

Q3



Interim Report January – September 2014

Significant events during the third quarter of 2014

- A supplementary drilling programme for Blötberget was started at the beginning of July
- The consulting firm DMT was engaged to provide an independent review of the feasibility study
- Financing totalling approximately SEK 58 million before issue expenses was secured through a directed share issue and a rights issue.

Third quarter, 1 July – 30 September 2014

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -8.4 million (-3.0)
- The investments during the period July – September amounted to SEK 9.3 million (2.6)
- Basic earnings per share were SEK -0.73 (-0.26)

Interim period, 1 January – 30 September 2014

- Income amounted to SEK 0 million (0)
- Earnings after tax were SEK -19.5 million (-12.1)
- Investments during the period January – September amounted to SEK 15.3 million (10.1)
- Basic earnings per share were SEK -1.69 (-1.05)
- Cash and cash equivalents on 30 September 2014 amounted to SEK 0.1 million (3.4)

Significant events after the period end

- Convertible loans were converted to shares via an offset issue. Liabilities of SEK 12,217,500 were thereby converted to equity capital and 610,875 new shares were issued.
- Test enrichment on a pilot scale of about 20 tonnes of crude ore from Blötberget by GTK in Finland began in November.

Key ratios (Group)

Amount in SEK	2014 Jul-Sep	2013 Jul-Sep	2014 Jan-Sep	2013 Jan-Sep	2013 Jan-Dec
The Group					
Equity/assets ratio (%)	41.10%	79.10%	41.10%	79.10%	67.60%
Earnings per share (weighted average)	-0.73	-0.26	-1.69	-1.05	-1.38
Equity per share	3.10	5.12	3.10	5.12	4.80
Quick ratio (%)	5.69%	88.53%	5.69%	88.53%	45.31%
No. of shares	11,492,738	11,492,738	11,492,738	11,492,738	11,492,738

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

Comments from the CEO

New share issues give us room for manoeuvre in a difficult market situation.

It is gratifying to note that the Company was able, despite a declining market for iron ore, to raise a significant amount of capital in the autumn. The successful outcome of the issues has sent positive signals in what is otherwise a rather gloomy market for iron ore. They brought SEK 58 million before issue expenses, providing the Company with some financial leeway to meet what will hopefully be a brief recession.

The price of iron ore has fallen sharply in recent months in reaction to the oversupply of ore that has arisen since several new low-cost mines in Australia started production and began to deliver ore. In a market of oversupply the producer with the highest marginal cost should be eliminated first; however, this does not seem to be the case at the moment!

The impact of the price fall has been greater owing to the fact that growth in China is expected to be somewhat lower, while at the same time Chinese high-cost mines now appear to be in a position to continue their unprofitable ore production, thereby delaying a price recovery. This may be due to inertia on the part of Chinese steelworks when it comes to switching their production of crude ore in the long term to imported low-grade ore, despite this being less expensive.

The question is how long this can continue. In the meantime it is a fact that China, as a nation and consumer of more than 50 per cent of the world's production of iron ore, benefits when the spot price is put under heavy pressure.

Expectations of a price recovery in the near future should therefore be tempered until supply and demand settle down. Meanwhile the demand for iron ore is growing all the time, which means that there will be a balance between supply and demand over time.

It is not all gloom, however. There are factors which partly compensate for the price fall, especially where our planned products are concerned. The price premium for higher grades of ore tends to increase when the spot price of standard ore is falling. This is because there is, and there

will continue to be, a shortfall of quality ore in the market. Moreover, the weakening of the Swedish krona benefits the Company and increases our competitiveness.

The prevailing market situation, however, means that the Company must be prepared to cope with a fairly long period of recession. Adjustments will be made to the work that is in progress within the scope of the feasibility study in order to create greater financial leeway.

This is likely to mean that the completion of the feasibility study will be postponed and that the restart of iron ore production in Blötberget will be delayed.

Finally, I would like to convey the Company's thanks to all the new and existing shareholders who are supporting us. It is this support and the many positive advantages that Ludvika Mines have which make our company unique.

Christer Lindqvist



CEO Nordic Iron Ore



Operations

Significant events during the period

Raising of capital

In the third quarter Nordic Iron Ore AB conducted a directed share issue and a rights issue. The Company received a subscription settlement totalling just over SEK 40 million in the share issue and just over SEK 18 million in the rights issue. The price of newly subscribed shares in both issues was SEK 25 per share. In total, this brought the Company just over SEK 58 million before deductions for issue expenses. The funds were received by the Company in the beginning of October.

Mineral resources

A supplementary drilling programme in Blötberget was started during the period. The Finnish drilling contractor Kati Oy began work in early July.

The programme, which comprises 7,100 metres of core drilling, is designed to examine the area between the Hugget/Betsta mines and the Kalv/Fly mines and to upgrade the assumed mineral resources in the Hugget/Betsta mines to indicated categories.

The results of the core drilling amount to supplementary basic data for the ongoing mine planning and the feasibility study for the Blötberget mine.

Process development

The ore mineralisations of the Blötberget mine have different compositions regarding the percentages of magnetite and haematite as well as the quantity of phosphorus. In order to determine the optimum concentration methods and guarantee the most effective choice of process equipment, additional bench-scale tests (so-called variance tests) were carried out by Geologian Tutkimuskeskus (GTK) in Finland during the period.

The final stage of the process development began in November. It comprises a larger programme for the test enrichment of crude ore on a pilot scale in order to confirm the proposed process configuration in the enrichment plant.

Logistics

Project design work for the rail terminal at Skeppmora, under the supervision of the Swedish Transport Administration, has continued. The next step is to compile cost and tender documentation for the construction of the terminal.

During the period the evaluation continued of bids received from a total of nine prospective train operators for the transportation of ore between the Skeppmora terminal and the port of Oxelösund.

Permits

The decision by the Land and Environment Court came into force on 24 June 2014. Work has continued within the scope of the permit on the compensation plan for the loss of natural values in consultation with Bergviks Skog, the County Administrative Board and Ludvika Municipality.

The work on detailed development plans for the industrial sites in Blötberget and Håksberg carried out by Ludvika Municipality was completed during the period, and the plans are expected to be approved in December 2014.

During the period the Company relinquished the exploration permits for the Laxsjö field and Burängsberg, together with three of the permits adjacent to the mine in Stråssa. The book value of the permits was SEK 2.9 million, which has been charged to earnings for the period.

Events after the reporting period

The ongoing drilling programme that was part of the Blötberget concession was concluded at the beginning of October.

Test enrichment on a pilot scale of approximately 200 tonnes of crude ore from Blötberget was started in November by GTK in Finland.

The directed share issue and the rights issue were completed and the previous year's convertible loan was converted to shares through an offset issue.

New shares from the issues were registered, as a result of which the number of shares rose to 14,454,712 and the share capital increased to SEK 2,506,785.

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 totalled 1,756.

Operations

Financial position

On the balance sheet date the Group had a liquidity of SEK 0.1 million. The equity/assets ratio was 41.10%. The Group's equity amounted to SEK 35.7 million, corresponding to SEK 3.10 per share.

Investments

During the period January – September 2014 investments totalled SEK 15,333,000. The entire amount relates to prospecting resources and investigation work for the planned start of the mining business. The investigation work relates mainly to drilling in Blötberget, including analyses.

Employees

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

Financial calendar

Year-end report for the 2014 financial year: 20 February 2015

Interim report January – March 2015: 22 May 2015

Interim report January – June 2015: 21 August 2015

Interim report January – September 2015: 19 November 2015

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.

Annual report and financial reports

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

Operations

Stockholm, 21 November 2014

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

Göran Ekdahl

Jonas Bengtsson

Sigrun Hjelmquist

Johnas Jansson

Lars-Göran Ohlsson

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:

Christer Lindqvist

Telephone: 070-591 0483

E-mail: christer.lindqvist@nordicironore.se

Consolidated statement of comprehensive income - summary

		2014	2013	2014	2013	2013
<i>Amounts in SEK</i>	Note	July - Sept	July -Sept	Jan-Sept	Jan-Sept	Jan-Dec
Other external costs		-2 085 387	-1 379 384	-6 658 685	-6 867 273	-8 693 276
Personnel expenses		-1 599 929	-944 585	-4 372 159	-3 511 182	-4 749 980
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-2 873 737	-34 776	-4 950 679	-90 528	-125 304
Operation profit/loss		-6 559 053	-2 358 745	-15 981 523	-10 468 983	-13 568 560
Financial income		294	6 821	5 493	34 065	37 112
Financial expenses		-1 833 941	-608 585	-3 479 691	-1 637 629	-2 278 583
Net financial income/expense		-1 833 647	-601 764	-3 474 198	-1 603 564	-2 241 471
Profit/loss after financial income and expense		-8 392 700	-2 960 509	-19 455 721	-12 072 547	-15 810 031
PROFIT/LOSS FOR THE PERIOD		-8 392 700	-2 960 509	-19 455 721	-12 072 547	-15 810 031
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
Total comprehensive income for the period		-8 392 700	-2 960 509	-19 455 721	-12 072 547	-15 810 031
Attributable to:						
Parent company shareholders		-8 392 700	-2 960 509	-19 455 721	-12 072 547	-15 810 031
TOTAL		-8 392 700	-2 960 509	-19 455 721	-12 072 547	-15 810 031
Number of shares						
Number of shares at year-end		11 492 738	11 492 738	11 492 738	11 492 738	11 492 738
Average no. of shares (before dilution)		11 492 738	11 492 738	11 492 738	11 492 738	11 492 738
Average no. of shares (after dilution)		11 482 738	11 482 738	11 482 738	11 482 738	11 492 738
Earnings per share						
Earnings per share, weighted average before dilution, SEK		-0,73	-0,26	-1,69	-1,05	-1,38
Earnings per share, weighted average after dilution, SEK		-0,73	-0,26	-1,69	-1,05	-1,38

Consolidated statement of financial position - summary

<i>Amounts in SEK</i>	Note	30/09/2014	30/09/2013	31/12/2013
Assets				
Non-current assets				
Intangible assets		84 065 081	69 353 208	73 578 099
Property, plant and equipment		394 746	533 855	499 075
Financial assets		31 563	77 998	78 404
Current assets				
Other current assets		2 163 434	945 897	1 361 968
Cash and cash equivalents		106 716	3 491 518	6 004 854
Total assets		86 761 540	74 402 476	81 522 400
Equity and liabilities				
Equity		35 656 791	58 849 996	55 112 512
Non-current liabilities		11 213 333	10 540 188	10 151 666
Current liabilities	1,2	39 891 416	5 012 292	16 258 222
Total Equity and liabilities		86 761 540	74 402 476	81 522 400
Pledged assets and contingent liabilities				
<i>Amounts in SEK</i>	Note	30/09/2014	30/09/2013	31/12/2013
Deposit in accordance with the Swedish Mineral Act, Bergsstaten		31 492	31 216	31 216
Rental guarantee		0	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 01/01/2014		1 993 110	94 208 734	-41 089 332	55 112 512
Comprehensive income for the period				-19 455 721	-19 455 721
CLOSING EQUITY 30/09/2014		1 993 110	94 208 734	-60 545 053	35 656 791
Opening equity 01/01/2013		1 993 110	94 208 734	-25 279 301	70 922 543
Comprehensive income for the period				-12 072 547	-12 072 547
CLOSING EQUITY 30/09/2013		1 993 110	94 208 734	-37 351 848	58 849 996
Opening equity 01/01/2013		1 993 110	94 208 734	-25 279 301	70 922 543
Comprehensive income for the period				-15 810 031	-15 810 031
CLOSING EQUITY 31/12/2013		1 993 110	94 208 734	-41 089 332	55 112 512

Consolidated cash flow statement - summary

		2014	2013	2014	2013	2013
<i>Amounts in SEK</i>	<i>Note</i>	<i>July - Sept</i>	<i>July - Sept</i>	<i>Jan-Sept</i>	<i>Jan-Sept</i>	<i>Jan-Dec</i>
Operating activities						
Profit/loss for the period		-8 392 699	-2 960 510	-19 455 721	-12 072 547	-15 810 031
Adjustments for items not included in the cash flow		616 891	34 776	7 213 956	90 528	1 008 162
Cash flow from operating activities before changes in working capital		-7 775 808	-2 925 734	-12 241 765	-11 982 019	-14 801 869
Cash flow from changes in working capital						
Change in working capital		-810 762	3 744 163	-801 466	1 402 703	986 632
Change in operating liabilities		4 259 687	-1 218 213	8 145 895	-4 919 125	-4 944 571
Cash flow from operating activities		-4 326 883	-399 784	-4 897 336	-15 498 441	-18 759 808
Cash flow from investment activities		-9 302 224	-2 614 410	-15 333 332	-10 135 618	-14 360 915
Cash flow from financing activities		11 332 530	0	14 332 530	10 200 000	20 200 000
Cash flow for the year		-2 296 577	-3 014 194	-5 898 138	-15 434 059	-12 920 723

Parent Company Income statement - summary

		2014	2013	2014	2013	2013
<i>Amounts in SEK</i>	Note	July - Sept	July - Sept	Jan-Sept	Jan-Sept	Jan-Dec
Other external costs	2	-2 085 387	-1 379 384	-6 658 685	-6 867 273	-8 691 787
Personnel expenses		-1 599 929	-944 585	-4 372 159	-3 511 182	-4 749 980
Depreciation of property, plant and equipment and intangible fixed assets		-2 873 737	-34 776	-4 950 679	-90 528	-125 304
Operating profit/loss		-6 559 053	-2 358 745	-15 981 523	-10 468 983	-13 567 071
Other interest income and similar profit/loss items		294	6 821	5 493	34 065	37 058
Interest expense and similar profit/loss items		-1 833 941	-608 585	-3 479 691	-1 637 629	-2 278 583
PROFIT/LOSS FOR THE PERIOD		-8 392 700	-2 960 509	-19 455 721	-12 072 547	-15 808 596
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME						
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-8 392 700	-2 960 509	-19 455 721	-12 072 547	-15 808 596
Attributable to:						
Parent Company shareholders		-8 392 700	-2 960 509	-19 455 721	-12 072 547	-15 808 596

Parent Company Balance sheet - summary

<i>Amounts in SEK</i>	Note	30/09/2014	30/09/2013	31/12/2013
Assets				
Non-current assets				
Intangible assets		84 065 081	69 353 208	73 578 099
Property, plant and equipment		394 746	533 855	499 075
Financial assets		31 563	77 998	78 404
Shares in subsidiaries		50 000	50 000	50 000
Current assets				
Other current assets		2 163 434	945 897	1 361 968
Cash and cash equivalents		63 479	3 447 085	5 961 617
Total assets		86 768 303	74 408 043	81 529 163
Equity and liabilities				
Equity		35 663 551	58 855 563	55 119 274
Non-current liabilities		11 213 333	10 540 188	10 151 666
Current liabilities		39 891 419	5 012 292	16 258 223
Total Equity and liabilities		86 768 303	74 408 043	81 529 163
Pledged assets and contingent liabilities				
<i>Amounts in SEK</i>	Not	30/09/2014	30/09/2013	31/12/2013
Deposit in accordance with the Swedish Mineral Act, Bergsstaten		31 492	31 216	31 216
Rental guarantee		0	45 600	45 600

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 2013.

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 317,000 in fees and expenditures. Nordic Iron Ore's liability amounted to SEK 1,700,000 to Kopparberg Mineral AB and SEK 2,561,000 to Bengtssons Tidnings AB as of 30 September 2014.

Note 2 Key ratios (Group)

	2014 July - Sept	2013 July- Sept	2014 Jan - Sept	2013 Jan - Sept	2013 Jan - Dec
Amounts in SEK					
The Group					
Equity ratio (%)	41.10%	79.10%	41.10%	79.10%	67.60%
Earnings per share (weighted average)	-0.73	-0.26	-1.69	-1.05	-1.38
Equity per share	3.10	5.12	3.10	5.12	4.80
Quick ratio (%)	5.69%	88.53%	5.69%	88.53%	45.31%
No. of shares	11 492 738	11 492 738	11 492 738	11 492 738	11 492 738
Weighted average no. of shares before dilution	11 492 738	11 492 738	11 492 738	11 492 738	11 492 738
Weighted average no. of shares after dilution	11 492 738	11 492 738	11 492 738	11 492 738	11 492 738

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