

Q4

Year-end Report January – December 2020

Significant events during the fourth quarter 2020

- The Blötberget optimisation study was reported by Whittle Consulting.
- Private placement of shares to Whittle Equity

Fourth quarter, 1 October – 31 December 2020

- Net income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -2.1 million (-2.8)
- Investments during the period October – December totalled SEK 4.9 million (0.1)
- Basic earnings per share were SEK -0.07 (-0.14)

The whole year, 1 January – 31 December 2020

- Net income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -9.0 million (-11.2)
- Investments during the period January – December totalled SEK 7.3 million (12.1)
- Basic earnings per share were SEK -0.29 (-0.55)
- Cash and cash equivalents on 31 December 2020 amounted to SEK 5.2 million (13.0)

Significant events after the end of the period

- There were no significant events after the end of the period.

Key ratios (Group)

Amount in SEK	2020 Oct - Dec	2019 Oct - Dec	2020 Jan - Dec	2019 Jan - Dec
Equity ratio (%)	93.23%	88.85%	93.23%	88.85%
Earnings per share	-0.07	-0.14	-0.29	-0.55
Equity per share	4.58	4.93	4.58	4.93
Quick ratio (%)	64.06%	86.06%	64.06%	86.06%

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 and to develop the intermediate Väsman iron field. The Company has all the necessary permits in place for the mine in Blötberget and will be able to produce iron ore of extremely high quality from significant mineral resources.

Comments from the Managing Director

A different – yet successful – year for Nordic Iron Ore

Things don't always turn out the way you expect. The year had hardly begun when the pandemic changed the conditions. Work that required physical interaction had to be postponed, and the stock market fell sharply. At the same time, this created a good opportunity for Whittle Consulting to conduct an optimisation study before we continued our efforts to raise capital.

The optimisation study gave us not only extensive verification of the feasibility study but also a basis on which to build as profitable a mine as possible. The work consisted largely of extensive data simulations that were carried out in Australia using Whittle's in-house software. This was thus very "COVID-19-friendly" since the consultants did not need to travel to Sweden.

We are very satisfied that we commissioned the study. When Whittle Consulting presented the outcome of the optimisation study at the start of the fourth quarter, the profitability figures for the project had improved significantly. Relative to the feasibility study, the net present value increased by more than 50% to USD 172 million, using the same underlying assumptions.

Whittle Consulting noted early that the Company has a very low market value relative to the project value and expressed interest in performing the entire study in exchange for shares. The Board of Directors thus opted to pay the entire amount in shares, which is why Whittle has become the Company's third-largest shareholder at the end of the year at just under 7 per cent ownership. It is gratifying that Whittle has shown its faith in the project's potential in this way given its considerable experience in mining projects,

Market

It is never easy to predict the market. At the start of the year, we witnessed a sharp drop in prices due to the outbreak of the coronavirus. Problems like these will naturally pass, but that the market would swing so quickly to a sharp price increase was a pleasant surprise. The price for ore with 62% iron content went down during the spring but then showed strength during the remainder of the year.

China emerged from its recession early, but there were some problems with deliveries from Brazil and Australia. The price development in China for ore with 62% iron content is presented below:



Source: Trading Economics.com

However, the downturn caused by the pandemic did reduce demand for iron ore, and since steel manufacturers had low capacity utilisation, demand for high-grade ore fell, which resulted in a significant drop in the premium for ore with more than 62% iron content. This trend was reversed, though, in the last quarter when the premium began to rise again. In January 2021, the premium reached USD 8/tonne per percentage point exceeding 62%. This corresponds to a price in China of more than USD 200/tonne for products of NIO's quality.

Outlook

Ludvika Mines is the umbrella term for Blötberget, Väsman and Håksberg. We are planning to start with Blötberget and then expand into Väsman and Håksberg.

We want to harness the rapid technological development in the mining industry and create a modern, environmentally friendly mine that uses electricity-based operations to the greatest extent possible. Here, we are aided by the fact that the Swedish mining industry lies at the forefront of and is driving the development together with the Swedish suppliers of mining equipment.

We have a considerable advantage in that we are building a new mine from scratch. Instead of having to modify an existing mine with old solutions, we can design a fully modern mine without having to compromise.

Overall, I am looking to the future with optimism, and once the financing is secured, we will be able to quickly break first ground.

Lennart Eliasson

Managing Director, Nordic Iron Ore AB (publ)

Operations

Significant events during the period

Project development

An optimisation study for Blötberget was published. The study showed that there was potential for sharply improved profitability for the project compared to the feasibility study that was conducted last year, which also showed that the project would be profitable given certain assumptions.

The optimisation study is based primarily on the assumptions that were used for the feasibility study. Important assumptions for the study include

- Total investment of around USD 260 million
- Total production cost/tonne of product = USD 56.9
- Received price around USD 100/tonne
- Extractable reserve 34 million tonnes
- No consideration for residual value after 12 years of operation

The study will serve as the basis to decide on financing of the project and has therefore prioritized verifiable costs. For this reason, it is not based on the most recent technological developments within the mining industry. The Company is now working together with potential suppliers to specify the final design of the facilities.

Environment

Tests and analyses of the water quality and control of the water levels are conducted regularly. A control programme that must be followed prior to and during the operations of the mine is being drawn up in collaboration with the County Administrative Board, which must approve the programme before any construction work begins. Plans for compensation measures for nature preservation must also be established through agreements with land owners before any work can begin.

Only approval of compensation measures for brook environments is needed prior to the start of the construction work on the future industrial area. The application for approval of the control programme for groundwater was submitted to the County Administrative Board in February.

Impact of COVID-19

With the exception of field visits by representatives from the County Administrative Board and Ludvika Municipality, the work throughout the year has primarily taken place without in-person meetings. An international research project that was going to test modern exploration around Blötberget had to be postponed. Even home visits to control the quality of the drinking water of area residents were postponed due to the restrictions.

During part of the year, the Company took advantage of the possibilities to furlough staff.

Financing

The Company is evaluating different alternatives for financing the construction work. Extensive project financing normally requires that the company finance the banks' costs to audit the project. The amounts are so large that the company must first raise capital.

Share and ownership structure

At the end of the period the share capital amounted to SEK 58 240 776 divided between 33 582 993 shares, with a quota value of SEK 1.734 per share.

The number of shareholders totalled 7 822.

Financial position

On the balance sheet date, the Group had a liquidity of SEK 13.0million. The equity/assets ratio was 88.85%. The Group's equity amounted to SEK 147.8 million, corresponding to SEK 4.93 per share.

Investments

During the period January – December 2020 investments totalled MSEK 7.3. The entire amount relates to prospecting resources and investigation work for the planned resumption of mining operations in Blötberget.

Employees

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

Financial calendar

The AGM will be held on 18 May 2020.

Interim report January – March 2021: 18 May 2021

Interim report January – June 2021: 18 August 2021

Interim report January – September 2021: 18 November 2021

Year-end report for the 2021 financial year: February 2022

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.

Operations

Events after the end of the period

There were no significant events after the end of the period.

Annual report and financial reports

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

The Annual Report for 2020 will be published in week 16.

Dividend

The Board of Directors recommends to the Annual General Meeting that no dividend be paid for the 2020 financial year.

The undersigned confirm that the Year-end Report gives a true and fair summary of the business, financial position and earnings of the Parent Company and the Group, as well as describing material risks and factors of uncertainty facing the Parent Company and the members of the Group.

Stockholm, 18 February 2021

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

Jonas Bengtsson

Gösta Bergman

Timo Lindborg

Tomas Olofsson
Chairman

Lennart Eliasson
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

		2020	2019	2020	2019
Amounts in SEK	Note	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Net revenue		0	0	0	0
Other operating income		0	0	0	0
Total operating income		0	0	0	0
Other external costs		-1 045 416	-1 244 001	-4 295 694	-4 960 897
Personnel expenses		-764 803	-927 152	-3 183 527	-3 724 053
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-206 758	-206 758	-827 032	-827 032
Operation profit/loss		-2 016 977	-2 377 911	-8 306 253	-9 511 982
Financial income		0	0	0	0
Financial expenses		-79 901	-444 277	-714 595	-1 642 864
Net financial income/expense		-79 901	-444 277	-714 595	-1 642 864
Profit/loss after financial income and expense		-2 096 877	-2 822 188	-9 020 848	-11 154 846
PROFIT/LOSS FOR THE PERIOD		-2 096 877	-2 822 188	-9 020 848	-11 154 846
OTHER COMPREHENSIVE INCOME		-	-	-	-
Total comprehensive income for the period		-2 096 877	-2 822 188	-9 020 848	-11 154 846
Attributable to:					
Parent company shareholders		-2 096 877	-2 822 188	-9 020 848	-11 154 846
TOTAL		-2 096 877	-2 822 188	-9 020 848	-11 154 846
Number of shares					
Number of shares at year-end		33 582 993	29 969 470	33 582 993	29 969 470
Average no. of shares (before dilution)		31 609 518	20 955 601	30 930 590	20 191 563
Average no. of shares (after dilution)		31 609 518	20 955 601	30 930 590	20 191 563
Earnings per share					
Earnings per share, weighted average before dilution, SEK		-0,07	-0,14	-0,29	-0,55
Earnings per share, weighted average after dilution, SEK		-0,07	-0,14	-0,29	-0,55

Consolidated statement of financial position - summary

<i>Amounts in SEK</i>	<i>Note</i>	31/12/2020	31/12/2019
Assets			
Non-current assets			
Intangible assets		156 722 776	149 364 404
Property, plant and equipment		2 421 112	3 248 144
Financial assets		30 898	30 898
Current assets			
Other current assets		540 202	776 623
Cash and cash equivalents		5 195 326	12 963 753
Total assets		164 910 314	166 383 822
Equity and liabilities			
Equity		153 745 043	147 826 926
Non-current liabilities		2 211 438	2 590 447
Current liabilities	1	8 953 833	15 966 449
Total Equity and liabilities		164 910 314	166 383 822

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 01/01/2020		51 974 081	211 146 388	-115 293 543	147 826 926
Comprehensive income for the period				-9 020 848	-9 020 848
New share issued		6 266 695	8 702 183		14 968 878
Transaction costs			-29 912		-29 912
CLOSING EQUITY 31/12/2020		58 240 776	219 818 659	-124 314 391	153 745 044
Opening equity 01/01/2019		34 528 213	206 261 994	-104 138 697	136 651 510
Comprehensive income for the period				-11 154 846	-11 154 846
New share issued		17 445 868	8 210 887		25 656 755
Transaction costs			-3 326 493		-3 326 493
CLOSING EQUITY 31/12/2019		51 974 081	211 146 388	-115 293 543	147 826 926

Consolidated cash flow statement - summary

		2020	2019	2020	2018
<i>Amounts in SEK</i>	Note	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Operating activities					
Profit/loss for the period		-2 096 877	-2 822 188	-9 020 848	-11 154 847
Adjustments for items not included in the cash flow		-148 888	24 760	-67 531	112 255
Cash flow from operating activities before changes in working capital		-2 245 765	-2 797 428	-9 088 379	-11 042 592
Cash flow from changes in working capital					
Change in working capital		-163 886	221 680	236 421	278 728
Change in operating liabilities		-208 212	-312 578	-2 665 022	3 805 680
Cash flow from operating activities		-2 617 863	-2 888 326	-11 516 980	-6 958 184
Cash flow from investment activities		-273 131	-130 711	-1 251 447	-12 105 517
Cash flow from financing activities		0	10 196 035	5 000 000	22 874 600
Cash flow for the year		-2 890 994	7 176 998	-7 768 427	3 810 899
Opening cash and cash equivalents		8 086 320	5 786 755	12 963 753	9 152 854
CLOSING CASH AND CASH EQUIVALENTS		5 195 326	12 963 753	5 195 326	12 963 753

Parent Company Income statement - summary

Amounts in SEK	Note	2020	2019	2020	2019
		okt - dec	okt - dec	jan - dec	jan - dec
Net revenue		0	0	0	0
Other operating income		0	0	0	0
Total operating income		0	0	0	0
Other external costs		-1 276 298	-1 470 356	-5 219 222	-5 866 317
Personnel expenses		-764 803	-927 152	-3 183 527	-3 724 053
Depreciation of property, plant and equipment and intangible fixed assets		0	0	0	0
Operating profit/loss		-2 041 101	-2 397 508	-8 402 749	-9 590 370
Other interest income and similar profit/loss items		0	0	0	0
Interest expense and similar profit/loss items		-196 320	-447 903	-685 630	-1 612 695
PROFIT/LOSS FOR THE PERIOD		-2 237 421	-2 845 411	-9 088 379	-11 203 065
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME					
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-2 237 421	-2 845 411	-9 088 379	-11 203 065
Attributable to:					
Parent Company shareholders		-2 237 421	-2 845 411	-9 088 379	-11 203 065
TOTAL		-2 237 421	-2 845 411	-9 088 379	-11 203 065

Parent Company Balance sheet - summary

Amounts in SEK	Note	31/12/2020	31/12/2019
Assets			
Non-current assets			
Intangible assets		156 437 689	149 204 081
Property, plant and equipment		0	0
Financial assets		30 898	30 898
Shares in subsidiaries		50 000	50 000
Current assets			
Other current assets		540 202	776 623
Cash and cash equivalents		5 152 089	12 920 515
Total assets		162 210 878	162 982 117
Equity and liabilities			
Equity		153 636 057	147 785 469
Non-current liabilities		0	0
Current liabilities		8 574 821	15 196 648
Total Equity and liabilities		162 210 878	162 982 117

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 2019.

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.

Nordic Iron Ore had no liability to related parties as of 31 December 2020.

Note 2 Key ratios (Group)

Amount in SEK	2020 Oct - Dec	2019 Oct - Dec	2020 Jan - Dec	2019 Jan - Dec
Equity ratio (%)	93.23%	88.85%	93.23%	88.85%
Earnings per share	-0.07	-0.14	-0.29	-0.55
Equity per share	4.58	4.93	4.58	4.93
Quick ratio (%)	64.06%	86.06%	64.06%	86.06%
No. of shares	33 582 993	29 969 470	33 582 993	29 969 470
Weighted average no. of shares before dilution	31 609 518	20 955 601	30 930 590	20 191 563
Weighted average no. of shares after dilution	31 609 518	20 955 601	30 930 590	20 191 563

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.

This press release contains information that Nordic Iron Ore AB (publ) is required to disclose under the EU Market Abuse Regulation. The information was publicised by a press release on the 18 February 2021 at 08.00.

Nordic Iron Ore's shares and warrants are listed at Nasdaq First North Stockholm. Wildecos is the company's Certified Adviser at Nasdaq First North.