

Table of contents

- 1 Summary of 2015
- 2 Nordic Iron Ore in brief
- 3 Exploration permits and mineral resources
- 4 Statement from the Managing Director
- 6 Market and products
- 8 Strategic positioning
- 9 Where NIO concentrates can be used
- 10 Mine planning and mineral resources
- 11 Plants and logistics
- 12 Ludvika Mines
- 14 Sustainability
- 15 Share capital and Ownership
- 16 Board of Directors
- 17 Management
- 18 Directors' Report
- 21 Statement of comprehensive income
- 22 Consolidated balance sheet
- 23 Consolidated statement of changes in equity
- 24 Consolidated cash flow statement
- 25 Income statement Parent Company
- 26 Balance sheet Parent Company
- 27 Changes in equity Parent Company
- 28 Cash flow statement Parent Company
- 29 Notes
- 40 Signatures of the Board
- 41 Auditor's report



ERA-MIN project

This EU funded project is hugely important to NIO and for Europe's future supply of iron ore. The grant for this project comes from the EU program ERA-MIN, a mineral resource oriented part of the European research network ERA-NET via the call, "Sustainable Supply of Raw Materials in Europe". The study will be conducted in cooperation with several industries including, Nordic Iron Ore in Ludvika, Norwegian industrial group Yara International which operates in agricultural chemicals and fertilizers, and the Geological Survey of Finland. The study will also be financed partly by the state innovation agency, Vinnova and SGU Geological Survey of Sweden.

This project is a great benefit to both NIO and to ERA-MIN. NIO is now involved in a research project using the most up to date and advanced geotechnical and geophysical measuring and data evaluation techniques. NIO is able to provide the ERA-MIN team with extensive access to drill cores and holes, and to geological and mineralogical data, which supports the geotechnical evaluation of resources in the region around Ludvika. This is a significant "win-win" situation for EU studies and the local mining industries of Scandinavia. The advanced technology and detailed data analysis lends a huge boost to the credibility and surety of the Feasibility Study (FS), currently being undertaken by NIO.

Summary of 2015

April Interim report for the Feasibility Study

completed by DMT. Mineral resources updated for Blötberget in conjunction with

this to:

MEASURED: 42.5 MT (41.9% FE)
INDICATED: 5.3 MT (38.2% FE)

INFERRED: 5.4 MT (33.5% FE)

May All permanent staff were terminated and

the office in Ludvika wound up.

August Garden Growth Industries becomes the

second largest owner through the

acquisition of existing shares.

September Paul Marsden appointed acting CEO after

Christer Lindqvist leaves the company.

October At an Extraordinary General Meeting,

Ryan Huff is elected as a full Board member; Christer Lindqvist and Per Storm

leave the Board at their own request.

November New share issues add SEK 18.9 million in

funds before issue costs.

December Supplementary process tests of crude ore from Blötberget on a pilot scale begin at

SGA and Weir Minerals in Germany.

2015

Nordic Iron Ore in brief

Vision

Nordic Iron Ore aims to become one of the major Swedish producers of high-grade ironore 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 to develop them into operational mines with sound long-term profitability that can supply high-grade products to steelworks in Europe and other parts of the world.

Strategy

Nordic Iron Ore aims to realise our business concept through:

- Exploring and developing high-grade ironore resources
- Creating an efficient, complete solution for mining, concentration and logistics
- Being an attractive business partner providing a high level of reliability of supply for selected customer segments anf having the ability to tailor products specifically to customers
- Producing and marketing a niche product with a very high iron content.

Objectives

The company's operational objectives are to:

- Resume mining operations at the Ludvika Mines, with an anticipated annual production of about 1.4 million tonnes of finished product at full operation
- Substantially expand its mineral resources, primarily through continued exploration of the Väsman field
- Obtain the necessary permits for mining operations in the Väsman field
- Sign long-term customer contracts for its entire production volume.

The company's financial objectives are to achieve profit on a par with the average for the industry within two years of the start of full-scale production.

Organisation

Nordic Iron Ore has a small organisation with an experienced management team supported by a number of external consultants and consulting firms with extensive experience from similar projects in Sweden.

Exploration permits and mineral resources

In 2015, the company relinquished a number of exploration permits in order to focus its activities on deposits with a direct impact on Ludvika Mines.

CURRENT EXPLORATION PERMITS

PERMIT ID	NAME	PERIOD OF VALIDITY	AREA (HA)
20022	Håksberg No 400	17-01-2011 – 17-01-2016	81.36
20004	Blötberget No 1	29-05-2007 – 29-05-2016	255.85
20014	Håksberg No 100	30-05-2007 – 30-05-2016	474.48
20015	Håksberg No 200	30-05-2007 – 30-05-2016	626.70
20016	Håksberg No 300	01-06-2007 – 01-06-2016	200.17
20005	Blötberget No 2	07-06-2007 – 07-06-2016	421.25
20020	Blötberget No 3	16-06-2010 – 16-06-2016	215.72
20021	Väsman No 1	02-08-2010 – 02-08-2016	483.46
20012	Främundsberget No 1	25-09-2008 – 25-09-2016	156.03

CURRENT MINING CONSESSIONS

NAME	MINERAL	PERIOD OF VALIDITY	AREA (HA)
Blötbergsgruvan K No 1	Iron, lanthanum, lanthanides, apatite	30-08-2011 – 30-08-2036	126.4
Håksbergsgruvan	Iron, copper, gold, molybdenum	15-12-2011 – 15-12-2036	136.3

MINERAL RESOURCES

	MEASUR	RED	INDICA	TED	INFERR	D	CLASSIFICATION
PROJECT	МТ	% FE	MT	% FE	МТ	% FE	ACCORDING TO
Blötberget	42.5	41.9	5.3	38.2	5.4	33.5	JORC 2012
Håksberg	-	-	25.4	36.4	11.6	36	JORC
Väsman		-	7	38.5	85.9	38.4	JORC

Statement from the Managing Director

In January 2011, the world market price for iron ore (IODEX 62%Fe) was as high as 190 USD/Tonne, then by December 2015 it was below \$40/t. The trend has defied all predictions and, really, all reason. There are several factors behind the this.

Some reasoning is logical and most people understand why there has been a decline n the iron ore price in the last couple of years. However no-one predicted falls in the price of the magnitude witnessed in recent months.

What has caused the dramatic price fall? Let me start with the most logical explanation. New big players have entered into the iron ore market place in the last 10-12 years which has led to the major iron ore companies increasing their production to maintain market share. This, in turn, has subsequently led to iron ore oversupply and hence the recent price declines. The fact that many smaller players have been put out of the market only marginally affects the price, as their production was a small part of the total. This price fall is further exacerbated by declines in the growth rate of primary markets such as China.

Low price of iron ore

There is an obvious and deliberate strategy from several of the largest companies, including Rio Tinto, BHP Billiton and Fortescue Metals Group, which account for 90 percent of Australia's iron ore production. It's called price war. A kind of giant musical-chairs, where there are fewer seats than the contestants. Those who sit on the last chairs can control supply, help increase prices and regain profitability.

The second explanation involves correlation. There is a very strong correlation between world oil prices and the world price for iron ore. It can hardly have escaped anyone's attention that oil prices are the lowest in decades and despite recent limited bounceback, oil is not likely to see major return to high levels for some time. As commodity market brokers will act in a similar manner on oil as for iron ore (or visa-versa),

whether or not the fundamentals really correlate.

So the more inexplicable part, the price of iron ore has fallen so low that it is difficult for anyone to make sustainable profits. But the strategy to put global companies at risk participating in a price war is a game fraught with great dangers. Rio Tinto is now admitting that this could be a long drawn out price war.

How does this affect Nordic Iron Ore? It would be naive to say that it has not forced us to revise our plans and forecasts for the future. Starting a new mine at the current low pricing would, for bulk iron ore products, be at best difficult. However if NIO can reduce the cost per tonne of product through good design and highly efficiency operations it could sell its high quality product into nearby markets at competitive prices, establish a small share of the market and maximise profits (margin) when the market comes back to a more sustainable level.

Trimming the costs

The ore that is available to us in southern Dalarna can make products of much higher quality than the low-grade ore that is now flooding the world market. This means that we will get paid more for our ore than the average world price, reflected by the 62%Fe IODEX. But by how much? Ultimately only the market will determine these matters, but our assessment is that even at these deflated prices NIO products would currently command around 10 USD per tonne premium over the lower-grade ores. It gives us a clear advantage in that we can maintain profitable production at a lower world price than many of our competitors.

During the year, we focused on just that: to be able to trim the cost of mining, processing and transportation as much as possible. By scrutinizing every step in the process and calculate the cost based on today's cost position, I think we have cut production costs by several USD/ton, compared with our previous calculations of a few years ago and fully expect that we will achieve some further reductions in our cash OPEX based on our current test-work programme. Our target is to be in a good position to get financed and be able to start construction to get into production quickly when the first signs that the market has turned.

The big problem is that we do not know when the iron ore market will pick up. I myself – and many others – believe that the current price situation is unlikely to last for more than maybe 18 months. Sometime around the turn of the year 2017-2018 should see significantly improved pricing in iron ore and I see this as a realistic time for NIO to start up construction, leading to production in 2019. The decision to move ahead is important, timing things to be able to react to take advantage of the current low costs and quick construction time whilst it is available is critical.

Ready for production

My focus in 2015 has, therefore been to try to make the company ready for financing, to start construction and ready for production when the market turns. My main tasks have therefore focused on continuing to develop the feasibility study to a high standard of credibility and seek to raise new capital in order to complete the study. Additional, I have been searching for new partners to secure the company's future and to cut our development costs. Significant time and effort has been made to reduce our expected production costs which can then be designed to be as low as possible.

My goal is that the technical part of the feasibility study should be completed as soon as possible, in 2016/17. But we need to ensure that our owners receive good value for their investment and keep faith in the project while finding new partners, industrial or marketing, who also have a long term strategic plan and are prepared to invest well into the production cycle. We must also be sure that there are investors ready to help finance from the development phase to production, on or before the day the market shows signs of turning upward. I'm in talks with several interesting potential off-take parties and this is an important job that will continue during 2016.

I know we're sitting on an iron mine, full of highgrade iron ore, with a good solution for production and logistics that gives us unique advantages when the prices return to normal.

Paul Marsden

Managing Director Nordic Iron One



My main tasks have therefore focused on continuing to develop the feasibility study to a high standard of credibility and seek to raise new capital in order to complete the study. Additional, I have been searching for new partners to secure the company's future and to cut our development costs and to ensure that our production costs will be designed to be as low as possible.

Market and products

Iron ore is one of the most important metals used in the production of both iron and steel, which means that it is an important input to machinery, motor vehicles and buildings. In purely financial terms, it is the single most important metal, with annual sales of approximately USD 225 billion.

Prices for iron ore have been falling since 2011, although it has mainly been the latest price decline that has captured the public's attention. After the sharp rise in prices in the early 2000s, investment in the iron ore sector increased, resulting in a large increase in capacity. As prices rose, demand for iron ore declined in the West, and in combination with China's growth rate, have resulted in a shift of demand from the West to the East. China's attempts to shift the focus of its economy from investment to consumption have also contributed to a reduction in the global demand for many metals. Growth in countries such as China and India have resulted in significant changes in global

trade in metals. For European iron ore companies like Nordic Iron Ore, access to transportation in the form of seaport and rail connections in conjunction with a cheap, stable supply of energy are extremely important.

The future for iron ore

The International Monetary Fund (IMF) predicts a continued future decline in the price of metals, including iron ore, but stresses that the bottom could soon be reached. On the demand side, the Chinese economy continues to be of great importance to global demand for iron ore. However, in the short term a continued slow-down in the growth rate in the Chinese economy could lead to further drops in prices.

On the supply side, low prices have meant that mines with high operating costs have been forced to close. In the short term, however, this reduction in supply is not anticipated to be so great that it will have a direct impact on the iron ore price, partially because low energy costs are keeping processing costs down in ore production and any vacuum is filled by one of the four larger iron ore producers. In addition, a better



USD 225

Iron ore has annual sales of approximately USD 225 billion

investment climate in Africa, Asia and South America is anticipated to maintain supply levels despite the fact that many high-cost mines are being closed. According to the IMF, this balance between supply and demand is indicative that metal prices will remain low in the short to medium term.

Key factors

Against the background of the anticipated trend in the price of iron ore, NIO has identified a number of critical key factors that we believe are essential for the profitable mining of iron ore. These assumptions concern the market generally. In order for a business to succeed in this market, they need:

- Proximity to the market or access to cost-effective transportation, along with access to competitive energy prices
- To produce high-grade iron ore that will attract higher prices than competitors
- An efficient production process that minimises O&M costs in the mine, thereby maintaining good operating margins.

ORE CONCENTRATE

Ore concentrate is the most enriched iron ore product and has a typical grain size of not more than 6 mm. This product is used as the



raw material for sintering and pelletisation processes producing sinter and pellets that can be used in blast furnaces. Ore concentrates account for around 20% of iron ore production. Iron ore concentrates used to trade at a discount to sinter fines, but in recent years the prices have been very similar, with concentrates often commanding a premium for their iron content and low levels of gangue and trace elements.

SINTER



Sinter is made generally using sinter fines with up to 15% concentrates and a binding agent after which the sinter is crushed into smaller pieces for use, just like pellets, in blast furnaces. Consequently, sinter does not have the same consistency in shape as pellets. In addition, sinter normally has a lower iron content than pellets.

Typically, sinter contains 56–59% Fe compared with pellets which are more commonly 62–68% Fe, mainly because the sinter plant is used as a method of re-using (recycling) iron and carbon bearing wastes and also for adding the flux additions for the blast furnace).

PELLETS



Pellets are made by the agglomeration of fine concentrate and a binding agent.

Pellets are commonly 8–18mm in size. Pellets are a value adding process which can enhance the blast furnace productivity and help improve thermall efficieny and reduce carbon emissions. Pellets are of a higher and more consistent quality, and consequently attract a premium price in relation to lump ore (6–30 mm).

Pellets are typically spherical and 8–18mm.

LUMP ORE



Lump is a natural product and therefore does not need to be sintered before use in a blast furnace process.

Normally lump or is sized between 6 and 30mm and again usually trades at a premium above fines price; though not always. The lump or is screened to remove fines (degredation) and then charged directly to the blast furnace

Lump ore can be used directly in blast furnaces and so trades at a premium price in relation to ore concentrate.

6-30

Normally, lump ore is screened to be between 6 and 30mm in size.

IRON MAKING IN BLAST FURNACE

Nordic Iron Ore plans to produce ore concentrate, intended for the production of pellets or sinter with high iron content.

Strategic positioning

The simple formula for profitable iron-ore mining is as follows: The key is to mine, process and transport the high quality products to the customers in a cost efficient manner.

Sweden and Scandinavia in general, have medium grade iron ore deposits (in the ground) that are generally readily processed to make high quality iron ore products which the global steel industries appreciate. Generally these iron ores can be extracted cost effectively and sold with a margin of profit. The key is to mine, process and transport the high quality products to the customers in a cost efficient manner.

For this reason NIO is currently working on implementing a well thought out business, well suited to face the long term challenges of the iron ore industries. This means not just optimising the individual parts of the business (mining, processing and logistics) but it means optimising all the stages of the business and integrating. It is important that we are able to maximise our production when it is the most advantageous and learn when to invest money to maintain the business model. Compared with our "peers" NIO is well placed to meet these challenges with efficient low-level underground mining techniques to be implemented, along with energy efficient processing facilities and the excellent network of national rail networks to carry the ores cost effectively to the existing port facilities to ensure efficient and cost effective distribution of the products to our international customers.

Product quality

Nordic Iron Ore expects to be able to differentiate itself from competing suppliers in relation to the steel industry by producing one of the highest grade iron ores on the market. This is positive, since high-grade iron ore is generally sold at a premium compared with lower-grade iron ore. This is because high-grade iron ore significantly reduces the production costs for steelworks that use the iron ore in their steel production. Using high-grade iron ore also reduces emissions from steelworks. Consequently, besides the economic advantages, there are also environmental benefits in using high-grade iron ore. Combined with our cost-effective and already well-developed infrastructure, NIO is therefore in an excellent position to generate

a sustainably high operating margin in its business activities in the long-term.

Logistics

Nordic Iron Ore is well-positioned to utilise an efficient logistics system that includes both railways and a deep-water port. The company intends to focus on sales to customers where Nordic Iron Ore is able to achieve a sufficiently high margin, where NIO can compete on equal or better terms than other producers.

One key aspect that NIO must demonstrate is that it is able to deliver the ore to the customers on time and with product consistency. The existing rail and port facilities in Sweden will readily allow NIO to achieve this important goal.

Ore is loaded onto vessels in the Port of Oxelösund. This port is ice-free all year round and with a depth of 16.5 metres can handle the biggest cargo ships that can enter the Baltic Sea. The port currently handles deliveries of ore to the steelworks located adjacent to the port and is well set up for handling deliveries from the iron ore mines in Bergslagen. The company's well-developed logistics chain lays the foundation for cost-effective transportation of its iron ores to its national and international customers.

Efficiency

In combination with its cost-effective transportation and potential to charge a premium compared with many of its competitors, the company's main strength lies in an efficient production process. As a result of the prevailing situation in the mining industry, the company views the prospects of being able to procure plant and equipment cost-effectively as excellent. These conditions are strong indicators that Nordic Iron Ore ought to be able to further reduce its anticipated investment costs and thus strengthen its profitability in connection with its planned start of production in 2019. The company's operating costs are constantly being reviewed with a view to improving the process design, process efficiencies and whole integrated business cost optimisation. Production methods are reviewed and alternative technology will be implemented where proven to be effective. Based on the knowledge gained from these tests, the company has seen opportunities to further reduce the calculated operating costs.

Where NIO concentrates can be used

	Pelletizing/ Sintering Operations	Steel mills with focus on efficiency	3 Small Niche Markets
Where to be used:	 DR and BF pellet production Integrated Pellet production High quality Sinter Processes with low quality feed available 	 Reducing operational expenses Meeting and exceeding environmental regulations Value high quality and stable supply Strategic supply to end user to provide "guaranteed" supply 	 Water treatment Coal washing as heavy media Heavy ballast/aggregate—pipe coating High quality metal powder Specialist magnets Lower volumes Project based
Potential Customers:	 Pellet plant operators, integrated steel works Markets: Europe, MENA, China, India, Vietnam, Indonesia 	 European steel companies, MENA DR pellet suppliers, DR producers in SE Asia, typically steel operators in Japan, Korea, India, Taiwan, Iran etc Markets: Europe, India, Japan 	• Predominantly in Europe
Feasibility:	Sinter production to improve Fe content	 Integrated steelworks as part of quality and environ- mental improvements 	Steel works to assist with improvements to meet environmental legislation

Mine planning and mineral resources

With the start of the Feasibility Study for Blötberget, Nordic Iron Ore has initiated the last part of the planning phase. Once this study is completed and financing is secured, the design and construction of the plants prior to production can begin.

NIO has all the permits for the extraction of ore in Sweden, which is is primarily regulated by the Minerals Act and the Environmental Code. The permits required for the development process are usually an exploration permit, an mining concession and an environmental permit. In addition, planning permission from the relevant municipality is required.

Exploration and evaluation

In order to localise deposits and increase and upgrade its mineral resources, the company is operating a continuous programme of exploration throughout the entire development process. This is effected through core drilling and geophysical surveys. When knowledge about a mineralisation is sufficiently advanced, the mineral resources are estimated, which then forms the basis for the estimation of mineral reserves and the further evaluation of the deposit.

Evaluation

A mineral deposit is normally evaluated in a series of steps involving an increasing level of detail. These aim to gather more detailed knowledge of the prevailing conditions for profitable mineral extraction. The initial study forms the basis for preparing the application to the Mining Inspectorate of Sweden for an mining consession. The next stage is then usually commenced – a Preliminary Economic Assessment (PEA) or a Preliminary Feasibility Study (PFS). A Feasibility Study (FS) then follows, which forms the basis for an investment and production decision.

Project planning and construction

After obtaining an mining consession, generally the project planning along with large-scale test mining and ore processing tests begin. The construction and installation of plants is normally initiated after the environmental permit has been obtained, an investment

decision has been made, and the requisite funding has been secured. After the start of production, a ramp-up period of running adjustments is normally required before the mine and ore processing plant reach full capacity.

Mineral resources

The total mineral resources at Blötberget were estimated in April 2015.

- Measured mineral resources 42.5 Mt, 41.9% Fe
- Indicated mineral resources 5.3 Mt, 38.2% Fe
- Inferred mineral resources 5.4 Mt, 33.5% Fe

Mineral resources are classified according to the extent of geological confidence about them as:

Measured mineral resources

A measured mineral resource is the part of a mineral resource for which the tonnage, density, shape and physical characteristics are so well known that they can be estimated with a reliability that is sufficient to accord the application of the technical and financial parameters required for calculating mineral reserves.

Indicated mineral resources

An indicated mineral resource is the part of a mineral resource for which the tonnage, grade and mineral content, density, shape and physical characteristics can be estimated with a reliability that is sufficient to permit the application of the technical and financial parameters required for calculating mineral reserves, drawing up a mining plan, and evaluating the economic viability of the deposit. The estimate is based on detailed exploration and testing data, reliably compiled and gathered through appropriate techniques from locations such as outcrops, trenches, test pits, quarry grindings and drill holes that are sufficiently proximate to each other that it is reasonable to assume geological and grade continuity.

Inferred mineral resources

An inferred mineral resource is that part of a mineral resource for which tonnage, grade and mineral content can be estimated based on geological surveys and limited sampling and assumed but not verified geological and grade continuity. The estimate is based on limited information and sampling, gathered by appropriate techniques from locations such as outcrops, sample pits, quarry grindings and drill holes.

Plants and logistics

To survive as a small supplier of iron ore, you must be able to deliver a high grade ore product to the customer at a competitive cost. Besides the high grade of the ore, this requires integrated and optimised mine, process plant and logistics solutions that deliver an optimised and integrated business delivering iron ore to customers.

The mine

The existing production infrastructure with shafts and drifts will be upgraded to allow for modern mining operations with much larger machines than those used in previous mining periods.

The mine's infrastructure will be supplemented by a new inclined conveyor belt transporting the raw ore from the mine to the new industrial area at Skeppmora, down to the 420-metre level where the primary crusher will be placed initially. This inclined tunnel, called the decline, will be built with a 1:7 incline and be approximately 3 kilometres long. It will be responsible for the ore and rock hauling via conveyor belt to the above ground plants and serve as a communication tunnel to the mine.



Ore concentration plant

The projected ore concentration plant will include crushing and grinding with magnetic and gravimetric separation, as well as flotation, dewatering and conveying to the product silo at the railway terminal.

Product loading terminal

The Product loading terminal with its switching yard will be located directly adjacent to the ore concentration plant in Skeppmora. The switch from the railway line to the railway siding leading to the load out trade and switching yard will be located level with Skeppmora. The detail design, which has been done under the direction of the Swedish Transport Administration, is complete and an integral part of the Feasibility Study. The ore wagons will be loaded from a remotely controlled load out silo next to the terminal.

Rail traffic to and from the terminal will be remotely controlled from the Swedish Transport Administration's dispatching centre in Hallsberg.

Tailings dam

The company intends to locate the tailings dam directly adjacent to the previously used landfill at Blötberget, located approximately two kilometres south west of the planned industrial area in Skeppmora.

The water contained in the deposited tailings will be collected in a settling basin and recirculated from there via a pipeline to the ore concentration plant, where it will be reused in the ore concentration process.

The planned tailings dam covers the area around and on top of the old tailings dam and is sufficient for the entire anticipated volume of tailings from the mining operations at both Blötberget and Håksberg. The tailings dam will be expanded in stages from an initial dam to its finished size over approximately 12 years.

Port

The company has an agreement in principle with the Port of Oxelösund from which the ore was shipped during previous mining operations in the 1970s. The Port is now ready to receive ore trains for transhipment to ships of up to Panamax size. Only minor investments are required, for which the Port will be responsible.

Ludvika Mines

Ludvika Mines is the collective name for a development project in three stages starting at Blötberget.

Ludvika Mines comprises the deposits at Blötberget, the Väsman field and Håksberg in the vicinity of Ludvika, and comprise a mineralised body roughly 15 kilometres long containing various types of iron mineralisations. For the first time in history, this vein is controlled by one and the same owner. Mining operations continued at both the Blötberget and Håksberg fields until 1979 when the owner at the time, SSAB, closed these mines. At that point in time, these mines were not exhausted. Activities ceased because of poor profitability due to a combination of low ore prices and major investment needs to improve production efficiency. The Väsman field, which has the biggest potential for expansion in the area, stretches from the mineralisations adjacent to Blötberget in the south to the Håksberg field in the north, with which it has a geological continuity.

Nordic Iron Ore aims to resume mining operations at Ludvika Mines. When fully operational, these mines are expected to have an annual production of roughly 4.4 Mt/y of concentrate with atypical iron content between 66 and 70 per cent. Initially, mining will be started at Blötberget where an annual production of around 1.35 Mt/y will be achieved at full operation. Given this rate of production and its current measured, indicated and inferred mineral resources, Blötberget is estimated to have a potential life of at least 14 years. When mining starts in the Väsman field and later in the Håksberg field, the life of the project will be extended

considerably. In addition, the company intends to continuously explore and evaluate potential expansions of the mineral resources.

The development of Ludvika Mines will follow an established plan in which a number of steps must be completed before any mining operations can be initiated. Construction for the project will only commence once the ongoing Feasibility Study for Blötberget has been completed and the necessary financing has been secured.

Blötberget

Nordic Iron Ore is currently carrying out optimisation of metallurgical concentration tests on bench and pilot scale at SGA's mineral testing facility in Germany.

Previous pilot studies carried out in 2014 resulted in approximately 8 tonnes of mainly magnetite concentrate with an average grade close to 70%Fe and a combined concentrate blend with magnetite and hematite nearly 69%Fe. This makes the product's grade among the highest that it is globally available. The purpose of the ongoing tests is primarily to improve the yield of the haematite ore through the optimisation of the ore processing, thereby obtaining data for the final design of the processing plant.

The deposits at Blötberget are comprised mainly of five mineralised bodies with varying magnetite and haematite content. Nordic Iron Ore's application for an mining concession for Blötberget was granted by the Mining Inspectorate of Sweden on 30 August 2011. The mining concession, which runs for 25 years with the option of an extension, entails the right to extract and exploit iron, lanthanum, lanthanides and apatite.

Väsman

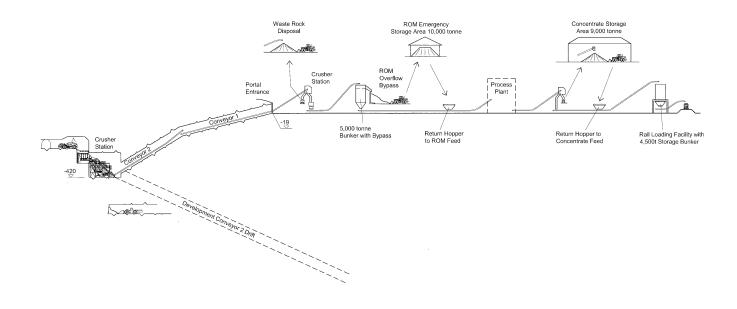
The Väsman field provides Nordic Iron Ore with an interesting expansion opportunity. The field is a direct continuation to the north of the iron mineralisations at Blötberget and Finnäset, and a southerly continuation of the Håksberg mineralisations. The bulk of the field is located under Lake Väsman, west of Ludvika. This means that the company can capitalise on its geographical location in terms of both logistics and infrastructure, and in the future, the three fields can potentially be mined from a common drift system.

In 2012, Nordic Iron Ore carried out a limited core drilling campaign which formed the basis for the mining consession application submitted to the Mining Inspectorate of Sweden in 2015 for the southern part of the Väsman field. The campaign comprised approximately 10,000 metres of core drilling and was carried out in part from floating barges on Lake Väsman and at Finnäset. The results from the drilling campaign were positive and show that within these limited parts of the Väsman field and down to a depth of roughly 300 metres, there are indicated and inferred mineral resources of 7.0 million tonnes with 38.5 per cent iron content, and 85.9 million tonnes with 38.4 per cent iron content.

Håksberg

Nordic Iron Ore's application for an mining consession for the Håksberg field was granted by the Mining Inspectorate of Sweden on 15 December 2011. The mining consession provides rights to extract and exploit iron, copper, gold and molybdenum for 25 years, with the option of an extension.

The mineralisations at the Håksberg field occur in four elongated parallel zones from Iviken by Lake Väsman in the south to Källbotten in the north. The iron oxide minerals are comprised of around 80 per cent magnetite and 20 per cent haematite. The indicated mineral resources at the Håksberg field down to the 350 metre level have been estimated at 25.4 million tonnes with an average iron content of 36.4 per cent. Previously completed drilling campaigns indicate that the potential for identifying additional tonnage at depth is substantial. Below the 350 meter level, primarily in the southern part of the field facing the Väsman field, deep hole historic drilling to around 800 meter suggests that the ore bodies continue to depth. Current mineral resource estimate to a shallower depth indicate mineral resources of at least 11.6 million tonnes with an iron content of roughly 36.0 per cent.



Sustainability

Sustainable development means satisfying humanity's needs today in a way that does not prevent future generations from satisfying their needs.

More specifically, this entails the long-term conservation of the production capacity of the Earth's water, land and ecosystems and minimising negative impacts on the environment and human health. Sustainable development can be divided into three areas:

- Economic sustainability economising with human and material resources in the long term.
- Social sustainability building a stable but dynamic society that is sustainable over the long term within which basic human needs are met.
- Environmental sustainability economic growth adapted to what the environment can tolerate without leading to environmental destruction.

Nordic Iron Ore's stated objective is to minimise its impact on the environment, local residents and the community at large, and to contribute to sustainable development. Matters relating to the environment and sustainability are therefore crucial in the planning of the company's operations. Over time, the company intends to certify its operations in accordance with ISO14001, and for its environmental work to use the environmental objectives of Dalarna as its beacon.

Management of sustainability efforts

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

Nordic Iron Ore's policies and guidelines

Sustainability policy

The basic principles governing how the company's operations are to be conducted in an economically, environmentally and socially sustainable way.

Personnel policy

The basic principles governing the employee's entitlement to employment that develops him/her and

involves taking responsibility in a working environment characterised by safety and security, respect for and confidence in each and every employee.

Environmental policy

Basic principles that provide guidance to ensure that the company's total environmental impact and resource consumption are as low as possible and contribute to sustainable and profitable development through continuous improvement.

Code of Conduct

A set of rules providing guidance on the company's responsibilities and conduct as a good business partner, employer and corporate citizen. The company has prioritised three areas in its environmental work:

- Minimising the impact on the natural environment in its sphere of operations
- Minimising emissions to the air and water
- Creating a safe working environment.

Environmental permit

Carrying on permanent mining operations is subject to permission from the Land and Environmental Court in accordance with the provisions of Sweden's Environmental Code, which establishes requirements regarding emissions to the air and water, noise, and the management of waste and hazardous substances. The application for a permit is accompanied by a comprehensive environmental impact assessment, the purpose of which is to identify and describe the direct and indirect damage that the planned operations could cause to humans, animals, plants, land, air, water, the climate, the landscape and the cultural environment. The application also covers management of land, water and the physical environment in general, as well as economising with materials, raw materials and energy.

On 20 March 2014, the Land and Environment Court at Nacka District Court handed down its judgement in support of the company's application for an environmental permit. In 2015, an important condition of the judgement was met when the County Administrative Board in Dalarna approved the company's compensation plan for natural values that will be lost at the restart of production at the Blötberget and Håksberg mines. The judgement also required the establishment of a restoration fund which will be built up over time, with a first major allocation as soon as the permit is made use of through the commencement of construction works on the plants.

Share Capital and Ownership

Share capital

Share capital at the end of the financial year amounted to SEK 6,337,854 distributed among 36,545,550 shares with a par value of SEK 0.1734 per share. The company's articles of association stipulate a share capital of not less than SEK 1,900,000 and not more than SEK 7,600,000, and a maximum number of shares totalling 44,000,000. No limitations apply to the transferability of shares under the articles of association or applicable legislation.

Ownership

On 31 December 2015, the number of shareholders was 3,519 physical and legal persons, of which the three biggest owners were Bengtssons Tidnings AB, Garden Growth Industries AB, and Elbolaget i Ludvika Montage AB.

Shareholder agreements and separate agreements
To the best of the company's knowledge, no shareholder agreements or other agreements exist between major shareholders, the purpose of which would be to coordinate influence and control over the company.

Authorisation for new share issues

At the 2015 AGM, a resolution was passed to authorise the Board of Directors to issue financial instruments with or without pre-emptive rights for existing shareholders. Under this authorisation, share issues may comprise in total the maximum number of shares, convertibles and/or warrants that fall within the limits stated in the articles of association.

SHAREHOLDERS 31-12-2015

Shareholders	Number of shares	Share of votes and capital
Bengtssons Tidnings AB	8,713,340	23.84%
Garden Growth Industries AB	4,350,000	11.90%
Elbolaget i Ludvika Montage AB	2,015,056	5.51%
Inlandsinnovation AB	1,971,887	5.40%
Mecapto AB	1,866,816	5.16%
Emil Nilsson	1,450,000	3.97%
Copperstone Resources AB	1,185,797	3.24%
Paul Lederhausen	1,147,805	3.14%
Günther&Wikberg Kapitalförvaltning AB	962,802	2.63%
Michael Mattsson	725,305	1.98%
Övriga aktieägare	12,156,742	33.26%
Total	36,545,550	100.00%

Board of Directors

The Board of Directors of Nordic Iron Ore AB consists of four members and two deputies. The shareholdings disclosed below include related parties and shareholdings via other companies, etc.













SIGRUN HJELMQVIST

Chairman of the Board since March 2015, Board member since March 2014. Born: 1956. Education: Master of Science in Engineering Physics and a Licentiate of Science in Applied Physics. Other assignments: Executive Partner at Facesso AB. Board member of Eolus Vind AB, Ragnsellsföretagen AB, the Technical University of Denmark. Chair of the Board of Addnode Group AB, Fouriertransform AB, Almi Invest Stockholm AB and Almi Invest Östra Mellansverige AB. Background: Sigrun Hjelmqvist has held various positions within the Ericsson Group and was involved in the establishment of the venture capital company BrainHeart Capital. Also has broad experience of working on a Board in a number of successful Swedish companies. Holdings in the company: -

2 JONAS BENGTSSON

Board member since June 2011. Born: 1969. Education: MBA, Stockholm University. Other assignments: CEO, Board member and owner of Jonas Bengtsson Invest AB and its subsidiaries. Board member of Bengtssons Tidnings AB and its subsidiaries. Board member of Svenska Landsortstidningars Förlagsaktiebolag and Origo Captal AB. Board member in property development projects such as Svensk Markförvaltning AB and its subsidiaries, Såpsjudaren Holding AB and its subsidiaries, and Någonting Holding AB and its subsidiaries. Board member of Kiai Fastighets AB. Background: Jonas Bengtsson is a partner at BTAB

Invest and has over 15 years' experience in the financial sector and financing of small and medium-sized industrial and property companies. **Holdings in the company:** 9,213,270 shares* directly and through other companies.

3 JOHNAS JANSSON

Board member since 2012. Born: 1971. Other assignments: CEO and owner, partner and Board member of Elbolaget Montage AB, Elbolaget Installations AB, Tallbackens Fastighet AB, Östansbotjärnen Fastighets AB, Ludvika Vedlager AB, Elbolaget Jansson & Co AB, Nordic Protection AB and Badhusudden AB. Background: Johnas Jansson is an entrepreneur with over 20 years' experience from the industrial sector and the staffing industry. He has developed and built up a number of industrial, staffing and real estate companies. Holdings in the company: 2,089,585 shares directly and through other companies.

4 RYAN HUFF

Board member since 2015. Born: 1986. Education: Huff holds a Bachelor of Business Administration with a focus on Finance, Organization & Management from the Goizueta Business School at Emory University in Georgia, USA. Background: Ryan Huff is the CEO of Applied Value's US operations and has many years of international experience from management consulting with a focus on strategic supply issues and purchasing, raw materials and improving operational efficiency, among other things. Holdings in the company: –

6 ANDERS BENGTSSON

Deputy Board member since 2014. Born: 1963. Education: MBA, Monterey Institute of International Studies. Other assignments: Board member of Scandinavian Biogas Fuels International AB, Bengtssons Tidnings AB and Diös Fastighet 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 the financing of small and medium-sized industrial and real estate companies. Holdings in the company: 8,897,550 shares* directly and through other companies.

6 TOMAS OLOFSSON

Background: since 2014. 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 a number of industrial, staffing and real estate companies. Holdings in the company: 713,816 shares directly and through other companies.

^{*} Inklusive BTABs innehav.

Management The company's management consists of the following senior executives. The shareholdings disclosed below include related parties and shareholdings through companies, etc.







PAUL MARSDEN

Chief Executive Officer since September 2015. 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 been Nordic Iron Ore's marketing and sales director in recent years, and has previously held various executive positions at Northland Resources SA, 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 almost 27 years with Corus Consulting (formerly British Steel Consultants Ltd). Paul Marsden's most recent position at Corus Consulting, as Project Director, included responsibility for preliminary studies and the 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: 9,131 shares directly and through other companies.

2 LENNART ELIASSON

CFO since April 2011. Born: 1956. Education: MBA, Uppsala University. Other assignments: Deputy Board member of the subsidiary Ludvika Mines AB. Background: Lennart Eliasson has worked as an authorised Public Accountant at

KPMG, where he was a partner and worked as a specialist in the financial analysis, sales of businesses and valuation issues. For nine years, Lennart Eliasson was also Vice President, Corporate Finance, at Swedbank Markets. Holdings in the company: -

4 HANS THORSHAG

CTO since May 2010. Born: 1950. Education: Mining Engineer, the Royal Institute of Technology in Stockholm. Other directorships: Board member of HT 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 a designated Qualified Person as defined by SveMin's regulatory framework. Holdings in the company: -

At the Annual General Meeting (AGM) on 22 May 2015, the 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 2016 AGM.

Directors' Report

OPERATIONS

The company's business consists of exploration and mining development, principally through the management and refinement of the exploration permits held by the company for iron-ore deposits in Vasterbergslagen.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR Organisation

To prepare the company for a temporary lower level of activity due to delays in raising capital and the company's declining liquidity position, and in order to create conditions for lower fixed operating costs, all permanent employee contracts were terminated in May. Two geologists were re-employed on a temporary basis during the autumn.

In early September, the company's Technical Sales and Marketing Director, Paul Marsden, was appointed Interim Managing Director to replace Christer Lindayist, who had left the company.

Raising of capital

In the third quarter, Nordic Iron Ore AB implemented a share issue directed to four shareholders who had provided loans to the company, and a rights issue. The company received subscription proceeds totalling more than SEK 18 M before the deduction of issuance costs in the rights issue, while loans amounting to SEK 3.1 million were converted to shares in the directed share issue. The issue price of new shares for both issues was SEK 1 per share. The proceeds were transferred to the company in early December.

Feasibility study for Blötberget

In April, the company's independent mining consultant for the feasibility study, DMT Group, completed an Interim Technical Report (ITR), which included mineral resources, life-of-mine planning and ore concentrate processing.

Due to the detailed analyses produced in connection with the interim ITR, a new estimation of the company's mineral resources in Blötberget could be announced. With a cut-off grade of 25% Fe, measured and indicated mineral resources in Blötberget now amount to 42.5 million tonnes with 41.9% Fe and 5.3 million tonnes with 38.2% Fe, while inferred mineral resources amount to 5.4 million tonnes with 33.5% Fe. (Estimates according to the Joint Ore Reserves Committee (JORC), 2012).

The interim report shows that over the life of the mine, the average estimated costs of production, including logistics costs but excluding, are about SEK 349 per tonne of dry product (USD 40.5). Investment costs for restarting the mine are an estimated SEK 1,560 M (USD 181 M), totalling about SEK 2,175 M (USD 252 M) over the life of the mine, which is expected to be 15 years. These costs are lower than the previous estimates reported in the preliminary economic assessment (PEA) from 2012, which also included the Håksberg field.

The lower production costs are partly due to greater knowledge of the mineral resources and their amenability to concentration, which primarily resulted in a highly improved mining and process layout, and partly to lower energy costs and an updated conversion rate for the USD. The interim report's calculations based on a USD to SEK exchange rate of SEK 8.62.

Additional pilot-scale testing for sample enrichment of about 10 tonnes of iron ore from Blötberget commenced toward the end of the year at SGA in Germany.

Väsman

During the year, an application for mining concession for the southern part of the Väsman field was submitted to the Mining Inspectorate of Sweden. In the application, measured and indicated mineral resources with a cut-off grade of 25% Fe amount to 5.1 million tonnes with 36.7% Fe and 42.9 million tonnes with 34.8% Fe, while inferred mineral resources amount to 37.8 million tonnes with 33.9% Fe, within the license application area. The estimates are based on such sources as the FRB standard issued by SveMin in 2012, which is essentially identical to the JORC Code in regard to, for example, the classification of mineral resources.

Customers

During the spring, a letter of memorandum of understanding was signed with a major international business concern regarding future product deliveries.

Under the agreement, the company has a professional business partner that is deemed to offer the best conditions for reaching the most qualified end-customers. The agreement covers all markets except Europe.

Permits

In 2015, one important condition in the judgment from the Land and Environment Court was met when the County Administrative Board of Dalarna approved the company's compensation plan for the natural values that will be lost when mining resumes at Blötberget and Håksberg.

Zoning of the industrial sites at Blötberget and Håksberg became legally effective during the year.

During the financial year, the company surrendered its exploration permits for Skeppmora 1 and Stråssa 4. The carrying amount of the permits was SEK 0.03 M, which was charged to earnings for the period.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

In April 2016, the company submitted a mining concession application for an area immediately adjacent to the concession area for Blötberget.

EMPLOYEES

During the financial year, the average number of employees was 4 (8). All were employed by the Parent Company.

FINANCIAL POSITION, CASH BALANCE AND FUTURE CAPITAL REQUIREMENTS

On the balance-sheet date, the Group had a cash balance of SEK 12.7 M. The equity/assets ratio was 86.98%. Consolidated equity amounted to SEK 106,839,000, corresponding to SEK 3.29 per share

The company needs to raise additional capital to finance its operations until the final feasibility study is completed and orders can be made for investment in concentration plants, terminal facilities and mining equipment, which will require substantial amounts of additional capital.

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 and the technical risks, the possibility of starting up operations depends on obtaining the requisite permits from authorities and on meeting the substantial requirement for capital. Nordic Iron Ore has obtained all of the permits required, but the substantially weakened price scenario in the global iron ore market is making it difficult to raise the necessary capital.

FUTURE PROGRESS

Following application of the Land and Environment Court's judgment on 24 June 2014, the operations have focused on the ongoing feasibility study and preparations for the construction phase. During the final phase of this work, customer contact will become increasingly important. A key component is that concentrates produced by process testing will be evaluated by potential customers.

CORPORATE GOVERNANCE

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

Corporate governance at Nordic Iron Ore is based on Swedish legislation, mainly the Swedish Companies Act, and the company's Articles of Association, as well as internal instructions prepared and adopted by the company.

The Swedish Corporate Governance Code (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 aim is to gradually apply 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

At the end of the financial year, the share capital totalled SEK 5,629,490, distributed between 32,460,954 shares (including SEK 708,364 pertaining to 4,084,596 paid and subscribed, but not registered shares), with a quotient value of SEK 0.1734 per share.

According to the Articles of Association, the company's share capital must not be less than SEK 1,900,000 or more than SEK 7,600,000, and the maximum number of shares is 44,000,000. No limitations apply to the transferability of shares under the Articles of Association or applicable legislation. At the 2015 AGM, a resolution was passed to authorise the Board of Directors to issue financial instruments with or without pre-emptive rights for existing shareholders. 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.

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 (AGM). The AGM passes resolutions on items including adopting the income statement and balance sheet, appropriation of the company's profit or loss, discharging the Board of Directors and Managing Director from liability, election of the Board and auditors and establishing their fees.

Under Nordic Iron Ore's Articles of Association, general meetings of shareholders can be held in the municipality of Ludvika, the intended location of the company's main operations, or in the municipality of Stockholm. Notice of AGMs and Extraordinary General Meetings (EGMs) at which an amendment to the Articles of Association will be addressed must be issued not earlier than six weeks and not later than four weeks prior to the meeting. Notice of any other EGM must be issued not earlier than six weeks and not later than two weeks prior to the meeting. Notice of the meeting is 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 is announced in Dagens Industri. Shareholders who are entered in the register of shareholders held by Euroclear, on the record day, and who have notified the company in time of their

intention to participate in the meeting are entitled to participate and vote for their shareholdings at the general meeting.

The 2015 AGM was held on 22 May at Piren restaurant in Ludvika, Sweden. The report from the AGM is published on the company's website. The AGM resolved to re-elect the following Board members: Jonas Bengtsson, Göran Ekdahl, Sigrun Hjelmquist, Johnas Jansson and Christer Lindqvist. Göran Ekdahl was elected Chairman of the Board. Anders Bengtsson, Tomas Olofsson and Per Storm were re-elected Board deputies.

At an EGM on 29 October, Ryan Huff was elected new Board member for the period until the next AGM, while Christer Lindqvist and Per Storm stepped down from the Board.

Göran Ekdahl died suddenly in December and Sigrun Hjelmquist was elected Chairman until the 2016 AGM.

NOMINATION COMMITTEE

The AGM resolved that the Nomination Committee be appointed by the Chairman of the Board contacting at least three of the largest shareholders at the end of 2015, in order for these to appoint one representative each who, together with the Chairman, would form a Nomination Committee. The Nomination Committee appoints its Chairman from among its members.

THE BOARD OF DIRECTORS AND ITS WORK PROCEDURES

The Board is responsible for Nordic Iron Ore's organisation and for the administration of the company's affairs. The Board regularly assesses the company's and Group's financial position and ensures that the company's organisation is structured such that accounting, asset management and the company's financial circumstances in general are appropriately controlled. The Board is elected for the period until the next AGM.

According to the Articles of Association, the Board is to consist of between three and ten members, with not more than ten deputies. The company's Board of Directors currently consists of four Board members, with two deputies.

The Board of Nordic Iron Ore comprises expertise and experience in areas that are important to the company. The Board consists of members with expertise and experience in management, business development and financing, as well as the market for steel and iron ore products.

Board work is conducted based on prevailing legislation, regulations and the rules of procedure adopted by the Board. The rules of procedure are regularly reviewed and adopted, at least once a year, at the statutory Board meeting following the AGM.

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

According to the Rules of Procedure, the Board is to hold at least six meetings in addition to the statutory meeting. In 2015, the Board held 16 meetings including telephone meetings at which minutes were taken. The significantly high number of meetings is related to the current phase of the company's operations, with many extra meetings occasioned by capital-raising activities. At its ordinary meetings, the Board addressed the fixed items on the agenda of each Board meeting pursuant to the Board's Rules of Procedure, such as the Managing Director's report on significant events since the previous meeting and financial reports.

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 follows the adopted financial reporting instructions.

The current Rules of Procedure, financial reporting instructions and the delegation of authority were adopted by the Board on 22 May 2015.

Information about the Board and senior executives is available on the company's website www.nordicironore.se under the heading Corporate governance, Articles of Association and information about the Board and senior executives. Reports from General Meetings are available under Press Releases. Information about fees paid to the Board is provided in Note x in the Annual Report.

MANAGING DIRECTOR

The Managing Director reports to the Board and bears the main responsibility for operating activities, including personnel, financial and accounting issues, regular contact with the company's stakeholders (such as authorities and the financial market) and for providing the Board with the information required to make well-founded decisions. The distribution of duties and responsibilities between the Board and the Managing Director is regulated by law, the company's instructions for the Managing Director regarding the distribution of duties between the Board and the Managing Director, and the delegation of authority adopted by the Board. The Chairman of the Board maintains ongoing dialogue with the Managing Director and, if necessary, attends extra Board meetings.

Paul Marsden has been Managing Director of the company since September 2015. He was previously the company's Technical Sales and Marketing Director. The Managing Director is presented in more detail on the company's website under About us/Organisation/Management. Information about remuneration of the Managing Director is presented in the notes to the financial statements.

INSIDER REGISTER AND INSIDER POLICY

In preparation for a future market listing of the company's share, the Board has adopted an insider policy. The insider policy regulates procedures for the periods during which trading in shares or other financial instruments is not permitted.

AUDIT

The auditor reviews the company's Annual Report and accounts, and the administration of the Board of Directors and Managing Director in accordance with the Swedish Companies Act and generally accepted auditing standards in Sweden.

The 2015 AGM re-elected the company's auditor Ohrlings PricewaterhouseCoopers AB, with Annika Wedin as auditor-in-charge for the period until the 2016 AGM.

INFORMATION FOR THE STOCK MARKET

Since the company has such a large number of owners, Nordic Iron Ore aims to keep the share market continuously informed about the company's operations, to ensure that the market's requirements regarding disclosure and timely information are adequately met. The company strive to follow disclosure requirements governed by legal provisions, and the Nasdaq First North Rulebook.

Nordic Iron Ore AB issues quarterly reports, year-end reports and annual reports, which are disclosed through press releases

and published on the company's website.

ENVIRONMENT AND SUSTAINABILITY

Mining operations are subject to stringent environmental and regulatory requirements, including restrictions on noise and emissions, the handling of hazardous substances and other health and safety risks.

Nordic Iron Ore's stated ambition is to minimise the company's impact on the environment, local residents and society in general. Issues related to the environment and sustainability are therefore central, and include the external environment, energy use and occupational health and safety.

PROPOSED APPROPRIATION OF PROFITS

Funds at the disposal of the AGM:

	Amounts in SEK
Retained earnings	-63,205,100
Share premium reserve	176,621,833
Loss for the year	-12,909,179
Total	100,507,604

The Board proposes that the profit, SEK 100,507,604, be carried forward

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

Consolidated statement of comprehensive income

Amounts in SEK 000	Note	2015	2014
Other operating income		100	0
Income		100	0
Other external costs	6, 7	-6,869	<i>-7,7</i> 41
Personnel costs	8	-4,164	-5,802
Depreciation, amortisation and impairment of property, plant and equipment, and intangible assets		-4,104	-4,985
	12, 13	-11,103	
Operating loss		-11,103	-18,528
Financial income	9	1	6
Financial expenses	9	-1,807	-4,010
Net financial expense		-1,806	-4,005
Loss after financial items		-12,909	-22,533
Income tax	10		-
LOSS FOR THE YEAR		-12,909	-22,533
OTHER COMPREHENSIVE INCOME		_	_
Total comprehensive income for the year		-12,909	-22,533
Attributable to:			······································
Parent Company shareholders		-12,909	-22,533
TOTAL		-12,909	-22,533
Number of shares			
No. shares at year-end	37	32,460,954	14,510,712
Average number of shares (before dilution)		16,289,394	11,996,735
Average number of shares (after dilution)		16,289,394	11,996,735
Earnings per share	11		
Earnings per share, weighted-average:			
basic, SEK		-0.79	-1.88
diluted, SEK		-0.79	-1.88

Consolidated Balance Sheet

Amounts in SEK 000	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Non-current assets			
Intangible assets			
Capitalised expenditure pertaining to exploration and evaluation	12	109,219	98,507
	-	109,219	98,507
Property, plant and equipment			
Machinery and equipment	13	221	360
	***************************************	221	360
Financial assets	***************************************		
Other non-current receivables	15	32	32
		32	32
Total non-current assets	-	109,472	98,898
Current assets		<u>-</u>	
Other receivables	17	458	2,318
Prepaid expenses and accrued income	18	201	328
Cash and cash equivalents	19	12,696	19, <i>7</i> 11
Total current assets		13,355	22,357
TOTAL ASSETS		122,827	121,255
EQUITY			
Equity attributable to Parent Company shareholders			
Share capital		6,338	2,516
Other paid-in capital		176,622	159,635
Retained earnings including comprehensive income for the year	-	<i>-7</i> 6,121	-63,212
Total equity		106,839	98,940
LIABILITIES			
Non-current liabilities	***************************************		
Borrowings	21	12,991	11,571
		12,991	11,571
Current liabilities			
Accounts payable		585	4,358
Other liabilities	22	133	407
Accrued expenses and deferred income	23	2,279	5,979
		2,997	10,745
TOTAL EQUITY AND LIABILITIES		122,827	121,255

Memorandum items

Amounts in SEK 000	Note	31 Dec 2015	31 Dec 2014
Pledged assets	24	31	32
	_		
Contingent liabilities		None	None

Consolidated Statement of Changes in Equity

	Attributable to Pa	rent Company s	hareholders	
Amounts in SEK 000	Share capital	Other paid-in capital	Retained earnings incl. profit/loss for the year	Total equity
Opening equity, 1 Jan 2014	1,993	94,209	-41,089	55,113
Loss for the year	_	_	-22,533	_
Comprehensive income for the year	•	-	-22,533	-22,533
Unused option premium		-410	410	
New share issue	523	71,872	-	72,395
Issue costs	•	-6,035	-	-6,035
Closing equity, 31 Dec 2014	2,516	159,635	-63,212	98,940
Opening equity, 1 Jan 2015	2,516	159,635	-63,212	98,940
Loss for the year	•	•	-12,909	-12,909
Comprehensive income for the year			-12,909	-12,909
Unregistered share capital	708	3,376		4,085
New share issue	3,113	14,837	-	17,950
Issue costs	•	-1,227	-	-1,227
Closing equity, 31 Dec 2015	6,338	176,622	-76,121	106,839

Consolidated Cash Flow Statement

Amounts in SEK 000	Note	31 Dec 2015	31 Dec 2014
Operating activities	-		
Loss for the year		-12,909	-22,533
Adjustment for non-cash items:			
Depreciation, amortisation and impairment	-	170	4,985
Other non-cash items	***************************************	_	47
Cash flow from operating activities before changes in working capital		-12,739	-17,500
Cash flow from changes in working capital			
Increase (-) Decrease (+) in operating receivables	•	1,986	-1,284
Increase (-) Decrease (+) in operating liabilities	•	-3,101	4,889
Cash flow from operating activities		-13,854	-13,895
Investing activities			
Acquisition of intangible assets	12	-10, <i>7</i> 43	-29,775
Cash flow from investing activities		-10,743	-29,775
Financing activities			
New share issue, net of issue costs	***************************************	14,678	58,679
Repayment of debt		-3,847	-15,635
Borrowings	•	6,750	14,333
Cash flow from financing activities		17,582	57,376
Cash flow for the year		-7,016	13,706
Opening cash and cash equivalents	-	19,712	6,005
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		12,696	19,711

Income statement – Parent Company

Amounts in SEK 000	Note	2015	2014
		100	
Other operating income		100	
Income		100	0
Other external costs	6, 7	-6,869	<i>-7,7</i> 41
Personnel costs	8	-4,164	-5,802
Depreciation, amortisation and impairment	12, 13	-170	-4,985
Operating loss		-11,103	-18,528
Interest income	9	1	6
Interest expenses	9	-1,80 <i>7</i>	-4,010
Net financial items		-1,806	-4,005
Tax on profit/loss for the year	10	_	_
LOSS FOR THE YEAR		-12,909	-22,533
STATEMENT OF COMPREHENSIVE INCOME	-		
Other comprehensive income		_	_
Total comprehensive income for the year		-12,909	-22,533

Balance sheet – Parent Company

Amounts in SEK 000	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Non-current assets			
Intangible assets			
Capitalised expenditure pertaining to exploration and evaluation	12	109,219	98,507
		109,219	98,507
Property, plant and equipment	*		
Machinery and equipment	13	221	360
	•	221	360
Financial assets			
Participations in Group companies	14	50	50
Other non-current receivables	15	32	32
		82	82
Total non-current assets	•	109,522	98,948
Current assets			
Other receivables	17	458	2,318
Prepaid expenses and accrued income	18	201	328
Cash and bank balances	19	12,652	19,668
Total current assets		13,312	22,314
TOTAL ASSETS		122,834	121,262
EQUITY AND LIABILITIES			
Equity	-		
Restricted equity	-		
Share capital	***************************************	6,338	2,516
	***************************************	6,338	2,516
Non-restricted equity			
Share premium reserve		176,622	159,635
Retained earnings		-63,205	-40,673
Loss for the year		-12,909	-22,533
		100,508	96,430
Total equity		106,845	98,946
Liabilities			
Non-current liabilities	-		
Borrowings	21	12,991	11,571
Total non-current liabilities		12,991	11,571
Current liabilities			
Accounts payable	•	585	4,358
Other current liabilities	22	133	407
Accrued expenses and deferred income	23	2,279	5,980
Total current liabilities		2,997	10,745
		15.000	22,316
Total liabilities		15,988	22,310

Memorandum items

Amounts in SEK 000	Note	31 Dec 2015	31 Dec 2014
Pledged assets	24	31	32
Contingent liabilities		None	None

Changes in Equity – Parent Company

Restricted equity		Non-			
Amounts in SEK 000	Share capital	Share premium reserve	Retained earnings	Loss for the year	Total equity
Opening equity, 1 Jan 2014	1,993	94,209	-25,274	-15,809	55,119
Appropriation of profits			-15,809	15,809	
Unused option premium		-410	410	-	-
New share issue	523	71,872	-		72,395
Issue costs		-6,035	-	-	-6,035
Loss for the year	-	•	***************************************	-22,533	-22,533
Closing equity, 31 Dec 2014	2,516	159,635	-40,673	-22,533	98,946
Opening equity, 1 Jan 2015	2,516	159,635	-40,673	-22,533	98,946
Appropriation of profits	-	•	-22,533	22,533	_
New share issue	3,113	14,837			17,950
Issue costs		-1,227	-		-1,227
Unregistered share capital	708	3,376		-	4,085
Loss for the year			-	-12,909	-12,909
Closing equity, 31 Dec 2015	6,338	176,622	-63,206	-12,909	106,845

Cash Flow statement – Parent Company

Amounts in SEK 000	Note	31 Dec 2015	31 Dec 2014
Operating activities			
Loss for the year		-12,909	-22,533
Adjustment for non-cash items:	***************************************		
Depreciation, amortisation and impairment	•	170	4,985
Cash flow from operating activities before changes in working capital		-12,739	-17,547
Cash flow from changes in working capital			
Increase (-) Decrease (+) in operating receivables		1,986	-1,284
Increase (-) Decrease (+) in operating liabilities	•	-3,101	4,889
Cash flow from operating activities		-13,854	-13,941
Investing activities			
Acquisition of intangible assets	12	-10,743	-29,775
Cash flow from investing activities		-10,743	-29,776
Financing activities			
New share issue, net of issue costs		14,678	58,679
Repayment of debt		-3,847	-15,635
Borrowings		6, <i>7</i> 50	14,333
Cash flow from financing activities		17,582	57,376
Cash flow for the year		-7,016	13,659
Opening cash and cash equivalents		19,668	6,009
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		12,652	19,668

Notes

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 the exploration permits and the exploitation concessions held by the company for iron-ore deposits in Västerbergslagen (a geographical area in the south of Dalarna). In addition to the Parent Company Nordic Iron Ore AB, the Nordic Iron Ore Group consists of the wholly owned subsidiary Ludvika Gruvor AB. The Parent Company is a limited liability company registered in Sweden and domiciled in the municipality of Ludvika. The street address of the head office is Vendevagen 85 A, SE-182 91 Danderyd, Sweden. All amounts are stated in Swedish kronor (SEK) unless specified otherwise. The information in parentheses pertains to the preceding year. The Board approved the publication of the annual accounts and consolidated financial statements on 29 April 2016.

Note 2

Summary of important accounting policies

BASIS FOR PREPARING THE STATEMENTS

The following accounting and valuation policies pertain to both the consolidated financial statements and the Parent Company's annual accounts unless otherwise specified. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Commission for application within the EU.

The most important accounting policies applied in the preparation of these consolidated financial statements are presented below. The consolidated financial statements have also been prepared in compliance with Swedish law and the application of RFR 1, Supplementary Accounting Regulations for Groups, as published by the Swedish Financial Reporting Board. The Parent Company's accounts have been prepared in accordance with RFR 2,

Accounting for Legal Entities, and the Swedish Annual Accounts Act. In cases where the Parent Company applies accounting policies that differ from those of the Group, this is described separately under the heading Parent Company's accounting policies. Preparing financial statements that comply with IFRS requires the use of certain critical accounting estimates. Management is also required to make certain judgements in the application of the Group's accounting policies The areas that require a higher degree of judgement or complexity, or such areas where assumptions and estimates are of material importance to the consolidated financial statements, are described separately.

New standards, amendments and interpretations applied by the Group

None of the new standards, amendments or interpretations that became effective for the 2015 financial year have had any material impact on the consolidated financial statements.

New standards and interpretations that have not yet been applied by the Group

In the preparation of these consolidated financial statements at 31 December 2013, a number of standards, amendments and

interpretations of existing standards that are not yet effective, were not applied prospectively by Nordic Iron Ore AB. The following is a preliminary assessment of the impact of the standards considered relevant to Nordic Iron Ore AB:

- IFRS 9, Financial instruments (issued 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 classification and measurement of financial assets and will probably impact the Group's recognition of financial assets. The provisions relating to financial liabilities are essentially transferred from IAS 39, with the exception of the fair value alternative. The Group has not yet evaluated the effects. The standard is effective for financial years beginning on or after 1 January 2018. Early adoption is permitted.
- IFRS 15 is the new standard for revenue recognition. IFRS 15 supersedes IAS 18 Revenue and IAS 11 Construction Contracts and all related interpretations (IFRIC and SIC). The standard is effective for financial years beginning on or after 1 January 2018.

Revenue is recognised when the customer obtains control over the sold goods or services, replacing the principle of recognising revenue when the risks and benefits have been transferred to the buyer.

- IFRS 16 Leases. In January 2016, IASB issued a new lease standard that will supersede IAS 17 Leases and related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities relating to all leases, with some exceptions, be recognised in the balance sheet. This form of recognition is based on the approach that the lessee obtains the right to use an asset for a specific period of time in exchange for consideration. The lessor's recognition will essentially remain unchanged. The standard is effective for financial years beginning on or after on 1 January 2019. Early adoption is permitted provided that IFRS 15 Revenue from Contracts with Customers is also applied. The EU has not yet endorsed the standard. The Group has not yet evaluated the effects of IFRS 16.

None of the other IFRS or IFRIC interpretations that are not yet effective are expected to have any material impact on the Group.

CONSOLIDATED FINANCIAL STATEMENTS

The acquisition method is used to recognize the Group's business combinations. Identifiable acquired assets and assumed liabilities in a business combination are initially measured at fair value on the date of acquisition. Acquisition-related costs are expensed as they Subsidiaries are all the companies for which the Group has the right to formulate financial and operating strategies in a manner commonly accompanying participations amounting to more than half of the voting rights. The occurrence and effect of potential voting rights that are currently available to utilize or convert are taken into account in the assessment of whether the Group exercises controlling influence over another company. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the control ceases. Intra-Group transactions and balance-sheet items, and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred

asset. Where necessary, the accounting policies for subsidiaries have been adjusted to guarantee consistent application of the Group's policies.

The Group's only subsidiary was formed under the Group's own auspices and 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 in accordance with the exchange rate prevailing on the transaction date. Exchange-rate gains and losses resulting from settlement of such transactions and from the translation at the closing rate of accounts receivable and accounts payable and in foreign currency are recognised in profit and loss.

INTANGIBLE ASSETS

Capitalised expenditure pertaining to exploration and evaluation

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

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. On the start of commercial mining operations, capitalised development expenditure attributable to Ludvika Gruvor will no longer be classified as exploration and evaluation assets.

Reclassification will then be performed, 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 are impairment-tested when facts and circumstances indicate that the carrying amount may exceed its recoverable amount. An impairment loss is recognised as an expense in profit or loss. One or more of the following factors and circumstances indicate a 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 the probable continuation of development in the area in question, that the carrying amount of the exploration and evaluation asset can probably not be recovered in its entirety through successful development or sale.

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at cost less depreciation. Cost includes expenditure directly attributable to the acquisition of the asset. Subsequent expenditure is added to the asset's carrying amount or recognised as a separate asset, depending on which is appropriate, only when it is probable that future economic benefits associated with the asset will accrue to the Group and the cost of the asset can be reliably measured.

The carrying amount of the replaced portion is derecognised from the balance sheet. All other forms of repairs and maintenance are expensed in profit or loss as incurred. Depreciation of other assets, in order to distribute their cost down to the calculated residual value, is performed on a straight-line basis over the estimated useful life as follows:

Machinery and equipment 5 years

Gains and losses on disposals are determined by comparing the sales proceeds 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 as necessary. In addition, the carrying amount of an item of property, plant and equipment is immediately impaired to its recoverable value if the carrying amount of the asset exceeds its estimated recoverable value. Property, plant and equipment are assessed with respect to declines in value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognized in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling costs, 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 profit and loss. 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 under the following categories: loans receivable and accounts receivable, and other financial liabilities. Classification depends on the purpose for which the financial asset or liability was acquired.

General policies

Purchases and sales of financial assets and liabilities are recognised on the transaction date – the date on which the Group commits to purchase 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 classified 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 that a financial asset requires impairment.

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 interest rate calculated when the liability was assumed. For accounts payable the expected maturity is short and, accordingly, 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 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 cashflow statement include cash and bank balances.

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 earnings for the year attributable to Parent Company shareholders by a weighted average number of outstanding shares during the period. In calculating diluted earnings per share, the average number of shares is adjusted for all shares with a potential dilution effect. This includes issued warrants. A warrant gives rise to a dilution effect if the strike 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 profit and loss distributed over the loan period and applying the effective interest method.

BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are recognised as part of the cost of the qualifying asset. All other borrowing costs are expensed as incurred.

CURRENT AND DEFERRED TAX

Income tax comprises current tax and deferred tax. Income tax is recognised in profit and loss except when an underlying transaction is recognised directly in equity.

Current tax

Current tax is tax payable or receivable with respect to the current financial year and any adjustment of tax with respect to preceding financial years. The current tax expense is estimated according to the tax rate applicable to the tax assessment. In the balance sheet, the tax asset or tax liability for current tax is recognised as current.

Deferred tax

Deferred tax is calculated on the difference between the carrying amounts and taxable values of the company's assets and liabilities. Deferred tax is recognised according to the balance-sheet method. Deferred tax is recognised on basically all temporary differences arising between the taxable values of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is calculated by applying tax rates (and laws) decided or announced as per the balance-sheet date, and which are expected to apply when the applicable deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future tax surpluses will be available, against which the temporary differences can be utilised. There are currently no differences between taxable values and carrying amounts in the company's balance sheet and, accordingly, 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 OF EMPLOYEES Pension obligations

Nordic Iron Ore AB only has defined-contribution plans. For these, Nordic Iron Ore AB pays fees to pension insurance plans, administered by the public or private sector, 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 costs when they fall due for payment. Prepaid contributions are recognised as an asset insofar as cash repayment or a reduction in future payments can accrue to the Group.

REVENUE RECOGNITION

Interest income is recognised as revenue distributed over the duration through application of the effective interest method.

LEASES

Leases are classified in the consolidated financial statements as either finance or operating leases. A finance lease essentially transfers the economic risks and rewards associated with ownership to the lessee; any other case is an operating lease. For operating leases, lease payments are expensed across the term of the lease based on its useful life, which can differ from actual payments made to cover lease payments during the year. All leases in the Group are classified as operating leases.

PARENT COMPANY'S 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 financial statements, mainly with respect to financial income and expenses, the statement of comprehensive income, provisions and the statement of changes in equity.

SHARES IN SUBSIDIARIES

Shares in subsidiaries are recognised at cost less any impairment. Dividends received are recognised as financial income. Dividends exceeding the comprehensive income of the subsidiary for the period, or for which the carrying amount of the holding's net assets in the consolidated financial statements fall below the carrying amount of the participations, indicate a need for impairment. When there is an indication that shares in subsidiaries have declined in value, the recoverable amount is calculated. In the event that the recoverable amount is lower than the carrying amount, an impairment is made. Impairments are recognised under the item Profit/Loss from participations in Group companies.

Borrowing costs

All borrowing costs are expensed as incurred.

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 a range of different financial risks - market risk (comprising: currency risk, interest risk in cash flow and price risk), credit risk and liquidity risk. The Group's financial policy/risk-management policy focuses on minimising potentially adverse effects on Group earnings.

Market risk

- Currency risk is the risk of exchange-rate fluctuations negatively affecting the company's profit, financial position and/or cash flows. Currency risk comprises both transaction and translation risk. The company currently has no material currency exposure since operating activities largely have costs linked to the Swedish krona (SEK). Decisions about any future mining will involve the need for significant investments in mining and processing 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.
- The Group is not currently exposed to any price risk.
- Interest rate risk is only limited at present since raised loans carry a fixed interest rate.

Credit risk

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

Liquidity risk

Liquidity risk is the risk of the Group lacking sufficient cash and cash equivalents to meet its financial liabilities. The company carefully monitors forecasts for the Group's liquidity reserve to ensure that the Group has sufficient funds to meet the needs of operating activities. At 31 December 2015, the Group had a cash balance of SEK 12,696,000 (19,711,000). The Group has no credit facilities.

Maturity analysis

At 31 December 2015	Within 1 year	1 and 5 years	More than 5 years
Interest on long-term borrowings		2,991	_
Amortisation on long-term borrowings	_	10,000	_

Capital risk

To secure the financial resources required to maintain momentum in the project, the company completed a round of financing in the fourth quarter in the form of an issue directed to a limited group of investors and a rights issue for existing shareholders. The issues raised SEK 18.9 M for the company before issue costs. Loans totalling SEK 3.1 M were converted to equity in December 2015.

The company deems capital risk to be the most significant form of risk during the company's development phase.

Note 4 Critical accounting estimates and assumptions

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

(a) Impairment testing for exploration and evaluation work Exploration and evaluation assets are impairment tested, based on the requirements in 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 disclosures are provided pursuant to the requirements in IAS 36 – Impairment of Assets. At 31 December 2015, the value of intangible assets, capitalised exploration and evaluation expenditure, amounted to SEK 109,219,000 (98,507,000). Among other things, the value is dependent upon the opportunities and resources for developing the capitalised expenditure into mineable deposits. Should the circumstances of the underlying assessments, on which the value of the intangible assets is based, change, and facts and circumstances arise to indicate 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 relinquished to the issuer.

(b) Assessment of potential capitalisation of loss carry-forwards Unutilised loss carry-forwards are booked as deferred tax assets 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 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.

No time limit applies to 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 expenses, including fees for restoring land and for damage due to land contamination. Since the company has not commenced mining operations and only carried out limited exploration, no provision for restoration costs has been recognised.

Note 5 Segment reporting

Operating segments are reported such that they match the internal reporting submitted to the chief operating decision maker (CODM). The CODM is the function responsible for allocating resources and assessing the performance of the operating segments. For the Group, this function has been identified as the Managing

Director. Until the end of 2015, Nordic Iron Ore AB operated within one operating segment, that is, exploration for and evaluation of mineral resources. The operations are conducted in Sweden. The operating segment identified in Nordic Iron Ore AB thus coincides with reporting for the Group as a whole. Additional information regarding revenue from external customers and non-current assets for geographic areas, as well as information about major customers, is not applicable to the Group because operations are only conducted in Sweden and the Group has not yet reported any revenue.

Note 6

Auditors' fees

Audit fees pertain to examination of the annual accounts and the accounting records, the administration of the Board of Directors and the Managing Director, other duties incumbent upon the company's auditors and advisory or other services arising from observations made during such examination or the performance of other such duties. Everything else is defined as other assignments.

Audit fees

Amounts in SEK 000	2015	2014
Group and Parent Company		
PWC		
Audit engagement	303	154
Other services	23	11
Total	327	165

Note 7

Leases

Amounts in SEK 000	2015	2014
Group and Parent Company		
Maturity:	-	······································
Within one year	-	18
Between one and five years	-	-
More than five years	-	_
·	_	18

The Group has no finance lease commitments. Operating lease commitments for the Group and Parent Company are shown respectively 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 in 2014 pertained to a car and two photocopying machines. The lease terms for these expired in 2015. The Group thus has no operating lease commitments.

Note 8 Remuneration of employees, e	tc.	
Average number of employees	2015	2014
Group and Parent Company		
Men	3	6
Women	1	2
Total	4	8
Gender distribution in management	2015	2014
Group and Parent Company		
Number of Board members	4	6
of which women	1	1
Managing Director and other senior executives	3	5
of which women	0	1

Salaries, other remuneration	0015	0014
and social security contributions	2015	2014
Group and Parent Company		
Board and CE	1,957	1,700
Other employees	2,376	3,248
Total	4,333	4,947
Pension expenses for the Board and		
Managing Director	177	312
Pension expenses for other employees		
 defined-contribution plans 	211	310
Social security contributions	1,229	1,613
Total	1,617	2,235

SEK 1,394,000 of these costs were capitalised.

Pension obligations

Nordic Iron Ore AB only has defined-contribution plans.

Remuneration of the Board and Managing Director and other senior executives

Fees are payable to the Board Chairman and members according to the resolution of the AGM. Remuneration of the Managing Director amounts to GBP 10,460 per month. The current Managing

Director has a consultancy agreement that expires in May 2016. There are no agreements regarding severance pay for either the Managing Director or senior executives (2 individuals).

2015

Amounts in SEK 000	Fees	Salaries	Other benefits and remuneration	Pension	Total
Amounts in SER 000	rees	Salaries	remuneration	expenses	remuneration
Sigrun Hjelmqvist, Chairman of the Board					
from 1 Dec 2015	100				100
Sigrun Hjelmqvist, Board member	38		•		38
Göran Ekdahl, Chairman of the Board				•	
until1 Nov 2015	100				100
Christer Lindqvist, Board member and Managing	-	-		•	
Director until 31 Aug 2015		1,000		1 <i>77</i>	1,1 <i>77</i>
Paul Marsden, Managing Director from 1 Sep 2015	_	532		-	532
Jonas Bengtsson, Board member	75	•	•	•	75
Johnas Jansson, Board member	<i>7</i> 5	•	•		<i>7</i> 5
Ryan Hoff, Board member	38	••••		•	38
Other senior executives, 2 individuals ¹⁾		2,869	•	199	3,068
Total	425	4,401	-	376	5,202

¹⁹There were 4 senior executives until 31 August 2015.

2014

A I . CEK 000	F	e le te	Other benefits and	Pension	Total
Amounts in SEK 000	Fees	Salaries	remuneration	expenses	remuneration
Göran Ekdahl, Board member	200				200
Christer Lindqvist, Board member and Managing Director		1,200		312	1,512
Jonas Bengtsson, Board member	<i>7</i> 5	•	•		75
Lars-Göran Ohlsson, Board member	<i>7</i> 5	•		•	75
Johnas Jansson, Board member	75	•	•		75
Sigrun Hjelmquist, Board member	75	•		•	75
Other senior executives, 4 individuals		3,068	•	246	3,314
Total	500	4,268	-	558	5,326

Total financial expenses

Exchange-rate differences

Total financial expenses

Parent Company
Interest expenses, external

2014

2014

4,010

4,010

4,010

4,010

1,807

1,630

1,807

177

Financial income	
Amounts in SEK 000	2015
Group	
Interest income	1
Total financial income	1
Parent Company	
Interest income	1
Total financial income	1
Financial expenses	
Amounts in SEK 000	2015
Group	
Interest expenses, external	1,630
Exchange-rate differences	177

Interest expense for the year pertains to interest on investment loans.

Note 10 Income tax/tax on profit for the year

The difference between recognised tax (known as the tax expense) and the estimated tax expense based on the applicable tax rate is as follows:

Amounts in SEK 000	%	2015	%	2014
Group				
Pre-tax loss	_	-12,909	-	-22,533
Tax according to applicable tax rate	22.0%	2,840	22.0%	4,957
Tax effect of		•		
Non-deductible expenses		-9		-27
Non-taxable income		1		
Issue costs		207		1,328
Tax effect of net loss/gain from operations not recognised as		•	•	
deferred tax assets		-3,102		-6,258
Recognised current tax expense	0.0%	_	0.0%	-

Amounts in SEK 000	%	2015	%	2014
Parent Company		_		_
Pre-tax loss		-12,909		-22,533
Tax based on the applicable tax rate for the Parent Company	22.0%	2,840	22.0%	4,957
Tax effect of		•		
Non-deductible expenses		-9	•	-27
Non-taxable income		1		
Issue costs		207	•	1,328
Tax effect of net loss from operations not recognised as deferred		0.100		
tax assets		-3,102		-6,258
Recognised current tax	0.0%	_	0.0%	_

Tax loss carry-forwards				
Amounts in SEK 000	2015	2014		
Parent Company				
Tax loss carry-forwards	90,787	<i>7</i> 6,691		
Group				
Tax loss carry-forwards	90,794	76,697		

No time limit applies to the utilisation of loss carry-forwards in the $\mbox{Group}.$

The weighted average tax rate for the Group and Parent Company is 22% (22%).

Note 11 Earnings per share

Amounts in SEK 000	2015	2014
Earnings per share, basic		
Earnings attributable to Parent Company shareholders	-12,909	-22,533
Average number of shares	16,289,394	11,996,735
Number of shares when calculating basic earnings per share	16,289,394	11,996,735
Earnings per share, diluted		
Earnings attributable to Parent Company shareholders	-12,909	-22,533
Average no. of shares	16,289,394	11,996,735
Number of shares when calculating diluted earnings per share	16,289,394	11,996,735

Earnings per share, basic

The calculation of earnings per share attributable to Parent Company shareholders is based on earnings for the year after tax attributable to Parent Company shareholders in relation to a weighted average number of shares amounting to 16,289,394 (11,996,735).

Earnings per share, diluted

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

Weighted average number of shares,

basic and diluted	2015	2014
Opening average number of shares	•	
basic	11,996,735	11,492,738
diluted	11,996,735	11,492,738
Closing average number of shares		
basic	16,289,394	11,996,735
diluted	16,289,394	11,996,735

Note 12 Intangible assets

Amounts in SEK 000

Exploration and evaluation work

Closing carrying amount	109.219	98.507
Sales and disposals	-31	-4,846
Acquisitions during the year	10,743	29,775
At the start of the year	98,507	73,578
Accumulated cost		
Group and Parent Company		

31 Dec 2015 31 Dec 2014

Capitalised expenditure pertaining to exploration and evaluation

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

During the year, all items associated with exploration were capitalised, including personnel costs.

Note 13 Property, plant and equipment

Machinery and equipment

Amounts in SEK 000	31 Dec 2015	31 Dec 2014
Group and Parent Company		
Accumulated cost	-	
At the start of the year	696	696
Acquisitions during the year	_	_
Closing accumulated cost	696	696
Accumulated amortisation and impairment	-	
At the start of the year	-336	-196
Amortisation and impairment for the	-	
year	-139	-140
Closing accumulated amortisation and impairment	-475	-336
Carrying amounts	221	360

Amortisation

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

Impairment testing

The residual value and useful lives of the assets are tested at the end of each reporting period and adjusted as necessary. No impairment was deemed necessary for the period.

Note 14 Shares and participations in subsidiaries

Amounts in SEK 000	31 Dec 2015	31 Dec 2014
Parent Company		
Accumulated cost		
At the start of the year	50	50
Closing balance	50	50

The table below provides a breakdown of the company's holding of shares and participations in Group companies at 31 Dec 2015.

Subsidiaries/ Corp. Reg. No./Reg.	No. of	Share		Carrying	
Office	shares	in %	Equity	amount	Result
Ludvika Gruvor AB					
556856-2994 Lud-					
vika, Sweden	50	100	43	50	_

Note 15 Other non-current receivables

31 Dec 2015	31 Dec 2014
_	
31	32
31	32
······································	
31	32
31	32
	31

Note 16 Financial instruments by category

31 Dec 2015

Amounts in SEK 000	Loans and accounts receivable	Other financial liabilities	Total carrying amount	Fair value
Group				<u>.</u>
Deposits and restricted bank balances	32		32	32
Other receivables	312		312	312
Cash and cash equivalents	12,696		12,696	12,696
Total	13,039	_	13,039	13,039
Borrowings		12,991	12,991	12,991
Accounts payable and other liabilities		585	585	585
Total	_	13,576	13,576	13,576

31 Dec 2014

Amounts in SEK 000	Loans and accounts receivable	Other financial liabilities	Total carrying amount	Fair value
Group			······································	······
Deposits and restricted bank balances	32		32	32
Other receivables	2,135		2,135	2,135
Cash and cash equivalents	19,711		19,711	19,711
Total	21,878	_	21,878	21,878
Borrowings		11,571	11,571	11,571
Accounts payable and other liabilities		4,358	4,358	4,358
Total		15,929	15,929	15,929

Note 17 Other receivables

Amounts in SEK 000	31 Dec 2015	31 Dec 2014	
Group and Parent Company			
Recoverable VAT	183	2,027	
Other items	275	291	
Total	458	2,318	

Note 18 Prepaid expenses and accrued income

Amounts in SEK 000	31 Dec 2015	31 Dec 2014	
Group and Parent Company			
Prepaid rental expenses	158	239	
Prepaid insurance expenses	11	11	
Other items	33	78	
Total	201	328	

Note 19 Cash and cash equivalents

Amounts in SEK 000	31 Dec 2015	31 Dec 2014
Group		
Cash and bank balances	12,696	19,711
Total	12,696	19,711
Parent Company		
Cash and bank balances	12,652	19,668
Total	12,652	19,668

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 cashflow statement include cash and bank balances.

Note 20 Share capital and other paid-in capital

According to the Articles of Association for Nordic Iron Ore AB, share capital shall amount to at least SEK 1,900,000 and a maximum of SEK 7,600,000. The number of shares shall be at least 11,000,000 and a maximum of 44,000,000. At 31 December 2015, the company's registered share capital totalled SEK 5,629,490, distributed between 32,460,954 shares and SEK 708,364 pertaining to 22,034,838 shares that were paid and subscribed, but not registered with the Companies Registration Office on 8 January 2016), with a quotient value of SEK 0.1734 per share.

Development of share capital

2014	Number of shares	Share capital, SEK	Other paid-in capital
Opening balance, 1 January 2014	11,492,738	1,993,110	94,208,734
New share issue	3,017,974	523,387	65,836,310
Unexercised warrants	0	0	-410,000
Closing balance 31 December 2014	14,510,712	2,516,497	159,635,044

2015	Number of shares	Share capital, SEK	Other paid-in capital
Opening balance January 2015	14,510,712	2,516,497	159,635,044
New share issue	17,950,242	3,112,992	13,610,788
Unregistered share capital	4,084,596	708,364	3,376,231
Closing balance 31 December 2015	36,545,550	6,33 <i>7</i> ,853	176,622,063

Note 21 Borrowings

Amounts in SEK 000	31 Dec 2015	31 Dec 2014
Group and Parent Company	•	
Non-current liability to Inlandsinnovation		
AB	12,991	11,571
Total	12,991	11,571

The loan falls due for payment five years after the monies have been made available, unless previously offset against new loans or, alternatively, shares in Nordic Iron Ore AB.

Note 22 Other liabilities

Amounts in SEK 000	31 Dec 2015	31 Dec 2014
Group and Parent Company		
Withholding tax	79	159
Employer's contributions	54	148
Other liabilities	_	99
Total	133	407

Note 23 Accrued expenses and deferred income

Amounts in SEK 000	31 Dec 2015	31 Dec 2014
Group and Parent Company		
Accrued salaries and fees	356	419
Accrued social security contributions	_	145
Accrued holiday pay	_	462
Accrued capitalised expenses	1,548	3,186
Accrued pension expenses	99	296
Other items	276	1,471
Total	2,279	5,979

Note 24 Memorandum items

Amounts in SEK 000	31 Dec 2015	31 Dec 2014
Group and Parent Company		
Contingent liabilities	None	None
Pledged assets		
Restricted bank balances pertaining to rental guarantees	_	_
Restricted bank balances, SHB, pledged to the benefit of the County Administrative Board of the County of Värmland regarding a commitment to restore land	31	32
Total contingent liabilities and pledged assets	31	32

Note 25

Related-party transactions

Related parties

Related parties are defined as subsidiaries 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 and senior executives of the Group including close family members of such individuals.

During the financial year, Copperstone Resources AB invoiced SEK 211,000 (SEK 651,000) in fees and expenses. At 31 December 2015, Nordic Iron Ore's liability to Copperstone Resources AB amounted to SEK 0,000.

	2015		201	4
Amounts in SEK		party at 31	Liability to related party at 31 December	
Related party				
Managing Director, through companies		•		
Owner: Bengtssons Tidnings AB		_	_	_
Owner: Copper- stone Resources AB	_	_	153	_
Total			153	

	2015		2014	
Amounts in SEK	services at 31	Purchase of services at 31 December 3	services at	Purchase of services at 31 December
Related party			<u>.</u>	
Managing Director, through companies -	_		_	_
Owner: Copper- stone Resources AB	_	211	_	651
Total		211		651

Note 26 Events after the balance-sheet date

No significant events occurred after the end of the period, apart from those described in the Directors' report

The Board of Directors and the Managing Director certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and that they provide a true and fair view of the Group's financial position and performance. The annual accounts have been prepared in accordance with generally accepted accounting principles, and provide a true and fair view of the Parent Company's financial position and performance. The Directors' Report for the Group and the Parent Company provides a true and fair view of the Group's and Parent Company's operations, financial position and performance and describes the material risks and uncertainties faced by the Parent Company and the companies in the Group.

The income statement and balance sheet will be submitted to the AGM for adoption on 24 May 2016.

Ludvika 25 April 2016

Sigrun Hjelmquist Jonas Bengtsson

Ryan Huff Johnas Jansson

Paul Marsden *Managing Director*

Our audit report was submitted on 28 April 2016.

Öhrlings PricewaterhouseCoopers AB

Annika Wedin Authorised Public Accountant

Audit Report

To the annual meeting of the shareholders of Nordic Iron Ore AB, corporate identity number 556756-0940

Report on the annual accounts and the consolidated accounts

We have audited the annual accounts and consolidated accounts of Nordic Iron Ore AB for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 18–40.

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 and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts 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 opinions.

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 2015 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 2015 and of their financial performance and 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 for the parent company and the group.

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 Noric Iron Ore AB for the year 2015.

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 opinions.

Opinion:

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, 28 April 2016

Öhrlings PricewaterhouseCoopers AB

Annika Wedin Authorised Public Accountant

