

Interim report January – June 2013

Significant events during the second quarter of 2013

- Financing through environmental assessment secured by convertible loan of approx SEK 10 million
- The number of shareholders increased to 389
- Public consultations within the environmental assessment process concluded
- First letter of intent concluded for product deliveries

Second quarter, 1 April – 30 June 2013

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -4.4 million (-7.9)
- Investments during the period April - June amounted to SEK 2.7 million (1.2)
- Earnings per share before dilution amounted to SEK -0.38 (-1.01)

Interim period, 1 January – 30 June 2013

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -9.1 million (-12.1)
- Investments during the period January - June amounted to SEK 7.5 million (3.2)
- Earnings per share before dilution amounted to SEK -0.79 (-1.56)
- Cash and cash equivalents on 30 June 2013 amounted to SEK 6.5 million (14.4)

Significant events after the end of the period

- The Land and Environment Court has planned the date for main proceedings as 30 Sept – 3 October

Comments from the CEO

During the past period the mining industry has received a lot of negative attention in the media. Due to problems for several different players, the capital market's interest in new mining projects has declined. However, it is clear that these problems are mainly due to company-specific issues during their project implementation. As a result of this though, our project has also been delayed through a more lengthy process of capital raising.

The plan, however, is still to start initial production already during the latter part of 2014. This early production start is the result of an internal study during the year which optimizes the project through a step-by-step development: Production start in 2014 in Blötberget for a less refined product, parallel to preparations for full-scale restart of the Blötberg Mine in 2016, after which the development of the Väsman field and Håksberg Mine will start in order to attain a full production rate of 4.4 million tonnes per year during 2019.

A drilling programme focusing on Blötberget and, in the second instance, on the Väsman field has been planned and will be initiated as soon as the necessary financing for this has been received. The drilling campaigns will also be an important part of the ongoing feasibility studies which will form the basis of the final investment decision.

The main proceedings for the application for an environmental permit to the Land and Environment Court in Nacka for the restart of the mines in Blötberget and Håksberg have been moved to the first week in October.

Despite great continued economic uncertainty in our surrounding environment, with fluctuating spot prices of iron ore, many experts continue to emphasize the good long-term conditions for continued attractive iron ore prices. With our opportunity to benefit from the existing installations in the mines, historical prospecting results and primarily access to a complete logistics solution, our project has unique advantages compared to other iron ore projects. Hence, we eagerly look forward to the continued work on the restart of Ludvika Mines.

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

Application for an environmental permit

During the period, supplementary work has been conducted for the Company's environmental application for the restart of mining operations in Blötberget and Håksberg. The main proceedings for the application for an environmental permit for the restart of the mines in Blötberget and Håksberg have thereafter during August been announced by the Land and Environment Court and will be held during the first week in October in Ludvika.

Feasibility study

Work on the feasibility study has continued during the period with, among other things, preparations for future drilling programmes within Blötberget and the Väsman field, as well as metallurgical test-work programmes. These programmes are expected to be started during October.

Väsman deposit

During the period the Company has continued with the analysis work on available historical information concerning the Väsman iron field, which has improved the geological knowledge about this.

Financing

During the second quarter the Company has concluded financing in the form of a short-term loan with compulsory conversion. The loan amounts to approximately SEK 10 million and will be converted to shares after an issue of new shares, however no later than 31 December 2014. The conversion conditions are dependent on the conditions for a future planned targeted issue of new shares.

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. Due to the sale of existing shares from one of the Company's main owners to its shareholders, the Company has also received a significant addition to the ownership base and the number of shareholders at the end of the period amounted to 389.

Annual general meeting

The annual general meeting was held on 28 June in Stockholm. As board members for the upcoming financial year, Anders Bengtsson, Jonas Bengtsson, Göran Ekdahl, Johnas Jansson, Christer Lindqvist, Lars-Göran Ohlsson, Tomas Olofsson and Per Storm were elected, through re-election. Göran Ekdahl was elected as the new Chairman of the board. Ulf Adelsohn declined re-election.

Financial position

On the balance sheet date, the Group had a liquidity of SEK 6,506,000. The equity/assets ratio amounted to 78.66 %. The Company's equity amounted to SEK 61,810,000, which corresponded to SEK 5.38 per share.

Investments

During the period January - June 2013, investments amounted to SEK 7,521,000, of which SEK 7,109,000 relates to prospecting resources and investigation work on the planned start of mining operations. The investigation work mainly relates to the project study for Blötberget and Håksberg and related planned

installations and measurements and analysis on the Väsman deposit. Investments in equipment amounted to SEK 412,000.

Employees

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

Financial calendar

Interim report January -September 2013: 22 November 2013

Year-end report January – December 2013: February 2014

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 August 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 Apr-June | 2012 Apr-June | 2013 Jan-June | 2012 Jan-June | 2012 Jan-Dec |
|---|------|-------------------|-------------------|-------------------|--------------------|--------------------|
| Other external expenses | 2 | -2,172,908 | -6,294,581 | -5,487,888 | -9,232,966 | -14,087,619 |
| Personnel expenses | | -1,132,960 | -1,189,927 | -2,566,597 | -2,393,524 | -5,117,993 |
| Depreciation/amortization and impairment of property, plant and equipment and intangible fixed assets | | -31,326 | -22,622 | -55,752 | -45,243 | -94,250 |
| Operating profit/loss | | -3,337,194 | -7,507,130 | -8,110,237 | -11,671,733 | -19,299,862 |
| Financial income | | 5,289 | 21,952 | 27,244 | 28,959 | 211,280 |
| Financial expense | | -1,028,915 | -374,694 | -1,029,044 | -467,213 | -2,789,664 |
| Net financial income/expense | | -1,023,626 | -352,742 | -1,001,800 | -438,254 | -2,578,384 |
| Profit/loss after financial income and expense | | -4,360,820 | -7,859,872 | -9,112,037 | -12,109,987 | -21,878,246 |
| PROFIT/LOSS FOR THE PERIOD | | -4,360,820 | -7,859,872 | -9,112,037 | -12,109,987 | -21,878,246 |
| OTHER COMPREHENSIVE INCOME | | - | - | | | - |
| Total comprehensive income for the period | | -4,360,820 | -7,859,872 | -9,112,037 | -12,109,987 | -21,878,246 |
| Attributable to: | | | | | | |
| Parent company shareholders | | -4,360,820 | -7,859,872 | -9,112,037 | -12,109,987 | -21,878,246 |
| TOTAL | | -4,360,820 | -7,859,872 | -9,112,037 | -12,109,987 | -21,878,246 |
| No. of shares | | | | | | |
| No. of shares at year-end | | 11,492,738 | 7,784,000 | 11,492,738 | 7,784,000 | 11,492,738 |
| Average no. of shares (before dilution) | | 11,492,738 | 7,784,000 | 11,492,738 | 7,784,000 | 8,312,368 |
| Average no. of shares (after dilution) | | 11,482,738 | 7,784,000 | 11,482,738 | 7,784,000 | 8,312,368 |
| Earnings per share | | | | | | |
| Earnings per share, weighted average before dilution, SEK | | -0.38 | -1.01 | -0.79 | -1.56 | -2.63 |
| Earnings per share, weighted average after dilution, SEK | | -0.38 | -1.01 | -0.79 | -1.56 | 2.63 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – SUMMARY

| <i>Amounts in SEK</i> | Note | 30/06/2013 | 30/06/2012 | 31/12/2012 |
|-------------------------------------|------|-------------------|-------------------|-------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Intangible assets | | 66,738,956 | 36,943,466 | 59,629,766 |
| Property, plant and equipment | | 568,631 | 184,607 | 212,365 |
| Financial assets | | 77,840 | 77,027 | 77,840 |
| Current assets | | | | |
| Other current assets | | 4,690,060 | 1,028,550 | 2,348,600 |
| Cash and cash equivalents | | 6,505,712 | 14,373,849 | 18,925,577 |
| Total assets | | 78,581,199 | 52,607,499 | 81,194,148 |
| Equity and liabilities | | | | |
| Equity | | 61,810,506 | 18,030,256 | 70,922,543 |
| Long-term liabilities | 1 | 10,200,000 | - | - |
| Current liabilities | 2 | 6,570,693 | 34,577,243 | 10,271,605 |
| Total equity and liabilities | | 78,581,199 | 52,607,499 | 81,194,148 |

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 | | | | -9,112,037 | -9,112,037 |
| CLOSING EQUITY 30/06/2013 | | 1,993,110 | 94,208,734 | -34,391,338 | 61,810,506 |
| Opening equity 01/01/2012 | | 1,349,928 | 32,191,370 | -3,401,055 | 30,140,243 |
| Comprehensive income for the period | | | | -12,109,987 | -12,109,987 |
| CLOSING EQUITY 30/06/2012 | | 1,349,928 | 32,191,370 | -15,511,042 | 18,030,256 |
| 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 Apr- June | 2012 Apr- June | 2013 Jan - June | 2012 Jan - June | 2012 Jan - Dec |
|--|------|-------------------|--------------------|--------------------|--------------------|--------------------|
| Operating activities | | | | | | |
| Profit/loss for the period | | -4,360,820 | -7,859,872 | -9,112,037 | -12,109,986 | -21,878,246 |
| Adjustment for items not included in the cash flow | | 31,326 | 22,621 | 55,752 | 45,243 | 285,105 |
| Cash flow from operating activities before changes in working capital | | -4,329,494 | -7,837,251 | -9,056,285 | -12,064,743 | -21,593,141 |
| Cash flow from changes in working capital | | | | | | |
| Change in working capital | | -3,358,531 | -210,928 | -2,341,460 | 298,456 | -1,021,595 |
| Change in operating liabilities | | 25,200 | -8,329,341 | -3,700,912 | 928,412 | 4,377,776 |
| Cash flow from operating activities | | -7,662,825 | -16,377,520 | -15,098,657 | -10,837,875 | -18,236,960 |
| Cash flow from investment activities | | -2,651,050 | -1,167,742 | -7,521,208 | -3,273,004 | -26,227,737 |
| Cash flow from financing activities | 1 | 10,200,000 | 27,755,000 | 10,200,000 | 27,755,000 | 62,660,546 |
| Cash flow for the year | | -113,875 | 10,209,738 | -12,419,865 | 13,644,121 | 18,195,849 |
| Opening cash and cash equivalents | | 6,619,587 | 4,164,111 | 18,925,577 | 729,728 | 729,728 |
| CLOSING CASH AND CASH EQUIVALENTS | | 6,505,712 | 14,373,849 | 6,505,712 | 14,373,849 | 18,925,577 |

PARENT COMPANY INCOME STATEMENT – SUMMARY

| <i>Amounts in SEK</i> | Note | 2013 Apr-June | 2012 Apr-June | 2013 Jan-June | 2012 Jan-June | 2012 Jan-Dec |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| Other external expenses | 2 | -2,172,908 | -6,294,581 | -5,487,888 | -9,232,966 | -14,086,451 |
| Personnel expenses | | -1,132,960 | -1,189,927 | -2,566,597 | -2,393,524 | -5,117,993 |
| Depreciation of property, plant and equipment and intangible fixed assets | | -31,326 | -22,622 | -55,752 | -45,243 | -94,250 |
| Operating profit/loss | | -3,337,194 | -7,507,130 | -8,110,237 | -11,671,733 | -19,298,694 |
| Other interest income and similar profit/loss items | | 5,289 | 21,952 | 27,244 | 28,959 | 210,845 |
| Interest expense and similar profit/loss items | | -1,028,915 | -374,694 | -1,029,044 | -467,213 | -2,789,664 |
| PROFIT/LOSS FOR THE PERIOD | | -4,360,820 | -7,859,872 | -9,112,037 | -12,109,987 | -21,877,513 |

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

| | | | | | |
|--|-------------------|-------------------|-------------------|--------------------|--------------------|
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the period | -4,360,820 | -7,859,872 | -9,112,037 | -12,109,987 | -21,877,513 |
| Attributable to: | | | | | |
| Parent company shareholders | -4,360,820 | -7,859,872 | -9,112,037 | -12,109,987 | -21,877,513 |
| TOTAL | -4,360,820 | -7,859,872 | -9,112,037 | -12,109,987 | -21,877,513 |

PARENT COMPANY BALANCE SHEET – SUMMARY

| <i>Amounts in SEK</i> | <i>Note</i> | 30/06/2013 | 30/06/2012 | 31/12/2012 |
|-------------------------------------|-------------|-------------------|-------------------|-------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Intangible assets | | 66,738,956 | 36,943,466 | 59,629,766 |
| Property, plant and equipment | | 568,631 | 184,607 | 212,365 |
| Financial assets | | 77,840 | 77,027 | 31,058 |
| Shares in subsidiaries | | 50,000 | 50,000 | 50,000 |
| Current assets | | | | |
| Other current assets | | 4,690,061 | 1,028,550 | 2,348,600 |
| Cash and cash equivalents | | 6,461,278 | 14,328,682 | 18,927,925 |
| Total assets | | 78,586,766 | 52,612,332 | 81,199,714 |
| Equity and liabilities | | | | |
| Equity | | 61,816,073 | 18,035,090 | 70,928,110 |
| Long-term liabilities | 1 | 10,200,000 | - | - |
| Current liabilities | 2 | 6,570,693 | 34,577,242 | 10,271,604 |
| Total equity and liabilities | | 78,586,766 | 52,612,332 | 81,199,714 |

Pledged assets and contingent liabilities

| <i>Amounts in SEK</i> | <i>Note</i> | 30/06/2013 | 30/06/2012 | 31/12/2012 |
|---|-------------|-------------------|-------------------|-------------------|
| Deposit in accordance with the Minerals Act, Bergslagen | | 31,057 | 30,849 | 31,057 |
| Rent guarantee | | 45,600 | 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 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 annual report of 2012.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Loans

The Company has secured financing amounting to SEK 10.2 million through a loan with compulsory conversion. On the balance sheet date, SEK 6.5 million of the loan had been paid into the Company. The entire loan, including estimated accrued interest, will be converted to equity no later than 31 December 2014.

As the conversion rate has not been determined, in accordance with applicable accounting rules the loan cannot be reported as equity, despite the fact that any repayment will not be made. The Company's financial position and the period's cash flow will be affected significantly by this reporting.

Note 2 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 174,000 in fees and expenditure. Nordic Iron Ore's liability to Kopparberg Mineral AB amounted to SEK 81,000 and SEK 1,000,000 to Bengtssons Tidnings AB on 30 June 2013.

Note 3 Key ratios (Group)

| | 2013 | 2012 | 2013 | 2012 | 2012 |
|---|-------------------|-------------------|------------------|------------------|-----------------|
| <i>Amounts in SEK</i> | <i>Apr - June</i> | <i>Apr - June</i> | <i>Jan- June</i> | <i>Jan- June</i> | <i>Jan- Dec</i> |
| The Group | | | | | |
| Equity/assets ratio (%) | 78.66% | 34.27% | 78.66% | 34.27% | 87.35% |
| Earnings per share (weighted average) | -0.38 | -1.01 | -0.79 | -1.56 | -2.63 |
| Equity per share | 5.38 | 2.32 | 5.38 | 2.32 | 6.17 |
| Quick ratio (%) | 170.39% | 44.54% | 170.39% | 44.54% | 207.12% |
| No. of shares at year-end | 11,492,738 | 7,784,000 | 11,492,738 | 7,784,000 | 11,492,738 |
| Average no. of shares (before dilution) | 11,492,738 | 7,784,000 | 11,492,738 | 7,784,000 | 8,312,368 |
| Average no. of shares (after dilution) | 11,492,738 | 7,784,000 | 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. |