

Interim report January – September 2013

Significant events during the third quarter of 2013

- Main proceedings with the Land and Environment Court commenced in Ludvika
- Definitive feasibility study for Blötberget initiated

Third quarter, 1 July – 30 September 2013

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -3.0 million (-4.7)
- Investments during the period July - September amounted SEK 2.6 million (11.1)
- Earnings per share before dilution amounted to SEK -0.26 (-0.60)

Interim period, 1 January – 30 September 2013

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -12.1 million (-16.8)
- Investments during the period January - September amounted SEK 10.1 million (14.3)
- Earnings per share before dilution amounted to SEK -1.05 (-2.16)
- Cash and cash equivalents on 30 September 2013 amounted to SEK 3.4 million (26.4)

Significant events after the end of the period

- The state-owned venture capital company Inlandsinnovation AB invests SEK 10 million.

Comments from the CEO

There are some glimpses of light despite the dark clouds that are hanging over the Swedish mining industry. For us, the decision by Inlandsinnovation to select our project as its pilot investment in the mining industry is great news. This strengthens our company on several levels. The company gains a significant and long-term institutional, state-owned partner that, together with Väsman Invest, which has local ties to Ludvika, enhances our credibility internationally. The next step is to find industrial partners.

Environmental review in final stage

We are now in the final stage of the Land & Environmental Court's review of the conditions for re-opening the mines at Blötberget and Håksberg. We recently completed the first part of the court proceedings on site in Ludvika. Some local interest groups raised their concerns and viewpoints there. We will take these viewpoints into consideration during the forthcoming planning process. I believe that we will receive the environmental permit to re-open the Blötberg and Håksberg mines at the beginning of next year. We will then have the major permits in place that are required to start work on the site.

Stable iron ore market

The iron ore market was stable during the period, with a price of around USD 130-140 per tonne. The World Bank also published some weeks ago its long-term outlook for the future price of iron ore. Its assessment is that the price will not fall below USD 100 per tonne and will fluctuate between USD 100 and USD 140, which is more than sufficient for our project economics. Demand for iron ore continues to increase and the supply of new iron ore tonnage to the market has to date not exceeded the increase in demand. This is to a large extent due to the fact that many of the mines that are expected to produce iron ore are located in difficult geographical areas and have very large investment needs.

Proper project structure important for the capital market

In general, investors in mining projects are more demanding today than they were a few years ago, but the opportunities for small, scalable mining projects in politically stable countries are still good. We are noticing that major financial and strategic investors are now starting to see the unique advantages of our project. We have structured Ludvika Mines for a gradual expansion and we are starting in Blötberget, which has the best conditions for a fast, effective expansion. Initial production will start already at the end of 2015. When Blötberget reaches full-scale production at the end of 2016, we will take the next step. This will allow us to minimise our initial need for capital as well as the execution risk in the construction phase.

To summarise, our project has taken important steps forward during the period, but the protracted proceedings with the Environmental Court during the year has resulted in a delay to the re-start.

Christer Lindqvist, CEO Nordic Iron Ore AB

Operations

Application for an environmental permit

During the period the main proceedings in the Land and Environment Court regarding the company's application for environmental permit for the restart of operations of the two mines in Blötberget and Håksberg, were started. Final proceedings are planned for the first week of February.

Feasibility study

As part of the DFS-study the Company has finalised an internal scoping study for the development of the Ludvik Mines project. The study comprises detailed plans for mine development and capital expenditures as well as financial models for evaluation of the project. The Ludvika Mines project is divided into three separate phases, where the main focus will be put upon the development and restart of the Blötberget mine with ancillary beneficiation plant and rail terminal.

The definitive feasibility study for Blötberget is scheduled for the second and third quarter 2014. Subject to a positive outcome of the study, it will form the basis for a major fundraising during the latter part of the year to finance the capital investments for this first phase.

Production start for a more basic coarse product is estimated to start in 2015, as soon as the first part of the rail terminal in Skeppmora has been commissioned.

After the end of the reporting period the Company has added a logistics manager to its organisation and a dedicated steering committee has been set up together with the Swedish Transport Agency for the joint activities planned regarding rail terminals.

Financing

The Company is actively working on the financing of the definitive feasibility study. After the end of the period the state-owned venture capital company Inlandsinnovation AB decided to invest SEK 10 million in the Company. Inlandsinnovation has the intention also to participate in the coming financing of the definitive feasibility study.

The Company is still prepared for a market quotation of the shares, but due to the uncertain situation in the financial market the Board has not taken a decision on the date for quotation of the Company's shares.

Share and ownership structure

At the end of the period, the share capital amounted to SEK 1,993,110 divided between 11,492,738 shares, with a quota value of SEK 0.17 per share. Due to the sale of existing shares from two of the Company's main owners to its shareholders, the number of shareholders at the end of the period amounted to 501 with a further increase to 1 694 on the 30 October.

Financial position

On the balance sheet date, the Group had a liquidity of SEK 3 492 thousand. The equity/assets ratio amounted to 79.10 %. The Group's equity amounted to SEK 58 850 thousand, which corresponded to SEK 5.12 per share.

Investments

During the period January - June 2013, investments amounted to MSEK 10.1, of which MSEK 9.7 relates to prospecting resources and investigation work on the planned start of mining operations. The investigations primarily refer to preparations for the main proceedings for the application for an environmental permit. Investments in equipment amounted to MSEK 0.4

Employees

Seven (four) people were employed in the Company during the period.

Financial calendar

Year-end report, January – December 2013: 20 February 2014

Interim report, January - March 2014: 22 May 2014

Interim report, January – June 2014: 22 August 2014

Interim report, January – September 2014: 21 November 2014

Risks and uncertainties

In addition to the 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 possibility of starting up operations depends 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.

Annual report and financial reports

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

Stockholm, 22 November 2013

Board of Directors of Nordic Iron Ore AB (publ) reg. nr 556756-0940

Göran Ekdahl

Anders Bengtsson

Jonas Bengtsson

Johnas Jansson

Lars-Göran Ohlsson

Tomas Olofsson

Per Storm

Christer Lindqvist

This report has not been reviewed by the auditors.

Technical source material has been reviewed by the Company's independent qualified person, mining engineer Thomas Lindholm, GeoVista AB, Luleå. Lindholm is a Competent Person as defined in the internationally recognized JORC code, based on his training and experience in prospecting, mining and assessment of mineral resources for iron, base metals and precious metals.

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STATEMENT OF COMPREHENSIVE INCOME

		2013	2012	2013	2012	2012
<i>Amounts in SEK</i>	Note	July - Sept	July - Sept	Jan - Sept	Jan - Sept	Jan - Dec
Other external costs	2	-1 019 424	-1 849 773	-5 596 111	-11 083 461	-14 087 619
Employee benefit expenses		-1 304 545	-1 194 808	-4 782 344	-3 588 331	-5 117 993
Depreciation and impairment of property, plant and equipment and intangible assets		-34 776	-23 662	-90 528	-68 905	-94 250
Operating result		-2 358 745	-3 068 243	-10 468 983	-14 740 697	-19 299 862
Financial income		6 821	119 664	34 065	148 623	211 280
Financial expenses		-608 585	-1 730 220	-1 637 629	-2 196 710	-2 789 664
Net financial result		-601 764	-1 610 556	-1 603 564	-2 048 087	-2 578 384
Result after financial items		-2 960 509	-4 678 799	-12 072 547	-16 788 784	-21 878 246
Result for the period		-2 960 509	-4 678 799	-12 072 547	-16 788 784	-21 878 246
Other comprehensive income		-	-	-	-	-
Total Other comprehensive income		-2 960 509	-4 678 799	-12 072 547	-16 788 784	-21 878 246
Relating to:						
The parent company's shareholders		-2 960 509	-4 678 799	-12 072 547	-16 788 784	-21 878 246
TOTAL		-2 960 509	-4 678 799	-12 072 547	-16 788 784	-21 878 246
Number of shares						
Number of shares at the end of the period		11 492 738	7 784 000	11 492 738	7 784 000	11 492 738
Average number of shares (before dilution)		11 492 738	7 784 000	11 492 738	7 784 000	8 312 368
Average number of shares (after dilution)		11 492 738	7 784 000	11 492 738	7 784 000	8 312 368
Result per share						
Result per share, (before dilution)		-0.26	-0.60	-1.05	-2.16	-2.63
Result per share, (after dilution)		-0.26	-0.60	-1.05	-2.16	-2.63

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amount in SEK</i>	Not	2013-09-30	2012-09-30	2012-12-31
Assets				
Fixed assets				
Intangible assets		69 353 208	47 895 549	59 629 766
Tangible fixed assets		533 855	203 288	212 365
Financial assets		77 998	77 027	77 840
Currens assets				
Other current assets		945 897	2 590 629	2 348 600
Liquid assets		3 491 518	26 784 205	18 925 577
Total assets		74 402 476	77 550 698	81 194 148
Equity and liabilities				
Equity		58 849 996	13 351 459	70 922 543
Non-current liabilites		10 540 188	-	-
Current liabilites	1, 2	5 012 292	64 199 239	10 271 605
Total Equity and liabilities		74 402 476	77 550 698	81 194 148

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Amounts in SEK</i>	Not	Share capital	Share premium reserve	Retained earnings	Total equity
Balance on Jan 1, 2013		1 993 110	94 208 734	-25 279 301	70 922 543
Result for the period				-12 072 547	-12 072 547
Balance on Sept 30, 2013		1 993 110	94 208 734	-37 351 848	58 849 996
Balance on Jan 1, 2012		1 349 928	32 191 370	-3 401 055	30 140 243
Result for the period				-16 788 784	-16 788 784
Balance on Sept 30, 2012		1 349 928	32 191 370	-20 189 839	13 351 459
Balance on Jan 1, 2012		1 349 928	32 191 370	-3 401 055	30 140 243
Result for the year				-21 878 246	-21 878 246
New rights issue		643 182	62 017 364		62 660 546
Balance on Dec 31, 2012		1 993 110	94 208 734	-25 279 301	70 922 543

CONSOLIDATED CASH FLOW STATEMENT

<i>Amounts in SEK</i>	Not	2013 July - Sept	2012 July - Sept	2013 July - Sept	2012 Jan - Sept	2012 Jan - Dec
Operating activities						
Result for the period		-2 960 510	-4 678 800	-12 072 547	-16 788 784	-21 878 246
Adjustments for non-cash items		34 776	23 622	90 528	68 905	285 105
Cash flow from operating activities before working capital changes		-2 925 734	-4 655 178	-11 982 019	-16 719 879	-21 593 141
Cash flow from working capital changes						
Change in receivables		3 744 163	-1 562 081	1 402 703	-1 263 626	-1 021 595
Change in payables		-1 218 213	6 817 000	-4 919 125	7 745 411	4 377 776
Cash flow from operating activities		-399 784	599 741	-15 498 441	-10 238 094	-18 236 960
Cash flow from investing activities		-2 614 410	-10 994 385	-10 135 618	-14 267 429	-26 227 737
Cash flow from financing activities	1	0	22 805 000	10 200 000	50 560 000	62 660 546
Cash flow for the period		-3 014 194	12 410 356	-15 434 059	26 054 477	18 195 849
Cash at the beginning of the period		6 505 712	14 373 849	18 925 577	729 728	729 728
Cash at the end of the period		3 491 518	26 784 205	3 491 518	26 784 205	18 925 577

STATEMENT OF COMPREHENSIVE INCOME OF PARENT COMPANY

<i>Amounts in SEK</i>	Not	2013 July - Sept	2012 July - Sept	2013 Jan - Sept	2012 Jan -Sept	2012 Jan - Dec
Other external costs	2	-1 019 424	-1 849 773	-5 596 111	-11 083 461	-14 086 451
Employee benefit expenses		-1 304 545	-1 194 808	-4 782 344	-3 588 331	-5 117 993
Depreciation and impairment of property, plant and equipment and intangible assets		-34 776	-23 662	-90 528	-68 905	-94 250
Operating result		-2 358 745	-3 068 243	-10 468 983	-14 740 697	-19 298 694
Other interest income and similar profit items		6 821	119 664	34 065	148 623	210 845
Interest expense and similar loss items		-608 585	-1 730 220	-1 637 629	-2 196 711	-2 789 664
RESULT FOR THE PERIOD		-2 960 509	-4 678 799	-12 072 547	-16 788 785	-21 877 513
Parent company's report of total comprehensive result						
Other comprehensive result		-	-	-	-	-
Total comprehensive result for the year		-2 960 509	-4 678 799	-12 072 547	-16 788 785	-21 877 513
Relating to:						
The parent company's shareholders		-2 960 509	-4 678 799	-12 072 547	-16 788 785	-21 877 513
Total		-2 960 509	-4 678 799	-12 072 547	-16 788 785	-21 877 513

PARENT COMPANY BALANCE SHEET

<i>Amounts in SEK</i>	Not	2013-09-30	2012-09-30	2012-12-31
Assets				
Fixed assets				
Intangible assets		69 353 208	47 895 549	59 629 766
Tangible fixed assets		533 855	203 288	212 365
Financial assets		77 998	77 027	31 058
Shares in subsidiary		50 000	50 000	50 000
Currens assets				
Other current assets		945 897	2 590 629	2 348 600
Liquid assets		3 447 085	26 739 039	18 927 925
Total assets		74 408 043	77 555 532	81 199 714
Equity and liabilities				
Equity				
		58 855 563	13 356 292	70 928 110
Non-current liabilites		10 540 188	-	-
Current liabilites	1, 2	5 012 292	64 199 240	10 271 604
Total Equity and liabilities		74 408 043	77 555 532	81 199 714

Pledged assets and contingent liabilities

<i>Amounts in SEK</i>	Not	2013-09-30	2012-09-30	2012-12-31
Deposition according to Swedish Mineral Act		31 216	30 171	30 604
Rental guarantee		45 600	45 600	45 600

ACCOUNTING POLICIES

The Group

This report is prepared in accordance with IAS 34 Interim Financial Reporting and according to the Financial Reporting Board's recommendation RFR 1 and the parent company, RFR 2. The same accounting policies and methods of computation applied in the most recent interim report. For a more detailed description of the accounting policies applied by the Group and the parent company of this report, see the Annual Report for 2012.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Loan

The company has secured financing amounting to SEK 10.2 million through a loan with mandatory conversion. The entire loan including estimated accrued interest will be converted to equity by December 31, 2014.

Since the conversion price is not fixed, the loan in accordance with applicable accounting rules are not reported as equity, even though no refund will be necessary. The Company's financial position and also the cash flow are significantly affected by this report.

Note 2 Related parties

Related parties are considered subsidiaries in the group, the members of the Board, senior executives and family members of these persons.

During the reporting period Kopparberg Mineral AB billed 245 thousand in fees and expenses. Nordic Iron Ore debt to Kopparberg Mineral AB was on 30 September 2013 to SEK 51 thousand and to Bengtssons Tidnings AB SEK 2 070 thousand.

Note 3 Key ratio (The Group)

	2013	2012	2013	2012	2012
<i>Amounts in SEK</i>	July - Sept	Juli - Sept	Jan- Sept	Jan- Sept	Jan- Dec
The Group					
Equity ratio (%)	79.10%	17.22%	79.10%	17.22%	87.35%
Result per share	-0.26	-0.60	-1.05	-2.16	-2.63
Equity per share	5.12	1.71	5.12	1.71	6.17
Liquid ratio	88.53%	45.76%	88.53%	45.76%	207.12%
Number of shares at the end of the period	11 492 738	7 784 000	11 492 738	7 784 000	11 492 738
Average numbers of shares (before dilution)	11 492 738	7 784 000	11 492 738	7 784 000	8 312 368
Average numbers of shares (after dilution)	11 492 738	7 784 000	11 492 738	7 784 000	8 312 368

Key ratio definitions

Equity ratio:	Equity as a percentage of total assets.
Result per share:	Profit after tax divided by the weighted average number of shares.
Equity per share:	Shareholders' equity divided by the number of shares on balance sheet date.
Liquid ratio:	Current assets excluding inventories divided by current liabilities.