

Q1



Interim Report January – March 2020

Significant events during the first quarter 2020

- The company commissioned the grid owner to move a 50kV line
- Bergsstaten approved the company's application for an exploration permit for an area next to the existing mining concessions in Blötberget

First quarter, 1 January – 31 March 2020

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -2.5 million (-2.5)
- Investments during the period January – March totalled SEK 0.4 million (5.4)
- Basic earnings per share were SEK -0.08 (-0.12)
- Cash as per 31 March 2020 amounted to 7.5 million (3.8)

Significant events after the end of the period

- The board decided to postpone the AGM until 29 June 2020
- Whittle Consulting was engaged for an optimisation study on Blötberget

Key ratios (Group)

Amounts in SEK	2020 Jan - Mar	2019 Jan - Mar	2019 Jan - Dec
The Group			
Equity ratio (%)	90.93%	88.83%	88.85%
Earnings per share	-0.08	-0.12	-0.55
Equity per share	4.82	6.74	4.93
Quick ratio (%)	65.50%	77.49%	90.42%
No. of shares	30 369 470	19 909 775	29 969 470
Weighted average no. Of shares before dilution	30 307 932	19 909 775	20 191 563

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

A turbulent quarter

Q1 2020 offered up more drama than anyone could have predicted. The exception was the market for iron ore, which stayed surprisingly stable.

The goals for the work during the quarter focused primarily on two areas – discussions with potential suppliers and raising financing. The coronavirus pandemic affected the conditions in both of these areas, albeit to varying extents. We transitioned, like almost everyone else, to maintaining contact via video meetings. This has worked surprisingly well, so despite these limitations our work has progressed, although at a slower pace than we may have wanted.

Our efforts to raise financing have been significantly more affected by the pandemic. The considerable uncertainty and resulting volatility on the capital market has made it a major challenge to raise capital. We have therefore chosen to lay low with these activities and focus on creating conditions that are as favourable as possible for when the circumstances have normalised and we are able to renew our efforts. It is impossible to predict how quickly we will leave the problems behind us, but it is evident that the delay in the project is time we will not be able to recoup.

However, every cloud often has a silver lining, and the old adage “more haste, less speed” is often a sensible approach. A few years ago, the iron ore market experienced a rapid and sharp decline that forced out several of our industry colleagues. We took the opportunity then to review our plans since the earlier plan of simultaneously starting two mines and running iron ore trains through the centre of Ludvika was scrapped. Instead, we adopted the current plan: to create an integrated mining area underground starting with Blötberget and expanding toward Håksberg via Väsman. The obstacles, in other words, resulted in a significantly more environmentally friendly project with a significantly lower initial investment need. The current slow-down might not have as much of a disruptive impact, but we are evaluating and considering the opportunities to improve the mine that are described in the feasibility study in order to be able to base the local planning on even better information.

At the beginning of May, we therefore contracted the internationally renowned Whittle Consulting to conduct an

optimisation study for Blötberget. The study uses the existing feasibility study as its point of departure but also takes into consideration the bids we received that reduce the uncertainty in the cost assumption in certain areas. The study also simulates the possibilities for influencing the economic outcome by varying the assumptions for how the work underground takes place. For example, the feasibility study uses a single assumption on the threshold at which the extraction of iron content is economical even though the costs for extraction can vary between different parts of the mine. Whittle’s study focuses on finding the planning and dimensions that maximise the economic outcome.

In February, Bergsstaten approved our application for an exploration permit for an area next to our mining concessions in Blötberget. The preliminary results of the exploration conducted a year ago as part of the EU-financed research project Smart Exploration, which develops and tests new techniques for prospecting, show that this area is interesting.

In February, we commissioned the network owners, Västerbergslagens Elnät AB, to move and adapt the existing 50 kV lines that are above the planned location of the processing plant. The overhead lines must be moved, and even placed underground, to allow for construction of the future industrial area.

In summary, work is progressing despite the problems introduced by the coronavirus pandemic, and what has emerged so far supports our perception that the project is even better than what the feasibility study shows. It will be very exciting to see what the optimisation study shows.

Lennart Eliasson

Managing director, Nordic Iron Ore AB (publ)

Operations

Significant events during the period

Project work

During the period, we held discussions with a number of potential suppliers of services and equipment. The aim, besides choosing suppliers, is to work out a more exact design for the planned facilities and obtain cost estimates for them. In the next step, the facilities will be planned in detail prior to the tender process and start of construction.

During the period, close contact was maintained with Ludvika Municipality and the County Administrative Board regarding the design of a number of control programs that according to the environmental permit must be in place before the construction work may begin.

In February, the company commissioned the network owner VB Energi to move the 50kV line that spans the planned industrial area in Skeppmora.

Financing

The ongoing pandemic's effects on the capital market have made the work to raise financing more difficult. As a result, this work has been postponed until the second half of the year.

Permits

In February, Bergsstaten approved the company's application for an exploration permit for an area next to the existing mining concessions in Blötberget. The preliminary results of the exploration conducted a year ago as part of the EU-financed research project Smart Exploration, which develops and tests new techniques for prospecting, show that this area is interesting.

Market

The price of iron ore fell slightly during the period due to weaker demand in China. In total, however, the price of iron ore has not fallen as much as could have been expected during the global lock down following both supply problems and announcements of production cuts by large suppliers.

Share and ownership structure

At the end of the period the share capital amounted to SEK 52 667 775 divided between 30 369 470 shares with a quota value of SEK 1.734 per share. The number of shareholders totalled 7 942.

Financial position

On the balance sheet date, the Group had a liquidity of SEK 7.5 million. The equity/assets ratio was 90.93%. The Group's equity amounted to SEK 146.3 million, corresponding to SEK 4.82 per share.

Investments

During the period January – March investments totalled MSEK 0.4. 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 four were engaged on a consultancy basis.

Financial calendar

The AGM will be held on 29 June 2020.

Interim report January – June 2020: 20 August 2020

Interim report January – September 2020: 20 November 2020

Year end report 2020: February 2021

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

Due to the ongoing pandemic the board decided to postpone the AGM until 29 June 2020

Whittle Consulting was engaged for an optimisation study on the Blötberget project.

Annual report and financial reports

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

Operations

Stockholm, 20 May 2020

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

Thomas Olofsson
Chairman of the board

Jonas Bengtsson

Gösta Bergman

Timo Lindborg

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:

Lennart Eliasson
Telephone: +46 70 640 51 77
E-mail: lennart.eliasson@nordicironore.se

Consolidated statement of comprehensive income - summary

Amounts in SEK	Note	2020	2019	2019
		Jan - Mar	Jan - Mar	Jan - Dec
Total operating income		0	0	0
Other external costs		-1 386 881	-1 141 214	-4 960 897
Personnel expenses		-806 966	-950 028	-3 724 053
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-206 758	-206 758	-827 032
Operation profit/loss		-2 400 605	-2 298 000	-9 511 982
Financial income		0	0	-
Financial expenses		-124 687	-152 863	-1 642 864
Net financial income/expense		-124 687	-152 863	-1 642 864
Profit/loss after financial income and expense		-2 525 292	-2 450 863	-11 154 846
PROFIT/LOSS FOR THE PERIOD		-2 525 292	-2 450 863	-11 154 846
OTHER COMPREHENSIVE INCOME		-	-	-
Total comprehensive income for the period		-2 525 292	-2 450 863	-11 154 846
Attributable to:				
Parent company shareholders		-2 525 292	-2 450 863	-11 154 846
TOTAL		-2 525 292	-2 450 863	-11 154 846
Number of shares				
Number of shares at year-end		30 369 470	19 909 775	29 969 470
Average no. of shares (before dilution)		30 307 932	19 909 775	20 191 563
Average no. of shares (after dilution)		30 307 932	19 909 775	20 191 563
Earnings per share				
Earnings per share, weighted average before dilution, SEK		-0,08	-0,12	-0,55
Earnings per share, weighted average after dilution, SEK		-0,08	-0,12	-0,55

Consolidated statement of financial position - summary

<i>Amounts in SEK</i>	<i>Note</i>	31/03/2020	31/03/2019	31/12/2019
Assets				
Non-current assets				
Intangible assets		149 811 096	142 529 043	149 364 404
Property, plant and equipment		3 041 386	3 868 418	3 248 144
Financial assets		30 898	30 977	30 898
Current assets				
Other current assets		473 425	839 102	776 623
Cash and cash equivalents		7 499 238	3 806 651	12 963 753
Total assets		160 856 043	151 074 191	166 383 822
Equity and liabilities				
Equity		146 271 722	134 200 645	147 826 926
Non-current liabilities		2 412 498	10 878 461	2 590 447
Current liabilities	1	12 171 823	5 995 085	15 966 449
Total Equity and liabilities		160 856 043	151 074 191	166 383 822

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 01/01/2020		51 974 081	211 146 388	-115 293 543	147 826 926
Comprehensive income for the period				-2 525 292	-2 525 292
New share issued		693 694	306 306		1 000 000
Transaction costs			-29 912		-29 912
CLOSING EQUITY 31/3/2020		52 667 775	211 422 782	-117 818 835	146 271 722
Opening equity 01/01/2019		34 528 213	206 261 994	-104 138 697	136 651 510
Comprehensive income for the period				-2 450 863	-2 450 863
CLOSING EQUITY 31/3/2019		34 528 213	206 261 994	-106 589 560	134 200 647
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	2019
<i>Amounts in SEK</i>	Note	Jan - Mar	Jan - Mar	Jan - Dec
Operating activities				
Profit/loss for the period		-2 525 291	-2 450 864	-11 154 847
Adjustments for items not included in the cash flow		206 758	206 828	112 255
Cash flow from operating activities before changes in working capital		-2 318 533	-2 244 036	-11 042 592
Cash flow from changes in working capital				
Change in working capital		303 198	216 249	278 728
Change in operating liabilities		-3 002 488	2 287 478	3 805 680
Cash flow from operating activities		-5 017 823	259 691	-6 958 184
Cash flow from investment activities		-446 692	-5 430 479	-12 105 517
Cash flow from financing activities		0	-175 416	22 874 600
Cash flow for the period		-5 464 515	-5 346 204	3 810 899
Opening cash and cash equivalents		12 963 753	9 152 854	9 152 854
CLOSING CASH AND CASH EQUIVALENTS		7 499 238	3 806 650	12 963 753

Parent Company Income statement - summary

		2020	2019	2019
Amounts in SEK	Note	Jan - Mar	Jan - Mar	Jan - Dec
Total operating income		0	0	0
Other external costs	2	-1 617 763	-1 367 569	-5 866 317
Personnel expenses		-806 966	-950 028	-3 724 053
Depreciation of property, plant and equipment and intangible fixed assets		-	-	-
Operating profit/loss		-2 424 729	-2 317 597	-9 590 370
Other interest income and similar profit/loss items		0	0	-
Interest expense and similar profit/loss items		-109 479	-101 923	-1 612 695
PROFIT/LOSS FOR THE PERIOD		-2 534 208	-2 419 520	-11 203 065
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME				
Other comprehensive income		-	-	-
Total comprehensive income for the period		-2 534 208	-2 419 520	-11 203 065
Attributable to:				
Parent Company shareholders		-2 534 208	-2 419 520	-11 203 065
TOTAL		-2 534 208	-2 419 520	-11 203 065

Parent Company Balance sheet - summary

<i>Amounts in SEK</i>	<i>Note</i>	31/03/2020	31/03/2019	31/12/2019
Assets				
Non-current assets				
Intangible assets		149 643 277	142 529 043	149 204 081
Property, plant and equipment		-	-	-
Financial assets		30 898	30 977	30 898
Shares in subsidiaries		50 000	50 000	50 000
Current assets				
Other current assets		632 075	839 102	776 623
Cash and cash equivalents		7 456 000	3 763 413	12 920 515
Total assets		157 812 250	147 212 535	162 982 117
Equity and liabilities				
Equity		146 221 349	134 238 751	147 785 469
Non-current liabilities		0	7 505 687	0
Current liabilities		11 590 901	5 468 097	15 196 648
Total Equity and liabilities		157 812 250	147 212 535	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 Ores had no debts to related parties per March 31, 2020.

Note 2 Key ratios (Group)

Amounts in SEK	2020 Jan - Mar	2019 Jan - Mar	2019 Jan - Dec
The Group			
Equity ratio (%)	90.93%	88.83%	88.85%
Earnings per share	-0.08	-0.12	-0.55
Equity per share	4.82	6.74	4.93
Quick ratio (%)	65.50%	77.49%	90.42%
No. of shares	30 369 470	19 909 775	29 969 470
Weighted average n. Of shares before dilution	30 307 932	19 909 775	20 191 563
Weighted average no. Of shares after dilution	30 307 932	19 909 775	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 20 May 2020 at 08.30.

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.