

Interim report January – March 2013

Significant events during the first quarter of 2013

- Date for finalizing of the application for an environmental permit at the Land and Environment Court was decided
- Results from drilling campaigns were published – total mineral resources increased by approximately 178%
- Letter of intent for iron ore deliveries was concluded with the Port of Oxelösund

Interim period, 1 January – 31 March 2013

- Income amounted to SEK 0 million (0)
- Operating profit amounted to SEK -4.8 million (-4.2)
- Investments during the period January - March amounted to SEK 4.9 million (2.1)
- Earnings per share before dilution amounted to SEK -0.41 (-0.55)
- Cash and cash equivalents on 31 March 2013 amounted to SEK 6.6 million (4.2)

Significant events after the end of the period

- Letter of intent for marketing and deliveries of iron ore products of up to 600,000 tonnes per year was concluded.

Comments from the CEO

The year started with both positive and negative events. It is positive that our project has made tremendous progress. In January we were able to publish a new estimate of the mineral resources. This showed that we almost trebled our indicated and inferred mineral resources to a total of 170 million tonnes with good iron content. For Blötberget this entails an increase of our total mineral resources by approximately 66 per cent compared to the most recent estimate and raises our hopes for further expansion of the resources as a result of the second part of the drilling campaign which is planned for this year.

Unfortunately we have been affected negatively by major problems which have impacted other actors in our industry, which has given the capital market a negative perception of Swedish iron ore projects. This means that similar to other companies which develop iron ore projects, we will be forced to invest significant resources on capital procurement issues – resources which should instead be used to manage projects further.

Fortunately enough we recently concluded our first letter of intent for future ore deliveries. This relates to deliveries of up to 600,000 tonnes of iron ore products per year to Coal and Ore Trading Ltd. Against this backdrop, we are now planning to start production in the Blötberg Mine already during the second half of 2014. The earlier production is planned to take place with simplified methods and the entire work will be outsourced to contract companies. However our original project plan, with the aim of producing 4.4 million tonnes of highly enriched iron ore products per year under personal management from 2018 stands firm.

The production start in the Blötberg Mine constitutes the first stage in a gradual development of the integrated project which covers the deposits in Blötberget, Väsman field and Håksberg. The gradual production start which we intend to conduct aims to totally optimize the project and reduce the risks during the implementation. This also means that the investments can be made in several stages in line with the expansion, which reduces the financing risk in the project.

In conclusion, our project is developing positively, but the financing work has been obstructed and delayed by external factors. Therefore, we are still waiting with the plans for a market quotation of the Company, and are now targeting an offer to a limited circle of investors in order to finance the final feasibility study for the start of stage one in the project Ludvika Mines, the restart of mining in the Blötberg Mine.

Christer Lindqvist, CEO Nordic Iron Ore

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

Update of mineral resources

Following evaluation of the drilling programme conducted during the autumn of 2012, in January a new estimate of the Company's mineral resources was published. This resulted in indicated and inferred mineral resources in Blötberget of 29.8 million tonnes, with 44.5% iron and 10.2 million tonnes with 42.9% iron respectively, which corresponds to an increase of the total mineral resources by approximately 66 per cent compared to the previous estimate. In the Väsman field, including Finnäset, the indicated and inferred mineral resources amounted to 7.0 million tonnes with 38.5% iron and 85.9 million tonnes with 38.4% iron respectively.

Application for an environmental permit

In order to conduct continuous mining operations, a permit is required from the Land and Environment Court in accordance with the rules in the Environmental Code. In February the Company's application for an environmental permit was announced and the main proceedings are expected to take place at the end of August.

Logistics

In January the Company concluded a letter of intent with the Port of Oxelösund for iron ore deliveries for up to 5 million tonnes per year.

Delivery agreement

In April the Company concluded a letter of intent with Coal and Ore Trading Limited which relates to the marketing and deliveries of iron ore products of up to 600,000 tonnes per year.

Väsman deposit

During the period the Company has continued to analyse and interpret the results from last year's drilling campaign, as well as available historical information on the Väsman field. This has substantially improved the geological knowledge of the field and has contributed to expanding the mineral resources. There are plans for conducting additional drilling campaigns this year.

As the results of the surveys conducted in the Väsman field so far have been positive, the Company intends to apply for exploitation concession for iron deposits within this field, which also includes Finnäset on Väsman's southern beach.

Financing

The Company is still prepared for a market quotation of the shares, but due to the uncertain situation in the financial market the Board has not taken a decision on the date for quotation of the Company's shares.

Share and ownership structure

At the end of the period, the share capital amounted to SEK 1,993,110 divided between 11,492,738 shares, with a quota value of SEK 0.17 per share. The number of shareholders amounted to 78.

Financial position

On the balance sheet date, the Group had a liquidity of SEK 6,575,000. The equity/assets ratio amounted to 91%. The Company's equity amounted to SEK 66,171,000, which corresponded to SEK 3.33 per share.

Investments

During the period January - March 2013, investments amounted to SEK 4,870,000, of which SEK 4,665,000 relates to prospecting and investigation work on the planned start of mining operations. The investigation work mainly relates to drilling work in Blötberget and the Väsman deposit, including analyses. Investments in equipment amounted to SEK 205,000.

Employees

Seven people were employed in the Company during the period.

Financial calendar

The annual general meeting will be held on 28 June 2013

Interim report January – June 2013: 23 August 2013

Interim report January – September 2013: 22 November 2013

Year-end report January – December 2013: February 2013

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, 23 May 2013

Christer Lindqvist
President and CEO

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.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – SUMMARY

<i>Amounts in SEK</i>	Note	2013 Jan-Mar	2012 Jan-Mar	2012 Jan-Dec
Other external expenses		-3,314,987	-2,938,620	-14,087,619
Personnel expenses		-1,436,094	-1,203,596	-5,117,993
Depreciation/amortization and impairment of property, plant and equipment and intangible fixed assets		-24,426	-22,622	-94,250
Operating profit/loss		-4,775,507	-4,164,838	-19,299,862
Financial income		24,417	7,007	211,280
Financial expense		-129	-92,283	-2,789,664
Net financial income/expense		24,288	-85,276	-2,578,384
Profit/loss after financial income and expense		-4,751,219	-4,250,114	-21,878,246
Tax on profit/loss		-	-	-
PROFIT/LOSS FOR THE PERIOD		-4,751,219	-4,250,114	-21,878,246
OTHER COMPREHENSIVE INCOME		-	-	-
Total comprehensive income for the period		-4,751,219	-4,250,114	-21,878,246
Attributable to:				
Parent company shareholders		-4,751,219	-4,250,114	-21,878,246
TOTAL		-4,751,219	-4,250,114	-21,878,246
No. of shares				
No. of shares at year-end		11,492,738	7,784,000	11,492,738
Average no. of shares (before dilution)		11,492,738	7,784,000	8,312,368
Average no. of shares (after dilution)		11,492,738	7,784,000	8,312,368
Earnings per share				
Earnings per share, weighted average before dilution, SEK		-0.41	-0.55	-2.63
Earnings per share, weighted average after dilution, SEK		-0.41	-0.55	-2.63

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – SUMMARY

<i>Amounts in SEK</i>	Note	31/03/2013	31/03/2012	31/12/2012
Assets				
Non-current assets				
Intangible assets		64,294,924	35,787,136	59,629,766
Property, plant and equipment		392,939	196,061	212,365
Financial assets		77,840	76,782	77,840
Current assets				
Other current assets		1,331,527	817,620	2,348,600
Cash and cash equivalents		6,619,587	4,164,111	18,925,577
Total assets		72,716,817	41,041,710	81,194,148
Equity and liabilities				
Equity		66,171,324	25,890,129	70,922,543
Current liabilities	1	6,545,493	15,151,581	10,271,605
Total equity and liabilities		72,716,817	41,041,710	81,194,148

<i>Amounts in SEK</i>	Note	31/03/2013	31/03/2012	31/12/2012
Deposit in accordance with the Minerals Act, Bergslagen		31,057	30,604	31,057
Rent guarantee		46,782	45,600	45,600

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

<i>Amounts in SEK</i>	Note	Share capital	Other contributed capital	Profit/loss brought forward, incl. profit/loss for the period	Total equity
Opening equity 01/01/2013		1,993,110	94,208,734	-25,279,301	70,922,543
Comprehensive income for the period				-4,751,219	-4,751,219
CLOSING EQUITY 31/03/2013		1,993,110	94,208,734	-30,030,520	66,171,324
Opening equity 01/01/2012		1,349,928	32,191,370	-3,401,055	30,140,243
Comprehensive income for the period				-4,250,114	-4,250,114
New share issue					0
CLOSING EQUITY 31/03/2012		1,349,928	32,191,370	-7,651,169	25,890,129
Opening equity 01/01/2012		1,349,928	32,191,370	-3,401,055	30,140,243
Comprehensive income for the period				-21,878,246	-21,878,246
New share issue		643,182	62,017,364		62,660,546
CLOSING EQUITY 31/12/2012		1,993,110	94,208,734	-25,279,301	70,922,543

CONSOLIDATED CASH FLOW STATEMENT – SUMMARY

<i>Amounts in SEK</i>	Note	2013 Jan-Mar	2012 Jan -Mar	2012 Jan-Dec
Operating activities				
Profit/loss for the period		-4,751,219	-4,250,114	-21,878,246
Adjustment for items not included in the cash flow		24,426	22,621	285,105
Cash flow from operating activities before changes in working capital		-4,726,793	-4,227,493	-21,593,141
Cash flow from changes in working capital				
Change in working capital		1,017,073	509,385	-1,021,595
Change in operating liabilities		-3,726,112	9,257,752	4,377,776
Cash flow from operating activities		-7,435,832	5,539,644	-18,236,960
Cash flow from investment activities		-4,870,158	-2,105,261	-26,227,737
Cash flow from financing activities		0	0	62,660,546
Cash flow for the year		-12,305,990	3,434,383	18,195,849
Opening cash and cash equivalents		18,925,577	729,728	729,728
CLOSING CASH AND CASH EQUIVALENTS		6,619,587	4,164,111	18,925,577

PARENT COMPANY INCOME STATEMENT – SUMMARY

<i>Amounts in SEK</i>	Note	2013 Jan-Mar	2012 Jan-Mar	2012 Jan-Dec
Other external expenses		-3,314,987	-2,938,620	-14,086,451
Personnel expenses		-1,436,094	-1,203,596	-5,117,993
Depreciation of property, plant and equipment and intangible fixed assets		-24,426	-22,622	-94,250
Operating profit/loss		-4,775,507	-4,164,838	-19,298,694
Other interest income and similar profit/loss items		24,417	7,007	210,845
Interest expense and similar profit/loss items		-129	-92,283	-2,789,664
PROFIT/LOSS FOR THE PERIOD		-4,751,219	-4,250,114	-21,877,513

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Other comprehensive income		-	-	-
Total comprehensive income for the period		-4,751,219	-4,250,114	-21,877,513
Attributable to:				
Parent company shareholders		-4,751,219	-4,250,114	-21,877,513
TOTAL		-4,751,219	-4,250,114	-21,877,513

PARENT COMPANY BALANCE SHEET – SUMMARY

<i>Amounts in SEK</i>	<i>Note</i>	31/03/2013	31/03/2012	31/12/2012
Assets				
Non-current assets				
Intangible assets		64,294,924	35,787,136	59,629,766
Property, plant and equipment		392,939	196,061	212,365
Financial assets		31,057	76,782	31,058
Shares in subsidiaries		50,000	50,000	50,000
Current assets				
Other current assets		1,331,528	817,620	2,348,600
Cash and cash equivalents		6,621,936	4,118,944	18,927,925
Total assets		72,722,384	41,046,543	81,199,714
Equity and liabilities				
Equity		66,176,891	25,894,962	70,928,110
Current liabilities		6,545,493	15,151,581	10,271,604
Total equity and liabilities		72,722,384	41,046,543	81,199,714

Pledged assets and contingent liabilities

<i>Amounts in SEK</i>	<i>Note</i>	31/03/2013	31/03/2012	31/12/2012
Deposit in accordance with the Minerals Act, Bergslagen		31,057	30,604	31,057
Rent guarantee		46,782	45,600	45,600

PARENT COMPANY CASH FLOW STATEMENT – SUMMARY

<i>Amounts in SEK</i>	Note	2013 Jan-Mar	2012 Jan-Mar	2012 Jan-Dec
Operating activities				
Profit/loss for the period		-4,751,219	-4,250,114	-21,877,513
Adjustment for items not included in the cash flow		24,426	22,621	285,105
Cash flow from operating activities before changes in working capital		-4,726,793	-4,227,493	-21,592,408
Cash flow from changes in working capital				
Change in working capital		1,017,075	509,386	-1,021,596
Change in operating liabilities		-3,726,113	9,257,751	4,377,776
Cash flow from operating activities		-7,435,831	5,539,644	-18,236,228
Cash flow from investment activities		-4,870,158	-2,105,261	-26,227,132
Cash flow from financing activities		0	0	62,660,546
Cash flow for the year		-12,305,989	3,434,383	18,197,186
Opening cash and cash equivalents		18,927,925	684,561	730,739
CLOSING CASH AND CASH EQUIVALENTS		6,621,936	4,118,944	18,927,925

ACCOUNTING POLICIES

The Group

This interim report was prepared in accordance with IAS 34 Interim Financial Statements and in accordance with RFR 1 of the Swedish Financial Reporting Board and, for the Parent Company, RFR 2. The same accounting policies and calculation methods are applied as in the last interim report. For a detailed description of the accounting policies applied for the Group and the Parent Company in this interim report, see the interim report for the first quarter of 2012. It is available at www.nordicironore.se

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Related parties

The following are considered to be related parties: Subsidiaries included in the Group; members of the Company's board; senior executives in the Group and close family members of such persons.

During the reporting period, Kopparberg Mineral AB invoiced SEK 28,000 in fees and expenditure. On 31 March 2013, Nordic Iron Ore AB's liability to Kopparberg Mineral AB amounted to SEK 5,000.

Note 2 Key ratios (Group)

<i>Amounts in SEK</i>	31/03/2013	31/03/2012	31/12/2012
The Group			
Equity/assets ratio (%)	91.00%	63.00%	87.35%
Earnings per share (weighted average)	-0.41	-0.55	-2.63
Equity per share	3.33	3.33	6.17
Quick ratio (%)	121.80%	32.90%	107.12%
No. of shares	11,492,738	7,784,000	11,492,738
Weighted average no. of shares after split	11,492,738	7,784,000	8,312,368

Key ratio definitions

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