards in the Group.

The weighted average tax rate for the Group and Parent Company is 26.3 percent (26.3 percent).

For the 2014 tax assessment year, the tax rate will change to 22 percent for Swedish companies.

This will not affect the value of deferred tax liabilities and tax assets.

Note 12 | Earnings per share

Amounts in SEK	2012	2011
Earnings per share, basic		
Earnings attributable to Parent Company shareholders	-21,878,246	-7,419,942
Average number of shares	8,312,368	7,595,233
Number of shares in calculating basic earnings per share	8,312,368	7,595,233
Earnings per share, diluted		
Earnings attributable to Parent Company shareholders	-21,878,246	-7,419,942
Average number of shares	8,312,368	7,595,233
Number of shares in calculating diluted earnings per share	8,312,368	7,595,233

Earnings per share, basic

The computation 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 a weighted average number of shares amounting to 8,312,368k (7,595,233k).

Earnings per share, diluted

The computation of earnings per share attributable to Parent Company shareholders is based on profit/loss for the year after tax attributable to Parent Company shareholders adjusted by any expenses for the convertible loan (interest and such). Furthermore, the number of shares is adjusted for the maximum amount of outstanding warrants which could be converted into shares.

Weighted average number of shares, basic and diluted	2012	2011
Opening average number of shares		
– basic	7,595,233	3,034,252
– diluted	7,595,233	3,034,252
Closing average number of shares		
– basic	8,312,368	7,595,233
– diluted	8,312,368	7,595,233

Note 13 | Intangible fixed assets

Exploration and evaluation work

Amounts in SEK	31/12/2012	31/12/2011	01/01/2011
Group and Parent Company			
Accumulated historical cost			
At beginning of year	33,480,859	16,995,720	5,427,967
Acquisitions during the year	26,172,250	16,485,139	3,287,753
Sale and disposal	-23,343	-	0
Closing book value	59,629,766	33,480,859	16,995,720

Capitalised expenditure regarding exploration and evaluation work

Capitalised expenditure for exploration and evaluation work refers to costs arisen in connection with investigative work relating to the planned start of mining operations, chiefly drilling.

During the year, everything associated with exploration was capitalised, as were personnel expenses.

Outcome of impairment test

For 2012, management concluded that there shall be an impairment (SEK 23,343) for certain returned permits because these licences are not deemed to be commercially viable. Capitalised expenditure attributable to returned licences was impaired in its entirety.

Licences

Amounts in SEK	31/12/2012	31/12/2011	01/01/2011
Group and Parent Company			
Accumulated historical cost			
At beginning of year	223,350	-	0
Acquisitions during the year	-	223,350	0
Expensing of licences	-223,350	-	0
Closing book value	-	223,350	0

Accumulated amortisation and impairment

At beginning of year	-11,168	-	0
Amortisation and impairment for the year	-	-11,168	0
Expensing of licences	11,168	-	0
Closing accumulated amortisation and impairment	-	-11,168	0

Carrying amounts	-	212,182	0
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Licences

Licences consist of software which illustrates how the ore is situated in the mine.

Amortisation

Amortisation was performed on a straight-line basis over the calculated useful life, i.e. over five years.

Impairment test

Impaired licences were returned to the issuer.

Note 14 | Property, plant and equipment

Maskiner och inventarier

Amounts in SEK	31/12/2012	31/12/2011	01/01/2011
Group and Parent Company			
Accumulated historical cost			
At beginning of year	229,104	-	0
Acquisitions during the year	54,430	229,104	0
Closing accumulated historical cost	283,534	229,104	0
Accumulated depreciation and impairment			
At beginning of year	-21,589	-	0
Depreciation and impairment for the year	-49,580	-21,589	0
Closing accumulated depreciation and impairment	-71,169	-21,589	0
Carrying amounts	212,365	207,515	0

Depreciation

Depreciation is performed on a straight-line basis over the calculated useful life, i.e. over five years.

Impairment test

The residual values and useful lives of the assets are tested on each balance sheet date and adjusted as required. No impairments were deemed necessary for the period.

Note 15 | Shares and participations in the Parent Company

Amounts in SEK	31/12/2012	31/12/2011	01/01/2011
Parent Company			
Accumulated historical cost			
At beginning of year	50,000	-	0
Acquisitions during the year/start-up	-	50,000	0
Closing balance	50,000	50,000	0

The table below provides a breakdown of the Company's holding of shares and participations in Group companies at 31/12/2012.

Subsidiary / Corp. id no. / Reg. office	No. participations	Share in %	Equity	Book value	Profit/Loss
Ludvika Gruv AB 556856-2994 Ludvika	50,000	100	44,433	50,000	-733

Note 16 | Other long-term receivables

Amounts in SEK	31/12/2012	31/12/2011	01/01/2011
Group			
Deposit under the Minerals Act issued to the Swedish Mining Inspectorate	31,058	30,604	30,000
Restricted funds at bank	46,782	46,178	0
Total	77,840	76,782	30,000
Parent Company			
Deposit under the Minerals Act issued to the Swedish Mining Inspectorate	31,058	30,604	30,000
Total	31,058	30,604	30,000

Note 17 | Financial instruments by category

01/01/2011 Amounts in SEK	Loans receivable and accounts receivable	Other financial liabilities	Total carrying amount	Fair value
Group				
Deposits and restricted bank balances	30,000		30,000	30,000
Other receivables	483,259		483,259	483,259
Cash and cash equivalents	737,599		737,599	737,599
Total	1,250,858	-	1,250,858	1,250,858

Accounts payable and other liabilities	1,600,101	1,600,101	1,600,101
Total	1,600,101	1,600,101	1,600,101

31/12/2011 Amounts in SEK	Loans receivable and accounts receivable	Other financial liabilities	Total carrying amount	Fair value
Group				
Deposits and restricted bank balances	76,782		76,782	76,782
Other receivables	986,757		986,757	986,757
Cash and cash equivalents	729,728		729,728	729,728
Total	1,793,267	-	1,793,267	1,793,267

Accounts payable and other liabilities	3,468,732	3,468,732	3,468,732
Total	3,468,732	3,468,732	3,468,732

31/12/2012 Amounts in SEK	Loans receivable and accounts receivable	Other financial liabilities	Total carrying amount	Fair value
Group				
Deposits and restricted bank balances	77,840		77,840	77,840
Other receivables	1,863,569		1,863,569	1,863,569
Cash and cash equivalents	18,925,577		18,925,577	18,925,577
Total	20,866,986	-	20,866,986	20,866,986
Parent Company				
Accounts payable and other liabilities		6,992,993	6,992,993	6,992,993
Total		6,992,993	6,992,993	6,992,993

Note 18 | Other receivables

Amounts in SEK	31/12/2012	31/12/2011	01/01/2011
Group and Parent Company			
Recoverable VAT	1,781,427	986,757	483,259
Other items	82,142	-	0
Total	1,863,569	986,757	483,259

Note 19 | Prepaid expenses and accrued income

Amounts in SEK	31/12/2012	31/12/2011	01/01/2011
Group and Parent Company			
Prepaid rental expenses	232,012	85,785	-
Prepaid insurance premiums	12,832	10,467	-
Accrued interest income	201,488	189,911	-
Other items	38,699	54,086	-
Total	485,031	340,249	-

Note 20 | Cash and cash equivalents

Amounts in SEK	31/12/2012	31/12/2011	01/01/2011
The Group			
Cash and bank balances	18,925,577	729,728	737,599
Total	18,925,577	729,728	737,599
Parent Company			
Cash and bank balances	18,927,925	730,739	737,599
Total	18,927,925	730,739	737,599

Cash and cash equivalents include bank balances and restricted bank balances expected to be settled within 12 months after the end of the reporting period. Cash and cash equivalents in the cash flow statement include cash and bank balances.

Note 21 | Share capital and other contributed capital

According to the articles of association of Nordic Iron Ore AB, the share capital shall amount to no less than SEK 1,000,000 and no more than SEK 4,000,000. The number of shares shall be no less than 7,000,000 and no more than 28,000,000. The Company's registered share capital on 31 December 2012 was SEK 1,993,110 distributed over 11,492,738 shares with a par value of SEK 0.173.

	Number of shares	Share capital, SEK	Additional paid-in capital
2011			
Closing value 31 December 2010	51,340	890,356	11,255,317
Opening value 1 January 2011	51,340	890,356	11,255,317
Change during the year:	26,500	459,572	20,936,053
Split	7,706,160	0	
Closing value 31 December 2011	7,784,000	1,349,928	32,191,370

	Number of shares	Share capital, SEK	Additional paid-in capital
2012			
Opening value 1 January 2012	7,784,000	1,349,928	32,191,370
Change during the year:	3,708,738	643,182	62,009,364
Exercised warrants	0	0	
Closing value at 31 December 2012	11,492,738	1,993,110	94,200,734

Note 22 | Other liabilities

Amounts in SEK	31/12/2012	31/12/2011	01/01/2011
Group and Parent Company			
Tax at source	227,114	124,944	-
Employer's contributions	134,391	75,607	-
Total	361,505	200,551	-

Note 23 | Accrued expenses and prepaid income

Amounts in SEK	31/12/2012	31/12/2011	01/01/2011
Group and Parent Company			
Accrued salaries and fees	724,104	312,263	160,000
Accrued social security contributions	87,920	98,832	50,272
Accrued holiday pay	285,394	58,360	-
Various consulting fees	197,511	1,265,000	271,645
Accrued capitalised expenses	1,238,325	452,859	-
Accrued pension expenses	272,208	151,098	-
Other items	473,149	86,683	-
Total	3,278,611	2,425,095	481,917

Note 24 | Line items

Amounts in SEK	31/12/2012	31/12/2011	01/01/2011
Group and Parent Company			
Contingent liabilities	None	None	None
Pledged collateral			
Restricted funds at bank, SHB, pledged to the benefit of the County Administrative Board of the County of Värmland regarding a commitment to restore land.	31,058	30,604	30,000
Restricted funds at bank regarding rent guarantee	45,600	45,600	-

Note 25 | Transactions with related parties**Related parties**

A related party is considered to be a subsidiary included in the Group, a party with direct or indirect controlling influence as well as close family members of such persons, members of the Company's Board of Directors, senior executives of the group and close family members of such persons.

During the financial year, Kopparberg Mineral AB invoiced SEK 255k (761k) in fees and expenditure. Nordic Iron Ore's receivable from Kopparberg Mineral AB amounted to SEK 38k at 31 December 2012.

	2012		2011	
	Liability to related party at 31 December	Receivable from related party at 31 December	Liability to related party at 31 December	Receivable from related party at 31 December
Related party relationships				
CEO, through companies	-	-	714,418	-
Owners: Kopparberg Mineral AB	-	37,703	40,375	-
Total	-	37,703	754,793	-

	2012		2011	
	Sale of services at 31 December	Purchase of services at 31 December	Sale of services at 31 December	Purchase of services at 31 December
Related party relationships				
CEO, through companies	-	-	-	1,562,406
Owners: Kopparberg Mineral AB	-	255,204	-	761,475
Total	-	255,204	-	2,323,881

For other remuneration for senior executives, see Note 8.

Note 26 | Events after the balance sheet date

There have been no significant events after the end of the period, apart from those described in the Directors' report.

The Board of Directors and CEO give their assurance that the consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and that they provide a fair presentation of the Group's position and earnings. The annual accounts were prepared in accordance with accepted accounting standards, and provide

a fair presentation of the Parent Company's position and earnings. The Directors' Report for the Group and Parent Company provide a fair overview of the Group's and Parent Company's operations, position and earnings, and describe material risks and uncertainty factors faced by the Parent Company and the companies included in the Group.

The income statement and balance sheet will be submitted to the AGM on June 28 2013.

Ludvika, May 23 2013

Ulf Adelsohn
Chairman of the Board

Anders Bengtsson

Jonas Bengtsson

Göran Ekdahl

Johnas Jansson

Tomas Olofsson

Lars-Göran Ohlsson

Per Storm

Christer Lindqvist
Chief Executive Officer

Our audit report was submitted on June 5 2013.

The audit report contains information of special importance.

Öhrlings PricewaterhouseCoopers AB

Annika Wedin
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of Nordic Iron Ore AB (publ), corp. id. no. 556756-0940

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts for Nordic Iron Ore AB (publ) for the year 2012. The Company's annual accounts and consolidated accounts are included in the printed version of this document on pages 30–54.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation of annual accounts which provide a fair presentation in accordance with the Annual Accounts Act, and consolidated accounts which provide a fair presentation in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director 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.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

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 the Parent Company as of 31 December 2012 and of its financial performance and its cash flows 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 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, 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 annual meeting of shareholders adopt the income statement and balance sheet of the Parent Company and Group.

Important disclosures

Without it affecting our opinion, we wish to draw attention to the section Financial position, liquidity and future capital requirement in the statutory administration report, in which it is stated that, at the time of submission of the annual accounts, financing for the next 12-month period has not been secured. The Company is actively working on such financing.

The Company's ability to continue operations depends on the implementation of financing according to plan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the Company's profit or loss and the administration of the Board of Directors and the Managing Director of Nordic Iron Ore AB (publ) for the year 2012.

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, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the Company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the Company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

We recommend to the annual 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.

Gävle, June 5 2013
Öhrlings PricewaterhouseCoopers AB

Annika Wedin
Authorised Public Accountant

Glossary

Apatite

A mineral composed of calcium phosphate mixed with either calcium fluoride or calcium chloride. 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

Oven in which the oxide-bound iron is reduced to pig iron.

Brown field

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

Core drilling

Rotary drilling used to extract a core of the rock.

Cut-off

The lowest level that is accepted for inclusion in a calculation of tonnage and average contents.

Diabase

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

Environmental permit

Permit in compliance with the Environmental Code to conduct mining and ore processing.

Exploitation concession

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

Exploration

The search for ore.

Exploration permit

Permit from the Swedish Mining Inspectorate for conducting exploration in a particular area.

Feasibility study

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

Flotation

Concentration process in which mineral grains in a liquid are lifted to the surface and “skimmed” off.

Geophysical measurements

Measurements with instruments that identify the physical properties of the rock (ores, tectonic structures).

Haematite

Mineral with the chemical composition Fe_2O_3 . Mined for the extraction of iron. Also previously called “Bloodstone ore”.

Inclined trackway

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

JORC (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 Fe_3O_4 . Mined for the extraction of iron. Also referred to as “black ore”.

Metavolcanites

Volcanic rocks which have undergone metamorphosis.

Mineral reserves

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

Mineral resources

Refers to mineralisation 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.

Mineralisation

Concentration of potentially economically interesting minerals in the bedrock.

Mining

Removing the 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 with respect to a given interest rate calculation.

Ore

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

Pegmatite

Igneous rocks with exceptionally coarse and variable grain size.

Pre-feasibility study (PFS)

Profitability study, which 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 resources in the calculations.

Preliminary economic assessment (PEA)

A preliminary economic study and early evaluation of a mining project that is designed to objectively identify the strengths and weaknesses of the project and highlight the relevant opportunities and threats, the resources required for implementation, and finally the prospects of success.

Raise

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

Shaft

Usually 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.

Slashing

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







Nordic Iron Ore AB
Vendevägen 85 A
SE-182 91 Danderyd

