

Q4



Year-end Report January – December 2017

Significant events during the fourth quarter 2017

- The Mining Inspectorate granted the mining concession for the South Väsman Field
- A draft report was presented on the mine design

Fourth quarter, 1 October – 31 December 2017

- Net income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -2.0 million (-1.9)
- Investments during the period October – December totalled SEK 1.2 million (0.7)
- Basic earnings per share were SEK -0.02 (-0.05)

The whole year, 1 January – 31 December 2017

- Net income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -9.1 million (-8.7)
- Investments during the period January – December totalled SEK 8.8 million (4.1)
- Basic earnings per share were SEK -0.09 (-0.24)
- Cash and cash equivalents on 31 December 2017 amounted to SEK 2.4 million (1.0)

Significant events after the end of the period

- There are no significant events after the end of the period to report.

Key ratios (Group)

Amount in SEK	2017	2016	2017	2016
	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Equity ratio (%)	84.95%	85.19%	84.95%	85.19%
Earnings per share	-0.02	-0.05	-0.09	-0.24
Equity per share	0.97	2.68	0.97	2.68
Quick ratio (%)	14.96%	62.50%	14.96%	62.50%

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

Mine Design and provisional “reserves” defined

During the fourth quarter we completed the mine design and have the preliminary (non JORC compliant) mineable reserves of 35Mt. The final mineable reserves will be confirmed towards the end of the feasibility study when the final specifications of the equipment have been made and the quotations completed. The production schedule will be detailed during the early New Year so that the detailed specifications for the process plant can be calculated. The production schedule will also confirm the output from the mine and the product specifications. This will reinforce the credibility of our calculations and estimations for revenues to be received during the life of mine.

Nordic Iron Ore's application for a mining concession relating to iron ore resources in the southern parts of Lake Väsman has been granted by the Mining Inspectorate. The decision is an important step in Nordic Iron Ore's preparatory work for the resumption of iron ore production in the Ludvika mines. This supports NIO's plans for a 3 Phase development of the resources in the Ludvika locality and allows NIO to progress to the next step expansion of the mineable resources in the region.

The first of the EU sponsored research programmes that NIO is a member of, Smart Exploration; formally started on December 1st 2017 after the application for EUR 5.4M was granted. The project is headed by Uppsala University and NIO joins 27 other partners, including Ludvika Kommun, as part of the Horizon 2020 programme. NIO is hosting a venue where advanced exploration equipment and techniques will be demonstrated. This work will ultimately provide NIO and its staff with training in advanced exploration techniques and access to data that will be highly advantageous to the (re)development of its mines.

The second project, Leading Edge exploration is a complimentary exploration programme using alternative equipment and should provide a wider range of information over the local region. This project has been granted funding and is expected to start in May 2018.

The Markets

The markets for iron have continued to surprise many of the analysts by remaining relatively high in recent months, largely above \$70/t for the IODEX 62%Fe ores. However what is clearly happening now, driven largely by China's recent

policy to reduce industrial emissions and pollution across the country, is that there is a “disconnect” between the low quality iron ores (i.e. <63%Fe) and those iron ores above 65%Fe. This is clearly demonstrated by the rise in the premiums paid for the higher quality ores as China and the rest of Asia close mines and steelworks that produce or use lower quality ores and coals. The net outcome of this is reflected by the increase in the indices for 65%Fe ores, which currently suggests that there is a premium of between \$4-6/tonne/1%Fe content. This means that according to the indices NIO products (average 69%Fe) could command a \$24-42/t premium over standard ores delivered into China.

The policies of China would support this premium being maintained at a relatively high level for some years, as it is clear that there are very few high quality iron ore mines in the development pipeline, reflecting a strong opportunity for NIO to take advantage.

Whilst there has been little in the way of interest from investors in iron ore projects in recent years, there is little doubt that the market is beginning to awaken and there are some signs that investors may be prepared to return to the high quality iron ore sector.

Paul Marsden

Managing Director, Nordic Iron Ore AB (publ)



Operations

Significant events during the period

FS Study and Process development

Work on mine design is largely concluded and the production planning is entering the final stages and should be concluded in January, ahead of the final stages of specification of the equipment and construction required and obtaining the quotations from suppliers to populate the economic models. A “provisional” (non JORC compliant) mineable reserve was defined at 35Mt.

Mining concession for South Väsman

In December the mining Inspectorate approved NIO:s application for a mining concession for the South Väsman Field.

Approval for the financing of the “Smart Exploration” study.

The EU sponsored Smart Exploration study officially commenced on December 1st 2017 with the project kick-off meeting in mid-January 2018 at Uppsala University.

Share and ownership structure

At the end of the period the share capital amounted to SEK 19 013 563 divided between 109 636 650 shares, with a quota value of SEK 0.17 per share. The number of shareholders totalled 3 461.

Financial position

On the balance sheet date the Group had a liquidity of SEK 2.4million. The equity/assets ratio was 84.95%. The Group’s equity amounted to SEK 106.3 million, corresponding to SEK 0.97 per share.

Investments

During the period January – December 2017 investments totalled MSEK 8.8. The entire amount relates to prospecting resources and investigation work for the planned resumption of mining operations in Blötberget.

Employees

On average, three people were employed by the Company during the period and four were engaged on a consultancy basis.

Financial calendar

The AGM will be held on 22 May.

Interim report January – March 2018: 22 May 2018

Interim report January – June 2018: 22 August 2018

Interim report January – September 2018: 22 November 2018

Year-end report for the 2018 financial year: February 2019

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

There are no significant events after the end of the period to report.

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 2017 will be published in week 17.

Dividend

The Board of Directors recommends to the Annual General Meeting that no dividend be paid for the 2017 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, 13 February 2018

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

Jonas Bengtsson

Anders Bengtsson

Johnas Jansson

Tomas Olofsson
Chairman

Paul Marsden
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

Amounts in SEK	Note	2017	2016	2017	2016
		Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Net revenue		0	0	0	0
Other operating income		0	100 000	0	100 000
Total operating income		0	100 000	0	100 000
Other external costs		-1 521 427	-1 495 564	-6 923 417	-6 718 941
Personnel expenses		-169 020	-169 623	-798 546	-600 965
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-21 764	-25 022	-89 017	-119 199
Operation profit/loss		-1 712 211	-1 590 209	-7 810 980	-7 239 105
Financial income		39 558	4 607	142 041	5 417
Financial expenses		-357 934	-374 658	-1 455 281	-1 395 802
Net financial income/expense		-318 376	-370 051	-1 313 240	-1 390 385
Profit/loss after financial income and expense		-2 030 587	-1 960 260	-9 124 220	-8 629 490
PROFIT/LOSS FOR THE PERIOD		-2 030 587	-1 960 260	-9 124 220	-8 629 490
OTHER COMPREHENSIVE INCOME		-	-	-	-
Total comprehensive income for the period		-2 030 587	-1 960 260	-9 124 220	-8 629 490
Attributable to:					
Parent company shareholders		-2 030 587	-1 960 260	-9 124 220	-8 729 490
TOTAL		-2 030 587	-1 960 260	-9 124 220	-8 729 490
Number of shares					
Number of shares at year-end		109 636 650	36 545 550	109 636 650	36 545 550
Average no. of shares (before dilution)		109 636 650	36 545 550	98 665 604	36 467 429
Average no. of shares (after dilution)		109 636 650	36 545 550	98 665 604	36 467 429
Earnings per share					
Earnings per share, weighted average before dilution, SEK		-0,02	-0,05	-0,09	-0,24
Earnings per share, weighted average after dilution, SEK		-0,02	-0,05	-0,09	-0,24

Consolidated statement of financial position - summary

Amounts in SEK	Note	31/12/2017	31/12/2016
Assets			
Non-current assets			
Intangible assets		122 214 772	113 365 759
Property, plant and equipment		12 639	101 655
Financial assets		31 204	31 360
Current assets			
Other current assets		442 948	675 855
Cash and cash equivalents		2 372 958	969 979
Total assets		125 074 521	115 144 608
Equity and liabilities			
Equity		106 247 325	98 097 325
Non-current liabilities			
		0	14 413 889
Current liabilities	1	18 827 196	2 633 394
Total Equity and liabilities		125 074 521	115 144 608

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 01/01/2017		6 337 854	176 610 003	-84 850 532	98 097 325
Comprehensive income for the period				-9 124 220	-9 124 220
New share issued		12 675 709	5 597 066		18 272 775
Transaction costs			-998 555		-998 555
CLOSING EQUITY 31/12/2017		19 013 563	181 208 514	-93 928 852	106 293 225
Opening equity 01/01/2016		6 337 854	176 621 884	-76 121 042	106 838 696
Comprehensive income for the period				-8 729 490	-8 729 490
Transaction costs			-11 881		-11 881
CLOSING EQUITY 31/12/2016		6 337 854	176 610 003	-84 850 532	98 097 325

Consolidated cash flow statement - summary

Amounts in SEK	Note	2017	2016	2017	2016
		Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Operating activities					
Profit/loss for the period		-2 030 587	-1 960 260	-9 124 220	-8 729 490
Adjustments for items not included in the cash flow		21 919	25 152	89 172	119 402
Cash flow from operating activities before changes in working capital		-2 008 668	-1 935 108	-9 035 048	-8 610 088
Cash flow from changes in working capital					
Change in working capital		613 835	48 089	232 907	-16 351
Change in operating liabilities		-646 281	605 455	1 779 913	47 347
Cash flow from operating activities		-2 041 114	-1 281 564	-7 022 228	-8 579 092
Cash flow from investment activities		-1 245 292	-694 406	-8 849 013	-4 146 528
Cash flow from financing activities		0	1 000 000	17 274 220	1 000 000
Cash flow for the year		-3 286 406	-975 970	1 402 979	-11 725 620
Opening cash and cash equivalents		5 659 364	1 945 949	969 979	12 695 599
CLOSING CASH AND CASH EQUIVALENTS		2 372 958	969 979	2 372 958	969 979

Parent Company Income statement - summary

Amounts in SEK	Note	2017	2016	2017	2016
		Oct - Dec	Oct - Dec	Jan - Dec	Jan- Dec
Net revenue		0	0	0	0
Other operating income		0	100 000	0	100 000
Total operating income		0	100 000	0	100 000
Other external costs		-1 521 427	-1 495 564	-6 923 417	-6 718 942
Personnel expenses		-169 020	-169 623	-798 546	-600 965
Depreciation of property, plant and equipment and intangible fixed assets		-21 764	-25 022	-89 017	-119 199
Operating profit/loss		-1 712 211	-1 590 209	-7 810 980	-7 339 106
Other interest income and similar profit/loss items		39 558	4 607	142 041	5 417
Interest expense and similar profit/loss items		-357 934	-374 658	-1 455 281	-1 395 801
PROFIT/LOSS FOR THE PERIOD		-2 030 587	-1 960 260	-9 124 220	-8 729 490
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME					
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-2 030 587	-1 960 260	-9 124 220	-8 729 490

Parent Company Balance sheet - summary

Amounts in SEK	Note	31/12/2017	31/12/2016
Assets			
Non-current assets			
Intangible assets		122 214 772	113 365 759
Property, plant and equipment		12 639	101 655
Financial assets		31 204	31 360
Shares in subsidiaries		50 000	50 000
Currens assets			
Other current assets		442 948	675 854
Cash and cash equivalents		2 329 721	926 742
Total assets		125 081 284	115 151 370
Equity and liabilities			
Equity		106 254 088	98 104 088
Non-current liabilities		0	14 413 889
Current liabilities		18 827 196	2 633 393
Total Equity and liabilities		125 081 284	115 151 370

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 2016.

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. There were no related party transactions during the period.

Note 2 Key ratios (Group)

Amount in SEK	2017	2016	2017	2016
	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Equity ratio (%)	84,95%	85,19%	84,95%	85,19%
Earnings per share	-0,02	-0,05	-0,09	-0,24
Equity per share	0,97	2,68	0,97	2,68
Quick ratio (%)	14,96%	62,50%	14,96%	62,50%
No. of shares	109 636 650	36 545 550	109 636 650	36 545 550
Weighted average no. of shares before dilution	109 636 650	36 545 550	98 665 604	36 545 550
Weighted average no. of shares after dilution	109 635 650	36 545 550	98 665 604	36 545 550

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.