

Q3



Interim Report January – September 2015

Significant events during the third quarter of 2015

- Paul Marsden was appointed new acting Managing Director, succeeding Christer Lindqvist who left the company
- Decision was taken to proceed with further metallurgical testing
- A new major owner was introduced – Garden Growth Industries AB

Third quarter, 1 July – 30 September 2015

- Income amounted to SEK 0 million (0)
- Loss for the period amounted to SEK -2.6 million (-8.4)
- The investments during the period July – September amounted to SEK 0.7 million (9.3)
- Basic earnings per share were SEK -0.17 (-0.73)

Interim period, 1 January – 30 September 2015

- Income amounted to SEK 0 million (0)
- Loss for the period amounted to SEK -10.7 million (-19.5)
- Investments during the period January – September amounted to SEK 9.5 million (15.3)
- Basic earnings per share were SEK -0.74 (-1.69)
- Cash and cash equivalents on 30 September 2015 amounted to SEK 1.1 million (0.1)

Significant events after the period end

- An extra general meeting decided on a directed issue to convert bridge loans amounting to SEK 3.1 million into shares and a rights issue of up to SEK 21.8 million.
- Ryan Huff elected as new member of the board.
- Test enrichment on a pilot scale of about 10 tonnes of crude ore from Blötberget by SGA in Germany began in November.

Key ratios (Group)

Amounts in SEK	2015 July-Sep	2014 July-Sep	2015 Jan - Sep	2014 Jan - Sep	2014 Jan - Dec
The Group					
Equity ratio (%)	80.1%	41.1%	80.1%	41.1%	81.6%
Earnings per share	-0.17	-0.73	-0.74	-1.69	-1.88
Equity per share	6.08	3.10	6.08	3.10	6.82
Quick ratio (%)	20.4%	5.7%	20.4%	5.7%	208.1%
No. of shares	14 510 712	11 492 738	14 510 712	11 492 738	14 510 712

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, and will be able to produce iron concentrate of extremely high quality from significant mineral resources.

Comments from the Managing Director

Advancing the value of the project during difficult market conditions

The iron ore mining and steel industries continue to suffer in the global economy dominated by the belief that China's economy is slowing down. The last 2-3 months has seen some of the volatility of the iron ore prices (indices) reduced with prices settling down in the mid \$50's for 62%Fe products. The demand for global bulk iron ore is not growing as fast as predicted as a result of reduced steel output growth from China, closures of steel plants for environmental reasons and a general slowdown in the global economies.

This environment has led to the closure of a number of operating iron ore mines and steel companies. It is clear that these companies have not been able to compete at these lower commodity prices. In the case of the iron ore mines it is clear that many of them were financed in the boom period and did not optimise their development to a level where they could survive a significant downturn in the market. This is primarily because there was often a rush to reach production as soon as possible and before the project was thoroughly studied. As a consequence optimisation could only be achieved once the mine was in production and in many instances this proved to be a fatal decision – subsequently many operations and developments in Africa, N America, S America and Australia have now closed or are not viable. It is true to say, also, that some of these mines were always going to be high cost operations, often through high capital charges and borrowing costs.

The big mine operators are all slashing their cash operating costs (OPEX) and trying to restructure debts in order to compete and maintain margins. A significant amount of the cash costs are now associated with personnel fixed costs, compared with say fuel etc. NIO recognises that in order to have a viable project we have to demonstrate that the Ludvika projects can start with an efficient low cost operation and survive in a “bear” market with low commodity prices. Hence this next phase of our project is to improve the process operations, looking at increasing the recovery of Fe units to the concentrate and improving the quality even further by the removal to ultralow levels of certain impurities. This is to ensure that NIO not only avoids penalties but actually attracts premium pricing where possible.

High quality product is the differentiator

This view is reinforced by our discussions with buyers and analysts of iron ore from around the world, where many believe quality is key to securing long term off-take agreements with discerning customers who are prepared to pay a premium to secure this supply. NIO will continue to target off-take agreements with companies that can provide a combination of the largest possible margin and long-term purchases from NIO. Notwithstanding that NIO is also seeking long term investors to help secure the future of the developments in Ludvika area.

What I would like to emphasise is that Nordic Iron Ore is not looking to compete in the “mass” low quality iron ore market that we read about in the news all the time.

Around 90% of the market in traded iron ore is in products with (relatively) low iron content (55-63%Fe). The internationally traded iron ore market is dominated by the big suppliers in Australia and Brazil – trading into Asia – and China in particular. Vale, the largest iron ore supplier has recognised that they are losing their margins competing with Australia in the lower Fe content ores and so have stated that they are trying to move their product up the quality ladder (i.e. 63-66%Fe), so as to maintain customers and provide a better value product, largely unavailable in Australia.

NIO on the other hand is looking to sell into a much more niche market where the high grade iron ore products are 66-70%Fe content. Nordic Iron Ore is expected to produce two different products: magnetite (concentrate up to 70% Fe content) and hematite (66-67.5%Fe content) or a blend of the two. For these products there are very few competitors who can consistently provide iron ores of equally high quality. LKAB in Sweden does have some similar products, but produced in very limited quantities. These products are usually purchased by the following industries:

- Iron ore pelletisers (making feed for blast furnaces or direct reduced iron furnaces)
- Steel companies for blending in with sinter fines to elevate the iron content
- Specialist steel or iron powder producers
- Specialist industries, magnet producers, heavy media, chemical industries

Comments from the Managing Director

The last two are low volume buyers, but the pelletisers and steel companies will buy in volumes way beyond the capacity envisaged by Nordic Iron Ore.

High quality iron market supply is limited to a few suppliers primarily located in Europe, Brazil, Russia, Ukraine and N America. Many of these producers are linked to local steel companies and as a consequence are suppliers tied to their local market. Buyers in Asia, in particular, find it increasingly difficult to find suppliers who can maintain a quality product and supply the volumes necessary. Analysts are now beginning to recognise that whilst there is currently a small oversupply in the market, going forward there will be a deficit of supply vs demand.

Iron Ore Pricing

The iron ore pricing on the spot market is indicated by several indices, predominantly operated by Platts, SGX or Metal Bulletin. The original spot market originated with Indian iron ore exports to China and from this two indices appeared at 62%Fe and 63.5%Fe. Since the early days numerous indices are operated at iron ore content 55-63.5%Fe. As can be seen this does not cover the higher qualities of iron ore, which was then dealt with as a small premium over the lower quality ores. However in recognition of the need for a proper pricing mechanism the indices for 65%Fe and 66%Fe have been introduced to recognise the premiums to be paid for the higher iron content, but also in an effort to include premiums or penalties based on levels of other elements, such as silica or alumina, as well as sulphur and phosphorus. These changes and developments in the iron ore market are welcome and should aid NIO in its efforts to secure a good price for their products in an expanding market for high quality iron ores.

The immediate future of NIO has been secured by the recent introduction of a new major owner, Garden Growth Industries. I would also like to thank other major existing shareholders for their faith in the current development plans of NIO by their further support by securing loans and participation in the imminent issue. This is hugely positive for the company and demonstrates that they are looking towards the long-term development of NIO's projects in Ludvika. Continued improvement in the development of the projects is hoped to increase the value of the company and attract further investors.

At the moment the market is sending mixed messages regarding the iron ore price; but there is also a consensus amongst traders and analysts that iron ore prices are likely to creep upwards during 2018, with more rapid increases expected around 2019/20. Furthermore, and importantly for NIO, high quality iron ores will start to be treated as a higher value product, demanding differentiating premiums than those currently afforded, as supply starts to fall behind demand.

Paul Marsden



Managing Director, Nordic Iron Ore AB



Operations

Significant events during the period

Garden Growth Industries AB became the second largest shareholder in the company through the acquisition of existing shares from other large shareholders.

The company's Technical Sales and Marketing director, Paul Marsden was appointed acting Managing Director in September, succeeding Christer Lindqvist who left the company.

The board decided to proceed with further metallurgical testing and called for an extraordinary general meeting of shareholders to decide upon a rights issue of shares and a separate set off issue of shares to repay outstanding bridge loans from large shareholders.

Events after the reporting period

The extraordinary general meeting of shareholders decided upon a rights issue of up to 21.7 million shares.

Four shareholders accepted to have their bridge loans, amounting to a total of SEK 3.1 million, converted into shares in a set off issue at the same price as the rights issue.

Test enrichment on a pilot scale of approximately 10 tonnes of crude ore from Blötberget was started in November by SGA in Germany.

Share and ownership structure

At the end of the period the share capital amounted to SEK 1,993,110, divided between 14,510,712 shares, with a quota value of SEK 0.17 per share. The number of shareholders totalled 3,490.

Financial position

On the balance sheet date the Group had a liquidity of SEK 1.1 million. The equity/assets ratio was 80.1%. The Group's equity amounted to SEK 88.2 million, corresponding to SEK 6.08 per share.

Investments

During the period January – September 2015 investments totalled SEK 9.5 million. The entire amount relates to

prospecting resources and investigation work for the planned start of the mining business.

Employees

On average, four people were employed by the Company during the period.

Financial calendar

Year-end report for the 2015 financial year: February 2016

Interim report January – March 2016: 25 May 2016

Interim report January – June 2016: 19 August 2016

Interim report January – September 2016: 17 November 2016

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.

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, 12 November 2015

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

Göran Ekdahl

Jonas Bengtsson

Sigrun Hjelmquist

Ryan Huff

Johnas Jansson

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:

Paul Marsden – Managing Director

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Consolidated statement of comprehensive income - summary

Amounts in SEK	Note	2015	2014	2015	2014	2014
		July - Sep	July - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Other external costs		-996 847	-2 085 387	-5 454 075	-6 658 685	-7 740 574
Personnel expenses		-970 696	-1 599 929	-3 648 282	-4 372 159	-5 801 586
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-34 778	-2 873 737	-135 377	-4 950 679	-4 985 456
Operation profit/loss		-2 002 321	-6 559 053	-9 237 734	-15 981 523	-18 527 616
Financial income		339	294	435	5 493	5 573
Financial expenses		-522 583	-1 833 941	-1 457 907	-3 479 691	-4 010 488
Net financial income/expense		-522 244	-1 833 647	-1 457 472	-3 474 198	-4 004 915
Profit/loss after financial income and expense		-2 524 565	-8 392 700	-10 695 206	-19 455 721	-22 532 531
PROFIT/LOSS FOR THE PERIOD		-2 524 565	-8 392 700	-10 695 206	-19 455 721	-22 532 531
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
Total comprehensive income for the period		-2 524 565	-8 392 700	-10 695 206	-19 455 721	-22 532 531
Attributable to:						
Parent company shareholders		-2 524 565	-8 392 700	-10 695 206	-19 455 721	-22 532 531
TOTAL		-2 524 565	-8 392 700	-10 695 206	-19 455 721	-22 532 531
Number of shares						
Number of shares at year-end		14 510 712	11 492 738	14 510 712	11 492 738	14 510 712
Average no. of shares (before dilution)		14 510 712	11 492 738	14 510 712	11 492 738	11 996 735
Average no. of shares (after dilution)		14 510 712	11 492 738	14 510 712	11 492 738	11 996 735
Earnings per share						
Earnings per share, weighted average before dilution, SEK		-0.17	-0.73	-0.74	-1.69	-1.88
Earnings per share, weighted average after dilution, SEK		-0.17	-0.73	-0.74	-1.69	-1.88

Consolidated statement of financial position - summary

Amounts in SEK	Note	30/09/2015	30/09/2014	31/12/2014
Assets				
Non-current assets				
Intangible assets		107 943 430	84 065 081	98 506 839
Property, plant and equipment		255 631	394 746	359 964
Financial assets		31 618	31 563	31 642
Current assets				
Other current assets		742 706	2 163 434	2 645 685
Cash and cash equivalents		1 146 543	106 716	19 711 267
Total assets		110 119 928	86 761 540	121 255 397
Equity and liabilities				
Equity		88 244 472	35 656 791	98 939 678
Non-current liabilities		12 632 778	11 213 333	11 571 111
Current liabilities	1,2	9 242 678	39 891 416	10 744 608
Total Equity and liabilities		110 119 928	86 761 540	121 255 397
Amounts in SEK	Note	30/09/2015	30/09/2014	31/12/2014
Deposit in accordance with the Swedish Mineral Act, Bergsstaten		31 618	31 492	31 642
Contingent liabilities		None	None	None

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
Opening equity 01/01/2015		2 516 497	159 635 044	-63 211 863	98 939 678
Comprehensive income for the period				-10 695 206	-10 695 206
CLOSING EQUITY 30/09/2015		2 516 497	159 635 044	-73 907 069	88 244 472
Opening equity 01/01/2014		1 993 110	94 208 734	-41 089 332	55 112 512
Comprehensive income for the period				-19 455 721	-19 455 721
CLOSING EQUITY 30/09/2014		1 993 110	94 208 734	-60 545 053	35 656 791
Opening equity 01/01/2014		1 993 110	94 208 734	-41 089 332	55 112 512
Comprehensive income for the period				-22 532 531	-22 532 531
Not utilized option premium			-410 000	410 000	0
New share issued		523 387	71 871 587		72 394 974
Transaction costs			-6 035 277		-6 035 277
CLOSING EQUITY 31/12/2014		2 516 497	159 635 044	-63 211 863	98 939 678

Consolidated cash flow statement - summary

		2015	2014	2015	2014	2014
Amounts in SEK	Note	July - Sep	July - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Operating activities						
Profit/loss for the period		-2 524 565	-8 392 699	-10 695 206	-19 455 721	-22 532 531
Adjustments for items not included in the cash flow		34 778	616 891	135 377	7 213 956	5 032 223
Cash flow from operating activities before changes in working capital		-2 489 787	-7 775 808	-10 559 829	-12 241 765	-17 500 308
Cash flow from changes in working capital						
Change in working capital		322 781	-810 762	1 903 002	-801 466	-1 283 717
Change in operating liabilities		-870 774	4 259 687	-5 690 262	8 145 895	4 889 374
Cash flow from operating activities		-3 037 780	-4 326 883	-14 347 089	-4 897 336	-13 894 651
Cash flow from investment activities						
		-714 079	-9 302 224	-9 467 635	-15 333 332	-29 775 090
Cash flow from financing activities						
		1 000 000	11 332 530	5 250 000	14 332 530	57 376 154
Cash flow for the year						
		-2 751 859	-2 296 577	-18 564 724	-5 898 138	13 706 413
Opening cash and cash equivalents		3 898 402	2 403 293	19 711 267	6 004 854	6 004 854
CLOSING CASH AND CASH EQUIVALENTS		1 146 543	106 716	1 146 543	106 716	19 711 267

Parent Company Income statement - summary

		2015	2014	2015	2014	2014
Amounts in SEK	Note	July - Sep	July - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Other external costs	2	-996 847	-2 085 387	-5 454 075	-6 658 685	-7 740 574
Personnel expenses		-970 696	-1 599 929	-3 648 282	-4 372 159	-5 801 586
Depreciation of property, plant and equipment and intangible fixed assets		-34 778	-2 873 737	-135 377	-4 950 679	-4 985 456
Operating profit/loss		-2 002 321	-6 559 053	-9 237 734	-15 981 523	-18 527 616
Other interest income and similar profit/loss items		339	294	435	5 493	5 573
Interest expense and similar profit/loss items		-522 583	-1 833 941	-1 457 907	-3 479 691	-4 010 488
PROFIT/LOSS FOR THE PERIOD		-2 524 565	-8 392 700	-10 695 206	-19 455 721	-22 532 531
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME						
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-2 524 565	-8 392 700	-10 695 206	-19 455 721	-22 532 531
Attributable to:						
Parent Company shareholders		-2 524 565	-8 392 700	-10 695 206	-19 455 721	-22 532 531
TOTAL		-2 524 565	-8 392 700	-10 695 206	-19 455 721	-22 532 531

Parent Company Balance sheet - summary

Amounts in SEK	Note	30/09/2015	30/09/2014	31/12/2014
Assets				
Non-current assets				
Intangible assets		107 943 430	84 065 081	98 506 839
Property, plant and equipment		255 631	394 746	359 964
Financial assets		31 618	31 563	31 642
Shares in subsidiaries		50 000	50 000	50 000
Current assets				
Other current assets		742 706	2 163 434	2 645 685
Cash and cash equivalents		1 103 305	63 479	19 668 029
Total assets		110 126 690	86 768 303	121 262 159
Equity and liabilities				
Equity		88 251 235	35 663 551	98 946 440
Non-current liabilities		12 632 778	11 213 333	11 571 111
Current liabilities		9 242 677	39 891 419	10 744 608
Total Equity and liabilities		110 126 690	86 768 303	121 262 159

Amounts in SEK	Not	30/09/2015	30/09/2014	31/12/2014
Deposit in accordance with the Swedish Mineral Act, Bergsstaten		31 618	31 492	31 642
Contingent liabilities		None	None	None

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 2014.

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, Copperstone Resources AB invoiced SEK 92 000 in fees and expenditures. Nordic Iron Ore's liability amounted to SEK 1 450 000 to Copperstone Resources AB as of 30 September 2015. Nordic Iron Ore's liability amounted to SEK 1 959 000 to Bengtssons Tidnings Aktiebolag as of 30 September 2015.

Note 2 Key ratios (Group)

Amounts in SEK	2015 July-Sep	2014 July-Sep	2015 Jan - Sep	2014 Jan - Sep	2014 Jan - Dec
The Group					
Equity ratio (%)	80.1%	41.1%	80.1%	41.1%	81.6%
Earnings per share	-0.17	-0.73	-0,74	-1.69	-1.88
Equity per share	6.08	3.10	6.08	3.10	6.82
Quick ratio (%)	20.4%	5.7%	20.4%	5.7%	208.1%
No. of shares	14 510 712	11 492 738	14 510 712	11 492 738	14 510 712
Weighted average no. Of shares before dilution	14 510 712	11 492 738	14 510 712	11 492 738	11 996 735
Weighted average no. Of shares after dilution	14 510 712	11 492 738	14 510 712	11 492 738	11 996 735

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.