

Q2



Interim Report January – June 2018

Significant events during the second quarter 2018

- Golder was contracted for the finalisation of the feasibility study for Blötberget.
- The studies regarding mine design and production planning was reported
- The formerly long-term loan was replaced in equal amounts by a directed issue of shares and a convertible loan with a two year maturity.
- A rights issue amounting to MSEK 36.5 was decided upon and started.

Second quarter, 1 April – 30 June 2018

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

Interim period, 1 January – 30 June 2018

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK –5.1 million (–4.9)
- Investments in the period January–June totalled SEK 3.7 million (4.0)
- Basic earnings per share were SEK –0.05 (–0.06)
- Cash and cash equivalents on 30 June 2018 amounted to SEK 1.0 million (10.6)

Significant events after the end of the period

- The rights issue was completed and the company received approx. MSEK 33 after issue costs.
- An EGM was called for to elect additional board members

Key ratios (Group)

	2018	2017	2018	2017	2017
<i>Amount in SEK</i>	April - June	April - June	Jan - June	Jan - June	Jan - Dec
Equity ratio (%)	84.78%	85.62%	84.78%	85.62%	84.95%
Earnings per share	-0.02	-0.02	-0.05	-0.06	-0.09
Equity per share	0.87	1.01	0.87	1.01	0.97
Quick ratio (%)	26.78%	336.04%	26.78%	336.04%	14.96%
No. of shares	126 006 650	109 636 650	126 006 650	109 636 650	109 636 650

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

NIO moves to complete the economic feasibility study of the Blötberget mine project, and the market continues to look promising

Following the appointment of Golder, to conclude the final stages of the technical and economics of the feasibility study, work has commenced to specify the equipment required and the final design of the mine layout in order to execute the construction of the mine. At the mine location some final site investigations will be undertaken in the proposed industrial area, where primarily the process plant, associated materials handling equipment and rail terminal are planned.

In order to secure the completion of the feasibility study during the remainder of this year and early 2019 NIO successfully concluded a rights issue in June.

Copperstone Resources AB has distributed shares in NIO to its own shareholders, giving NIO some 9 000 shareholders now on the register. This provides a large shareholder launching onto the First North.

Markets

Recent discussions with two of the most pre-eminent analysts in the iron ore Market, CRU and WoodMackenzie agreed with the general view that we have a two tier iron ore market developing, with the standard 62%Fe index and a newer index for 65%Fe reflecting the higher quality ores. The divergence of the two indices reinforces the fact that there is a high demand for good quality iron ores >65%Fe. This, as stated before is largely driven by China and its environmental policy, but is also influenced and exaggerated by the fact that coking coal prices have more than quadrupled recently. This means that one of the primary sources of energy for melting the iron ore (and waste rock with it) has become very expensive and this in turn is driving the blast furnaces in China to look at improving the quality of the feed materials to the blast furnace and to improve the productivity from the existing operating furnaces. To do this they are looking at using more locally produced pellets, but they need to improve the quality of the feed to their pellet plants. This has resulted in the unusual situation where the concentrate price carries a further premium over the standard sinter feed prices.

See the recent evidence of the diversification of the two markets in the diagram below.



Premiums for all quality ores, including pellets remain very strong, and are expected to remain so for the next couple of years at least. There appears to be little in the way of new supply of high quality iron ores (especially magnetite rich) to satisfy demand, especially as there are only a few developments able to return to production without raising major amounts of capital. Those who are able to return to production or start production are also low volumes and will not fully meet demands.

After discussions with CRU and Woodmac they will now include production from Nordic iron Ore as a strong likelihood from 2021. This should see NIO get a mention in all the international magazines and should feature in investor's calculations, all of which will provide valuable additional attention to NIO.



Paul Marsden

Managing Director, Nordic Iron Ore AB (publ)

Operations

Significant events during the period

Feasibility study

Golder was contracted as coordinating project manager for the completion of the feasibility study for Blötberget. A significant part of the remaining work is the specifications for plant and installations and the cost structure in order to confirm the economic model. This will be verified through firm quotes from capital equipment and service providers and concluded in an economic evaluation of the project to be included in the final report.

Mine design

The work with mine design and production planning including an estimate of preliminary mineable reserves was completed and forms the basis of all the design parameters for the mine.

Annual general meeting

The annual general meeting of shareholders was held in Ludvika on the 22th 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. The AGM also decided on a directed issue of shares and a convertible loan with a two year maturity as payment for an outstanding loan amounting to SEK 16.4 million.

Share and ownership structure

At the end of the period the share capital amounted to SEK 21 852 505 divided between 126 006 650 with a quota value of SEK 0.17 per share. The number of shareholders totalled 9,913.

Financial position

On the balance sheet date the Group had a liquidity of SEK 1.0 million. The equity/assets ratio was 84.78%. The Group's equity amounted to SEK 109.4 million, corresponding to SEK 0.87 per share.

Investments

During the period January – June investments totalled MSEK 3.7. 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 2018: 22 November 2018
Year-end report for the 2017 financial year: February 2019
AGM: May 2019

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

The rights issue of SEK 36.5 million was concluded. A call for an EGM for the election of additional board members was made.

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, 22 August 2018

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

Jonas Bengtsson

Michael Mattsson

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, mineral process engineering and membership of the IMMM.

For further information, please contact:

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Consolidated statement of comprehensive income - summary

		2018	2017	2018	2017	2017
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	0
Total operating income		0	0	0	0	0
Other external costs		-1 964 660	-2 016 127	-3 494 076	-3 779 525	-6 923 417
Personnel expenses		-244 358	-199 170	-827 611	-371 362	-798 546
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-2 288	-22 283	-12 639	-45 606	-89 017
Operation profit/loss		-2 211 306	-2 237 580	-4 334 326	-4 196 493	-7 810 980
Financial income		0	23 120	0	31 436	142 041
Financial expenses		-421 629	-353 889	-716 159	-739 570	-1 455 281
Net financial income/expense		-421 629	-330 769	-716 159	-708 134	-1 313 240
Profit/loss after financial income and expense		-2 632 935	-2 568 349	-5 050 485	-4 904 627	-9 124 220
PROFIT/LOSS FOR THE PERIOD		-2 632 935	-2 568 349	-5 050 485	-4 904 627	-9 124 220
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
Total comprehensive income for the period		-2 632 935	-2 568 349	-5 050 485	-4 904 627	-9 124 220
Attributable to:						
Parent company shareholders		-2 632 935	-2 568 349	-5 050 485	-4 904 627	-9 124 220
TOTAL		-2 632 935	-2 568 349	-5 050 485	-4 904 627	-9 124 220
Number of shares						
Number of shares at year-end		126 006 650	109 636 650	126 006 650	109 636 650	109 636 650
Average no. of shares (before dilution)		113 054 562	109 636 650	111 355 048	87 512 717	98 665 604
Average no. of shares (after dilution)		113 221 391	109 636 650	111 438 923	87 512 717	98 665 604
Earnings per share						
Earnings per share, weighted average before dilution, SEK		-0.02	-0.02	-0.05	-0.06	-0.09
Earnings per share, weighted average after dilution, SEK		-0.02	-0.02	-0.05	-0.06	-0.09

Consolidated statement of financial position - summary

Amounts in SEK	Note	30/06/2017	30/06/2017	31/12/2017
Assets				
Non-current assets				
Intangible assets		125 923 005	117 388 388	122 214 772
Property, plant and equipment		0	56 050	12 639
Financial assets		31 204	31 360	31 204
Current assets				
Other current assets		2 046 313	922 854	442 948
Cash and cash equivalents		1 013 103	10 621 502	2 372 958
Total assets		129 013 625	129 020 154	125 074 521
Equity and liabilities				
Equity		109 381 839	110 466 917	106 247 325
Non-current liabilities				
		8 207 509	15 117 778	0
Current liabilities	1	11 424 277	3 435 459	18 827 196
Total Equity and liabilities		129 013 625	129 020 154	125 074 521

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 01/01/2018		19 013 563	181 208 514	-93 974 752	106 247 325
Comprehensive income for the period				-5 050 486	-5 050 486
New share issued		2 838 941	5 346 059		8 185 000
Transaction costs			0		0
CLOSING EQUITY 30/6/2018		21 852 504	186 554 573	-99 025 238	109 381 839
Opening equity 01/01/2017		6 337 854	176 610 003	-84 850 532	98 097 325
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	0	-998 556
CLOSING EQUITY 30/6/2017		19 013 563	181 208 513	-89 755 159	110 466 917
Opening equity 01/01/2017		6 337 854	176 610 003	-84 850 532	98 097 325
Comprehensive income for the period				-9 124 220	-9 124 220
New share issued		12 675 709	5 597 066		18 272 775
Transaction costs			-998 555		-998 555
CLOSING EQUITY 31/12/2017		19 013 563	181 208 514	-93 974 752	106 247 325

Consolidated cash flow statement - summary

		2018	2017	2018	2017	2017
<i>Amounts in SEK</i>	Note	April - June	April - June	Jan - June	Jan - June	Jan - Dec
Operating activities						
Profit/loss for the period		-2 632 935	-2 568 349	-5 050 485	-4 904 627	-9 124 220
Adjustments for items not included in the cash flow		2 288	22 283	12 639	45 605	89 172
Cash flow from operating activities before changes in working capital		-2 630 647	-2 546 066	-5 037 846	-4 859 022	-9 035 048
Cash flow from changes in working capital						
Change in working capital		-1 593 673	-146 177	-1 603 365	-246 999	232 907
Change in operating liabilities		1 145 523	1 983 163	1 989 589	1 505 952	1 779 913
Cash flow from operating activities		-3 078 797	-709 080	-4 651 622	-3 600 069	-7 022 228
Cash flow from investment activities						
Cash flow from investment activities		-2 645 075	-3 098 728	-3 708 233	-4 022 629	-8 849 013
Cash flow from financing activities						
Cash flow from financing activities		4 000 000	0	7 000 000	17 274 221	17 274 220
Cash flow for the year		-1 723 872	-3 807 808	-1 359 855	9 651 523	1 402 979
Opening cash and cash equivalents		2 736 975	14 429 310	2 372 958	969 979	969 979
CLOSING CASH AND CASH EQUIVALENTS		1 013 103	10 621 502	1 013 103	10 621 502	2 372 958

Parent Company Income statement - summary

		2018	2017	2018	2017	2017
		2018	2017	2018	2017	2017
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	0
Total operating income		0	0	0	0	0
Other external costs		-1 964 660	-2 016 127	-3 494 076	-3 779 525	-6 923 417
Personnel expenses		-244 358	-199 170	-827 611	-371 362	-798 546
Depreciation of property, plant and equipment and intangible fixed assets		-2 288	-22 283	-12 639	-45 606	-89 017
Operating profit/loss		-2 211 306	-2 237 580	-4 334 326	-4 196 493	-7 810 980
Other interest income and similar profit/loss items		0	23 120	0	31 436	142 041
Interest expense and similar profit/loss items		-421 629	-353 889	-716 159	-739 570	-1 455 281
PROFIT/LOSS FOR THE PERIOD		-2 632 935	-2 568 349	-5 050 485	-4 904 627	-9 124 220
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME						
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-2 632 935	-2 568 349	-5 050 485	-4 904 627	-9 124 220
Attributable to:						
Parent Company shareholders		-2 632 935	-2 568 349	-5 050 485	-4 904 627	-9 124 220
TOTAL		-2 632 935	-2 568 349	-5 050 485	-4 904 627	-9 124 220

Parent Company Balance sheet - summary

Amounts in SEK	Note	30/06/2018	30/06/2017	31/12/2017
Assets				
Non-current assets				
Intangible assets		125 923 005	117 388 388	122 214 772
Property, plant and equipment		0	56 050	12 639
Financial assets		31 204	31 360	31 204
Shares in subsidiaries		50 000	50 000	50 000
Current assets				
Other current assets		2 046 313	922 854	442 948
Cash and cash equivalents		969 865	10 578 264	2 329 721
Total assets		129 020 387	129 026 916	125 081 284
Equity and liabilities				
Equity		109 388 601	110 473 679	106 254 088
Non-current liabilities		8 207 509	15 117 778	0
Current liabilities		11 424 277	3 435 459	18 827 196
Total Equity and liabilities		129 020 387	129 026 916	125 081 284

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 2017.

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 amounted to SEK 3 678 889 to Bengtssons Tidnings Aktiebolag as of 30 June 2018 and SEK 2 373 757 to Ludvika Holding AB.

Note 2 Key ratios (Group)

<i>Amount in SEK</i>	2018 April - June	2017 April - June	2018 Jan - June	2017 Jan - June	2017 Jan - Dec
Equity ratio (%)	84.78%	85.62%	84.78%	85.62%	84.95%
Earnings per share	-0.02	-0.02	-0.05	-0.06	-0.09
Equity per share	0.87	1.01	0.87	1.01	0.97
Quick ratio (%)	26.78%	336.04%	26.78%	336.04%	14.96%
No. of shares	126 006 650	109 636 650	126 006 650	109 636 650	109 636 650
Weighted average no. of shares before dilution	113 054 562	109 636 650	111 355 048	87 512 717	98 665 604
Weighted average no. of shares after dilution	113 221 391	109 636 650	111 438 923	87 512 717	98 665 604

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.