

Q4

Year-end Report January – December 2019

Significant events during the fourth quarter 2019

- The outcome of the Blötberget feasibility study was made public.
- A conceptual study on the Väsman field was completed.
- A share offering amounting to SEK 25 million was oversubscribed.

Fourth quarter, 1 October – 31 December 2019

- Net income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -2.8 million (-2.7)
- Investments during the period October – December totalled SEK 0.1 million (6.6)
- Basic earnings per share were SEK -0.14 (-0.13)

The whole year, 1 January – 31 December 2019

- Net income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -11.2 million (-10.2)
- Investments during the period January – December totalled SEK 12.1 million (14.9)
- Basic earnings per share were SEK -0.55 (-0.67)
- Cash and cash equivalents on 31 December 2019 amounted to SEK 13.0 million (9.2)

Significant events after the end of the period

- The Company ordered the move of the power lines to allow the construction in the planned industrial area.

Key ratios (Group)

Amount in SEK	2019 Oct - Dec	2018 Oct - Dec	2019 Jan - Dec	2018 Jan - Dec
Equity ratio (%)	88.85%	92.75%	88.85%	92.75%
Earnings per share	-0.14	-0.13	-0.55	-0.67
Equity per share	4.93	6.86	4.93	6.86
Quick ratio (%)	90.42%	311.28%	90.42%	311.28%

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 and to develop the intermediate Väsman iron field. The Company has all the necessary permits in place for the mine in Blötberget and will be able to produce iron ore of extremely high quality from significant mineral resources.

Comments from the Managing Director

A positive and eventful year for Nordic Iron Ore

In 2019, Nordic Iron Ore progressed from strength to strength. The biggest – and most important – event was that we received the results from the feasibility study for Blötberget, which showed a viable project with good profitability. We also received favourable results from a scoping study of South Väsman, which makes expansion an attractive proposition. The year ended on a high with a successful rights issue that was heavily oversubscribed.

The feasibility study, which we commissioned from the international consultant Golder Associates, clearly showed that the conditions are in place for profitable mining operations at Blötberget. For example, the study shows that Blötberget can achieve an EBITDA margin of 44 per cent, the net present value is estimated to be just over SEK 1 billion, and payback for all investments is estimated to occur just over 5.5 years from first production.

The feasibility study aims to serve as a basis for decisions to finance the investments. Golder has been conservative on several points in its project design and assumptions, which is positive since major investments should not be based on optimistic or too favourable conditions.

The study, however, does not constitute a detailed plan for the construction work. For example, the study assumes the operation of diesel vehicles, but we would like to harness the recent digital technological developments and create a modern mine that uses electricity to the greatest extent possible. We have begun a project on this together with potential equipment suppliers. For every deviation from the solutions, we naturally must show that the deviation improves the project finances.

Study of South Väsman

The study of South Väsman by mining consultant SRK focused on the possibility of starting a mine in the southern part of the field where we already have been granted a mining concession. SRK judged the mine to be profitable based on the assumption of only supplementing the existing equipment that is being built for Blötberget. The report recommends further exploration of the entire Väsman field to increase the mineral assets and raise their classification. Our geologists have already sketched a relatively limited drilling programme that is expected to be able to raise the classification of a

significant portion of the resources obtained from our concession area in South Väsman.

Market

There was an even and mild boost to iron ore prices in the fourth quarter. High-grade ore, IODEX 65%Fe, reached USD 112/t, which corresponds to a premium of USD 6 per ton compared to standard products. Demand for high-grade ore will probably persist since this ore has significantly less of an impact on the environment and is in high demand in the Chinese market. The outbreak of the coronavirus in China, however, has resulted in a sharp downturn in prices at the beginning of the year. This type of problem is temporary, of course, but the closure of entire cities in China has a powerful impact on the market.

Outlook

Ludvika Mines is the umbrella term for Blötberget, Väsman and Håksberg. We are planning to start with Blötberget and then expand into Väsman and Håksberg. One of the strengths of the project is that there is existing electrical power line ready to connect to the facilities we are constructing; however, the power lines go straight over the area where the beneficiation plant will be situated and we have therefore commissioned the network owners VB Energy to move the lines to prepare the area for the planned construction work, and this work has already begun.

The past year was an important year since we received a final report that shows that the Ludvika Mines project could be economically viable. The coming year will also be important for the project since we will now start the search for financing to establish the mine in Blötberget. It is my hope that the ongoing financing activities for the construction of the facilities at Blötberget will also provide us with sufficient resources to increase the rate of development of the Väsman field.

Blötberget is an important first step, which, with for this industry relatively low risk, will make it possible to build facilities that will also be used when we have expanded to Väsman and Håksberg. The study of South Väsman encourages our hope of creating a comprehensive mining area with a long economic life.

Lennart Eliasson

Managing Director, Nordic Iron Ore AB (publ)

Operations

Significant events during the period

Feasibility study for Blötberget is made public. The study showed good profitability for the project given certain assumptions. Among the most important assumptions are:

- Pre-production CAPEX USD 260 million
- Cash cost USD 56.9 per tonne product
- Assumed price fob approx. USD 100/tonne
- Conversion USD:SEK 9.46
- Mineable reserve 34Mt
- No residual value assumed after 12 years production

The study will serve as the basis to decide on financing of the project and has therefore prioritized verifiable costs. For this reason, it is not based on the most recent technological development within the mining industry. The company is now working together with potential suppliers to specify the final design of the facilities.

During the period, SRK concluded its work on the report of a pilot study for planned mining operations in the Väsman field. The conclusions of the report were made public in a presentation that is available on the company's website. The study indicates it is possible to start a profitable mine despite being limited to the southern section of the field where the company has been granted a mining concession.

Tests and analyses of the water quality and control of the water levels are conducted regularly. A control programme that will be followed prior to and during the operations of the mine is being designed in collaboration with the County Administrative Board, which will approve the programme.

Financing

The company conducted a rights emission for SEK 25 million during the period. The issue was oversubscribed by existing owners. The proceeds were used to settle all existing short-term loans, and the remainder is intended to cover day-to-day operating expenses during the continued work to obtain financing for the construction work.

Share and ownership structure

At the end of the period the share capital amounted to SEK 51 974 081 divided between 29 969 470 shares, with a quota value of SEK 1.734 per share.

The number of shareholders totalled 8 053.

Financial position

On the balance sheet date, the Group had a liquidity of SEK 13.0million. The equity/assets ratio was 88.85%. The Group's equity amounted to SEK 147.8 million, corresponding to SEK 4.93 per share.

Investments

During the period January – December 2019 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

The AGM will be held on 20 May 2020.

Interim report January – March 2020: 20 May 2020

Interim report January – June 2020: 20 August 2020

Interim report January – September 2020: 20 November 2020

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

Events after the period end

The Company ordered the move of the power lines to allow the construction in the planned industrial area.

Annual report and financial reports

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

The Annual Report for 2019 will be published in week 17.

Dividend

The Board of Directors recommends to the Annual General Meeting that no dividend be paid for the 2019 financial year.

Operations

The undersigned confirm that the Year-end Report gives a true and fair summary of the business, financial position and earnings of the Parent Company and the Group, as well as describing material risks and factors of uncertainty facing the Parent Company and the members of the Group.

Stockholm, 20 February 2020

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
Amounts in SEK	Note	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Net revenue		0	0	0	0
Other operating income		0	0	0	0
Total operating income		0	0	0	0
Other external costs		-1 244 001	-1 654 355	-4 960 897	-6 981 753
Personnel expenses		-927 152	-902 586	-3 724 053	-2 203 855
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-206 758	-155	-827 032	-12 794
Operation profit/loss		-2 377 911	-2 557 096	-9 511 982	-9 198 402
Financial income		0	0	0	0
Financial expenses		-444 277	-103 299	-1 642 864	-965 543
Net financial income/expense		-444 277	-103 299	-1 642 864	-965 543
Profit/loss after financial income and expense		-2 822 188	-2 660 395	-11 154 846	-10 163 945
PROFIT/LOSS FOR THE PERIOD		-2 822 188	-2 660 395	-11 154 846	-10 163 945
OTHER COMPREHENSIVE INCOME		-	-	-	-
Total comprehensive income for the period		-2 822 188	-2 660 395	-11 154 846	-10 163 945
Attributable to:					
Parent company shareholders		-2 822 188	-2 660 395	-11 154 846	-10 163 945
TOTAL		-2 822 188	-2 660 395	-11 154 846	-10 163 945
Number of shares					
Number of shares at year-end		29 969 470	19 909 775	29 969 470	19 909 775
Average no. of shares (before dilution)		20 955 601	19 909 775	20 191 563	15 238 299
Average no. of shares (after dilution)		20 955 601	19 909 775	20 191 563	15 238 299
Earnings per share					
Earnings per share, weighted average before dilution, SEK		-0.14	-0.13	-0.55	-0.67
Earnings per share, weighted average after dilution, SEK		-0.14	-0.13	-0.55	-0.67

Consolidated statement of financial position - summary

Amounts in SEK	Note	31/12/2019	31/12/2018
Assets			
Non-current assets			
Intangible assets		149 364 404	137 098 564
Right-of-use assets		3 248 144	0
Financial assets		30 898	31 048
Current assets			
Other current assets		776 623	1 055 351
Cash and cash equivalents		12 963 753	9 152 854
Total assets		166 383 822	147 337 817
Equity and liabilities			
Equity		147 826 926	136 651 510
Non-current liabilities			
		2 590 447	7 406 845
Current liabilities	1	15 966 449	3 279 462
Total Equity and liabilities		166 383 822	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				-11 154 846	-11 154 846
New share issued		17 445 868	8 210 887		25 656 755
Transaction costs			-3 326 493		-3 326 493
CLOSING EQUITY 31/12/2019		51 974 081	211 146 388	-115 293 543	147 826 926
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
Amounts in SEK	Note	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Operating activities					
Profit/loss for the period		-2 822 188	-2 660 395	-11 154 847	-10 163 945
Adjustments for items not included in the cash flow		24 760	155	112 255	12 794
Cash flow from operating activities before changes in working capital		-2 797 428	-2 660 240	-11 042 592	-10 151 151
Cash flow from changes in working capital					
Change in working capital		221 680	-199 657	278 728	-612 403
Change in operating liabilities		-312 578	-2 592 638	3 805 680	-833 614
Cash flow from operating activities		-2 888 326	-5 452 535	-6 958 184	-11 597 168
Cash flow from investment activities					
		-130 711	-6 567 055	-12 105 517	-14 883 792
Cash flow from financing activities					
		10 196 035	0	22 874 600	33 260 856
Cash flow for the year					
		7 176 998	-12 019 590	3 810 899	6 779 896
Opening cash and cash equivalents		5 786 755	21 172 444	9 152 854	2 372 958
CLOSING CASH AND CASH EQUIVALENTS		12 963 753	9 152 854	12 963 753	9 152 854

Parent Company Income statement - summary

		2019	2018	2019	2018
Amounts in SEK	Note	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Net revenue		0	0	0	0
Other operating income		0	0	0	0
Total operating income		0	0	0	0
Other external costs		-1 470 356	-1 654 355	-5 866 317	-6 981 753
Personnel expenses		-927 152	-902 586	-3 724 053	-2 203 855
Depreciation of property, plant and equipment and intangible fixed assets		0	-155	0	-12 794
Operating profit/loss		-2 397 508	-2 557 096	-9 590 370	-9 198 402
Other interest income and similar profit/loss items		0	0	0	0
Interest expense and similar profit/loss items		-447 903	-103 299	-1 612 695	-965 543
PROFIT/LOSS FOR THE PERIOD		-2 845 411	-2 660 395	-11 203 065	-10 163 945
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME					
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-2 845 411	-2 660 395	-11 203 065	-10 163 945
Attributable to:					
Parent Company shareholders		-2 845 411	-2 660 395	-11 203 065	-10 163 945
TOTAL		-2 845 411	-2 660 395	-11 203 065	-10 163 945

Parent Company Balance sheet - summary

Amounts in SEK	Note	31/12/2019	31/12/2018
Assets			
Non-current assets			
Intangible assets		149 204 081	137 098 564
Property, plant and equipment		0	0
Financial assets		30 898	31 048
Shares in subsidiaries		50 000	50 000
Current assets			
Other current assets		776 623	1 055 351
Cash and cash equivalents		12 920 515	9 109 617
Total assets		162 982 117	147 344 580
Equity and liabilities			
Equity		147 785 469	136 658 272
Non-current liabilities		0	7 406 845
Current liabilities		15 196 648	3 279 463
Total Equity and liabilities		162 982 117	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 had no liability to related parties as of 31 December 2019.

Note 2 Key ratios (Group)

Amount in SEK	2019 Oct - Dec	2018 Oct - Dec	2019 Jan - Dec	2018 Jan - Dec
Equity ratio (%)	88.85%	92.75%	88.85%	92.75%
Earnings per share	-0.14	-0.13	-0.55	-0.67
Equity per share	4.93	6.86	4.93	6.86
Quick ratio (%)	90.42%	311.28%	90.42%	311.28%
No. of shares	29 969 470	19 909 775	29 969 470	19 909 775
Weighted average no. of shares before dilution	20 955 601	19 909 775	20 191 563	15 238 299
Weighted average no. of shares after dilution	20 955 601	19 909 775	20 191 563	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 20 February 2019 at 8.00.

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.