

# Q2



## Interim Report January – June 2017

### Significant events during the second quarter 2017

- 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 were contracted and work commenced with the mine planning and production scheduling for the feasibility study. As part of that work the geotechnical data generation was completed and the report is expected in August. The data and models generated from the geotechnical and hydrogeological data have been used to set the parameters for the mine (stope) design and the mine schedule.

#### *Second quarter, 1 April – 30 June 2017*

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK –2.6 million (–2.4)
- Investments in the period April–June totalled SEK 3.1 million (0.8)
- Basic earnings per share were SEK –0.02 (–0.07)

#### *Interim period, 1 January – 30 June 2017*

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK –4.9 million (–4.8)
- Investments in the period January–June totalled SEK 4.0 million (2.9)
- Basic earnings per share were SEK –0.06 (–0.13)
- Cash and cash equivalents on 30 June 2017 amounted to SEK 10.6 million (4.3)

### Significant events after the end of the period

- DMT finalised and released an updated Mineral Resource Estimate, which increased resources by around 15%.
- A mining concession for an extension to the NE of Blötberget was granted by Bergsstaten.

### Key ratios (Group)

Amount in SEK	2017 April - June	2016 April - June	2017 Jan - June	2016 Jan - June	2016 Jan - Dec
Equity ratio (%)	85.62%	86.74%	85.62%	86.74%	85.19%
Earnings per share	-0.02	-0.07	-0.06	-0.13	-0.24
Equity per share	1.01	2.79	1.01	2.79	2.68
Quick ratio (%)	336.04%	280.64%	336.04%	280.64%	62.50%
No. of shares	109 636 650	36 545 550	109 636 650	36 545 550	36 545 550

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

## Iron Ore Prices return to volatility.

Following a reasonably stable iron ore price of around \$80-90/t IODEX 62%Fe, the second quarter of the year returned to more volatile downward prices, with the price plunging from over \$90/t to below \$55/t in a matter of days. This was a reaction to renewed investor interest in the iron ore sector and an unjustified fear of gross oversupply in the market. It had the effect of closing a few marginal operations in places like China, India and Iran in particular until the balance was redressed. However, as NIO has always maintained, the sustainable price for iron ore is in excess of \$65/t in our view and that the average price of iron ore for 2017 is likely to be over \$70/t for the year.

NIO management continue to believe that the annual average prices will provide an attractive margin of profit for NIO's first Phase, the reopening of the Blötberget mine and that the following developments, Phases II and III, will add to increasing the profitability and the NPV of the company as it moves towards being a >4Mt/y producer.

A recent meeting with all those involved with the NIO logistics solutions was held in port of Oxelösund. This included port of Oxelösund authority, state owned Austrian company Rail Cargo, the wagon supplier, Innofreight and Trafikverket. It was agreed that the port authority and Rail Cargo/Innofreight would start the final design for the rail wagons, the desired loading specification, the rail schedules, the unloading equipment and methodology at the port. NIO has existing Letters of Intent with these service suppliers, where it should be noted that NIO does not have any capital requirements for the completion of the products logistics delivery solution, but will include the fees for the service as an operating cost. This will finalise the logistics part of OPEX costs for NIO and will be matched with the mine production schedule.

NIO recently received and published (on NIO web pages) an updated Mineral Resource Estimate (MRE) which advanced our resources by over 15%. The geological models constructed for these increased resources will provide the basis for a key aspect of the feasibility study, the mine design, the mine schedule and the mineable "Reserves". These form

the defining components to start the final design of the processing plant and to update all the costs required by a Definitive Feasibility Study. Once costs have been assessed to an acceptable level the Company will then be able to declare its Phase I assets as "Mineable Reserves".

These activities demonstrate that NIO is approaching the conclusion of the feasibility study and that the higher levels of accuracy in design are reducing the project execution risks for potential investors.



A handwritten signature in dark ink, appearing to read 'Paul Marsden'.

**Paul Marsden**

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

# Operations

## Significant events during the period

### *Mineral Resource Estimate*

The MRE geological and structural modelling work was concluded during May and used to define the mine design parameters; with the final written report presented to NIO in July.

### *Geotech*

Geotechnical data – data has been collected and collated and modelled. The models have been used to provide the design basis and limits for the main mine (stope) design and the production schedule.

### *Hydrogeological*

Hydrogeological data has been recorded sufficiently for the main hydro parameters to be modelled for the stope design. Additional data will continue to be collected and collated as part of the verification process and for NIO compliance with the requirements of the Environmental Permit.

### *Mine design*

The stope designs have been made and are now being refined to confirm the final mine design and set the parameters used for calculating a mineable reserve. Firstly an “internal” calculation for the mineable reserve and the project economics will be made which will verify the status of the project costs, to be verified later in the feasibility study with firm quotes from capital equipment and service providers.

### *Annual general meeting*

The annual general meeting of shareholders was held in Ludvika on the 22<sup>th</sup> of May. The meeting decided to adjust the limits for the share capital of the company and authorised the board of directors to decide on new issues of shares or convertible bonds, with or without preferential rights for existing shareholders.

## 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 3,463.

## Financial position

On the balance sheet date the Group had a liquidity of SEK 10.6 million. The equity/assets ratio was 85.62%. The Group's equity amounted to SEK 110.5 million, corresponding to SEK 1.01 per share.

## Investments

During the period January – June investments totalled MSEK 4.0. 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

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.

## Significant events after the end of the period

DMT finalised and released an updated Mineral Resource Estimate, which increased resources by around 15%.

The application for an extension of the mining concession in Blötberget was granted by Bergsstaten.

## 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, 25 August 2017

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

Jonas Bengtsson

Anders Bengtsson

Johnas Jansson

Tomas Olofsson  
*Chairman*

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	2017	2016	2016
		April - June	April - June	Jan - June	Jan - June	Jan - Dec
Net revenue		0	0	0	0	0
Other operating income		0	0	0	0	100 000
<b>Total operating income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100 000</b>
Other external costs		-2 016 127	-1 812 840	-3 779 525	-3 614 871	-6 718 941
Personnel expenses		-199 170	-206 027	-371 362	-382 212	-600 965
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-22 283	-30 963	-45 606	-65 741	-119 199
<b>Operation profit/loss</b>		<b>-2 237 580</b>	<b>-2 049 830</b>	<b>-4 196 493</b>	<b>-4 062 824</b>	<b>-7 339 105</b>
Financial income		23 120	270	31 436	539	5 417
Financial expenses		-353 889	-334 331	-739 570	-704 074	-1 395 802
Net financial income/expense		-330 769	-334 061	-708 134	-703 535	-1 390 385
<b>Profit/loss after financial income and expense</b>		<b>-2 568 349</b>	<b>-2 383 891</b>	<b>-4 904 627</b>	<b>-4 766 359</b>	<b>-8 729 490</b>
<b>PROFIT/LOSS FOR THE PERIOD</b>		<b>-2 568 349</b>	<b>-2 383 891</b>	<b>-4 904 627</b>	<b>-4 766 359</b>	<b>-8 729 490</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>-2 568 349</b>	<b>-2 383 891</b>	<b>-4 904 627</b>	<b>-4 766 359</b>	<b>-8 729 490</b>
<b>Attributable to:</b>						
Parent company shareholders		-2 568 349	-2 383 891	-4 904 627	-4 766 359	-8 729 490
<b>TOTAL</b>		<b>-2 568 349</b>	<b>-2 383 891</b>	<b>-4 904 627</b>	<b>-4 766 359</b>	<b>-8 729 490</b>
<b>Number of shares</b>						
Number of shares at year-end		109 636 650	36 545 550	109 636 650	36 545 550	36 545 550
Average no. of shares (before dilution)		109 636 650	36 545 550	87 512 717	36 388 450	36 467 429
Average no. of shares (after dilution)		109 636 650	36 545 550	87 512 717	36 388 450	36 467 429
<b>Earnings per share</b>						
Earnings per share, weighted average before dilution, SEK		-0.02	-0.07	-0.06	-0.13	-0.24
Earnings per share, weighted average after dilution, SEK		-0.02	-0.07	-0.06	-0.13	-0.24

# Consolidated statement of financial position - summary

Amounts in SEK	Note	30/06/2017	30/06/2016	31/12/2016
<b>Assets</b>				
Non-current assets				
Intangible assets		117 388 388	112 145 474	113 365 759
Property, plant and equipment		56 050	155 112	101 655
Financial assets		31 360	31 564	31 360
<b>Current assets</b>				
Other current assets		922 854	1 007 489	675 855
Cash and cash equivalents		10 621 502	4 316 134	969 979
<b>Total assets</b>		<b>129 020 154</b>	<b>117 655 773</b>	<b>115 144 608</b>
<b>Equity and liabilities</b>				
Equity		110 466 917	102 060 455	98 097 325
Non-current liabilities				
		15 117 778	13 698 334	14 413 889
Current liabilities	1	3 435 459	1 896 984	2 633 394
<b>Total Equity and liabilities</b>		<b>129 020 154</b>	<b>117 655 773</b>	<b>115 144 608</b>

# 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
<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				-4 904 627	-4 904 627
New share issued		12 675 709	5 597 066		18 272 775
Transaction costs			-998 556		-998 556
<b>CLOSING EQUITY 30/6/2017</b>		<b>19 013 563</b>	<b>181 208 513</b>	<b>-89 755 159</b>	<b>110 466 917</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				-4 766 360	-4 766 360
Transaction costs			-11 881	0	-11 881
<b>CLOSING EQUITY 30/6/2016</b>		<b>6 337 854</b>	<b>176 610 003</b>	<b>-80 887 402</b>	<b>102 060 455</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	2017	2016	2016
Amounts in SEK	Note	April - June	April - June	Jan - June	Jan - June	Jan - Dec
<b>Operating activities</b>						
Profit/loss for the period		-2 568 349	-2 383 891	-4 904 627	-4 766 360	-8 729 490
Adjustments for items not included in the cash flow		22 283	30 963	45 605	65 741	119 402
<b>Cash flow from operating activities before changes in working capital</b>		<b>-2 546 066</b>	<b>-2 352 928</b>	<b>-4 859 022</b>	<b>-4 700 619</b>	<b>-8 610 088</b>
<b>Cash flow from changes in working capital</b>						
Change in working capital		-146 177	-84 858	-246 999	-347 987	-16 351
Change in operating liabilities		1 983 163	-1 462 763	1 505 952	-404 616	47 347
<b>Cash flow from operating activities</b>		<b>-709 080</b>	<b>-3 900 549</b>	<b>-3 600 069</b>	<b>-5 453 222</b>	<b>-8 579 092</b>
<b>Cash flow from investment activities</b>		<b>-3 098 728</b>	<b>-812 901</b>	<b>-4 022 629</b>	<b>-2 926 243</b>	<b>-4 146 528</b>
<b>Cash flow from financing activities</b>		<b>0</b>	<b>0</b>	<b>17 274 221</b>	<b>0</b>	<b>1 000 000</b>
<b>Cash flow for the year</b>		<b>-3 807 808</b>	<b>-4 713 450</b>	<b>9 651 523</b>	<b>-8 379 465</b>	<b>-11 725 620</b>
Opening cash and cash equivalents		14 429 310	9 029 584	969 979	12 695 599	12 695 599
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		<b>10 621 502</b>	<b>4 316 134</b>	<b>10 621 502</b>	<b>4 316 134</b>	<b>969 979</b>



# Parent Company Income statement - summary

		2017	2016	2017	2016	2016
Amounts in SEK	Note	April - June	April - June	Jan - June	Jan - June	Jan - Dec
Net revenue		0	0	0	0	0
Other operating income		0	0	0	0	100 000
<b>Total operating income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100 000</b>
Other external costs		-2 016 127	-1 812 840	-3 779 525	-3 614 871	-6 718 942
Personnel expenses		-199 170	-206 027	-371 362	-382 212	-600 965
Depreciation of property, plant and equipment and intangible fixed assets		-22 283	-30 963	-45 606	-65 741	-119 199
<b>Operating profit/loss</b>		<b>-2 237 580</b>	<b>-2 049 830</b>	<b>-4 196 493</b>	<b>-4 062 824</b>	<b>-7 339 106</b>
Other interest income and similar profit/loss items		23 120	270	31 436	539	5 417
Interest expense and similar profit/loss items		-353 889	-334 331	-739 570	-704 075	-1 395 801
<b>PROFIT/LOSS FOR THE PERIOD</b>		<b>-2 568 349</b>	<b>-2 383 891</b>	<b>-4 904 627</b>	<b>-4 766 360</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>-2 568 349</b>	<b>-2 383 891</b>	<b>-4 904 627</b>	<b>-4 766 360</b>	<b>-8 729 490</b>
<b>Attributable to:</b>						
Parent Company shareholders		-2 568 349	-2 383 891	-4 904 627	-4 766 360	-8 729 490
<b>TOTAL</b>		<b>-2 568 349</b>	<b>-2 383 891</b>	<b>-4 904 627</b>	<b>-4 766 360</b>	<b>-8 729 490</b>

# Parent Company Balance sheet - summary

Amounts in SEK	Note	30/06/2017	30/06/2016	31/12/2016
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		117 388 388	112 145 474	113 365 759
Property, plant and equipment		56 050	155 112	101 655
Financial assets		31 360	31 564	31 360
Shares in subsidiaries		50 000	50 000	50 000
<b>Current assets</b>				
Other current assets		922 854	1 007 490	675 854
Cash and cash equivalents		10 578 264	4 272 896	926 742
<b>Total assets</b>		<b>129 026 916</b>	<b>117 662 536</b>	<b>115 151 370</b>
<b>Equity and liabilities</b>				
Equity		110 473 679	102 067 218	98 104 088
Non-current liabilities		15 117 778	13 698 334	14 413 889
Current liabilities		3 435 459	1 896 984	2 633 393
<b>Total Equity and liabilities</b>		<b>129 026 916</b>	<b>117 662 536</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.

During the reporting period there were no transactions with related parties and no loans outstanding as of 30<sup>th</sup> of June 2017.

## Note 2 Key ratios (Group)

Amount in SEK	2017 April - June	2016 April - June	2017 Jan - June	2016 Jan - June	2016 Jan - Dec
Equity ratio (%)	85.62%	86.74%	85.62%	86.74%	85.19%
Earnings per share	-0.02	-0.07	-0.06	-0.13	-0.24
Equity per share	1.01	2.79	1.01	2.79	2.68
Quick ratio (%)	336.04%	280.64%	336.04%	280.64%	62.50%
No. of shares	109 636 650	36 545 550	109 636 650	36 545 550	36 545 550
Weighted average no. of shares before dilution	109 636 650	36 545 550	87 512 717	36 388 450	36 467 429
Weighted average no. of shares after dilution	109 636 650	36 545 550	87 512 717	36 388 450	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.