

Q4



Year-end Report January – December 2014

Significant events during the fourth quarter 2014

- Test enrichment on a pilot scale of about 20 tonnes of crude ore from Blötberget by GTK in Finland revealed very good enrichment properties.
- In order to safeguard the Company's ability to ride out the very weak economic cycle for iron ore, it was decided to initially complete only the most essential parts of the feasibility study.
- Convertible loans were converted to shares via an offset issue. Liabilities of SEK 13,617,500 were thereby converted to equity capital and 666,875 new shares were issued.

Fourth quarter, 1 October – 31 December 2014

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -3.1 million (-3.7)
- Investments during the period October – December totalled SEK 14.5 million (4.3)
- Basic earnings per share were SEK -0.23 (-0.33)

The whole year, 1 January – 31 December 2014

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -22.5 million (-15.8)
- Investments during the period January – December totalled SEK 29.8 million (14.4)
- Basic earnings per share were SEK -1.88 (-1.38)
- Cash and cash equivalents on 31 December 2014 amounted to SEK 19.7 million (6,0)

Significant events after the period end

- The results of test enrichment on a pilot scale of crude ore from Blötberget were announced. The tests show that NIO will be able to produce a concentrate with a single iron content of approximately 70%.

Key ratios (Group)

Amount in SEK	2014 Oct–Dec	2013 Oct–Dec	2014 Jan–Dec	2013 Jan–Dec
The Group				
Equity/assets ratio (%)	81.60%	67.60%	81.60%	67.60%
Earnings per share (weighted average)	-0.23	-0.33	-1.88	-1.38
Equity per share	6.82	4.80	6.82	4.80
Quick ratio (%)	208.07%	45.31%	208.07%	45.31%
No. of shares	14,510,712	11,492,738	14,510,712	11,492,738

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 CEO

Successful tests and a difficult market situation

The market for iron ore continues to be under pressure. This is due mainly to the oversupply of low-grade iron ore, mainly from Australia, which continues to affect prices. In December Northland went bankrupt, which is naturally most unfortunate, mainly for the local community, which has had high expectations of the growth and security that a mining project normally brings. The absence of prospects for further operation of the mine also demonstrates how important logistics are for an iron ore project.

Northland is not alone, however; for example, many high-cost mines in West Africa, Australia and Canada, which produce products that have a low iron content, have been forced to close and by and large all iron ore projects in West Africa and Canada are on hold. These projects are characterised by very large capital requirements for investments in logistical solutions for transporting the ore to a port. In the prevailing situation only cost-effective projects with low investment costs will be able to attract financing.

One of the biggest comparative advantages that our project has is simple and effective logistics, with a rail link from the mining area to a functioning bulk port in Oxelösund – an advantage that is hard to beat. The second advantage, as the pilot tests in Finland show, is the high product quality that is obtainable with a simple process flow. This results in lower enrichment costs than we had previously anticipated.

The cost of the mine is our biggest single expense, although even here we can see that our earlier calculations continue to hold.

Work on the feasibility study continues apace in those parts of it that are most important for future investors.

I can also note that the current strengthening of the dollar and an expectation of low energy costs are improving the relative competitiveness of our project. There is even a reduction in the geographical disadvantage we face in relation to the Asian

markets, since the shipping costs are expected to be low, which partly makes up for the lower price of iron ore.

The prevailing market situation is very challenging; nevertheless, we believe there may be interest on the part of financiers in what is probably one of the world's best iron ore projects under way. The difference from previous booms is that investors are now generally more careful when evaluating mining projects, and this favours our well-defined project in Blötberget.



Christer Lindqvist
CEO Nordic Iron Ore

Significant events during the period

Raising of capital

The directed share issue and rights issue were completed and the convertible loan issued in the previous year was converted to shares via an offset issue.

Newly issued shares from the issues were registered, resulting in an increase in the number of shares to 14,510,712 and in the share capital to SEK 2,516,497.

Mineral resources

During the period a supplementary drilling programme was completed in Blötberget, comprising a total of 7,200 drilled metres. The result, which supplements the geological database, point to an increase in the available tonnage of iron mineralisations in the concession area in Blötberget.

Mine development

During the period the Company commenced the mine planning, and the project organisation has been enlarged with expertise in mine and production planning.

Process development

The iron mineralisations of the Blötberget mine have different compositions regarding the percentages of magnetite and haematite as well as the quantity of phosphorus. In order to determine the optimum concentration method and guarantee the most effective choice of process equipment, bench-scale tests (so-called variance tests) as well as test enrichment on a pilot scale of approximately 20 tonnes of iron ore from Blötberget have been carried out by Geologian Tutkimuskeskus (GTK) in Finland during the period.

The results of the tests exceeded expectations – they show that Nordic Iron Ore will be able to produce products with an iron content of approximately 70%. In connection with the test enrichment, about 8 tonnes of iron ore concentrate was produced, which will be used in 2015 in tests by potential customers.

Logistics

The project design work on the rail terminal at Skeppmora, under the supervision of the Swedish Transport Administration, continued and is expected to be completed in February. The evaluations of bids received for the rail shipments has continued.

Permits

The detailed development plans for the industrial sites in Blötberget and Håksberg were approved by Ludvika Municipality at the end of December 2014. However, an appeal was made against the plans for Blötberget, which meant that the decision had no legal force.

Share and ownership structure

At the end of the period the share capital amounted to SEK 2,516,497, divided between 14,510,712 shares, with a quota value of SEK 0.17 per share. The number of shareholders totalled 1,805.

Financial position

On the balance sheet date the Group had a liquidity of SEK 19.7 million. The equity/assets ratio was 81.60%. The Group's equity amounted to SEK 98.9 million, corresponding to SEK 6.82 per share.

Investments

During the period January – December investments totalled SEK 29,775,000. The entire amount relates to prospecting resources and investigation work for the planned resumption of mining operations in Blötberget.

Employees

On average, eight people were employed by the Company during the period.

Financial calendar

The AGM will be held on 22 May.
Interim report January – March 2015: 22 May 2015
Interim report January – June 2015: 21 August 2015
Interim report January – September 2015: 19 November 2015
Year-end report for the 2015 financial year: February 2016

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

No events of significance for the business have occurred since the end of the period.

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 2014 will be published in week 18.

Dividend

The Board of Directors recommends to the Annual General Meeting that no dividend be paid for the 2014 financial year.

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 2015

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

Göran Ekdahl

Jonas Bengtsson

Sigrun Hjelmquist

Johnas Jansson

Lars-Göran Ohlsson

Christer Lindqvist

This report has not been reviewed by the auditors.

The technical source material has been reviewed by the Company's independent qualified person, mining engineer Thomas Lindholm, GeoVista AB, Luleå. Lindholm is a Competent Person as defined in the internationally recognized 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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Consolidated statement of comprehensive income - summary

Amounts in SEK	Note	2014	2013	2014	2014
		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Other external costs		-1 081 888	-1 818 661	-7 740 574	-8 693 276
Personnel expenses		-1 429 427	-1 245 901	-5 801 586	-4 749 980
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-34 777	-34 776	-4 985 456	-125 304
Operation profit/loss		-2 546 092	-3 099 338	-18 527 616	-13 568 560
Financial income		79	3 046	5 573	37 112
Financial expenses		-530 797	-641 193	-4 010 488	-2 278 583
Net financial income/expense		-530 718	-638 147	-4 004 915	-2 241 471
Profit/loss after financial income and expense		-3 076 810	-3 737 485	-22 532 531	-15 810 031
PROFIT/LOSS FOR THE PERIOD		-3 076 810	-3 737 485	-22 532 531	-15 810 031
OTHER COMPREHENSIVE INCOME		-	-	-	-
Total comprehensive income for the period		-3 076 810	-3 737 485	-22 532 531	-15 810 031
Attributable to:					
Parent company shareholders		-3 076 810	-3 737 485	-22 532 531	-15 810 031
TOTAL		-3 076 810	-3 737 485	-22 532 531	-15 810 031
Number of shares					
Number of shares at year-end		14 510 712	11 492 738	14 510 712	11 492 738
Average no. of shares (before dilution)		13 492 291	11 492 738	11 996 735	11 492 738
Average no. of shares (after dilution)		13 492 291	11 492 738	11 996 735	11 492 738
Earnings per share					
Earnings per share, weighted average before dilution, SEK		-0,23	-0,33	-1,88	-1,38
Earnings per share, weighted average after dilution, SEK		-0,23	-0,33	-1,88	-1,38

Consolidated statement of financial position

- summary

Amounts in SEK	Note	31/12/2014	31/12/2013
Assets			
Non-current assets			
Intangible assets		98 506 839	73 578 099
Property, plant and equipment		359 964	499 075
Financial assets		31 642	78 404
Current assets			
Other current assets		2 645 685	1 361 968
Cash and cash equivalents		19 711 267	6 004 854
Total assets		121 255 397	81 522 400
Equity and liabilities			
Equity		98 939 678	55 112 512
Non-current liabilities		11 571 111	10 151 666
Current liabilities	1,2	10 744 608	16 258 222
Total Equity and liabilities		121 255 397	81 522 400
Pledged assets and contingent liabilities			
Amounts in SEK	Note	31/12/2014	31/12/2013
Deposit in accordance with the Swedish Mineral Act, Bergsstaten		31 642	31 216
Rental guarantee		0	45 600

Consolidated statement of change in equity

Amounts in SEK	Note	Share capital	Other contributed capital	Profit/loss brought forward, incl. profit/loss for the period	Total equity
Opening equity 01/01/2014		1 993 110	94 208 734	-41 089 332	55 112 512
Comprehensive income for the period				-22 532 531	-22 532 531
New share issued		523 387	71 871 587		72 394 974
Transaction costs			-6 035 277		-6 035 277
CLOSING EQUITY 31/12/2014		2 516 497	160 045 044	-63 621 863	98 939 678
Opening equity 01/01/2013		1 993 110	94 208 734	-25 279 301	70 922 543
Comprehensive income for the period				-15 810 031	-15 810 031
CLOSING EQUITY 31/12/2013		1 993 110	94 208 734	-41 089 332	55 112 512

Consolidated cash flow statement - summary

	2014	2013	
Amounts in SEK	Note	Jan - Dec	Jan-Dec
Operating activities			
Profit/loss for the period		-22 532 531	-15 810 031
Adjustments for items not included in the cash flow		5 032 223	1 008 162
Cash flow from operating activities before changes in working capital		-17 500 308	-14 801 869
Cash flow from changes in working capital			
Change in working capital		-1 283 717	986 632
Change in operating liabilities		4 889 374	-4 944 571
Cash flow from operating activities		-13 894 651	-18 759 808
Cash flow from investment activities			
		-29 775 090	-14 360 915
Cash flow from financing activities			
		57 376 154	20 200 000
Cash flow for the year		13 706 413	-12 920 723
Opening cash and cash equivalents		6 004 854	18 925 577
CLOSING CASH AND CASH EQUIVALENTS		19 711 267	6 004 854

Parent Company Income statement - summary

Amounts in SEK	Note	2014	2013	2013	2013
		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Other external costs	2	-1 081 888	-1 817 412	-7 740 574	-8 691 787
Personnel expenses		-1 429 427	-1 245 901	-5 801 586	-4 749 980
Depreciation of property, plant and equipment and intangible fixed assets		-34 777	-34 776	-4 985 456	-125 304
Operating profit/loss		-2 546 092	-3 098 089	-18 527 616	-13 567 071
Other interest income and similar profit/loss items		79	2 992	5 573	37 058
Interest expense and similar profit/loss items		-530 797	-641 193	-4 010 488	-2 278 583
PROFIT/LOSS FOR THE PERIOD		-3 076 810	-3 736 290	-22 532 531	-15 808 596
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME					
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-3 076 810	-3 736 290	-22 532 531	-15 808 596
Attributable to:					
Parent Company shareholders		-3 076 810	-3 736 290	-22 532 531	-15 808 596

Parent Company Balance sheet - summary

Amounts in SEK	Note	31/12/2014	31/12/2013
Assets			
Non-current assets			
Intangible assets		98 506 839	73 578 099
Property, plant and equipment		359 964	499 075
Financial assets		31 642	78 404
Shares in subsidiaries		50 000	50 000
Current assets			
Other current assets		2 645 685	1 361 968
Cash and cash equivalents		19 668 029	5 961 617
Total assets		121 262 159	81 529 163
Equity and liabilities			
Equity		98 946 440	55 119 274
Non-current liabilities		11 571 111	10 151 666
Current liabilities		10 744 608	16 258 223
Total Equity and liabilities		121 262 159	81 529 163
Pledged assets and contingent liabilities			
Amounts in SEK	Note	31/12/2014	31/12/2013
Deposit in accordance with the Swedish Mineral Act, Bergsstaten		31 642	31 216
Rental guarantee		0	45 600

Accounting policies

The Group

This interim report was prepared in accordance with IAS 34 Interim Financial Statements and in accordance with RFR 1 or 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 2013.

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.

During the reporting period, Kopparberg Mineral AB invoiced SEK 317,000 in fees and expenditures. Nordic Iron Ore's liability amounted to SEK 153 000 to Kopparberg Mineral AB as of 31 December 2014.

Note 2 Key ratios (Group)

Amounts in SEK	2014 Oct - Dec	2013 Oct - Dec	2014 Jan - Dec	2013 Jan - Dec
The Group				
Equity ratio (%)	81,60%	67,60%	81,60%	67,60%
Earnings per share	-0,23	-0,33	-1,88	-1,38
Equity per share	6,82	4,80	6,82	4,80
Quick ratio (%)	208,07%	45,31%	208,07%	45,31%
No. of shares	14 510 712	11 492 738	14 510 712	11 492 738
Weighted average no. of shares before dilution	13 492 291	11 492 738	11 996 735	11 492 738
Weighted average no. of shares after dilution	13 492 291	11 492 738	11 996 735	11 492 738

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.