

# Q1



## Interim Report January – March 2017

### Significant events during the first quarter 2017

- A new issue of shares raised SEK 18.3 m before issue costs
- Work regarding geohydrology and geotechnics were carried out in preparation of the mine planning phase of the feasibility study
- Work on an update of the mineral resource statement will include an extended mine concession area

### First quarter, 1 January – 31 March 2017

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -2.3 million (-2.4)
- Investments during the period January – March totalled SEK 0.9 million (2.1)
- Basic earnings per share were SEK -0.04 (-0.07)
- Cash as per 31 March 2016 amounted to 14.4 million (9)

### Significant events after the end of the period

- A Letter of Intent was signed with Rail Cargo, a subsidiary of Austrian state owned ÖBB, regarding future logistics between the mine and harbour.
- Consultants contracted and work commenced regarding mine planning and production scheduling.

### Key ratios (Group)

<i>Amount in SEK</i>	<b>2017</b> <b>Jan - Mar</b>	<b>2016</b> <b>Jan - Mar</b>	<b>2016</b> <b>Jan - Dec</b>
Equity ratio (%)	87.21%	85.96%	85.19%
Earnings per share	-0.04	-0.07	-0.24
Equity per share	1.03	2.86	2.68
Quick ratio (%)	841.89%	267.99%	62.50%
No. of shares	109 636 650	36 545 550	36 545 550
Weighted average no. of shares	65 142 963	36 231 350	36 467 429

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

## Investors Start to Return to the Iron Ore Market, Supported by Improved Prices

Iron ore prices were maintained during the first quarter of 2017, averaging \$86/t for IODEX 62%Fe iron ore. This is double the value in predictions of the “analysts” less than a year before. This, again, shows there is a lack of understanding of the dynamics of the global iron ore market and the relationships with general economies, technology implementation, the steel industry and political interference.

However, as is predictable, these higher prices have allowed several iron ore mine operations in India, China and Iran restart production. This will, inevitably, lead to an oversupply situation and a correction downward in prices. The market controlling largest iron ore producers are likely to also increase supply in order to encourage some of the reopened mines to close again. Prices could be volatile for a while whilst a price that keeps the supply demand balance in check is sought. There are also some concerns as to how a large Australian iron ore project, Roy Hill, will fit their output into the market place.

Overall for NIO management believe that the annual average prices will be more than sufficient for NIO’s first Phase, the reopening of the Blötberget mine, to be an attractive business, with Phases II and III to add volumes and increase the NPV of the company.

To support this belief NIO has recently been engaged in several discussions regarding potential strategic investors coming on board and supporting the NIO development. This is largely because NIO has survived the downturn in iron ore prices and is now in a strong position to conclude the Phase I feasibility study this year. NIO has been fortunate that the owners of the company have maintained their support for the project and NIO has been able to keep a core of management and geologists to maintain the development of the project through the recent difficult times.

The immediate activities of the company this last Q have been working towards the completion of the mine design. In order to complete this, the activities at the beginning of this

year have been updating the Mineral Resources, to not only increase the total mineral resources, but also to define and increase development options. This could include exploration of possibilities to start some form of interim production during the development of the mine. Also important to the mine design phase are the hydrogeological and geotechnical model inputs, which define many of the parameters that must be considered.

Discussions have taken place with providers of logistics solutions and services, with the result that NIO recently signed a letter of intent (LoI) with the state owned Austrian company Rail Cargo. This LoI is for supply of all equipment, railing services and maintenance of all, in order to take the products from the mine to the port of Oxelösund, with whom NIO has an existing LoI.



**Paul Marsden**

*Managing Director, Nordic Iron Ore AB (publ)*



# Operations

## Significant events during the period

### *DFS studies*

Work regarding geohydrology and geotechnics were carried out in preparation of mine planning where the data gathered will be an important input.

Work was also conducted regarding an update of the mineral resource statement to include an extension to the concession area in Blötberget.

### *Financing*

A rights issue raised SEK 18.3 million to the company before issue costs.

## Share and ownership structure

At the end of the period the share capital amounted to SEK 19 013 563 divided between 109 636 650 with a quota value of SEK 0.17 per share. The number of shareholders totalled 3,471.

## Financial position

On the balance sheet date the Group had a liquidity of SEK 14.4 million. The equity/assets ratio was 87.21%. The Group's equity amounted to SEK 113million, corresponding to SEK 1.03 per share.

## Investments

During the period January – March investments totalled MSEK 0.9 (2.1). The entire amount relates to prospecting resources and investigation work for the planned resumption of mining operations in Blötberget.

## Employees

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

## Financial calendar

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

A Letter of Intent was signed with Rail Cargo, a subsidiary of Austrian state owned ÖBB, regarding future logistics between the mine and harbour. Rail Cargo will also assist the company with information and advice regarding logistics for the completion of the feasibility study.

Consultants were contracted and work commenced regarding mine planning and production scheduling.

## 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

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Stockholm, 22 May 2016

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	2017	2016	2016
		Jan - Mar	Jan - Mar	Jan - Dec
Net revenue		0	0	0
Other operating income		0	0	100 000
<b>Total operating income</b>		<b>0</b>	<b>0</b>	<b>100 000</b>
Other external costs		-1 763 397	-1 802 031	-6 718 941
Personnel expenses		-172 193	-176 185	-600 965
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-23 322	-34 778	-119 199
<b>Operation profit/loss</b>		<b>-1 958 912</b>	<b>-2 012 994</b>	<b>-7 239 105</b>
Financial income		8 315	269	5 417
Financial expenses		-385 680	-369 745	-1 395 802
<b>Net financial income/expense</b>		<b>-377 365</b>	<b>-369 476</b>	<b>-1 390 385</b>
<b>Profit/loss after financial income and expense</b>		<b>-2 336 277</b>	<b>-2 382 470</b>	<b>-8 629 490</b>
<b>PROFIT/LOSS FOR THE PERIOD</b>		<b>-2 336 277</b>	<b>-2 382 470</b>	<b>-8 629 490</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>-2 336 277</b>	<b>-2 382 470</b>	<b>-8 629 490</b>
<b>Attributable to:</b>				
Parent company shareholders		-2 336 277	-2 382 470	-8 729 490
<b>TOTAL</b>		<b>-2 336 277</b>	<b>-2 382 470</b>	<b>-8 729 490</b>
<b>Number of shares</b>				
Number of shares at year-end		109 636 650	36 545 550	36 545 550
Average no. of shares (before dilution)		65 142 963	36 231 350	36 467 429
Average no. of shares (after dilution)		65 142 963	36 231 350	36 467 429
<b>Earnings per share</b>				
Earnings per share, weighted average before dilution, SEK		-0,04	-0,07	-0,24
Earnings per share, weighted average after dilution, SEK		-0,04	-0,07	-0,24

# Consolidated statement of financial position - summary

<i>Amounts in SEK</i>	<i>Note</i>	<b>31/03/2017</b>	<b>31/03/2016</b>	<b>31/12/2016</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		114 289 660	111 332 573	113 365 759
Property, plant and equipment		78 333	186 076	101 655
Financial assets		31 360	31 564	31 360
<b>Current assets</b>				
Other current assets		776 676	922 633	675 855
Cash and cash equivalents		14 429 310	9 029 584	969 979
<b>Total assets</b>		<b>129 605 339</b>	<b>121 502 430</b>	<b>115 144 608</b>
<b>Equity and liabilities</b>				
<b>Equity</b>		<b>113 035 267</b>	<b>104 444 346</b>	<b>98 097 325</b>
Non-current liabilities		14 763 889	13 344 445	14 413 889
Current liabilities	1	1 806 183	3 713 639	2 633 394
<b>Total Equity and liabilities</b>		<b>129 605 339</b>	<b>121 502 430</b>	<b>115 144 608</b>

# 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
<b>Opening equity 01/01/2017</b>		<b>6 337 854</b>	<b>176 610 003</b>	<b>-84 850 532</b>	<b>98 097 325</b>
Comprehensive income for the period				-2 336 277	-2 336 277
New issue of shares		12 675 709	5 597 066		18 272 775
Transaction costs			-998 556		-998 556
<b>CLOSING EQUITY 31/3/2017</b>		<b>19 013 563</b>	<b>181 208 513</b>	<b>-87 186 809</b>	<b>113 035 267</b>
<b>Opening equity 01/01/2016</b>		<b>6 337 854</b>	<b>176 621 884</b>	<b>-76 121 042</b>	<b>106 838 696</b>
Comprehensive income for the period				-2 382 470	-2 382 470
Transaction costs			-11 881		-11 881
<b>CLOSING EQUITY 31/3/2016</b>		<b>6 337 854</b>	<b>176 610 003</b>	<b>-78 503 512</b>	<b>104 444 345</b>
<b>Opening equity 01/01/2016</b>		<b>6 337 854</b>	<b>176 621 884</b>	<b>-76 121 042</b>	<b>106 838 696</b>
Comprehensive income for the period				-8 729 490	-8 729 490
Transaction costs			-11 881		-11 881
<b>CLOSING EQUITY 31/12/2016</b>		<b>6 337 854</b>	<b>176 610 003</b>	<b>-84 850 532</b>	<b>98 097 325</b>

# Consolidated cash flow statement - summary

		2017	2016	2016
<i>Amounts in SEK</i>	Note	Jan - Mar	Jan - Mar	Jan - Dec
<b>Operating activities</b>				
Profit/loss for the period		-2 336 277	-2 382 470	-8 729 490
Adjustments for items not included in the cash flow		23 322	34 778	119 402
<b>Cash flow from operating activities before changes in working capital</b>		<b>-2 312 955</b>	<b>-2 347 692</b>	<b>-8 610 088</b>
<b>Cash flow from changes in working capital</b>				
Change in operating receivables		-100 821	-263 130	-16 351
Change in operating liabilities		-477 213	1 058 149	47 347
<b>Cash flow from operating activities</b>		<b>-2 890 989</b>	<b>-1 552 673</b>	<b>-8 579 092</b>
<b>Cash flow from investment activities</b>		<b>-923 901</b>	<b>-2 113 342</b>	<b>-4 146 528</b>
<b>Cash flow from financing activities</b>		<b>17 274 221</b>	<b>0</b>	<b>1 000 000</b>
<b>Cash flow for the year</b>		<b>13 459 331</b>	<b>-3 666 015</b>	<b>-11 725 620</b>
Opening cash and cash equivalents		969 979	12 695 599	12 695 599
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		<b>14 429 310</b>	<b>9 029 584</b>	<b>969 979</b>



# Parent Company Income statement - summary

		2017	2016	2016
<i>Amounts in SEK</i>	Note	Jan - Mar	Jan - Mar	Jan - Dec
Net revenue				
Other operating income		0	0	100 000
<b>Total operating income</b>		<b>0</b>	<b>0</b>	<b>100 000</b>
Other external costs	2	-1 763 397	-1 802 031	-6 718 942
Personnel expenses		-172 193	-176 185	-600 965
Depreciation of property, plant and equipment and intangible fixed assets		-23 322	-34 778	-119 199
<b>Operating profit/loss</b>		<b>-1 958 912</b>	<b>-2 012 994</b>	<b>-7 339 106</b>
Other interest income and similar profit/loss items		8 315	269	5 417
Interest expense and similar profit/loss items		-385 680	-369 745	-1 395 801
<b>PROFIT/LOSS FOR THE PERIOD</b>		<b>-2 336 277</b>	<b>-2 382 470</b>	<b>-8 729 490</b>
<b>PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME</b>				
Other comprehensive income		-	-	-
<b>Total comprehensive income for the period</b>		<b>-2 336 277</b>	<b>-2 382 470</b>	<b>-8 729 490</b>
<b>Attributable to:</b>				
Parent Company shareholders		-2 336 277	-2 382 470	-8 729 490
<b>TOTAL</b>		<b>-2 336 277</b>	<b>-2 382 470</b>	<b>-8 729 490</b>

# Parent Company Balance sheet - summary

<i>Amounts in SEK</i>	<i>Note</i>	<b>31/03/2017</b>	<b>31/03/2016</b>	<b>31/12/2016</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		114 289 660	111 332 573	113 365 759
Property, plant and equipment		78 333	186 076	101 655
Financial assets		31 360	31 564	31 360
Shares in subsidiaries		50 000	50 000	50 000
<b>Currens assets</b>				
Other current assets		776 676	922 633	675 854
Cash and cash equivalents		14 386 072	8 986 347	926 742
<b>Total assets</b>		<b>129 612 101</b>	<b>121 509 193</b>	<b>115 151 370</b>
<b>Equity and liabilities</b>				
<b>Equity</b>		<b>113 042 031</b>	<b>104 451 108</b>	<b>98 104 088</b>
Non-current liabilities		14 763 889	13 344 445	14 413 889
Current liabilities		1 806 181	3 713 639	2 633 393
<b>Total Equity and liabilities</b>		<b>129 612 101</b>	<b>121 509 192</b>	<b>115 151 370</b>

# 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 2016.

# 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. A loan from Ludvika Holding amounting to SEK 1 million was paid back during the period.

## Note 2 Key ratios (Group)

<i>Amounts in SEK</i>	<b>2017</b> Jan - Mar	<b>2016</b> Jan - Mar	<b>2016</b> Jan - Dec
<b>The Group</b>			
Equity ratio (%)	87.21%	85.96%	85.19%
Earnings per share	-0.04	-0.07	-0.24
Equity per share	1.03	2.86	2.68
Quick ratio (%)	841.89%	267.99%	62.50%
No. of shares	109 636 650	36 545 550	36 545 550
Weighted average no. Of shares before dilution	65 142 963	36 231 350	36 467 429
Weighted average no. Of shares after dilution	65 142 963	36 231 350	36 467 429

## 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.*

## Note 3 Pledged assets and contingent liabilities

<i>Amounts in SEK</i>	<b>Not</b>	<b>2017-03-31</b>	<b>2016-03-31</b>	<b>2016-12-31</b>
Deposit with Bergsstaten in accordance with the Swedish Mineral Act		31 360	31 564	31 360
Contingent liabilities	No	No	No	No