

Year-end report January – December 2012

Significant events during the fourth quarter of 2012

- The convertible loan was converted into 3,708,738 new shares, and the number of shareholders increased to 78 in total.
- The first phase of the drilling campaigns at the Väsman field and Blötberget was concluded.

Fourth quarter, 1 October – 31 December 2012

- Income amounted to SEK 0 million (0)
- Earnings after tax were SEK -5.1 million (-3.8)
- Investments during the period October – December amounted to SEK 11.9 million (4.3)
- Earnings per share, basic, were SEK -0.51 (-0.49)

Full-year period 1 January – 31 December 2012

- Income amounted to SEK 0 million (0)
- Earnings after tax were SEK -21.9 million (-7.4)
- Investments during the period January – December amounted to SEK 26.2 million (16.9)
- Earnings per share, basic, were SEK -2.63 (-0.98)
- Cash and cash equivalents at 31 December 2012 amounted to SEK 18.9 million (0.7)

Significant events after the end of the period

- The published results from the drill campaign resulted in a significant increase in mineral resources, to 170 million tonnes.
- A letter of intent was signed with Oxelösunds Hamn AB (the port of Oxelösund) regarding deliveries of up to 5 million tonnes/year.
- The application for an environmental permit was published by the Land and Environment Court

CEO's comments

In the fourth quarter of 2012 and at the start of 2013, Nordic Iron Ore achieved important successes. Our drilling campaigns at Blötberget and the Väsman field in the summer turned out well, and we could consequently increase our indicated and inferred mineral resources to a total of 170 million tonnes in January. We have also signed a letter of intent with the port of Oxelösund regarding future deliveries, clearly emphasising further the fact that our project enjoys a very strong logistics solution. Our plan to start up iron ore production at the Ludvika mines in the latter part of 2015 remains in place.

Work on the feasibility study is in progress, and an important part of this work is process test work, which will form the basis for optimising the process layout, which will also govern the forthcoming procurement of process plant equipment.

The last six-month period saw mining projects which failed to reach expected targets. This is unfortunate for the Scandinavian mining industry, and gives rise to uncertainty. At the same time, our task now is to demonstrate that our project has completely different fundamentals, and that it is possible to successfully conduct complex industrial projects with the right organisation and expertise combined with long-term owners. It is therefore our ambition to establish a financially stable ownership circle before the Company is listed. We believe this is crucial to the Company's possibilities of attracting the desired plant and equipment financing over the next 12-month period. While the Company is still prepared for a stock market listing, the board of directors has, due to the uncertain climate on the financial market, not made a decision regarding the timing of listing the Company's shares.

Christer Lindqvist, CEO Nordic Iron Ore

The operations

Significant events during the period

Raising of capital

In February 2012, the Company carried out a directed offering to the general public by issuing SEK 140 million linked to a listing of its shares on NASDAQ OMX First North. As the demand for shares was considered insufficient to ensure adequate trading in the secondary market, the Board decided to cancel the issue and instead conduct an initiative to raise capital aimed at a limited group of investors and without subsequent listing. This initiative to raise capital provided the Company with SEK 59.9 million after issue costs and the number of shareholders increased to 78.

Exploration work

During the autumn, the first phase of our drilling campaign at Blötberget and the Väsman field was carried out. Total drilling exceeded 14,300 metres, with six holes drilled from a barge in the Väsman lake. The drilling largely took place without interruption. The intention was to increase knowledge about the Väsman deposits and form a basis for a forthcoming concession application. The purpose of drilling at Blötberget was primarily to increase existing tonnage, and secondarily to increase knowledge thereof. The campaign was concluded in the fourth quarter.

Environmental permit application

In order to engage in permanent mining activities, permits are required from the Land and Environment Court under the provisions of the Environmental Code. Applications for environmental permits for Blötberget and Håksberg were submitted to the Land and Environment Court on 7 July.

Events after the end of the financial year

A new appraisal of the Company's mineral resources, following evaluation of the drill campaigns in the autumn, was released in January 2013. It resulted in indicated and inferred mineral resources at Blötberget now amounting to 29.8 million tonnes with 44.5% iron, and 10.2 million tonnes with 42.9% iron, respectively. This equalled an increase in tonnage of around 66% compared to the previous assessment. At the Väsman field, including Finnäset, the indicated and inferred mineral resources now amount to 7.0 million tonnes with 38.5% iron, and 85.9 million tonnes with 38.4% iron, respectively.

In January, the Company signed a letter of intent with Oxelösunds Hamn AB (the port of Oxelösund) regarding iron ore deliveries up to 5 million tonnes annually.

In February, the Company's application for an environmental permit was announced by the Land and Environment Court.

The share and ownership structure

Share capital at the end of the period was SEK 1,993,110 distributed over 11,492,738 shares with a par value of SEK 0.17 per share. Shareholders were 78 in number.

Financial position

The Group had a cash balance of SEK 18,926 thousand at the balance sheet date. The equity/assets ratio was 87.35%. Consolidated equity was SEK 70,922 thousand, equalling SEK 6.17 per share.

In the first half of 2013, the Company intends to raise capital to fund operations until the environmental permits have been obtained, and investment in the concentrator and mining equipment will be ordered, which will require a substantial amount of additional capital.

Investments

During the period January – December 2012, investments amounted to SEK 26,226 thousand, of which SEK 26,172 thousand relates to prospecting assets and survey initiatives relating to the planned start-up of mining operations. The survey initiatives are chiefly attributable to the drilling efforts at Blötberget and the Väsman deposits, including analyses. Investments in equipment amounted to SEK 54 thousand.

Employees

An average of five people were employed at the Company during the period.

Financial calendar

The AGM will be held on 13 May 2013 in Ludvika.

Interim report January – March 2013: 23 May 2013

Interim report January – June 2013: 23 August 2013

Interim report January – September 2013: 22 November 2013

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. The Annual Report for 2012 will be published week 15.

Dividend

The board of directors propose to the annual general meeting that no dividend is paid for the financial year 2012.

Stockholm, 22 February 2013

Christer Lindqvist
Chief Executive Officer

This report has not been reviewed 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 qualified Competent Person as defined in the internationally recognised 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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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – SUMMARY

<i>Amounts in SEK</i>	Note	2012	2011	2012	2011
		Oct – Dec	Oct – Dec	Jan – Dec	Jan – Dec
Other external expenses	2	-3,005,301	-3,210,036	-14,087,619	-5,780,996
Personnel expenses		-1,529,662	-770,336	-5,117,993	-1,795,567
Depreciation/amortisation and impairment of property, plant and equipment and intangible fixed assets		-25,346	-22,622	-94,250	-32,757
Operating profit/loss		-4,560,309	-4,002,994	-19,299,862	-7,609,320
Financial income		62,688	191,146	211,280	197,426
Financial expense		-591,840	-8,048	-2,789,664	-8,048
Net financial income/expense		-529,152	183,098	-2,578,384	189,378
Profit/loss after financial income and expense		-5,089,461	-3,819,896	-21,878,246	-7,419,942
PROFIT/LOSS FOR THE PERIOD		-5,089,461	-3,819,896	-21,878,246	-7,419,942
OTHER COMPREHENSIVE INCOME		-	-	-	-
Total comprehensive income for the period		-5,089,461	-3,819,896	-21,878,246	-7,419,942
Attributable to:					
Parent Company shareholders		-5,089,461	-3,819,896	-21,878,246	-7,419,942
TOTAL		-5,089,461	-3,819,896	-21,878,246	-7,419,942
No. of shares					
No. shares at year-end		7,784,000	7,784,000	11,492,738	7,784,000
Average no. shares (basic)		9,920,556	7,784,000	8,312,368	7,595,233
Average no. shares (diluted)		9,920,556	7,784,000	8,312,368	7,595,233
Earnings per share					
Earnings per share, weighted average, basic, SEK		-0.51	-0.49	-2.63	-0.98
Earnings per share, weighted average, diluted, SEK		-0.51	-0.49	-2.63	-0.98

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – SUMMARY

<i>Amounts in SEK</i>	Note	31/12/2012	31/12/2011
Assets			
Non-current assets			
Intangible assets		59,629,766	33,693,042
Property, plant and equipment		212,365	207,515
Financial assets		77,840	76,782
Current assets			
Other current assets		2,348,600	1,327,005
Cash and cash equivalents		18,925,577	729,728
Total assets		81,194,148	36,034,072
Equity and liabilities			
Equity		70,922,543	30,140,243
Current liabilities	1, 2	10,271,605	5,893,829
Total equity and liabilities		81,194,148	36,034,072

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

<i>Amounts in SEK</i>	Note	Share capital	Other contributed capital	Profit/loss brought forward, inc. profit/loss for the period	Total equity
Opening equity 01/01/2012		1,349,928	32,191,370	-3,401,055	30,140,243
New share issue		643,182	62,017,364 ¹		62,660,546
Comprehensive income for the period				-21,878,246	-21,878,246
CLOSING EQUITY 31/12/2012		1,993,110	94,208,734	-25,279,301	70,922,543
Opening equity 01/01/2011		890,356	11,255,317	4,018,887	16,164,560
Comprehensive income for the period				-7,419,942	-7,419,942
Option premium			410,000		410,000
New share issue		459,572	20,526,053		20,985,625
CLOSING EQUITY 31/12/2011		1,349,928	32,191,370	-3,401,055	30,140,243

¹ After deduction of issue costs 388 000 SEK.

CONSOLIDATED CASH FLOW STATEMENT – SUMMARY

<i>Amounts in SEK</i>	Note	2012 Jan–Dec	2011 Jan–Dec
Operating activities			
Profit/loss for the period		-21,878,246	-7,419,942
Adjustment for items not included in the cash flow		285,105	21,589
Cash flow from operating activities before changes in working capital		-21,593,141	-7,398,353
Cash flow from changes in working capital			
Change in working capital		-1,021,595	-843,746
Change in operating liabilities		4,377,776	3,811,811
Cash flow from operating activities		-18,236,960	-4,430,288
Cash flow from investing activities		-26,227,737	-16,973,208
Cash flow from financing activities	1	62,660,546	21,395,625
Cash flow for the year		18,195,849	-7,871
Opening cash and cash equivalents		729,728	737,599
CLOSING CASH AND CASH EQUIVALENTS		18,925,577	729,728

PARENT COMPANY INCOME STATEMENT – SUMMARY

<i>Amounts in SEK</i>	Note	2012 Oct–Dec	2011 Oct–Dec	2012 Jan–Dec	2011 Jan–Dec
Other external expenses	2	-3,004,133	-3,210,033	-14,086,451	-5,780,994
Personnel expenses		-1,529,662	-770,336	-5,117,993	-1,795,567
Depreciation of property, plant and equipment and intangible fixed assets		-25,346	-22,622	-94,250	-32,757
Operating profit/loss		-4,559,141	-4,002,991	-19,298,694	-7,609,318
Other interest income and similar profit/loss items		62,253	190,978	210,845	197,258
Interest expense and similar profit/loss items		-591,840	-3,048	-2,789,664	-3,048
PROFIT/LOSS FOR THE PERIOD		-5,088,728	-3,815,061	-21,877,513	-7,415,108

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-5,088,728	-3,815,061	-21,877,513	-7,415,108
Attributable to:				
Parent Company shareholders	-5,088,728	-3,815,061	-21,877,513	-7,415,108
TOTAL	-5,088,728	-3,815,061	-21,877,513	-7,415,108

PARENT COMPANY BALANCE SHEET – SUMMARY

<i>Amounts in SEK</i>	Note	31/12/2012	31/12/2011
Assets			
Non-current assets			
Intangible assets		59,629,766	33,693,041
Property, plant and equipment		212,365	207,515
Financial assets		31,058	30,604
Shares in subsidiaries		50,000	50,000
Current assets			
Other current assets		2,348,600	1,327,006
Cash and cash equivalents		18,927,925	730,739
Total assets		81,199,714	36,038,905
Equity and liabilities			
Equity		70,928,110	30,145,077
Current liabilities	1, 2	10,271,604	5,893,828
Total equity and liabilities		81,199,714	36,038,905

Pledged assets and contingent liabilities

<i>Amounts in SEK</i>	Note	31/12/2012	31/12/2011
Deposit under the Minerals Act, Swedish Mining Inspectorate		31,058	30,604
Rent guarantee		45,600	45,600
Contingent liabilities		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 report, see the interim report for January – March 2012, pages 11–17.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Loans

During the year, the Company secured financing amounting to just over SEK 60 million through a loan with mandatory conversion. The entire loan, including calculated accrued interest, was converted into equity at the beginning of November at the conversion rate of SEK 17 per share.

Note 2 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, Kopparberg Mineral AB invoiced SEK 255 thousand in fees and expenditure. Nordic Iron Ore has a receivable from Kopparberg Mineral AB which amounted to SEK 38 thousand at 31 December 2012.

Note 3 Key ratios (Group)

<i>Amounts in SEK</i>	2012 Oct–Dec	2011 Oct–Dec	2012 Jan–Dec	2011 Jan–Dec
The Group				
Equity/assets ratio, %	87.35%	83.64%	87.35%	83.64%
Earnings per share, weighted average, basic, SEK	-0.51	-0.49	-2.63	-0.98
Earnings per share, weighted average, diluted, SEK	-0.51	-0.49	-2.63	-0.98
Equity per share	6.17	3.87	6.17	3.87
Quick ratio (%)	207.12%	22.51%	34.9%	34.90%
No. shares at year-end	11,492,738	7,784,000	11,492,738	7,784,000
Average no. shares (basic)	9,920,556	7,784,000	8,312,368	7,595,233
Average no. shares (diluted)	9,920,556	7,784,000	8,312,368	7,595,233

Key ratio definitions

Equity/assets ratio:	Equity as a per cent of the balance sheet 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.