

# Q2



## Interim Report January – June 2015

### Significant events during the second quarter 2015

- A declaration of intent was signed with a large international trading house
- A technical report on the feasibility study for Blötberget was completed
- An updated estimate of the mineral resources in Blötberget was announced
- An application for a mining concession for the southern Väsman field was submitted to the Swedish Mining Inspectorate
- In order to reduce fixed costs, all permanent-employee contracts were terminated

#### *Second quarter, 1 April – 30 June 2015*

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK –4.4 million (–5.3)
- Investments in the period April–June totalled SEK 3.5 million (2.7)
- Basic earnings per share were SEK –0.31 (–0.46)

#### *Interim period, 1 January – 30 June 2015*

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK –8.2 million (–11.1)
- Investments in the period October–December totalled SEK 8.8 million (5.9)
- Basic earnings per share were SEK –0.56 (–0.96)
- Cash and cash equivalents on 30 June 2015 amounted to SEK 3.9 million (2.4)

### Significant events after the end of the period

- The Country Administrative Board approved the Company's proposed plan to compensate for nature conservation values.

### Key ratios (Group)

Amounts in SEK	2015 Apr–Jun	2014 Apr–Jun	2014 Jan–Dec
The Group			
Equity/assets ratio (%)	80.7%	53.8%	81.6%
Earnings per share (weighted average)	–0.31	–0.46	–1.88
Equity per share	6.26	3.83	6.82
Quick ratio (%)	52.4%	14.0%	208.1%
Number of shares	14,510,712	11,492,738	14,510,712

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 CEO

## Making progress in an insecure environment

The market remains volatile and times are generally difficult for iron ore projects. Developments in China continue to affect the spot market price for iron ore, with substantial fluctuations, not least as a result of dramatic events in the Chinese equity market and reports of cutbacks in Chinese steel production due, among other things, to increased environmental requirements and falling demand.

Views regarding the long-term price trend are divided, however, although fresh analyses from the two investment banks JP Morgan and Morgan Stanley conclude that the long-term spot price for 62% Fe iron ore will be about 75 dollars per tonne.

What is overlooked in the general debate about the price of iron ore is the interaction – important for producers – between the iron-ore price, quality, the dollar exchange rate and the cost of ocean freight. For our part, I can say that the fall in the dollar price for iron ore, which began one year ago, has been largely offset by a weaker Swedish krona, lower energy prices and falling ocean freight. The long-term spot price for 62 per cent iron ore previously assumed by us in our calculations was 110 dollars per tonne, based on an exchange rate of 7 kronor, whereas today we base our calculations on a long-term price of 75 dollars per tonne and an exchange rate of 8.6 kronor. Compared with the assumptions we previously made regarding quality premiums and ocean freight, our calculations now indicate under the new circumstances that the expected contribution margin will largely be the same.

According to Metal Bulletin, a price premium is paid for high-grade concentrate in relation to the more generally known spot price for 62 per cent iron ore. The difference between this and Metal Bulletin's published market price index for 66% iron concentrate, which is the relevant index for high-grade concentrate, has for several years been reflected in an upward trend. This indicates that the demand for high-grade iron ore continues to outstrip supply, and our contacts with customers anticipate that the shortage of quality ore will increase.

In June we attended Metal Bulletin's large annual iron ore conference in Vienna, at which we, as the only mining development company, were invited to give a presentation on our ongoing feasibility study. The results of the study, and, in particular, the quality of our product attracted considerable attention.

In connection with the conference we also signed an important declaration of intent with a large international trading house. This agreement, which was negotiated during the spring, is expected by us to result in binding delivery contracts for most of the planned production from Blötberget. It is also confirmation of the great interest in the market place for our high-grade iron-ore product.

During the period we also continued to work on securing the financing for the final part of the project study. As this had taken a fairly long time and in view of the decreasing liquidity, the Board decided to implement a programme aimed at substantially reducing fixed expenses. This work is continuing and the aim is to make a rights issue in the autumn.

In conclusion, it is gratifying to be able to report that we reached another important milestone for Ludvika Mines during the period, when we submitted an application for a mining concession for the southern part of the Väsman field.



**Christer Lindqvist**  
VD Nordic Iron Ore

# Operations

## Important events during the period

### *The feasibility study for Blötberget*

In April the DMT Group, the Company's independent mining consultant for the feasibility study, completed an interim technical report (ITR), which covered, among other things, mineral resources, planning of the mine and the enrichment process.

Based on the detailed analyses carried out in connection with the production of this report, it was possible to announce a new estimate of the Company's mineral resources in Blötberget. Measured and indicated mineral resources in Blötberget, given a cut-off level of 25% iron, now amount to 42.5 million tonnes at 41.9% iron and 5.3 million tonnes at 38.2% iron, while inferred resources amount to 5.4 million tonnes at 33.5% iron (estimated according to JORC 2012).

The report shows that over the lifetime of the mine the average estimated production cost, including logistical costs, is approximately SEK 349 per tonne of dry product (USD 40.5). Investment costs are estimated to be about SEK 1,560 million (USD 181 million) for the restart of the mine, and in total about SEK 2,175 million (USD 252 million) over the lifetime of the mine, which is put at about 15 years. These costs are below the earlier estimates reported in the preliminary economic assessment (PEA) in 2012, which also included the Håksberg mine.

The lower production costs are due to greater knowledge of the mineralisation and the processability, improved mine design and optimisation of the process flow sheet and layouts, as well as lower energy costs and an updated USD exchange rate. The calculations in the report are based on an exchange rate of SEK 8.62 to the dollar.

### *Väsman*

During the period a concession application was submitted to the Mining Inspectorate for the southern part of the Väsman field. In the application the measured and indicated mineral resources, given a cut-off level of 25% iron, amount to 5.1 million tonnes at 36.7% iron and 42.9 million tonnes at 34.8% iron, while inferred resources amount to 37.8 million tonnes at 33.9% iron within the concession area applied for. The estimates follow the FRB standard issued in 2012 by SweMin, among others, which is essentially identical to the JORC code in relation, for example, to the categorisation of mineral resources.

### *Permits*

During the period an important condition laid down in the judgment of the Land & Environmental Court was met, when the County Administrative Board in Dalarna approved the Company's compensation plan for lost natural values in connection with the resumption of mine production in Blötberget and Håksberg.

The detailed development plans approved by Ludvika Municipality for the industrial sites in Blötberget and Håksberg acquired legal force during the period.

The exploration licence for Skeppmora 1 was relinquished during the period.

### *Customers*

During the period a declaration of intent was signed with a large international trading house for future product deliveries. This agreement means that the Company has a professional partner judged to be capable of offering the best prospects of reaching the most qualified end customers. It covers all markets outside Europe.

### *Organisation*

In order to prepare the Company for a temporary lower level of activity due to the delays in raising capital and the Company's decreasing liquidity and also to create conditions for lower fixed current costs, all contracts for permanent employees were terminated.

### *Financing*

During the period the work of raising capital continued and a financing committee was formed within the Board.

## The share and share structure

At the end of the period the share capital amounted to SEK 2,516,497, divided between 14,510,712 shares, with a quota value of SEK 0.17 per share. The number of shareholders totalled 3,488. The large increase in the number of shareholders is explained by the fact that Copperstone Resources AB (the former Kopparberg Mineral) distributed a large part of its holdings to its shareholders.

# Operations

---

## Financial position

On the balance sheet date, the Group had a liquidity of SEK 3.9 million. The equity/assets ratio was 80.7%. The Group's equity amounted to SEK 90.8 million, corresponding to SEK 6.26 per share.

## Investments

In the period January – June 2015, investments totalled SEK 8.8 million. The entire amount relates to prospecting costs and investigative work relating to the planned resumption of mining operations in Blötberget.

## Employees

On average, seven people were employed by the Company during the period.

## Financial calendar

Interim Report January – September 2015: 21 November 2015  
Year-end Report for the 2015 financial year: February 2016

## Risks and factors of uncertainty

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 prospects of starting up operations depend on our ability to finance day-to-day operations and on the extensive capital requirements for investments being met.

There have been no significant changes to alter this description.

## Events after the period end

The Company closed its office in Ludvika and concentrated its operations in its Grängesberg premises.

## Annual report and financial reports

The Company's press releases and financial reports are distributed via Cisionwire and are available at [www.nordicironore.se](http://www.nordicironore.se).

# Operations

---

Stockholm, 21 August 2015

The Board of Nordic Iron Ore AB (publ) corporate registration number 556756-0940

Göran Ekdahl

Jonas Bengtsson

Sigrun Hjelmquist

Johnas Jansson

Christer Lindqvist

This report has not been reviewed by the auditors.

The 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:

Christer Lindqvist

Telephone: 070-591 0483

E-mail: [christer.lindqvist@nordicironore.se](mailto:christer.lindqvist@nordicironore.se)

# Consolidated statement of comprehensive income - summary

		2015	2014	2015	2014	2014
Amounts in SEK	Note	April - June	April - June	Jan - June	Jan - June	Jan - Dec
Other external costs		-2 559 935	-2 866 586	-4 457 227	-4 573 299	-7 740 574
Personnel expenses		-1 301 314	-1 471 971	-2 677 586	-2 772 230	-5 801 586
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-65 822	-34 776	-100 599	-2 076 942	-4 985 456
Operation profit/loss		-3 927 071	-4 373 333	-7 235 412	-9 422 471	-18 527 616
Financial income		0	15	96	5 199	5 573
Financial expenses		-508 180	-918 728	-935 325	-1 645 749	-4 010 488
Net financial income/expense		-508 180	-918 713	-935 229	-1 640 550	-4 004 915
Profit/loss after financial income and expense		-4 435 251	-5 292 046	-8 170 641	-11 063 021	-22 532 531
PROFIT/LOSS FOR THE PERIOD		-4 435 251	-5 292 046	-8 170 641	-11 063 021	-22 532 531
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
Total comprehensive income for the period		-4 435 251	-5 292 046	-8 170 641	-11 063 021	-22 532 531
Attributable to:						
Parent company shareholders		-4 435 251	-5 292 046	-8 170 641	-11 063 021	-22 532 531
TOTAL		-4 435 251	-5 292 046	-8 170 641	-11 063 021	-22 532 531
Number of shares						
Number of shares at year-end		14 510 712	11 492 738	14 510 712	11 492 738	14 510 712
Average no. of shares (before dilution)		14 510 712	11 492 738	14 510 712	11 492 738	11 996 735
Average no. of shares (after dilution)		14 510 712	11 482 738	14 510 712	11 482 738	11 996 735
Earnings per share						
Earnings per share, weighted average before dilution, SEK		-0,31	-0,46	-0,56	-0,96	-1,88
Earnings per share, weighted average after dilution, SEK		-0,31	-0,46	-0,56	-0,96	-1,88

# Consolidated statement of financial position - summary

Amounts in SEK	Note	30/06/2015	30/06/2014	31/12/2014
<b>Assets</b>				
Non-current assets				
Intangible assets		107 229 351	77 554 976	98 506 839
Property, plant and equipment		290 409	429 523	359 964
Financial assets		31 618	78 403	31 642
Current assets				
Other current assets		1 065 488	1 352 672	2 645 685
Cash and cash equivalents		3 898 402	2 403 293	19 711 267
<b>Total assets</b>		<b>112 515 268</b>	<b>81 818 867</b>	<b>121 255 397</b>
<b>Equity and liabilities</b>				
Equity				
		90 769 037	44 049 491	98 939 678
Non-current liabilities				
		12 275 000	10 855 555	11 571 111
Current liabilities				
	1,2	9 471 231	26 913 821	10 744 608
<b>Total Equity and liabilities</b>		<b>112 515 268</b>	<b>81 818 867</b>	<b>121 255 397</b>
<b>Contingent liabilities</b>				
		None	None	None

# Consolidated statement of change in equity

Amounts in SEK	Note	Share capital	Other contributed capital	Profit/loss brought forward, incl. profit/loss for the period	Total equity
Opening equity 01/01/2015		2 516 497	160 045 044	-63 621 863	98 939 678
Comprehensive income for the period				-8 170 641	-8 170 641
CLOSING EQUITY 30/06/2015		2 516 497	160 045 044	-71 792 504	90 769 037
Opening equity 01/01/2014		1 993 110	94 208 734	-41 089 332	55 112 512
Comprehensive income for the period				-11 063 021	-11 063 021
CLOSING EQUITY 30/06/2014		1 993 110	94 208 734	-52 152 353	44 049 491
Opening equity 01/01/2014		1 993 110	94 208 734	-41 089 332	55 112 512
Comprehensive income for the period				-22 532 531	-22 532 531
Not utilized option premium			-410 000	410 000	0
New share issued		523 387	71 871 587		72 394 974
Transaction costs			-6 035 277		-6 035 277
CLOSING EQUITY 31/12/2014		2 516 497	159 635 044	-63 211 863	98 939 678



# Consolidated cash flow statement - summary

		2015	2014	2015	2014	2014
Amounts in SEK	Note	April - June	April - June	Jan - June	Jan - June	Jan - Dec
Operating activities						
Profit/loss for the period		-4 435 251	-5 292 047	-8 170 641	-11 063 021	-22 532 531
Adjustments for items not included in the cash flow		65 822	781 045	100 599	3 550 226	5 032 223
Cash flow from operating activities before changes in working capital		-4 369 429	-4 511 002	-8 070 042	-7 512 795	-17 500 308
Cash flow from changes in working capital						
Change in working capital		198 243	-284 584	1 580 221	9 296	-1 283 717
Change in operating liabilities		-1 243 835	6 073 237	-4 819 488	6 886 205	4 889 374
Cash flow from operating activities		-5 415 021	1 277 651	-11 309 309	-617 294	-13 894 651
Cash flow from investment activities						
Cash flow from investment activities		-3 467 711	-2 697 650	-8 753 556	-5 984 267	-29 775 090
Cash flow from financing activities						
Cash flow from financing activities		4 250 000	3 000 000	4 250 000	3 000 000	57 376 154
Cash flow for the year		-4 632 732	1 580 001	-15 812 865	-3 601 561	13 706 413
Opening cash and cash equivalents		8 531 134	823 292	19 711 267	6 004 854	6 004 854
CLOSING CASH AND CASH EQUIVALENTS		3 898 402	2 403 293	3 898 402	2 403 293	19 711 267

# Parent Company Income statement - summary

		2015	2014	2015	2014	2014
Amounts in SEK	Note	April - June	April - June	Jan - June	Jan - June	Jan - Dec
Other external costs	2	-2 559 935	-2 866 586	-4 457 227	-4 573 299	-7 740 574
Personnel expenses		-1 301 314	-1 471 971	-2 677 586	-2 772 230	-5 801 586
Depreciation of property, plant and equipment and intangible fixed assets		-65 822	-34 776	-100 599	-2 076 942	-4 985 456
Operating profit/loss		-3 927 071	-4 373 333	-7 235 412	-9 422 471	-18 527 616
Other interest income and similar profit/loss items		0	15	96	5 199	5 573
Interest expense and similar profit/loss items		-508 180	-918 728	-935 325	-1 645 749	-4 010 488
PROFIT/LOSS FOR THE PERIOD		-4 435 251	-5 292 046	-8 170 641	-11 063 021	-22 532 531
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME						
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-4 435 251	-5 292 046	-8 170 641	-11 063 021	-22 532 531
Attributable to:						
Parent Company shareholders		-4 435 251	-5 292 046	-8 170 641	-11 063 021	-22 532 531

# Parent Company Balance sheet - summary

Amounts in SEK	Note	30/06/2015	30/06/2014	31/12/2014
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		107 229 351	77 554 976	98 506 839
Property, plant and equipment		290 409	429 523	359 964
Financial assets		31 618	78 403	31 642
Shares in subsidiaries		50 000	50 000	50 000
<b>Current assets</b>				
Other current assets		1 065 488	1 352 672	2 645 685
Cash and cash equivalents		3 855 165	2 360 055	19 668 029
<b>Total assets</b>		<b>112 522 031</b>	<b>81 825 629</b>	<b>121 262 159</b>
<b>Equity and liabilities</b>				
<b>Equity</b>		<b>90 775 799</b>	<b>44 056 252</b>	<b>98 946 440</b>
<b>Non-current liabilities</b>				
		12 275 000	10 855 555	11 571 111
<b>Current liabilities</b>		<b>9 471 232</b>	<b>26 913 822</b>	<b>10 744 608</b>
<b>Total Equity and liabilities</b>		<b>112 522 031</b>	<b>81 825 629</b>	<b>121 262 159</b>
<b>Contingent liabilities</b>				
Amounts in SEK	Not	30/06/2015	30/06/2014	31/12/2014
Deposit in accordance with the Swedish Mineral Act, Bergsstaten		31 492	31 447	31 642
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 or 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 2014.

# 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 12 500 in fees and expenditures. Nordic Iron Ore's liability amounted to SEK 0 to Copperstone Resources AB as of 30 June 2015.

## Note 2 Key ratios (Group)

Amounts in SEK	2015 April - June	2015 April - June	2015 Jan - June	2014 Jan - June	2014 Jan - Dec
The Group					
Equity ratio (%)	80,7%	53,8%	80,7%	53,8%	81,6%
Earnings per share	-0,31	-0,46	-0,56	-0,96	-1,88
Equity per share	6,26	3,83	6,26	3,83	6,82
Quick ratio (%)	52,4%	14,0%	52,4%	14,0%	208,1%
No. of shares	14 510 712	11 492 738	14 510 712	11 492 738	14 510 712
Weighted average no. Of shares before dilution	14 510 712	11 492 738	14 510 712	11 492 738	11 996 735
Weighted average no. Of shares after dilution	14 510 712	11 492 738	14 510 712	11 492 738	11 996 735

### Key ratio definitions

Equity/assets ratio:	Equity as a per cent of the balance 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.