

Q2



Interim Report January – June 2019

Significant events during the second quarter 2019

- SRK Consulting is retained to perform a scoping study of the potential in the Väsman field.
- Exploration permit for Ludvikafältet # 1 is granted by the Swedish Mining Inspectorate.
- Golder Associates informed that the feasibility study will be delayed by approx. one month.
- A short-term credit facility amounting to SEK 10 m was granted by the two largest owners.
- Timo Lindborg was elected member of the board at the AGM.

Second quarter, 1 April – 30 June 2019

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK –2.8 million (–2.6)
- Investments in the period April–June totalled SEK 3.4 million (2.6)
- Basic earnings per share were SEK –0.14 (–0.23)

Interim period, 1 January – 30 June 2019

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK –5.3 million (–5.1)
- Investments in the period January–June totalled SEK 8.8 million (3.7)
- Basic earnings per share were SEK –0.27 (–0.45)
- Cash and cash equivalents on 30 June 2019 amounted to SEK 5.4 million (1.0)

Significant events after the end of the period

- To strengthen the financial position a short-term loan amounting to SEK 5m was raised.

Key ratios (Group)

Amount in SEK	2019 April - June	2018 April - June	2019 Jan - June	2018 Jan - June	2018 Jan - Dec
Equity ratio (%)	84,56%	84,78%	84,56%	84,78%	92,75%
Earnings per share	-0,14	-0,23	-0,27	-0,45	-0,67
Equity per share	6,61	8,68	6,61	8,68	6,86
Quick ratio (%)	50,04%	26,78%	50,04%	26,78%	311,28%
No. of shares	19 978 194	12 600 665	19 978 194	12 600 665	19 909 775
Weighted average no. of shares before dilution	19 913 534	11 305 456	19 911 665	11 135 505	15 238 299

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 approaches the end of the feasibility study for the project in Blötberget and the market continues to look promising

Work during the second quarter was primarily focused giving feed-back to Golder on parts of the feasibility study as drafts of chapters were presented.

SRK were retained to conduct a scoping study on the Väsman field. The aim is to make a high-level estimate of the potential and suitable approach to continued exploration and development of this exciting expansion potential. The ambition is to have this report ready approximately at the same time as the feasibility study for Blötberget in order to give a more complete picture of the whole project and put Blötberget into context.

Two series of field works were done within the EU-sponsored research project Smart Exploration. Seismic measurements were performed in the Blötberget area and helicopter-based deep penetrating TEMs covering also the Väsman mineral field. It will be very interesting to see what these tests can reveal about the mineral resources in the area.

Towards the end of the period Golder forewarned about a delay in the completion of the study. Initially the aim was to have a preliminary result in May and a finished report in June, but now the end of July or early August was indicated as likely time for a complete report. A draft covering all technical aspects was delivered in July, but our internal review resulted in requests for additions and adjustments, thereby prompting further work on an updated version which is now expected to be ready to be presented to the company towards the end of August.

In order to secure the financing necessary for the completion of the study and for the time needed for analysis and evaluation and to make contact with potential investors a short-term credit facility was granted by the two largest shareholders. After the information from Golder about the delay this facility was supplemented by loans of SEK 5 million from external lenders. The facility and loans all fall due at the end of this year.

Markets

The first quarter of 2019 saw iron ore price differentials start to close a little and the prices rise for the base 62%Fe indices from around \$70/t to \$90/t. These trends continued to prevail with the 62%Fe Indices reaching unexpected highs around \$120/t, whilst the differentials continued to shrink from the highs of around \$10/1%Fe/t to closer to \$3-

4/1%Fe/t. Futures in higher quality iron ores have also begun to rise significantly more than predicted a short while ago.

These effects have all been driven by a greatly reduced supply from one of the biggest suppliers, Vale, which is estimated to be losing close to 90Mt of product availability in 2019 and poor weather conditions in Australasia damaging infrastructure and affecting shipments. Long-term predictions by analysts suggest that the iron ore prices will fall in a medium-long term as suppliers readjust, but demand continues from China and Asia to stretch the supply chain.

During the period of July and August the iron ore price started to show some volatility again, apparently indicating, perhaps correctly, that the base IODEX 62%Fe had risen too high earlier in the year and that it was unsustainable once a threshold was reached and China was able to add its own supply. Additionally, the trade relations between China and the US has started to have a negative impact and this also fuelled the decline. Consequently, the index fell 13% in one week in early August and by mid-August the indices has corrected to around \$90/t. The premium priced ores have also fallen, with the pricing at around \$3/1%Fe raise, putting NIO average 69%Fe grade at around \$111/t plus some value-in-use premium of a further \$3/t.

The news that Vale is now able to resume production at some of the mines that were halted while investigations into their tailings dam situation and some resumption of production in China have dented the ore prices and caused the correction. Many traders and analysts believe that these falls are temporary and the market will stabilise at a level somewhat below the peaks recently seen in the new year. Goldman Sachs are suggesting that \$115/t for the 62%Fe is likely in the short term. The overall view is that high quality ores will regain some of the additional premium as demand from Asia and developing markets will continue and environmental efforts intensify. Many believe that the long-term sustainable premium is closer to \$15/t between the 62 and the 65%Fe Iodex.

We now look forward to the result of the DFS. After that, our focus will be on securing the financing to start operations in Blötberget. With sound funding we can then realize our plans for the entire Ludvika Mines project.

Lennart Eliasson

Managing Director, Nordic Iron Ore AB (publ)

Operations

Significant events during the period

Feasibility study

Towards the end of the period, Golder forewarned about a delay in the completion of the study. The initial plan was to have a preliminary result in May and a finished report in June. The finished report is now expected to be presented to the company before the end of August.

Scoping study

SRK Consulting was retained to perform a scoping study on the potential of the Väsman field, and potential impact on the larger phased development for the area by NIO.

Exploration permit

Nordic Iron Ores application for exploration permit for Ludvikafältet # 1, an area that links the company's mining concessions for Håksberg, Väsman and Blötberget, was granted by the Swedish Mining Inspectorate.

Smart Exploration

Two field work investigations were carried out within the EU-sponsored research project Smart Exploration. Seismic measurements were performed in the Blötberget area and helicopter-based deep penetrating TEM covering also the Väsman mineral field.

Financing

In order to secure the financing necessary for the completion of the study and for the time needed to analysis and evaluation and contacts with potential investors a short-term credit facility was granted by the two largest shareholders. After the information from Golder about the delay, this facility was supplemented by loans of SEK 5 million from external lenders. The facility and loans fall due at the end of this year.

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 to re-elect Jonas Bengtsson, Gösta Bergman and Tomas Olofsson as board members and a new election of Timo Lindborg. Tomas Olofsson was appointed Chairman of the board.

Share and ownership structure

At the end of the period the share capital amounted to SEK 34 646 868 divided between 19 978 194 with a quota value of SEK 1.734 per share. The number of shareholders totalled 8 422.

Financial position

On the balance sheet date, the Group had a liquidity of SEK 5.4 million. The equity/assets ratio was 84.56%. The Group's equity amounted to SEK 132.1 million, corresponding to SEK 6.61 per share.

Investments

During the period January – June investments totalled MSEK 8.8. The entire amount relates to prospecting resources and investigation work for the planned resumption of mining operations in Blötberget.

Employees

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

Financial calendar

Interim report January – September 2018: 22 November 2018

Year-end report for the 2019 financial year: February 2020
AGM: May 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.

Significant events after the end of the period

A short-term loan amounting to SEK 5 million was raised.

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 2019

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

Jonas Bengtsson

Gösta Bergman

Timo Lindberg

Tomas Olofsson
Chairman

Lennart Eliasson
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

		2019	2018	2019	2018	2018
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		-1 377 964	-1 964 660	-2 519 178	-3 494 076	-6 981 753
Personnel expenses		-998 886	-244 358	-1 948 915	-827 611	-2 203 855
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-206 758	-2 288	-413 516	-12 639	-12 794
Operation profit/loss		-2 583 608	-2 211 306	-4 881 609	-4 334 326	-9 198 402
Financial income		0	0	0	0	0
Financial expenses		-244 429	-421 629	-397 292	-716 159	-965 543
Net financial income/expense		-244 429	-421 629	-397 292	-716 159	-965 543
Profit/loss after financial income and expense		-2 828 037	-2 632 935	-5 278 901	-5 050 485	-10 163 945
PROFIT/LOSS FOR THE PERIOD		-2 828 037	-2 632 935	-5 278 901	-5 050 485	-10 163 945
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
Total comprehensive income for the period		-2 828 037	-2 632 935	-5 278 901	-5 050 485	-10 163 945
Attributable to:						
Parent company shareholders		-2 828 037	-2 632 935	-5 278 901	-5 050 485	-10 163 945
TOTAL		-2 828 037	-2 632 935	-5 278 901	-5 050 485	-10 163 945
Number of shares						
Number of shares at year-end		19 978 194	12 600 665	19 978 194	12 600 665	19 909 775
Average no. of shares (before dilution)		19 913 534	11 305 456	19 911 665	11 135 505	15 238 299
Average no. of shares (after dilution)		19 913 534	11 321 391	19 911 665	11 135 505	15 238 299
Earnings per share						
Earnings per share, weighted average before dilution, SEK		-0,14	-0,23	-0,27	-0,45	-0,67
Earnings per share, weighted average after dilution, SEK		-0,14	-0,23	-0,27	-0,45	-0,67

Consolidated statement of financial position - summary

Amounts in SEK	Note	30/06/2019	30/06/2018	31/12/2018
Assets				
Non-current assets				
Intangible assets		145 829 589	125 923 005	137 098 564
Property, plant and equipment		3 731 660	0	0
Financial assets		30 977	31 204	31 048
Current assets				
Other current assets		1 196 955	2 046 313	1 055 351
Cash and cash equivalents		5 376 104	1 013 103	9 152 854
Total assets		156 165 285	129 013 625	147 337 817
Equity and liabilities				
Equity		132 051 174	109 381 839	136 651 510
Non-current liabilities				
Non-current liabilities		10 978 401	8 207 509	7 406 845
Current liabilities	1	13 135 710	11 424 277	3 279 462
Total Equity and liabilities		156 165 285	129 013 625	147 337 817

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 01/01/2019		34 528 213	206 261 994	-104 138 697	136 651 510
Comprehensive income for the period				-5 278 901	-5 278 901
New share issued		118 655	559 910		678 565
CLOSING EQUITY 30/6/2019		34 646 868	206 821 904	-109 417 598	132 051 174
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	0
CLOSING EQUITY 30/6/2018		21 852 504	186 554 573	-99 025 238	109 381 839
Opening equity 01/01/2018		19 013 563	181 208 514	-93 974 752	106 247 325
Comprehensive income for the period				-10 163 945	-10 163 945
New share issued		15 514 650	29 106 910		44 621 560
Transaction costs			-4 053 430		-4 053 430
CLOSING EQUITY 31/12/2018		34 528 213	206 261 994	-104 138 697	136 651 510

Consolidated cash flow statement - summary

		2019	2018	2019	2018	2018
<i>Amounts in SEK</i>	Note	April - June	April - June	Jan - June	Jan - June	Jan - Dec
Operating activities						
Profit/loss for the period		-2 828 037	-2 632 935	-5 278 901	-5 050 485	-10 163 945
Adjustments for items not included in the cash flow		206 758	2 288	413 586	12 639	12 794
Cash flow from operating activities before changes in working capital		-2 621 279	-2 630 647	-4 865 315	-5 037 846	-10 151 151
Cash flow from changes in working capital						
Change in working capital		-357 853	-1 593 673	-141 604	-1 603 365	-612 403
Change in operating liabilities		418 176	1 145 523	2 705 656	1 989 589	-833 615
Cash flow from operating activities		-2 560 956	-3 078 797	-2 301 263	-4 651 622	-11 597 169
Cash flow from investment activities						
Cash flow from investment activities		-3 370 546	-2 645 075	-8 801 025	-3 708 233	-14 883 792
Cash flow from financing activities						
Cash flow from financing activities		7 500 955	4 000 000	7 325 538	7 000 000	33 260 856
Cash flow for the year		1 569 453	-1 723 872	-3 776 750	-1 359 855	6 779 895
Opening cash and cash equivalents		3 806 651	2 736 975	9 152 854	2 372 958	2 372 958
CLOSING CASH AND CASH EQUIVALENTS		5 376 104	1 013 103	5 376 104	1 013 103	9 152 853

Parent Company Income statement - summary

		2019	2018	2019	2018	2018
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		-1 604 319	-1 964 660	-2 971 888	-3 494 076	-6 981 753
Personnel expenses		-998 886	-244 358	-1 948 915	-827 611	-2 203 855
Depreciation of property, plant and equipment and intangible fixed assets		0	-2 288	0	-12 639	-12 794
Operating profit/loss		-2 603 205	-2 211 306	-4 920 803	-4 334 326	-9 198 402
Other interest income and similar profit/loss items		0	0	0	0	0
Interest expense and similar profit/loss items		-195 682	-421 629	-297 605	-716 159	-965 543
PROFIT/LOSS FOR THE PERIOD		-2 798 887	-2 632 935	-5 218 408	-5 050 485	-10 163 945
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME						
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-2 798 887	-2 632 935	-5 218 408	-5 050 485	-10 163 945
Attributable to:						
Parent Company shareholders		-2 798 887	-2 632 935	-5 218 408	-5 050 485	-10 163 945
TOTAL		-2 798 887	-2 632 935	-5 218 408	-5 050 485	-10 163 945

Parent Company Balance sheet - summary

<i>Amounts in SEK</i>	<i>Note</i>	30/06/2019	30/06/2018	31/12/2018
Assets				
Non-current assets				
Intangible assets		145 829 589	125 923 005	137 098 564
Property, plant and equipment		70 000	0	0
Financial assets		30 977	31 204	31 048
Shares in subsidiaries		50 000	50 000	50 000
Current assets				
Other current assets		1 196 955	2 046 313	1 055 351
Cash and cash equivalents		5 332 866	969 865	9 109 617
Total assets		152 510 387	129 020 387	147 344 580
Equity and liabilities				
Equity		132 118 429	109 388 601	136 658 272
Non-current liabilities		7 605 627	8 207 509	7 406 845
Current liabilities		12 786 331	11 424 277	3 279 463
Total Equity and liabilities		152 510 387	129 020 387	147 344 580

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 2018.

IFRS 16

IFRS 16 is applied by the company from January 1, 2019. On the transition to IFRS 16 on January 1, 2019, the company has used a modified retroactive method. The lease liability is the sum of the present value of all future fees until the lease expires. The simplification rule has been applied at the transition.

According to the new standard, lessees must report the obligation to pay leasing fees as a leasing debt in the balance sheet. The right to use the underlying asset during the leasing period is reported as an asset. Depreciation of the asset is recognized in profit or loss as well as an interest on the lease debt. Leasing fees paid are reported partly as interest payment and partly as amortization of the lease debt.

In the parent company, the exception in RFR 2 regarding leasing agreements will be applied. This means that the parent company's policies for accounting of leasing will be unchanged.

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 3 541 333 to Bengtssons Tidnings Aktiebolag as of 30 June 2019 and SEK 3 536 333 to Ludvika Holding AB

Note 2 Key ratios (Group)

<i>Amount in SEK</i>	2019 April - June	2018 April - June	2019 Jan - June	2018 Jan - June	2018 Jan - Dec
Equity ratio (%)	84,56%	84,78%	84,56%	84,78%	92,75%
Earnings per share	-0,14	-0,23	-0,27	-0,45	-0,67
Equity per share	6,61	8,68	6,61	8,68	6,86
Quick ratio (%)	50,04%	26,78%	50,04%	26,78%	311,28%
No. of shares	19 978 194	12 600 665	19 978 194	12 600 665	19 909 775
Weighted average no. of shares before dilution	19 913 534	11 305 456	19 911 665	11 135 505	15 238 299
Weighted average no. of shares after dilution	19 913 534	11 305 456	19 911 665	11 135 505	15 238 299

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 22 August 2019 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.