

Interim Report January – March 2014

Significant events during the first quarter of 2014

- The published evaluation of the prospecting results for Blötberget showed an increase in mineral resources, at 38 million tonnes in the categories of measured and indicated and 22 million tonnes in the category inferred.
- Sigrun Hjelmquist was elected as a regular member of the Board of Directors at an Extraordinary Meeting of Shareholders held on 13 March.
- An application for an environmental permit was granted by the Land and Environment Court on 20 March.

First quarter, 1 January – 31 March 2014

- Income amounted to SEK 0 million (0).
- Earnings after tax totalled SEK -5.8 million (-4.8).
- Investments during the January - March period amounted to SEK 3.3 million (4.9).
- Earnings per share before dilution amounted to SEK -0.50 (-0.41).
- Cash and cash equivalents on 31 March 2014 amounted to SEK 0.8 million (6.6).

Significant events after the end of the period

- An appeal against the Land and Environment Court's decision was filed by a number of owners of properties in the vicinity of the planned processing plant.

CEO's comments

So, finally, we received the important permit from the Land and Environmental Court to enable us to re-start mining operations at Blötberget and Håksberg. This means that the Company has all the major permits needed to begin construction work. Through the permit, we have also acquired a "leave of execution", which in practice enables us to start work on the installation operations. A major project such as the mines at Ludvika also, of course, affects the environment in many respects, but the conditions stipulated in the environmental permit ensure that our operations will not harm the environment. However, some of our neighbours in the area around the industrial and mining sites have expressed their concern about the impact on their residential environment, and negotiations have taken place in a constructive spirit between the Company and the property owners in order to mitigate their worries. Nevertheless, a group of property owners have elected to appeal against the environmental ruling at the Land and Environmental Court of Appeal and are currently seeking leave to appeal. My hope, however, is that before the summer we can arrive at a resolution that is satisfactory to all parties.

Work on the feasibility study for Blötberget is in full swing. The first important process tests recently completed in Finland are providing us with valuable knowledge for deciding on the optimal process design and embarking on serious discussions with customers.

The tests indicate that there are excellent prospects for producing top-quality ore and we will in all likelihood be in a position to deliver products that are comfortably on a par with LKAB's best dressed-ore products.

The project is thus moving forward, but last year's tough capital market conditions for commodity projects continued during the period under review. Against that background, it is very gratifying that the government has now decided to allocate SEK 450 million for improvements to the Bergslagen Line to improve the conditions for ore shipments. The decision further reduces the element of risk in the project and will facilitate the capital procurement process currently under way. I anticipate being able to announce positive news on this front shortly.

Christer Lindqvist, CEO Nordic Iron Ore AB

Nordic Iron Ore AB is a mining development company that aims to resume and develop iron ore production at the Ludvika mines at Blötberget and Håksberg. The Company also intends to expand its mineral resources and upgrade them to iron ore reserves, mostly through prospecting and other surveys of the connecting Väsman field.

Operations

Significant events during the period

Mineral resources

A new estimate of the Company's mineral resources at Blötberget was published in February. The new figures, based on the development work performed in 2013, show that measured and indicated mineral resources at Blötberget now total 11 million tonnes with 35 percent iron and 27 million tonnes with 45 percent iron, while inferred resources total 22 million tonnes with 33 percent iron. This corresponds to an increase of around 50 percent in the total tonnage at Blötberget, and 31 percent more iron content than previously estimated.

Work on preparations for a supplementary drilling programme at Blötberget continued during the period. The aim of the programme is partly to survey the area between the Hugget/Betsta mines and the Kalv/Fly mines, and partly to upgrade parts of the mineralisations at Hugget/Betsta from inferred to measured resources.

Process development

During the period, the Company began the important process tests on ore samples from Blötberget, at GTK in Finland. The work is being conducted under the supervision of Tata Consulting, the Company's process technology advisors. The results of the tests confirm findings from our earlier mining operations at Blötberget, regarding the processability of the Blötberget ores. The tests at GTK indicate that using modern processing methods it is possible to produce high-quality dressed magnetite ore with an iron content of around 70 percent and dressed haemetite ore with an iron content of around 68 percent.

Logistics

During the period, the government adopted a national plan for Sweden's transport system. The provisions of the plan included funding of approximately SEK 450 million for investments in the Bergslagen Line to support ore shipments from Ludvika.

Work on project planning for the rail terminal at Skeppmora, under the supervision of the Swedish Transport Administration, continued during the period and is expected to be finished during the third quarter.

Permits

The main negotiations on the Company's permit application for Blötberget and Håksberg were completed in February following two extra days of negotiations. The Land and Environment Court then delivered its ruling on 20 March. Under the ruling, the Company is awarded a permit to re-start mining operations at the Blötberget and Håksberg mines, and to establish a new processing plant and tailings dam near Blötberget. The Company also acquired a leave of execution, which in practice enables us to commence operations even if an appeal process is taking place.

In parallel with the consideration of the Company's application to the Land and Environment Court, the process of drawing up detailed plans for the industrial areas continued. It is anticipated that these plans will be completed in the second half of 2014.

Events after the end of the period

A number of owners of properties in Torsbovallen and Jansbo have appealed against the ruling at the Land and Environment Court of Appeal and are currently seeking leave to appeal.

SRK has been engaged as impartial mining consultant for the current feasibility study.

Share and ownership structure

At the end of the period, the share capital amounted to SEK 1,993,110, represented by 11,492,738 shares, with a quota value of SEK 0.17 per share. The number of shareholders at the end of the period was 1,756.

Financial position

On the balance sheet date, the Group had cash and cash equivalents totaling SEK 823 th. The equity/assets ratio was 63.84 percent. The Group's equity amounted to SEK 49,342 th., corresponding to SEK 4.29 per share.

The Company intends in the second quarter of 2014 to raise additional capital to finance completion of the definitive "DFS Study" regarding the Blötberg mine and associated processing plant. A decision will then be taken on investments in the processing plant and mining equipment, which will require further major capital injections.

Investments

During the period January - June 2014, investments amounted to SEK 3.3 million, of which SEK 3.3 million pertains to prospecting resources and investigation work on the planned start of mining operations. The investigations primarily refer to preparations for drilling campaigns in Blötberget and the Väsman field, including assays. Investments in equipment amounted to SEK 0 million.

Employees

Seven (four) people were employed in the Company during the period.

Financial calendar

Interim report, January – June 2014: 22 August 2014

Interim report, January – September 2014: 21 November 2014

Year-end report, January – December 2014 – February 2015

Risks and uncertainties

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

There have been no significant changes to alter this description.

Annual report and financial reports

The Company's press releases and financial reports are distributed via Cisionwire and are available at www.nordicironore.se

Stockholm, 22 May 2014

Board of Directors of Nordic Iron Ore AB (publ) reg. nr 556756-0940

Göran Ekdahl

Anders Bengtsson

Jonas Bengtsson

Sigrun Hjelmquist

Johnas Jansson

Lars-Göran Ohlsson

Tomas Olofsson

Per Storm

Christer Lindqvist

This report has not been reviewed by the auditors.

Technical source material has been reviewed by the Company's independent qualified person, mining engineer Thomas Lindholm, GeoVista AB, Luleå. Lindholm is a Competent Person as defined in the internationally recognized JORC code, based on his training and experience in prospecting, mining and assessment of mineral resources for iron, base metals and precious metals.

For further information, please contact:

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in SEK</i>	Note	2014	2013	2013
		Jan-Mar	Jan-Mar	Jan-Dec
Other external costs	2	-1,706,713	-3,314,987	-8,693,276
Employee benefit expenses		-1,300,259	-1,436,094	-4,749,980
Depreciation and impairment of property, plant and equipment and intangible assets		-2,042,166	-24,426	-125,304
Operating loss		-5,049,138	-4,775,507	-13,568,560
Financial income		5,184	24,417	37,112
Financial expenses		-727,021	-129	-2,278,583
Net financial loss		-721,837	24,288	-2,241,471
Loss after financial items		-5,770,975	-4,751,219	-15,810,031
Loss for the period		-5,770,975	-4,751,219	-15,810,031
Other comprehensive income		-	-	-
Total Other comprehensive income		-5,770,975	-4,751,219	-15,810,031
Relating to:				
Parent Company's shareholders		-5,770,975	-4,751,219	-15,810,031
TOTAL		-5,770,975	-4,751,219	-15,810,031
Number of shares				
Number of shares at the end of the period		11,492,738	11,492,738	11,492,738
Average number of shares (before dilution)		11,492,738	11,492,738	11,492,738
Average number of shares (after dilution)		11,492,738	11,492,738	11,492,738
Earnings per share				
Average numbers of shares (before dilution)		-0.50	-0.41	-1.38
Average numbers of shares (after dilution)		-0.50	-0.41	-1.38

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in SEK</i>	Note	31/03/2014	31/03/2013	31/12/2013
Assets				
Non-current assets				
Intangible assets		74,857,326	64,294,924	73,578,099
Property, plant and equipment		464,299	392,939	499,075
Financial assets		78,403	77,840	78,404
Current assets				
Other current assets		1,068,088	1,331,527	1,361,968
Cash and cash equivalents		823,292	6,619,587	6,004,854
Total assets		77,291,408	72,716,817	81,522,400
Equity and liabilities				
Equity		49,341,537	66,171,324	55,112,512
Non-current liabilities		10,501,666		10,151,666
Current liabilities	1, 2	17,448,205	6,545,493	16,258,222
Total Equity and liabilities		77,291,408	72,716,817	81,522,400

Pledged assets and contingent liabilities

<i>Amounts in SEK</i>	Note	31/03/2014	31/03/2013	31/12/2013
Deposit		31,216	31,057	31,216
Rental guarantee		46,957	46,782	45,600

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Amounts in SEK</i>	Note	Share capital	Share premium reserve	Retained earnings	Total equity
Balance on 1 Jan. 2014		1,993,110	94,208,734	-41,089,332	55,112,512
Result for the period				-5,770,975	-5,770,975
Balance on March 31, 2014		1,993,110	94,208,734	-46,860,307	49,341,537
Balance on 1 Jan. 2013		1,993,110	94,208,734	-25,279,301	70,922,543
Result for the period				-4,751,219	-4,751,219
Balance on 31 March 2013		1,993,110	94,208,734	-30,030,520	66,171,324
Balance on 1 Jan. 2013		1,993,110	94,208,734	-25,279,301	70,922,543
Result for the period				-15,810,031	-15,810,031
Balance on 31 December 2013		1,993,110	94,208,734	-41,089,332	55,112,512

CONSOLIDATED CASH FLOW STATEMENT

<i>Amounts in SEK</i>	Note	2014 Jan - Mar	2013 Jan - Mar	2013 Jan - Dec
Operating activities				
Result for the period		-5,770,975	-4,751,219	-15,810,031
Adjustments for non-cash items		2,769,181	24,426	1,008,162
Cash flow from operating activities before changes in working capital		-3,001,794	-4,726,793	-14,801,869
Cash flow from changes in working capital				
Change in receivables		293,879	1,017,073	986,632
Change in payables		812,970	-3,726,112	-4,944,571
Cash flow from operating activities		-1,894,945	-7,435,832	-18,759,808
Cash flow from investing activities		-3,286,617	-4,870,158	-14,360,915
Cash flow from financing activities		0	0	20,200,000
Cash flow for the period		-5,181,562	-12,305,990	-12,920,723
Cash at the beginning of the period		6,004,854	18,925,577	18,925,577
Cash at the end of the period		823,292	6,619,587	6,004,854

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in SEK</i>	Note	2014 Jan-Mar	2013 Jan-Mar	2013 Jan-Dec
Other external costs	2	-1,706,713	-3,314,987	-8,691,787
Employee benefit expenses		-1,300,259	-1,436,094	-4,749,980
Depreciation and impairment of property, plant and equipment and intangible assets		-2,042,166	-24,426	-125,304
Operating loss		-5,049,138	-4,775,507	-13,567,071
Other interest income and similar profit items		5,184	24,417	37,058
Interest expense and similar loss items		-727,021	-129	-2,278,583
RESULT FOR THE PERIOD		-5,770,975	-4,751,219	-15,808,596

PARENT COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME

OTHER COMPREHENSIVE INCOME	-	-	-
Total comprehensive income for the year	-5,770,975	-4,751,219	-15,808,596
Relating to:			
Parent Company's shareholders	-5,770,975	-4,751,219	-15,808,596
TOTAL	-5,770,975	-4,751,219	-15,808,596

PARENT COMPANY BALANCE SHEET

<i>Amounts in SEK</i>	Note	31/03/2014	31/03/2013	31/12/2013
Assets				
Non-current assets				
Intangible assets		74,857,326	64,294,924	73,578,099
Property, plant and equipment		464,299	392,939	499,075
Financial assets		78,403	31,057	78,404
Shares in subsidiary		50,000	50,000	50,000
Current assets				
Other current assets		1,068,088	1,331,528	1,361,968
Cash and cash equivalents		780,054	6,621,936	5,961,617
Total assets		77,298,170	72,722,384	81,529,163
Equity and liabilities				
Equity		49,348,299	66,176,891	55,119,274
Non-current liabilities		10,501,666	-	10,151,666
Current liabilities		17,448,205	6,545,493	16,258,223
Total Equity and liabilities		77,298,170	72,722,384	81,529,163

Pledged assets and contingent liabilities

<i>Amounts in SEK</i>	Note	31/03/2014	31/03/2013	31/12/2013
Deposit		31,216	31,057	31,216
Rental guarantee		46,957	46,782	45,600

ACCOUNTING POLICIES

Group

This report is prepared in accordance with IAS 34 Interim Financial Reporting and in accordance with the Financial Reporting Board's recommendation RFR 1. The Parent Company's accounts were prepared in accordance with RFR 2. The accounting policies and methods of computation applied are the same as in the most recent interim report. For a more detailed description of the accounting policies applied by the Group and the Parent Company in this report, see the Annual Report for 2012.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Related parties

"Related parties" are subsidiaries of the Group, the members of the Board of Directors, senior executives and family members of these persons.

During the reporting period Kopparberg Mineral AB billed SEK 16 thousand in fees and expenses. Nordic Iron Ore's debts to Kopparberg Mineral AB on 31 March 2014 amounted to SEK 20 thousand and to Bengtssons Tidnings AB SEK 2,409 thousand.

Note 2 Key ratios (Group)

<i>Amounts in SEK</i>	31/03/2014	31/03/2013	31/12/2013
Group			
Equity ratio (%)	63.84%	91.00%	67.60%
Earnings per share	-0.50	-0.41	-1.38
Equity per share	4.29	3.33	4.80
Liquidity ratio	10.83%	121.80%	45.31%
Number of shares	11,492,738	11,492,738	11,492,738
Average numbers of shares (after dilution)	11,492,738	11,492,738	11,492,738

Definitions of key ratios

Equity ratio:	Equity as a percentage of total assets.
Earnings per share:	Profit after tax divided by the weighted average number of shares.
Equity per share:	Shareholders' equity divided by the number of shares on the balance sheet date.
Liquidity ratio:	Current assets excluding inventories, divided by current liabilities.