

Q4



Year-end Report January – December 2016

Significant events during the fourth quarter 2016

- The company received a commitment of SEK 2 million before in short term loans from large shareholders, half of which was used.
- Gap analysis of geotechnical and geophysical data to help define any deficiencies in the information necessary to build geotechnical and hydrogeological models for inclusion in the mine design.
- Initiate a new Mineral Resource Estimate (MRE) by DMT to include an expanded mining concession area.

Fourth quarter, 1 October – 31 December 2016

- Net income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -1.9 million (-2.2)
- Investments during the period October – December totalled SEK 0.7 million (1.3)
- Basic earnings per share were SEK -0.05 (-0.12)

The whole year, 1 January – 31 December 2016

- Net income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -8.7 million (-12.9)
- Investments during the period January – December totalled SEK 4.1 million (10.7)
- Basic earnings per share were SEK -0.24 (-0.79)
- Cash and cash equivalents on 31 December 2016 amounted to SEK 1.0 million (12.7)

Significant events after the end of the period

- A rights issue of new shares raised SEK 18.3 million in new equity before issuing costs.

Key ratios (Group)

Amounts in SEK	2016 Oct - Dec	2015 Oct - Dec	2016 Jan - Dec	2015 Jan - Dec
Equity ratio (%)	85,19%	86.98%	85,19%	86.98%
Earnings per share	-0,05	-0.12	-0,24	-0.79
Equity per share	2,68	3.29	2,68	3.29
Quick ratio (%)	62,50%	445.54%	62,50%	445.54%
No. of shares	36 545 550	32 460 954	36 545 550	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

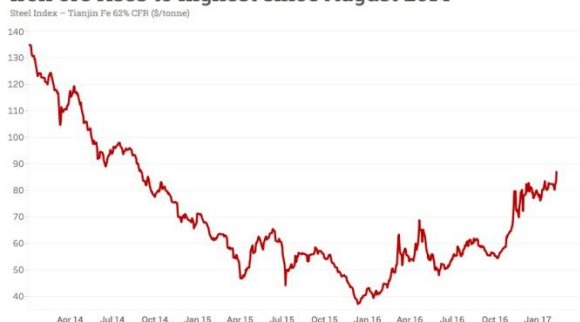
Heading Out of the Trough? - The Iron Ore Market Maintains Recovery

It is great to be able to report that not only has NIO continued to refine the feasibility study, but that the market for iron ore looks a lot more hopeful for NIO.

NIO has continued to develop the project with a view to designing a low cost and sustainable operation using the latest energy efficient processes in order to survive as a long term viable business. The next step is the mine design stage, where we hope by use of state of the art techniques we are able to continue to refine the design to reduce our costs further. It also seems the market may finally be with us.

Iron ore prices have sailed through the \$80/t levels in recent times, with occasional dips into the high \$70/t

Iron ore rises to highest since August 2014



Perhaps more importantly, the iron ore futures continue to rise and this is the biggest reflection of confidence and sentiment in the market, hence many the analysts and banks are now predicting much higher pricing well into 2017 than they were a year ago.

Those analysts with greater understanding of China have realised that despite the rise in iron ore prices back to \$80/t, virtually no Chinese iron ore mines that had already closed have been reopened. This is in part, no doubt, due to the fact that it probably needs iron ore prices above \$100/t to do so. On the basis that 60% of Chinese iron ore capacity has closed, it is thought that it is likely to stay that way and that almost all the growth in Chinese demand will have to be met by imports.

The economy in China appears to be continuing to improve and the steel industry grows at a steady pace around 6%. As Chinese imports of iron ore exceeded 1bnt in 2016 it is reasonable to assume that there will be another 60-70Mt/y of demand from China alone for a few years to come.

We all await to see if the big iron ore supply companies flood the market to keep out other new and significant iron ore suppliers, or if there is enough room to accommodate them. In either case NIO relatively small output will not disturb the market anywhere.

There is strong evidence that Chinese, Japanese and Korean buyers are starting to look for higher quality ores. This will be driven by increases in pelleting activities, environmental pressures and productivity demands. The estimated total premiums for NIO ores in Asia are now estimated at \$20-25t above the base indices of 62%Fe.

I would finally like to thank all the investors who have supported NIO through this recent rights issue to fund our next important step. This will provide NIO with every chance to take advantage of the improving sentiment in the market place. This should ensure that the company can move forward rapidly in the coming months towards a time when the plans to list the company and finance the construction of the project will take place.



Paul Marsden

Managing Director, Nordic Iron Ore AB (publ)

Operations

Significant events during the period

Raising of capital

The company received a short term loan amounting to SEK 2 million from larger shareholders. Half the amount was paid out during the period. The loan was meant to cover cost of operations until proceeds from the decided rights issue is received when the loan is to be paid back.

FS Study and Process development

The process development has been concluded, providing the DFS with the design basis for the process plant, to be initiated when the final mine schedule is completed.

Further work commissioned includes a “Gap-analysis” report to identify additional data required to complete the geotechnical and hydrogeological models, providing the first step for the mine design and mine schedule for the DFS.

A new Mineral Resource Estimate is also underway to capture additional resources lying to the north east of the existing mining concession area. This should be published during Q1 2017.

Another initiative instigated with Oulu University in Finland to look at using new flotation techniques to help clean the concentrates after magnetic and gravity separation. This initiative is intended to apply to the EU for additional funding.

Board of Directors

NIO's Chairman Ryan Huff left the board. The Board appointed among themselves Tomas Olofsson as chairman until the AGM 22 May 2017.

Share and ownership structure

At the end of the period the share capital amounted to SEK 6,337,854 divided between 36,545,550 shares, with a quota value of SEK 0.17 per share. The number of shareholders totalled 3,478.

Financial position

On the balance sheet date the Group had a liquidity of SEK 1.0million. The equity/assets ratio was 85.2%. The Group's equity amounted to SEK 98.1 million, corresponding to SEK 2.68 per share.

Investments

During the period January – December investments totalled MSEK 4.1. 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

The AGM will be held on 22 May.

Interim report January – March 2017: 22 May 2017

Interim report January – June 2017: 25 August 2017

Interim report January – September 2017: 17 November 2017

Year-end report for the 2017 financial year: February 2018

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

The board decided on a rights issue of shares. The issue will amount to a maximum of 73.1 million shares. The issue will raise SEK 18.3 million before issue costs.

Annual report and financial reports

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

The Annual Report for 2016 will be published in week 17.

Dividend

The Board of Directors recommends to the Annual General Meeting that no dividend be paid for the 2016 financial year.

Operations

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, 17 February 2017

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

Jonas Bengtsson

Johnas Jansson

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

Amounts in SEK	Note	2016	2015	2016	2015
		Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Revenue		0	0	0	0
Other operating income		100 000	100 000	100 000	100 000
Total operating income		100 000	100 000	100 000	100 000
Other external costs		-1 495 564	-1 415 153	-6 718 941	-6 869 229
Personnel expenses		-169 623	-515 548	-600 965	-4 163 830
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-25 022	-34 778	-119 199	-170 154
Operation profit/loss		-1 590 209	-1 865 479	-7 239 105	-11 103 213
Financial income		4 607	203	5 417	638
Financial expenses		-374 658	-348 696	-1 395 802	-1 806 604
Net financial income/expense		-370 051	-348 493	-1 390 385	-1 805 966
Profit/loss after financial income and expense		-1 960 260	-2 213 972	-8 629 490	-12 909 179
PROFIT/LOSS FOR THE PERIOD		-1 960 260	-2 213 972	-8 629 490	-12 909 179
OTHER COMPREHENSIVE INCOME		-	-	-	-
Total comprehensive income for the period		-1 960 260	-2 213 972	-8 629 490	-12 909 179
Attributable to:					
Parent company shareholders		-1 960 260	-2 213 972	-8 729 490	-12 909 179
TOTAL		-1 960 260	-2 213 972	-8 729 490	-12 909 179
Number of shares					
Number of shares at year-end		36 545 550	32 460 954	36 545 550	32 460 954
Average no. of shares (before dilution)		36 545 550	18 412 939	36 467 429	16 289 394
Average no. of shares (after dilution)		36 545 550	18 412 939	36 467 429	16 289 394
Earnings per share					
Earnings per share, weighted average before dilution, SEK		-0,05	-0.12	-0,24	-0.79
Earnings per share, weighted average after dilution, SEK		-0,05	-0.12	-0,24	-0.79

Consolidated statement of financial position

- summary

Amounts in SEK	Note	31/12/2016	31/12/2015
Assets			
Non-current assets			
Intangible assets		113 365 759	109 219 231
Property, plant and equipment		101 655	220 854
Financial assets		31 360	31 564
Current assets			
Other current assets		675 855	659 503
Cash and cash equivalents		969 979	12 695 599
Total assets		115 144 608	122 826 751
Equity and liabilities			
Equity		98 097 325	106 838 696
Non-current liabilities			
		14 413 889	12 990 556
Current liabilities	1	2 633 394	2 997 499
Total Equity and liabilities		115 144 608	122 826 751
Contingent liabilities			
		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 01/01/2016		6 337 854	176 621 884	-76 121 042	106 838 696
Comprehensive income for the period				-8 729 490	-8 729 490
Transaction costs			-11 881		-11 881
CLOSING EQUITY 31/12/2016		6 337 854	176 610 003	-84 850 532	98 097 325
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	2016	2015
Amounts in SEK	Note	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Operating activities					
Profit/loss for the period		-1 960 260	-2 213 972	-8 729 490	-12 909 179
Adjustments for items not included in the cash flow		25 152	34 832	119 402	170 154
Cash flow from operating activities before changes in working capital		-1 935 108	-2 179 140	-8 610 088	-12 739 025
Cash flow from changes in working capital					
Change in working capital		48 089	83 204	-16 351	1 986 260
Change in operating liabilities		605 455	2 589 255	47 347	-3 101 006
Cash flow from operating activities		-1 281 564	493 319	-8 579 092	-13 853 771
Cash flow from investment activities					
Cash flow from investment activities		-694 406	-1 275 801	-4 146 528	-10 743 436
Cash flow from financing activities					
Cash flow from financing activities		1 000 000	12 331 538	1 000 000	17 581 539
Cash flow for the year					
Cash flow for the year		-975 970	11 549 056	-11 725 620	-7 015 668
Opening cash and cash equivalents		1 945 949	1 146 543	12 695 599	19 711 267
CLOSING CASH AND CASH EQUIVALENTS		969 979	12 695 599	969 979	12 695 599

Parent Company Income statement - summary

		2016	2015	2016	2015
Amounts in SEK	Note	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Revenue					
Other operating income		100 000	100 000	100 000	100 000
Total operating income		100 000	100 000	100 000	100 000
Other external costs					
Other external costs	1	-1 ann495 564	-1 415 153	-6 718 942	-6 869 229
Personnel expenses		-169 623	-515 548	-600 965	-4 163 830
Depreciation of property, plant and equipment and intangible fixed assets		-25 022	-34 778	-119 199	-170 154
Operating profit/loss		-1 590 209	-1 865 479	-7 339 106	-11 103 213
Other interest income and similar profit/loss items					
Other interest income and similar profit/loss items		4 607	203	5 417	638
Interest expense and similar profit/loss items		-374 658	-348 696	-1 395 801	-1 806 604
PROFIT/LOSS FOR THE PERIOD		-1 960 260	-2 213 972	-8 729 490	-12 909 179
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME					
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-1 960 260	-2 213 972	-8 729 490	-12 909 179
Attributable to:					
Parent Company shareholders		-1 960 260	-2 213 972	-8 729 490	-12 909 179
TOTAL		-1 960 260	-2 213 972	-8 729 490	-12 909 179

Parent Company Balance sheet - summary

Amounts in SEK	Note	31/12/2016	31/12/2015
Assets			
Non-current assets			
Intangible assets		113 365 759	109 219 231
Property, plant and equipment		101 655	220 854
Financial assets		31 360	31 564
Shares in subsidiaries		50 000	50 000
Current assets			
Other current assets		675 854	659 503
Cash and cash equivalents		926 742	12 652 362
Total assets		115 151 370	122 833 514
Equity and liabilities			
Equity			
		98 104 088	106 845 458
Non-current liabilities			
		14 413 889	12 990 556
Current liabilities			
		2 633 393	2 997 500
Total Equity and liabilities		115 151 370	122 833 514
Contingent liabilities			
		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.

Nordic Iron Ore's liability to Bengtssons Tidnings Aktiebolag amounted to SEK 500 000 as of 31 December 2016 and SEK 250 000 to Elbolaget I Ludvika Montage AB and Mecapto AB respectively.

Note 2 Key ratios (Group)

Amounts in SEK	2016 Oct - Dec	2015 Oct - Dec	2016 Jan - Dec	2015 Jan - Dec
The Group				
Equity ratio (%)	85,19%	86.98%	85,19%	86.98%
Earnings per share	-0,05	-0.12	-0,24	-0.79
Equity per share	2,68	3.29	2,68	3.29
Quick ratio (%)	62,50%	445.54%	62,50%	445.54%
No. of shares	36 545 550	32 460 954	36 545 550	32 460 954
Weighted average no. Of shares before dilution	36 545 550	18 412 939	36 467 429	16 289 394
Weighted average no. Of shares after dilution	36 545 550	18 412 939	36 467 429	16 289 394

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.