

Q1



Interim Report January – March 2016

Significant events during the first quarter 2016

- The issues were registered and the share capital thereafter amount to SEK 6,337,854 and the number of outstanding shares to 36,545,550.
- Additional test enrichment on a pilot scale of about 10 tonnes of crude ore from Blötberget performed at SGA and Weir Minerals in Germany.
- Condemnation drilling in the “marshy” areas where the tailings dams are to be expanded were completed during the cold period in March
- New web pages were launched in March

First quarter, 1 January – 31 March 2016

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -2.4 million (-3.7)
- Investments during the period January – March totalled SEK 2.1 million (5.3)
- Basic earnings per share were SEK -0.07 (-0.26)
- Cash as per 31 March 2016 amounted to 9,0 million (8,5)

Significant events after the end of the period

- An application for mining concession in an area directly adjacent to Blötberget was submitted to Bergsstaten in the beginning of April.

Key ratios (Group)

Amount in SEK	2016 Jan - Mar	2015 Jan - Mar	2015 Jan - Dec
Equity ratio (%)	85,96%	83,55%	86,98%
Earnings per share	-0,07	-0,26	-0,79
Equity per share	2,86	6,56	3,29
Quick ratio (%)	267,99%	143,64%	445,54%
No. of shares	36 545 550	14 510 712	32 460 954

Nordic Iron Ore AB is a mining development company that aims to resume and develop iron ore production at Ludvika Mines in Blötberget and Håksberg. The Company has all the essential permits in place, which will enable it to produce iron ore of extremely high quality from significant mineral resources.

Comments from the Managing Director

Significant improvements to the processing bring cost reductions and optimism for attracting customers and partners

This first quarter has been all about refinement of our processing techniques and improving our calculated cash OPEX during operations. Test work in Germany has progressed well and was completed in early April. Full evaluation of the date is ongoing and will continue for a while during which time production options will be assessed.

Most importantly the testwork has confirmed a largely straight through process, which provides significant flexibility to our production options and allowing NIO to make different products throughout the process. One consequence of this is that because there are choices to be made NIO needs to gain more information from the potential market and try to secure long term arrangements with potential off-takers and identify those markets that provide the most significant margin of profit, whilst being a secure source of income.

Looking forward, now that management are better able to discuss with potential off-takers details of the potential products they can receive and NIO's calculation of the quantities available, renewed efforts are being made to promote the project with potential buyers and investors.

Once the market requirements are better defined and evaluated the sooner NIO will be able to focus on the completion of the technical and commercial components of the feasibility study.

The iron ore market has shown significant improvements during this quarter, with iron ore prices rising from the lows around \$38/t Fe62% C&F China to over \$60/t recently. The price has settled back below \$60/t and is likely to stay there for a while. Recently, virtually all of the analysts have lifted their expectations on iron ore prices, but some still believe that it is likely to average less than \$50/t in the coming 2-3 years. Other analysts are less pessimistic, with many in the iron ore business recognising that a sustainable price is likely to be above \$60/t. Several iron ore mines have tried to

reopen, but as the iron ore prices slide below \$60/t many are likely not to succeed.

NIO is still evaluating the progress made this last quarter with its process development work, but can say with confidence that it's has had a positive effect on the cash costs of production and brought NIO closer to the "low cost producer" quartile. We also know that we have considerable scope in the final evaluation of the feasibility study to further optimise the design of the mine and the cost for extraction and processing. These are exciting time seeing the first signs of recovery of the market and manoeuvring the company to complete the feasibility study and be ready to start production when the market really begins to pick up again.



Paul Marsden

Managing Director, Nordic Iron Ore AB (publ)



Operations

Significant events during the period

Raising of capital

Newly issued shares from the issues in December 2015 were registered, resulting in an increase in the number of shares to 36,545,550 and in the share capital to SEK 6,337,854.

Process development

Additional test enrichment on a pilot scale of about 10 tonnes of crude ore from Blötberget was performed at SGA and Weir Minerals in Germany. First evaluations of the data confirm the basic process flowsheet layout and the main equipment selection. Testwork has improved the recovery of iron minerals to the concentrate, reduced the energy input required and improved the quality of products achieved.

The main aim of the continued development work was to improve the recovery of iron to the concentrates, thereby increasing the revenue to the company and improving the cash cost per tonne of product. This was made all the more difficult because the higher hematite content during the early years of mining. In fact the results were surprisingly good, with the overall recovery of hematite being lifted from 50% of previous tests to 84%. Overall, with the recovery in magnetite Fe in excess of 95% gives an average recovery of iron around 90%. This is a great achievement for a mixed (magnetite and hematite ore) with most known operations having less than 90% recovery.

Not only did the testwork improve the recovery of iron, but it also improved the quality of the iron ore concentrates, from 69.8%Fe to 70.5%Fe for the magnetite concentrate and from 66.0%Fe to 66.6%Fe for the hematite concentrate.

Geotech

Condemnation drilling in the “marshy” areas where the tailings dams are to be expanded were completed during the cold period in March.

Geotechnical data continues to be collected by NIO geologists, with additional data provided by innovative techniques and equipment used by ERA-MIN to be used in the final design of the mine development.

Share and ownership structure

At the end of the period the share capital amounted to SEK 6 337 854 divided between 36 545 550 with a quota value of SEK 0.17 per share. The number of shareholders totalled 3,510.

Financial position

On the balance sheet date the Group had a liquidity of SEK 9 million. The equity/assets ratio was 85.96%. The Group's equity amounted to SEK 104.4 million, corresponding to SEK 2.9 per share.

Investments

During the period January – March investments totalled MSEK 2.1. The entire amount relates to prospecting resources and investigation work for the planned resumption of mining operations in Blötberget.

Employees

On average, two people were employed by the Company during the period and three were engaged on a consultancy basis.

Financial calendar

Interim report January – June 2016: 19 August 2016

Interim report January – September 2016: 17 November 2016

Year-end report for the 2016 financial year: February 2017

Risks and uncertainties

In addition to 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 possibilities of starting up operations depend 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.

Events after the period end

An application for mining concession in an area directly adjacent to Blötberget to the North East was submitted to Bergsstaten in the beginning of April. Based on NIO evaluation this could secure a further 8Mt of resources for the project to be included in the final DFS. The inclusion of this mineral zone as resources could significantly improve the economics of the mine development by bringing around opportunities of early cash-flow and increase NPV.

Annual report and financial reports

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

Operations

Stockholm, 25 May 2016

The Board of Nordic Iron Ore AB (publ), corporate identity no. 556756-0940

Jonas Bengtsson

Sigrun Hjelmquist

Johnas Jansson

Ryan Huff

Paul Marsden
Managing director

This report has not been reviewed by the auditors.

Technical source material has been reviewed by the Company's qualified persons, Hans Thorshag and Paul Marsden. Hans Thorshag is a qualified person under FRB standards and Paul Marsden as defined in the internationally recognized JORC Code, based on his training and experience in exploration, project development and mineral process engineering.

For further information, please contact:

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Consolidated statement of comprehensive income - summary

		2016	2015	2015
<i>Amounts in SEK</i>	Note	Jan - Mar	Jan - Mar	Jan - Dec
Net revenue		0	0	0
Other operating income		0	0	100 000
Total operating income		0	0	100 000
Other external costs		-1 802 031	-1 897 292	-6 869 229
Personnel expenses		-176 185	-1 376 272	-4 613 830
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-34 778	-34 778	-170 154
Operation profit/loss		-2 012 994	-3 308 342	-11 103 213
Financial income		269	96	638
Financial expenses		-369 745	-427 144	-1 806 604
Net financial income/expense		-369 476	-427 048	-1 805 966
Profit/loss after financial income and expense		-2 382 470	-3 735 390	-12 909 179
PROFIT/LOSS FOR THE PERIOD		-2 382 470	-3 735 390	-12 909 179
OTHER COMPREHENSIVE INCOME		-	-	-
Total comprehensive income for the period		-2 382 470	-3 735 390	-12 909 179
Attributable to:				
Parent company shareholders		-2 382 470	-3 735 390	-12 909 179
TOTAL		-2 382 470	-3 735 390	-12 909 179
Number of shares				
Number of shares at year-end		36 545 550	14 510 712	32 460 954
Average no. of shares (before dilution)		36 231 350	14 510 712	16 289 394
Average no. of shares (after dilution)		36 231 350	14 510 712	16 289 394
Earnings per share				
Earnings per share, weighted average before dilution, SEK		-0,07	-0,26	-0,79
Earnings per share, weighted average after dilution, SEK		-0,07	-0,26	-0,79

Consolidated statement of financial position - summary

<i>Amounts in SEK</i>	<i>Note</i>	31/03/2016	31/03/2015	31/12/2015
Assets				
Non-current assets				
Intangible assets		111 332 573	103 792 660	109 219 231
Property, plant and equipment		186 076	325 187	220 854
Financial assets		31 564	31 642	31 564
Current assets				
Other current assets		922 633	1 263 732	659 503
Cash and cash equivalents		9 029 584	8 531 134	12 695 599
Total assets		121 502 430	113 944 355	122 826 751
Equity and liabilities				
Equity		104 444 346	95 204 288	106 838 696
Non-current liabilities		13 344 445	11 921 111	12 990 556
Current liabilities	1	3 713 639	6 818 956	2 997 499
Total Equity and liabilities		121 502 430	113 944 355	122 826 751
Amounts in SEK				
<i>Note</i>		31/03/2016	31/03/2015	31/12/2015
Deposit in accordance with the Swedish Mineral Act, Bergsstaten		31 564	31 642	31 564
Contingent liabilities		None	None	None

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 01/01/2016		6 337 854	176 621 884	-76 121 042	106 838 696
Comprehensive income for the period				-2 382 470	-2 382 470
Transaction costs			-11 880		-11 880
CLOSING EQUITY 31/3/2016		6 337 854	176 610 004	-78 503 512	104 444 346
Opening equity 01/01/2015		2 516 497	159 635 044	-63 211 863	98 939 678
Comprehensive income for the period				-3 735 390	-3 735 390
CLOSING EQUITY 31/3/2015		2 516 497	159 635 044	-66 947 253	95 204 288
Opening equity 01/01/2015		2 516 497	159 635 044	-63 211 863	98 939 678
Comprehensive income for the period				-12 909 179	-12 909 179
Unregistered share capital		708 364	3 376 232		4 084 596
New share issued		3 112 993	14 837 250		17 950 243
Transaction costs			-1 226 642		-1 226 642
CLOSING EQUITY 31/12/2015		6 337 854	176 621 884	-76 121 042	106 838 696

Consolidated cash flow statement - summary

		2016	2015	2015
<i>Amounts in SEK</i>	Note	Jan - Mar	Jan - Mar	Jan - Dec
Operating activities				
Profit/loss for the period		-2 382 470	-3 735 390	-12 909 179
Adjustments for items not included in the cash flow		34 778	34 777	170 154
Cash flow from operating activities before changes in working capital		-2 347 692	-3 700 613	-12 739 025
Cash flow from changes in working capital				
Change in operating receivables		-263 130	1 381 954	1 986 260
Change in operating liabilities		1 058 149	-3 925 653	-3 101 006
Cash flow from operating activities		-1 552 673	-6 244 312	-13 853 771
Cash flow from investment activities		-2 113 342	-5 285 821	-10 743 436
Cash flow from financing activities		0	350 000	17 581 539
Cash flow for the year		-3 666 015	-11 180 133	-7 015 668
Opening cash and cash equivalents		12 695 599	19 711 267	19 711 267
CLOSING CASH AND CASH EQUIVALENTS		9 029 584	8 531 134	12 695 599

Parent Company Income statement - summary

		2016	2015	2015
<i>Amounts in SEK</i>	Note	Jan - Mar	Jan - Mar	Jan - Dec
Net revenue				
Other operating income		0	0	100 000
Total operating income		0	0	100 000
Other external costs	2	-1 802 031	-1 897 292	-6 869 229
Personnel expenses		-176 185	-1 376 272	-4 613 830
Depreciation of property, plant and equipment and intangible fixed assets		-34 778	-34 778	-170 154
Operating profit/loss		-2 012 994	-3 308 342	-11 103 213
Other interest income and similar profit/loss items		269	96	638
Interest expense and similar profit/loss items		-369 745	-427 144	-1 806 604
PROFIT/LOSS FOR THE PERIOD		-2 382 470	-3 735 390	-12 909 179
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME				
Other comprehensive income		-	-	-
Total comprehensive income for the period		-2 382 470	-3 735 390	-12 909 179
Attributable to:				
Parent Company shareholders		-2 382 470	-3 735 390	-12 909 179
TOTAL		-2 382 470	-3 735 390	-12 909 179

Parent Company Balance sheet - summary

<i>Amounts in SEK</i>	<i>Note</i>	31/03/2016	31/03/2015	31/12/2015
Assets				
Non-current assets				
Intangible assets		111 332 573	103 792 660	109 219 231
Property, plant and equipment		186 076	325 187	220 854
Financial assets		31 564	31 642	31 564
Shares in subsidiaries		50 000	50 000	50 000
Currens assets				
Other current assets		922 633	1 263 732	659 503
Cash and cash equivalents		8 986 347	8 487 896	12 652 362
Total assets		121 509 193	113 951 117	122 833 514
Equity and liabilities				
Equity		104 451 108	95 211 051	106 845 458
Non-current liabilities		13 344 445	11 921 111	12 990 556
Current liabilities		3 713 639	6 818 955	2 997 500
Total Equity and liabilities		121 509 192	113 951 117	122 833 514
Amounts in SEK				
Not				
Deposit in accordance with the Swedish Mineral Act, Bergsstaten		31 564	31 642	31 564
Contingent liabilities		None	None	None

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, see the annual report of 2015.

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, Copperstone Resources AB invoiced SEK 23,800 in fees and expenditures. Nordic Iron Ore's liability amounted to SEK 0 to Copperstone Resources AB as of 31 March 2016.

Note 2 Key ratios (Group)

<i>Amounts in SEK</i>	2016 Jan - Mar	2015 Jan - Mar	2015 Jan - Dec
The Group			
Equity ratio (%)	85,96%	83,55%	86,98%
Earnings per share	-0,07	-0,26	-0,79
Equity per share	2,86	6,56	3,29
Quick ratio (%)	267,99%	143,64%	445,5%
No. of shares	36 545 550	14 510 712	32 460 954
Weighted average no. Of shares before dilution	36 231 350	14 510 712	16 289 394
Weighted average no. Of shares after dilution	36 231 350	14 510 712	16 289 394

Key ratio definitions

Equity/assets ratio:

Earnings per share:

Equity per share:

Quick ratio:

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Equity as a per cent of the balance total.

profit/loss after tax in relation to the weighted average number of shares.

Equity in relation to the number of shares on the balance sheet date.

Current assets excluding stock in relation to current liabilities.