

# Q3



## Interim Report January – September 2017

### Significant events during the third quarter 2017

- 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.

### Third quarter, 1 July – 30 September 2017

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK – 2.2 million (–2.0)
- Investments in the period July - September totalled SEK 3.6 million (0.5)
- Basic earnings per share were SEK –0.02 (–0.06)

### Interim period, 1 January – 30 September 2017

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK –7.1 million (–6.8)
- Investments in the period July - September totalled SEK 7.6 million (3.4)
- Basic earnings per share were SEK –0.08 (–0.19)
- Cash and cash equivalents on 30 September 2017 amounted to SEK 5.6 million (1.9)

### Significant events after the end of the period

- There are no significant events after the end of the period to report.

### Key ratios (Group)

Amount in SEK	2017 July -Sep	2016 July -Sep	2017 Jan - Sep	2016 Jan - Sep	2016 Jan - Dec
Equity ratio (%)	84.76%	86.63%	84.76%	86.63%	85.19%
Earnings per share	-0.02	-0.06	-0.08	-0.19	-0.24
Equity per share	0.99	2.74	0.99	2.74	2.68
Quick ratio (%)	167.99%	192.67%	167.99%	192.67%	62.50%
No. of shares	109 636 650	36 545 550	109 636 650	36 545 550	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

## Mine Design Nears Completion

During the third quarter we continued with advancing the feasibility study with the mine design phase. The main mine design and production scheduling design for the mine, are expected to be completed in December. This process has taken longer than expected as the geological structures highlighted in the block models have required us to examine more than one mining technique, identify the OPEX costs and then optimise the design. This will provide the feasibility study with a credible basis for cost evaluations in the feasibility study economic model.

We are also pleased to successfully have our application for the NE extension to the mining concession for Blötberget approved and this is now formally incorporated into the latest MRE.

Regarding the mining concession application for South Väsman, further discussions have been held between Länsstyrelsen and Bergsstaten, but it is hoped that any outstanding matters will be resolved in the near term.

NIO has been working with partners on the applications for approval by the EU to start projects for the development of advanced geological exploration techniques in the region of Ludvika mines; including deep penetration magnetic anomaly measurements, which will be aligned with existing NIO data in order to develop new and accurate instrumentation. These programmes form part of the Horizon 2020 programmes and will ultimately assist NIO with our medium and longer term development plans. The two projects are ERA-MIN 2 - 'AMTEG' and Smart Exploration- EAGE project under The Department of Earth Sciences at Uppsala University. Both projects are highly prestigious and will provide significant advantage in data collection and interpretation.

The Logistic group, consisting of Rail Cargo (RC); the waggon supplier, Innofreight; the port authorities, Oxelösunds hamn and Swedish rail Authorities, Trafikverket continue to develop the final designs for the logistics solutions, particularly relating to the railing solutions, port layout, wagons design and wagon unloading facilities.

## Markets

Despite some prediction of iron ore price collapses I have always maintained that the sustainable price for iron ore is likely to be in excess of \$65/t for the near term and that the average price of iron ore for 2017 is likely to be over \$70/t for

the year. So far that would appear to be the case. Changes in the Chinese economic policies continue to haunt the markets, though it does tend to be based on negative assumptions hard to justify.

However, the good news for NIO has been the price premium for quality iron ores. These premiums have remained high now for a reasonable period of time this year, driven primarily by Chinas apparent drive towards reducing pollution and industrial environmental impact. In order to make a dent in the pollution China is closing a number of older steelworks and is also trying to improve the quality of the raw materials fed to the blast furnaces. This and, what is seen as a long term demand from other Asian iron ore importing countries, such as Japan, Korea and India, has driven quality premiums upwards. Many of the ore suppliers and analysts believe that this is a long term feature. Based on recent prices this would add between \$15-\$25/t to the price of NIO over that of the main IODEX 62%Fe ores.

Imports of iron ore to China recently reached record month levels, suggesting that higher quality ores are replacing many of the lower quality/higher cost Chinese domestic supply.



**Paul Marsden**

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



# Operations

## Significant events during the period

### *Project activities*

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

Work on mine design and production planning continued and the analysis of geotechnical input to the mine design was largely completed during the period. Also analysis of hydrogeological factors continued during the period.

### *Research collaboration*

NIO has been working with partners for the application for approval for two EU sponsored projects for the development of exploration technologies; including deep penetration magnetic anomaly measurements which will be aligned with existing NIO data in order to develop new and accurate instrumentation. These programmes will provide significant advantage in data collection and interpretation will ultimately assist NIO in medium and longer term development plans. The two projects are under The Department of Earth Sciences at Uppsala University.

### *Permits and concessions*

The application for a minor extension to the NE of the mining concession area in Blötberget was granted by Bergsstaten.

## Share and ownership structure

At the end of the period the share capital amounted to SEK 19 013 563 divided between 109 636 650 shares with a quota value of SEK 0.17 per share. The number of shareholders totalled 3.464.

## Financial position

On the balance sheet date the Group had a liquidity of SEK 5.6 million. The equity/assets ratio was 84.76%. The Group's equity amounted to SEK 108.3 million, corresponding to SEK 0.99 per share.

## Investments

During the period January – September investments totalled MSEK 7.6. 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 three were engaged on a consultancy basis.

## Financial calendar

Year-end report for the financial year 2017: 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.

## Events after the period end

There are no significant events after the end of the period to report.

## 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, 17 November 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

		2017	2016	2017	2016	2016
<i>Amounts in SEK</i>	Note	July - Sep	July - Sep	Jan - Sep	Jan - Sep	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		-1 622 464	-1 608 507	-5 401 988	-5 223 377	-6 718 941
Personnel expenses		-258 164	-49 130	-629 526	-431 342	-600 965
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-21 647	-28 436	-67 253	-94 177	-119 199
<b>Operation profit/loss</b>		<b>-1 902 275</b>	<b>-1 686 073</b>	<b>-6 098 767</b>	<b>-5 748 896</b>	<b>-7 339 105</b>
Financial income		71 047	271	102 483	810	5 417
Financial expenses		-357 778	-317 069	-1 097 348	-1 021 144	-1 395 802
<b>Net financial income/expense</b>		<b>-286 731</b>	<b>-316 798</b>	<b>-994 865</b>	<b>-1 020 334</b>	<b>-1 390 385</b>
<b>Profit/loss after financial income and expense</b>		<b>-2 189 006</b>	<b>-2 002 871</b>	<b>-7 093 632</b>	<b>-6 769 230</b>	<b>-8 729 490</b>
<b>PROFIT/LOSS FOR THE PERIOD</b>		<b>-2 189 006</b>	<b>-2 002 871</b>	<b>-7 093 632</b>	<b>-6 769 230</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>-2 189 006</b>	<b>-2 002 871</b>	<b>-7 093 632</b>	<b>-6 769 230</b>	<b>-8 729 490</b>
<b>Attributable to:</b>						
Parent company shareholders		-2 189 006	-2 002 871	-7 093 632	-6 769 230	-8 729 490
<b>TOTAL</b>		<b>-2 189 006</b>	<b>-2 002 871</b>	<b>-7 093 632</b>	<b>-6 769 230</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	94 968 402	36 441 199	36 467 429
Average no. of shares (after dilution)		109 636 650	36 545 550	94 968 402	36 441 199	36 467 429
<b>Earnings per share</b>						
Earnings per share, weighted average before dilution, SEK		-0.02	-0.06	-0.08	-0.19	-0.24
Earnings per share, weighted average after dilution, SEK		-0.02	-0.06	-0.08	-0.19	-0.24

# Consolidated statement of financial position - summary

Amounts in SEK	Note	30/09/2017	30/09/2016	31/12/2016
Assets				
Non-current assets				
Intangible assets		120 969 480	112 671 353	113 365 759
Property, plant and equipment		34 402	126 677	101 655
Financial assets		31 360	31 490	31 360
Current assets				
Other current assets		1 056 786	723 943	675 855
Cash and cash equivalents		5 659 364	1 945 949	969 979
<b>Total assets</b>		<b>127 751 392</b>	<b>115 499 412</b>	<b>115 144 608</b>
Equity and liabilities				
Equity		108 277 912	100 057 585	98 097 325
Non-current liabilities		15 475 556	14 056 111	14 413 889
Current liabilities		3 997 924	1 385 716	2 633 394
<b>Total Equity and liabilities</b>		<b>127 751 392</b>	<b>115 499 412</b>	<b>115 144 608</b>

# 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
<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				-7 093 632	-7 093 632
New share issued		12 675 709	5 597 066		18 272 775
Transaction costs			-998 556		-998 556
<b>CLOSING EQUITY 30/9/2017</b>		<b>19 013 563</b>	<b>181 208 513</b>	<b>-91 944 164</b>	<b>108 277 912</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				-6 769 230	-6 769 230
Transaction costs			-11 881		-11 881
<b>CLOSING EQUITY 30/9/2016</b>		<b>6 337 854</b>	<b>176 610 003</b>	<b>-82 890 272</b>	<b>100 057 585</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	July - Sep	July - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Operating activities						
Profit/loss for the period		-2 189 006	-2 002 870	-7 093 632	-6 769 230	-8 729 490
Adjustments for items not included in the cash flow		21 648	28 509	67 253	94 250	119 402
Cash flow from operating activities before changes in working capital		- 2 167 358	-1 974 361	-7 026 379	-6 674 980	-8 610 088
Cash flow from changes in working capital						
Change in working capital		133 936	283 548	-380 933	-64 439	-16 351
Change in operating liabilities		920 248	-153 493	2 426 195	-558 109	47 347
Cash flow from operating activities		-1 381 046	-1 844 306	-4 981 117	-7 297 528	-8 579 092
Cash flow from investment activities						
Cash flow from investment activities		-3 581 092	-525 879	-7 603 721	-3 452 122	-4 146 528
Cash flow from financing activities						
Cash flow from financing activities		0	0	17 274 223	0	1 000 000
Cash flow for the year		-4 962 138	-2 370 185	4 689 385	-10 749 650	-11 725 620
Opening cash and cash equivalents		10 621 502	4 316 134	969 979	12 695 599	12 695 599
CLOSING CASH AND CASH EQUIVALENTS		5 659 364	1 945 949	5 659 364	1 945 949	969 979



# Parent Company Income statement - summary

		2017	2016	2017	2016	2016
Amounts in SEK	Note	July - Sep	July - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Net revenue		0	0	0	0	0
Other operating income		0	0	0	0	100 000
Total operating income		0	0	0	0	100 000
Other external costs		-1 622 464	-1 608 507	-5 401 988	-5 223 377	-6 718 942
Personnel expenses		-258 164	-49 130	-629 526	-431 342	-600 965
Depreciation of property, plant and equipment and intangible fixed assets		-21 647	-28 436	-67 253	-94 177	-119 199
Operating profit/loss		-1 902 275	-1 686 073	-6 098 767	-5 748 896	-7 339 106
Other interest income and similar profit/loss items		71 047	271	102 483	810	5 417
Interest expense and similar profit/loss items		-357 778	-317 069	-1 097 348	-1 021 144	-1 395 801
PROFIT/LOSS FOR THE PERIOD		-2 189 006	-2 002 871	-7 093 632	-6 769 230	-8 729 490
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME						
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-2 189 006	-2 002 871	-7 093 632	-6 769 230	-8 729 490
Attributable to:						
Parent Company shareholders		-2 189 006	-2 002 871	-7 093 632	-6 769 230	-8 729 490
TOTAL		-2 189 006	-2 002 871	-7 093 632	-6 769 230	-8 729 490

# Parent Company Balance sheet - summary

<i>Amounts in SEK</i>	<i>Note</i>	<b>30/09/2017</b>	<b>30/09/2016</b>	<b>31/12/2016</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		120 969 480	112 671 353	113 365 759
Property, plant and equipment		34 402	126 677	101 655
Financial assets		31 360	31 490	31 360
Shares in subsidiaries		50 000	50 000	50 000
<b>Current assets</b>				
Other current assets		1 056 786	723 943	675 854
Cash and cash equivalents		5 616 126	1 902 712	926 742
<b>Total assets</b>		<b>127 758 154</b>	<b>115 506 175</b>	<b>115 151 370</b>
<b>Equity and liabilities</b>				
<b>Equity</b>		<b>108 284 676</b>	<b>100 064 348</b>	<b>98 104 088</b>
Non-current liabilities		15 475 556	14 056 111	14 413 889
Current liabilities		3 997 922	1 385 716	2 633 393
<b>Total Equity and liabilities</b>		<b>127 758 154</b>	<b>115 506 175</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 Key ratios (Group)

Amount in SEK	2017 July -Sep	2016 July -Sep	2017 Jan - Sep	2016 Jan - Sep	2016 Jan - Dec
Equity ratio (%)	84.76%	86.63%	84.76%	86.63%	85.19%
Earnings per share	-0.02	-0.06	-0.08	-0.19	-0.24
Equity per share	0.99	2.74	0.99	2.74	2.68
Quick ratio (%)	167.99%	192.67%	167.99%	192.67%	62.50%
No. of shares	109 636 650	36 545 550	109 636 650	36 545 550	109 636 650
Weighted average no. of shares before dilution	109 636 650	36 545 550	94 968 402	36 441 199	94 968 402
Weighted average no. of shares after dilution	109 636 650	36 545 550	94 968 402	36 441 199	94 968 402

## Key ratio definitions

*Equity/assets ratio:*

*Earnings per share:*

*Equity per share:*

*Quick ratio:*

*Equity as a per cent of the balance total.*

*profit/loss after tax in relation to the weighted average number of shares.*

*Equity in relation to the number of shares on the balance sheet date.*

*Current assets excluding stock in relation to current liabilities.*