

# Q3



## Interim Report January – September 2019

### Significant events during the third quarter 2019

- A short-term loan amounting to SEK 5 million was raised in July.
- An application for an exploration permit for an area adjacent to Blötberget was submitted to Bergsstaten.

### Third quarter, 1 July – 30 September 2019

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK – 3.1 million (–2.5)
- Investments in the period July - September totalled SEK 3.3 million (4.6)
- Basic earnings per share were SEK –0.15 (–0.13)

### Interim period, 1 January – 30 September 2019

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK –8.3 million (–7.5)
- Investments in the period July - September totalled SEK 12.1 million (8.3)
- Basic earnings per share were SEK –0.42 (–0.55)
- Cash and cash equivalents on 30 September 2019 amounted to SEK 5.8 million (21.2)

### Significant events after the end of the period

- Golder presented the definitive feasibility study for Blötberget
- Swedbank Norway appointed as financial advisor
- SRK Consulting presented a scoping study for the Väsman Field
- The board decided upon a rights issue

### Key ratios (Group)

<i>Amount in SEK</i>	2019 July-Sep	2018 July-Sep	2019 Jan - Sep	2018 Jan - Sep	2018 Jan - Dec
Equity ratio (%)	80.90%	91.30%	80.90%	91.30%	92.75%
Earnings per share	-0.15	-0.13	-0.42	-0.55	-0.67
Equity per share	6.46	7.00	6.46	7.00	6.86
Quick ratio (%)	25.05%	368.79%	25.05%	368.79%	311.28%
No. of shares	19 978 194	19 909 775	19 978 194	19 909 775	19 909 775

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

## **The Blötberget Feasibility Study completed – shows conditions in place for profitable mining operations**

During the third quarter, Golder Associates delivered the important feasibility study. The study - which is close to 600 pages - showed clearly that it is possible to start profitable operations at Blötberget. It demonstrates that Blötberget can reach an operating margin of 44 percent and an internal rate of return of 15.4 percent before tax. The net present value is estimated at just over SEK 1 billion at a 6 percent discount rate. Given the assumptions made, all investments are estimated to have a pay-back time of just over 5.5 years.

### **Impatient wait for the feasibility study**

All in all, the third quarter was marked by an impatient wait for the completion of the feasibility study. Various parts were presented successively in draft format for comment and a final draft received on 30 August, including the financial evaluation.

The main purpose of the study was to obtain an objective basis for deciding whether to proceed with the project according to plan. In addition, the study provides new investors with a basis for deciding whether to invest in the project. Since the results were positive, we can move on in the preparations to start mining in Blötberget.

In the feasibility study, Golder has in some areas been cautious in their assumptions. This is positive because such large investments as this one should not be based upon too optimistic and uncertain assumptions. For example, the study assumes the construction of an entirely new mine under the existing one, which of course increases investment costs while leaving the potential of the historical areas outside the calculations. The reason for this assumption is the uncertainty surrounding the extent and consequences of previous mining and the status of existing underground facilities.

### **Väsman**

During the period, SRK Consulting completed the scoping study regarding the Väsman Field. In November we received the completed study which include a sketch of how the development of the Väsman field can proceed. Whilst the study is based on a limited mineral resource within our mining concession area, a conclusion we can definitely draw is that there is every reason to continue with the exploration program and feasibility studies, both at greater depth, but also investigate the northern part of Väsman. Successive magnetic anomaly work indicates substantial mineralisation here.

### **Market**

In line with the assessment provided in the report for the second quarter, iron ore prices have generally fallen so that the index for 62% Fe is below USD 90 / ton, while the premiums for higher quality ores remains at around USD 3 / ton per percentage point Fe. This means that the price of NIO's premium product (magnetite 70.5% Fe) can still be as high as USD 110-112 / tonne C&F China.

The depression in the pricing compared with Q1 2019 is largely down to the continued disquiet regarding the trade dispute between China and USA, a build-up of port stocks and low-cost scrap availability. All this is likely to be of a transient nature and, together with continued talk of temporary closures of some of Vales' mines due to security concerns, this is likely to help restore iron ore prices at a higher level in the coming months.

### **Financing**

During the period, we commissioned Swedbank Norway, which has extensive experience from assignments in the iron ore industry, to look for investors. Significant funding must be secured before the construction work is started and we have considered that we must look internationally. While we are looking for investors for equity, we are exploring different financing opportunities in connection with the detailed planning and discussions with suppliers. Only when this work is complete do we know how much of the financing must be made with equity and can carry out a share issue for this purpose. In order to finance operations during this work, which will take a few months, the Board has decided to instigate a rights issue

Overall, I look forward to the future. We are a mining development company that now goes from pre-study to the implementation phase. We have a Feasibility Study that shows good profitability and we also have the expansion opportunities in the Väsman field which, current investigations suggest, may contain considerable mineral assets.

### **Lennart Eliasson**

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

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# Operations

## Significant events during the period

### *Project activities*

Golder delivered a draft of the technical parts of the feasibility study towards the end of July, and at the end of August a complete draft of the study, including economic assessment. The very extensive report was studied by the company and after some additions made at the request of NIO the signed report was presented just after the end of the period.

According to the feasibility study, the Blötberget mine can be expected to be profitable. The EBITDA-margin is expected to be 44% and the pay-back time 5.6 years after start of production.

In parallel to Golder's completion of the feasibility study Blötberget, SRK Consulting has been working on scoping study for the Väsman Field. The study's aim is to recommend continued exploration work in order to increase the mineral resources in the area and to do a preliminary assessment of how a future exploration of the deposit best can be achieved.

### *Permits and concessions*

An application for an exploration permit for an area adjacent to Blötberget was submitted to Bergsstaten.

### *Financing*

Due to the delay of the feasibility study the capital raise to be based upon the outcome of the study would also have to be delayed. In order to strengthen the financial resources a short-term loan amounting to SEK 5 million was raised in July.

## Share and ownership structure

At the end of the period the share capital amounted to SEK 34 646 868 divided between 19 978 194 shares with a quota value of SEK 1.73 per share. The number of shareholders totalled 8 164.

## Financial position

On the balance sheet date, the Group had a liquidity of SEK 5.8 million. The equity/assets ratio was 80.90%. The Group's equity amounted to SEK 129 million, corresponding to SEK 6.46 per share.

## Investments

During the period January – September investments totalled MSEK 12.1. 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

Year-end report for the financial year 2019: February 2020  
Annual General Meeting: May 2020

## 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 period end

Golder presented the definitive feasibility study for Blötberget.

Swedbank Norway was appointed as financial advisor for raising finance for the construction work at Blötberget.

SRK Consulting presented a scoping study for the development of the Väsman field.

The board decided upon a rights issue.

## 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 15 November 2019

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

Jonas Bengtsson

Gösta Bergman

Timo Lindborg

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 and mineral process engineering.

For further information. please contact:

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# Consolidated statement of comprehensive income - summary

		2019	2018	2019	2018	2018
<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	0
<b>Total operating income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other external costs		-1 197 717	-1 833 320	-3 716 895	-5 327 397	-6 981 753
Personnel expenses		-847 987	-473 658	-2 796 901	-1 301 269	-2 203 855
Depreciation/amortization and impairment of tangible and intangible assets		-206 758	0	-620 274	-12 639	-12 794
<b>Operation profit/loss</b>		<b>-2 252 462</b>	<b>-2 306 978</b>	<b>-7 134 070</b>	<b>-6 641 305</b>	<b>-9 198 402</b>
Financial income		0	0	0	0	0
Financial expenses		-801 296	-146 085	-1 198 589	-862 244	-965 543
<b>Net financial income/expense</b>		<b>-801 296</b>	<b>-146 085</b>	<b>-1 198 589</b>	<b>-862 244</b>	<b>-965 543</b>
<b>Profit/loss after financial income and expense</b>		<b>-3 053 758</b>	<b>-2 453 063</b>	<b>-8 332 659</b>	<b>-7 503 549</b>	<b>-10 163 945</b>
<b>PROFIT/LOSS FOR THE PERIOD</b>		<b>-3 053 758</b>	<b>-2 453 063</b>	<b>-8 332 659</b>	<b>-7 503 549</b>	<b>-10 163 945</b>
<b>OTHER COMPREHENSIVE INCOME</b>		-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>-3 053 758</b>	<b>-2 453 063</b>	<b>-8 332 659</b>	<b>-7 503 549</b>	<b>-10 163 945</b>
<b>Attributable to:</b>						
Parent company shareholders		-3 053 758	-2 453 063	-8 332 659	-7 503 549	-10 163 945
<b>TOTAL</b>		<b>-3 053 758</b>	<b>-2 453 063</b>	<b>-8 332 659</b>	<b>-7 503 549</b>	<b>-10 163 945</b>
<b>Number of shares</b>						
Number of shares at year-end		19 978 194	19 909 775	19 978 194	19 909 775	19 909 775
Average no. of shares (before dilution)		19 978 194	18 638 625	19 934 085	13 664 029	15 238 299
Average no. of shares (after dilution)		19 978 194	18 638 625	19 934 085	13 664 029	15 238 299
<b>Earnings per share</b>						
Earnings per share, weighted average before dilution, SEK		-0,15	-0,13	-0,42	-0,55	-0,67
Earnings per share, weighted average after dilution, SEK		-0,15	-0,13	-0,42	-0,55	-0,67

# Consolidated statement of financial position - summary

<i>Amounts in SEK</i>	<i>Note</i>	<b>30/09/2019</b>	<b>30/09/2018</b>	<b>31/12/2018</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		149 185 789	130 531 509	137 098 564
Tangible assets		3 454 902	0	0
Financial assets		30 977	31 204	31 048
<b>Current assets</b>				
Other current assets		998 303	855 694	1 055 351
Cash and cash equivalents		5 786 755	21 172 444	9 152 854
<b>Total assets</b>		<b>159 456 726</b>	<b>152 590 851</b>	<b>147 337 817</b>
<b>Equity and liabilities</b>				
<b>Equity</b>		<b>128 997 416</b>	<b>139 311 905</b>	<b>136 651 510</b>
Non-current liabilities		3 372 774	7 305 806	7 406 845
Current liabilities	1	27 086 536	5 973 140	3 279 462
<b>Total Equity and liabilities</b>		<b>159 456 726</b>	<b>152 590 851</b>	<b>147 337 817</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 01/01/2019</b>		<b>34 528 213</b>	<b>206 261 994</b>	<b>-104 138 697</b>	<b>136 651 510</b>
Comprehensive income for the period				-8 332 659	-8 332 659
New share issued		118 655	559 910		678 565
<b>CLOSING EQUITY 30/9/2019</b>		<b>34 646 868</b>	<b>206 821 904</b>	<b>-112 471 356</b>	<b>128 997 416</b>
<b>Opening equity 01/01/2018</b>		<b>19 013 563</b>	<b>181 208 514</b>	<b>-93 974 752</b>	<b>106 247 325</b>
Comprehensive income for the period				-7 503 549	-7 503 549
New share issued		15 514 650	29 106 909		44 621 559
Transaction costs			-4 053 430		-4 053 430
<b>CLOSING EQUITY 30/9/2018</b>		<b>34 528 213</b>	<b>206 261 993</b>	<b>-101 478 301</b>	<b>139 311 905</b>
<b>Opening equity 01/01/2018</b>		<b>19 013 563</b>	<b>181 208 514</b>	<b>-93 974 752</b>	<b>106 247 325</b>
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
<b>CLOSING EQUITY 31/12/2018</b>		<b>34 528 213</b>	<b>206 261 994</b>	<b>-104 138 697</b>	<b>136 651 510</b>

# Consolidated cash flow statement – summary

		2019	2018	2019	2018	2018
<i>Amounts in SEK</i>	Note	July - Sep	July - Sep	Jan - Sep	Jan - Sep	Jan - Dec
<b>Operating activities</b>						
Profit/loss for the period		-3 053 758	-2 453 063	-8 332 659	-7 503 549	-10 163 945
Adjustments for items not included in the cash flow		206 758	0	620 344	12 639	12 794
<b>Cash flow from operating activities before changes in working capital</b>		<b>-2 847 000</b>	<b>-2 453 063</b>	<b>-7 712 315</b>	<b>-7 490 910</b>	<b>-10 151 151</b>
<b>Cash flow from changes in working capital</b>						
Change in working capital		198 652	1 190 619	57 048	-412 746	-612 403
Change in operating liabilities		1 775 027	-4 230 567	4 480 683	-2 240 977	-833 615
<b>Cash flow from operating activities</b>		<b>-873 321</b>	<b>-5 493 011</b>	<b>-3 174 584</b>	<b>-10 144 633</b>	<b>-11 597 169</b>
<b>Cash flow from investment activities</b>		<b>-3 286 200</b>	<b>-4 608 504</b>	<b>-12 087 225</b>	<b>-8 316 737</b>	<b>-14 883 792</b>
<b>Cash flow from financing activities</b>		<b>4 570 172</b>	<b>30 260 856</b>	<b>11 895 710</b>	<b>37 260 856</b>	<b>33 260 856</b>
<b>Cash flow for the year</b>		<b>410 651</b>	<b>20 159 341</b>	<b>-3 366 099</b>	<b>18 799 486</b>	<b>6 779 895</b>
Opening cash and cash equivalents		5 376 104	1 013 103	9 152 854	2 372 958	2 372 958
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		<b>5 786 755</b>	<b>21 172 444</b>	<b>5 786 755</b>	<b>21 172 444</b>	<b>9 152 853</b>

# Parent Company Income statement - summary

		2019	2018	2019	2018	2018
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	0
<b>Total operating income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other external costs		-1 424 072	-1 833 320	-4 395 960	-5 327 397	-6 981 753
Personnel expenses		-847 987	-473 658	-2 796 901	-1 301 269	-2 203 855
Depreciation of tangible and intangible fixed assets		0	0	0	-12 639	-12 794
<b>Operating profit/loss</b>		<b>-2 272 059</b>	<b>-2 306 978</b>	<b>-7 192 861</b>	<b>-6 641 305</b>	<b>-9 198 402</b>
Other interest income and similar profit/loss items		0	0	0	0	0
Interest expense and similar profit/loss items		-867 186	-146 085	-1 164 791	-862 244	-965 543
<b>PROFIT/LOSS FOR THE PERIOD</b>		<b>-3 139 245</b>	<b>-2 453 063</b>	<b>-8 357 652</b>	<b>-7 503 549</b>	<b>-10 163 945</b>
<b>PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME</b>						
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>-3 139 245</b>	<b>-2 453 063</b>	<b>-8 357 652</b>	<b>-7 503 549</b>	<b>-10 163 945</b>
Attributable to:						
Parent Company shareholders		-3 139 245	-2 453 063	-8 357 652	-7 503 549	-10 163 945
<b>TOTAL</b>		<b>-3 139 245</b>	<b>-2 453 063</b>	<b>-8 357 652</b>	<b>-7 503 549</b>	<b>-10 163 945</b>

# Parent Company Balance sheet - summary

<i>Amounts in SEK</i>	<i>Note</i>	<b>30/09/2019</b>	<b>30/09/2018</b>	<b>31/12/2018</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		149 73 372	130 531 509	137 098 564
Financial assets		30 977	31 204	31 048
Shares in subsidiaries		50 000	50 000	50 000
<b>Current assets</b>				
Other current assets		998 303	855 694	1 055 351
Cash and cash equivalents		5 743 517	21 129 206	9 109 617
<b>Total assets</b>		<b>155 896 169</b>	<b>152 597 613</b>	<b>147 344 580</b>
<b>Equity and liabilities</b>				
<b>Equity</b>		<b>128 979 184</b>	<b>139 318 667</b>	<b>136 658 272</b>
Non-current liabilities		0	7 305 806	7 406 845
Current liabilities	1	26 916 985	5 973 140	3 279 463
<b>Total Equity and liabilities</b>		<b>155 896 169</b>	<b>152 597 613</b>	<b>147 344 580</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 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 3 643 666 to Bengtssons Tidnings Aktiebolag as of 30 September 2019 and SEK 3 648 666 to Ludvika Holding AB.

## Note 2 Key ratios (Group)

<i>Amount in SEK</i>	2019 July - Sep	2018 July - Sep	2019 Jan - Sep	2018 Jan - Sep	2018 Jan - Dec
Equity ratio (%)	80.90%	91.30%	80.90%	91.30%	92.75%
Earnings per share	-0.15	-0.13	-0.42	-0.55	-0.67
Equity per share	6.46	7.00	6.46	7.00	6.86
Quick ratio (%)	25.05%	368.79%	25.05%	368.79%	311.28%
No. of shares	19 978 194	19 909 775	19 978 194	19 909 775	19 909 775
Weighted average no. of shares before dilution	19 978 194	18 638 625	19 934 085	13 664 029	15 238 299
Weighted average no. of shares after dilution	19 978 194	18 638 625	19 934 085	13 664 029	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 report 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 15 November 2019 at 15.00.*

*Nordic Iron Ore's shares and warrants are listed at Nasdaq First North Growth Market. Wildecos Ekonomisk Information AB is the company's Certified Adviser (info@wildecos.se tel +46-8-545 271 00)*