

Year-end report January – December 2013

Significant events during the fourth quarter of 2013

- The Company will receive a loan from Inlandsinnovation AB
- Two of the founders sold parts of the holding to their owners and the number of shareholders in NIO thus increased to 1,751 in total.
- The main proceedings for an environmental permit for the operations in Blötberget and Håksberg were conducted

Fourth quarter, 1 October – 31 December 2013

- Income amounted to SEK 0 million (0)
- Earnings after tax were SEK -3.7 million (-5.1)
- Investments during the period October – December amounted to SEK 4.3 million (11.9)
- Earnings per share, basic, were SEK -0.33 (-0.51)

Full-year period 1 January – 31 December 2013

- Income amounted to SEK 0 million (0)
- Earnings after tax were SEK -15.8 million (-21.9)
- Investments during the period January – December amounted to SEK 14.4 million (26.2)
- Earnings per share, basic, were SEK -1.38 (-2.63)
- Cash and cash equivalents at 31 December 2013 amounted to SEK 6.0 million (18.9)

Significant events after the end of the period

- Published evaluation of prospecting results for Blötberget indicated greater mineral resources, to 38 million tonnes in the classes known and indicated as well as 22 million tonnes in the class inferred.
- The main proceedings at the Land and Environment Court for the application for an environmental permit were concluded.

CEO's comments

Work on preparations for the necessary permits has continued during the period. The main proceedings at the Land and Environment Court were initiated in October and concluded recently. The detailed development plan process has continued in parallel, which means that we expect to have all the necessary permits ready after the summer for a possible restart of mining operations in both Blötberget and Håksberg.

The work on the project study for Blötberget is ongoing and an important part of this work includes the important process tests which have just started and which will form the basis of the customer contacts and for optimising the structure of the enrichment process.

Generally financial investors have become very selective in the choice of investment objects within the raw material sector. Investors have gradually gained greater understanding of which critical conditions result in successful iron ore projects, which is among other things an asset for functioning rail and port logistics in a country with low political risk.

Our projects fulfil these conditions in a unique way, which puts Ludvika Mines on top of the list of projects which can be implemented. The support from society for Ludvika Mines through planned

infrastructure investments in rail and by the participation of Inlandsinnovation as a financier of the company increases the prerequisites for the implementation of our project.

However, the largest challenge for small mining companies is funding and the problems for a number of Scandinavian mining projects have contributed to increasing the scepticism of investors. Therefore, we aim to establish a financially stable ownership circle before the company is listed. We consider this as being decisive for the company's opportunities of attracting the desired investment funding within the upcoming 12 month period. The company now has more than 1,700 shareholders and is well-prepared for a market quotation, but the Board is of the opinion that currently it is not in the interest of the company and its shareholders to conduct a quotation of the company's shares.

Christer Lindqvist, CEO Nordic Iron Ore

The operations

Significant events during the period

Raising of capital

During the fourth quarter, the company received a loan of SEK 10 million from the state-owned venture capital company Inlandsinnovation AB as a first important step in the funding of the feasibility study's completion.

Project studies

Mineral resources

During the period, work continued on the feasibility study with a focus on quality assurance and development of mineral resources within the licence area in Blötberget.

Process development

Procurement of the procedural technique studies was completed during the period and TATA Steel Consultants were appointed as the company's procedural technique consultants for the tests at GTK in Finland which commenced at the start of February.

Logistics

During the period the Swedish Transport Administration and the company initiated planning of the delivery railway station in Skeppmora and related signal installations in the switchboard plant in Ställdalen.

Permit

In order to conduct hazardous operations, a permit is required from the Land and Environment Court (MMD) in accordance with the rules in the Environmental Code. The main proceedings for the company's application for Blötberget and Håksberg were initiated during the period and concluded at the start of February.

In parallel to the processing of the company's application in MMD, the process on preparing detailed development plans for the industrial areas has been ongoing, which is expected to be completed in the latter part of 2014. Thereafter the company will have the important permits which are required for restart of the mining operations in Blötberget and Håksberg.

Events after the reporting period

A new estimate of the company's mineral resources in Blötberget was published in February 2014. The new estimates are based on the afore-mentioned development work and entail that indicated and inferred mineral resources in Blötberget now amount to 11 million tonnes with 35% iron and 27 million tonnes with 45% iron, while inferred resources amount to 22 million tonnes with 33% iron. This equates to an increase in total tonnage by approximately 50% and 31% more iron content compared to the estimate in the most recent annual report.

In February the concluding negotiations on the company's application for an environmental permit at the Land and Environment Court in Nacka were conducted. The judgment will be communicated on 20 March.

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 1751 in number.

Financial position

The Group had a cash balance of SEK 6,004 thousand at the balance sheet date. The equity/assets ratio was 67.6 %. Consolidated equity was SEK 55,112 thousand, equalling SEK 4.80 per share.

In the first half of 2014, the Company intends to raise capital to fund the completion of the definitive feasibility study for Blötberget and the process plant. Thereafter the decision will be made regarding investment in the concentrator and mining equipment, which will require a substantial amount of additional capital.

Investments

During the period January – December 2013, investments amounted to SEK 14,360 thousand, of which SEK 13,948 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, including analyses. Investments in equipment amounted to SEK 412 thousand.

Employees

An average of seven people was employed at the Company during the period.

Financial calendar

The AGM will be held on 22 May 2014 in Ludvika.

Interim report January – March 2014: 22 May 2014

Interim report January – June 2014: 22 August 2014

Interim report January – September 2014: 21 November 2014

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 2013 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 2013.

Stockholm, 20 February 2014

Board of Directors of Nordic Iron Ore AB (publ) reg. nr 556756-0940

Göran Ekdahl

Anders Bengtsson

Jonas Bengtsson

Johnas Jansson

Lars-Göran Ohlsson

Tomas Olofsson

Per Storm

Christer Lindqvist

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.

For further information, please contact:

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STATEMENT OF COMPREHENSIVE INCOME

		2013	2012	2013	2012
<i>Amounts in SEK</i>	Not	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Other external costs	2	-1 818 661	-3 005 301	-8 693 276	-14 087 619
Employee benefit expenses		-1 245 901	-1 529 662	-4 749 980	-5 117 993
Depreciation and impairment of property, plant and equipment and intangible assets		-34 776	-25 346	-125 304	-94 250
Operation loss		-3 099 338	-4 560 309	-13 568 560	-19 299 862
Financial income		3 046	62 688	37 112	211 280
Financial expenses		-641 193	-591 840	-2 278 583	-2 789 664
Net financial loss		-638 147	-529 152	-2 241 471	-2 578 384
Loss after financial items		-3 737 485	-5 089 461	-15 810 031	-21 878 246
Loss for the period		-3 737 485	-5 089 461	-15 810 031	-21 878 246
Other comprehensive income		-	-	-	-
Total Other comprehensive income		-3 737 485	-5 089 461	-15 810 031	-21 878 246
Relating to:					
The parent company's shareholders		-3 737 485	-5 089 461	-15 810 031	-21 878 246
TOTAL		-3 737 485	-5 089 461	-15 810 031	-21 878 246
Number of shares					
Number of shares at the end of the period		11 492 738	11 492 738	11 492 738	11 492 738
Average number of shares (before dilution)		11 492 738	9 920 556	11 492 738	8 312 368
Average number of shares (after dilution)		11 492 738	9 920 556	11 492 738	8 312 368
Result per share					
Average numbers of shares (before dilution)		-0,33	-0,51	-1,38	-2,63
Average numbers of shares (after dilution)		-0,33	-0,51	-1,38	-2,63

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in SEK</i>	Not	2013-12-31	2012-12-31
Assets			
Fixed assets			
Intangible assets		73 578 099	59 629 766
Tangible fixed assets		499 075	212 365
Financial assets		78 404	77 840
Current assets			
Other current assets		1 361 968	2 348 600
Liquid assets		6 004 854	18 925 577
Total assets		81 522 400	81 194 148
Equity and liabilities			
Equity			
		55 112 512	70 922 543
Non-current liabilities		10 151 666	-
Current liabilities	1, 2	16 258 222	10 271 605
Total Equity and liabilities		81 522 400	81 194 148

Pledged assets and contingent liabilities

<i>Amounts in SEK</i>	Not	2013-12-31	2012-12-31
Deposition		31 216	31 058
Rental guarantee		45 600	45 600

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Amounts in SEK</i>	Not	Share capital	Share premium reserve	Retained earnings	Total equity
Balance on Jan 1, 2012		1 349 928	33 191 370	-3 401 055	31 140 243
Result for the period				-21 878 246	-21 878 246
New rights issue		643 182	62 405 364		63 048 546
Cost new rights issue			-388 000		-388 000
Balance on Dec 31, 2012		1 993 110	95 208 734	-25 279 301	71 922 543
Balance on Jan 1, 2013		1 993 110	94 208 734	-25 279 301	70 922 543
Result for the year				-15 810 031	-15 810 031
Balance on Dec 31, 2013		1 993 110	94 208 734	-41 089 332	55 112 512

CONSOLIDATED CASH FLOW STATEMENT

<i>Amounts in SEK</i>	Not	2013 July - Sept	2012 Jan - Dec
Operating activities			
Result for the period		-15 810 031	-21 878 246
Adjustments for non-cash items		1 008 162	285 105
Cash flow from operating activities before working capital changes		-14 801 869	-21 593 141
Cash flow from working capital changes			
Change in receivables		986 632	-1 021 595
Change in payables		-4 944 571	4 377 776
Cash flow from operating activities		-18 759 808	-18 236 960
Cash flow from investing activities		-14 360 915	-26 227 737
Cash flow from financing activities	1	20 200 000	62 660 546
Cash flow for the period		-12 920 723	18 195 849
Cash at the beginning of the period		18 925 577	729 728
Cash at the end of the period		6 004 854	18 925 577

STATEMENT OF COMPREHENSIVE INCOME OF PARENT COMPANY

<i>Amounts in SEK</i>	Not	2013 Oct - Dec	2012 Oct - Dec	2013 Jan - Dec	2012 Jan - Dec
Other external costs	2	-1 817 412	-3 004 133	-8 691 787	-14 086 451
Employee benefit expenses		-1 245 901	-1 529 662	-4 749 980	-5 117 993
Depreciation and impairment of property, plant and equipment and intangible assets		-34 776	-25 346	-125 304	-94 250
Operating loss		-3 098 089	-4 559 141	-13 567 071	-19 298 694
Other interest income and similar profit items		2 992	62 253	37 058	210 845
Interest expense and similar loss items		-641 193	-591 840	-2 278 583	-2 789 664
RESULT FOR THE PERIOD		-3 736 290	-5 088 728	-15 808 596	-21 877 513
Parent company's report of total comprehensive result					
Other comprehensive result		-	-	-	-
Total comprehensive result for the year		-3 736 290	-5 088 728	-15 808 596	-21 877 513
Relating to:					
The parent company's shareholders		-3 736 290	-5 088 728	-15 808 596	-21 877 513
Total		-3 736 290	-5 088 728	-15 808 596	-21 877 513

PARENT COMPANY BALANCE SHEET

<i>Amounts in SEK</i>	Not	2013-12-31	2012-12-31
Assets			
Fixed assets			
Intangible assets		73 578 099	59 629 766
Tangible fixed assets		499 075	212 365
Financial assets		78 404	31 058
Shares in subsidiary		50 000	50 000
Current assets			
Other current assets		1 361 968	2 348 600
Liquid assets		5 961 617	18 927 925
Total assets		81 529 163	81 199 714
Equity and liabilities			
Equity			
		55 119 274	70 928 110
Non-current liabilities		10 151 666	-
Current liabilities	1, 2	16 258 223	10 271 604
Total Equity and liabilities		81 529 163	81 199 714

Pledged assets and contingent liabilities

<i>Amounts in SEK</i>	Not	2013-12-31	2012-12-31
Deposition		31 216	31 058
Rental guarantee		45 600	45 600

ACCOUNTING POLICIES

The Group

This report is prepared in accordance with IAS 34 Interim Financial Reporting and according to the Financial Reporting Board's recommendation RFR 1 and the parent company, RFR 2. The same accounting policies and methods of computation applied in the most recent interim report. For a more detailed description of the accounting policies applied by the Group and the parent company of this report, see the Annual Report for 2012.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Loan

The company has secured financing amounting to SEK 10.2 million through a loan with mandatory conversion. The entire loan including estimated accrued interest will be converted to equity by December 31, 2014.

Since the conversion price is not fixed, the loan in accordance with applicable accounting rules are not reported as equity, even though no refund will be necessary. The Company's financial position and also the cash flow is significantly affected by this report.

The Company has also granted loans of 10 million by Inlandsinnovation AB.

Note 2 Related parties

Related parties are considered subsidiaries in the group, the members of the Board, senior executives and family members of these persons.

During the reporting period Kopparberg Mineral AB billed 292 thousand in fees and expenses. Nordic Iron Ore debt to Kopparberg Mineral AB was on 31 December 2013 to 13 thousand and to Bengtssons Tidnings AB 2 997 thousand.

Note 3 Key ratio (The Group)

<i>Amounts in SEK</i>	2013 Oct - Dec	2012 Oct - Dec	2013 Jan - Dec	2012 Jan - Dec
The Group				
Equity ratio (%)	67,60%	87,35%	67,60%	87,35%
Result per share	-0,33	-0,51	-1,38	-2,63
Equity per share	4,80	6,17	4,80	6,17
Liquid ratio	45,31%	207,12%	45,31%	207,12%
Numbers of shares (before dilution)	11 492 738	11 492 738	11 492 738	11 492 738
Average numbers of shares (before dilution)	11 492 738	9 920 556	11 492 738	8 312 368
Average numbers of shares (after dilution)	11 492 738	9 920 556	11 492 738	8 312 368

Definition of key ratio

Equity ratio:	Equity as a percentage of total assets.
Result per share:	Profit after tax divided by the weighted average number of shares.
Equity per share:	Shareholders' equity divided by the number of shares on balance sheet date.
Liquid ratio:	Current assets excluding inventories divided by current liabilities.