

Q4



Year-end Report January – December 2015

Significant events during the fourth quarter 2015

- The company received SEK 18.9 million before issue costs from a rights issue.
- Short term loans from four owners were converted to shares via an offset issue. Liabilities of SEK 3,112,500 were thereby converted to equity capital and the same numbers of new shares were issued.
- Additional test enrichment on a pilot scale of about 10 tonnes of crude ore from Blötberget initiated at SGA in Germany.

Fourth quarter, 1 October – 31 December 2015

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -2.2 million (-3.1)
- Investments during the period October – December totalled SEK 1.3 million (14.5)
- Basic earnings per share were SEK -0.12 (-0.23)

The whole year, 1 January – 31 December 2015

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -12.9 million (-22.5)
- Investments during the period January – December totalled SEK 10.7 million (29.8)
- Basic earnings per share were SEK -0.79 (-1.88)
- Cash and cash equivalents on 31 December 2015 amounted to SEK 12.7 million (19.7)

Significant events after the end of the period

- The issues were registered and the share capital thereafter amount to SEK 6,337,854 and the number of outstanding shares to 36,545,550.

Key ratios (Group)

Amounts in SEK	2015 Oct - Dec	2014 Oct - Dec	2015 Jan - Dec	2014 Jan - Dec
Equity ratio (%)	86.98%	81.60%	86.98%	81.6%
Earnings per share	-0.12	-0.23	-0.79	-1.88
Equity per share	3.29	6.82	3.29	6.82
Quick ratio (%)	445.54%	208.07%	445.54%	208.07%
No. of shares	32 460 954	14 510 712	32 460 954	14 510 712

Nordic Iron Ore AB is a mining development company that aims to resume and develop iron ore production at Ludvika Mines in Blötberget and Häksberg. 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

Successful capitalisation and start of important test work in a challenging market situation

I am pleased to see that the rights issue was well received and brought in SEK 18.9 million before issue cost. This was very important as it not only secures the financing for the ongoing process tests, but also secures the survival of the project well into 2017. A sound cash position and strong owners are crucial for any mining project and especially so in today's very uncertain market.

We are still waiting for Bergsstaten to process the granting of a mining concession for Väsman Syd. When granted this will provide a significant value adding second phase development which is attractive for long term strategic investors with visions to develop NIO into a successful medium sized iron ore producer.

Looking forward we will focus on the completion of the technical and commercial components of the feasibility study. This is important, and adds significant value to NIO, as it decreases the risks and confirms the economics.

Completion of the feasibility study is expected to attract attention from potential and strategic investors. Completion of the study requires additional financial/strategic resources, which is a prioritised focus for the board and management the coming months.

The iron ore price has been clearly falling, driven by oversupply of base iron ores grades and by the general economic situation, not only in China, but elsewhere in the world. The intention, clearly, of the lower cost and larger iron ore producers is to drive out (high cost) competition from the market place and regain full control of the vast majority of traded iron ore in the world. Once additional supply is removed from the market the big three or four producers can slowly restrict supply and prices will, once again, rise towards more sustainable levels. Re-starting some of the larger operations that have closed, in recent times, will be difficult and expensive; as well as requiring a justified confidence in a long term sustainable price for basic iron ore of more than double the current levels.

However it should be recognised that the natural resources sector is undergoing a typical cyclical pattern, where global commodities such as iron ore and oil are experiencing particularly sharp and deep falls. Historically such steep falls have brought about even quicker steep rises from the low base levels. Many analysts are beginning to believe values will start to rise in late 2016.

For these reasons NIO is determined to keep advancing the project by optimising the processes and design of plant and equipment, using energy efficient processes and advanced control systems. During this development phase and the near term potential construction phase, there are also circumstances that NIO can take advantage of, such as low costs of equipment and services. A good timing in a cyclical business has significant impact on the value creation. We have reasons to maintain an optimistic view on NIO's potentials to develop as a high quality niche iron ore producer.



Paul Marsden

Managing Director, Nordic Iron Ore AB (publ)



Operations

Significant events during the period

Raising of capital

An extraordinary general meeting of shareholders decided upon a rights issue of up to 21.7 million shares. The issue raised SEK 18.9 million before issue costs.

Four shareholders accepted to have their bridge loans, amounting to a total of SEK 3.1 million, converted into the same number of shares in a set-off issue.

The new shares from the issues were registered with Euroclear in January 2016.

Process development

Earlier processing testwork of the iron mineralisation of Blötberget mine have identified variable composition with respect to the percentages of magnetite and haematite contained in the feed to the process plant. Recent work carried out for the Interim Technical Report (ITR) has calculated this ration of Mag:Hem year by year; so it was decided to test a sample replicating the average ratio contained in the feed ore for the first 5-6 years production. Consequently approximately 10 tonnes of crude iron ore from Blötberget is undergoing metallurgical testing at Studiengesellschaft für Eisenenergieaufbereitung GmbH & Co (SGA) and Weir Minerals in Germany.

Whilst pilot-scale testing in 2014 produced high quality products from these two iron bearing minerals, up to 70%Fe from magnetite and 66% Fe from hematite it was clear that there was also considerable potential to improve the recovery of iron to the hematite concentrate by optimising concentration method and identifying the most effective choice of process equipment. Improved recovery and optimisation of the process will improve the economics and reduce project risks.

Board of Directors

NIO's Chairman Göran Ekdahl died on December 9, 2015. The Board appointed among themselves Sigrun Hjelmqvist as chairman until the AGM 24 May 2016.

Share and ownership structure

At the end of the period the share capital amounted to SEK 5,629,490 divided between 32,460,954 shares (plus 4,084,596 shares paid and subscribed for but not registered), with a quota value of SEK 0.17 per share. The number of shareholders totalled 3,519.

Financial position

On the balance sheet date the Group had a liquidity of SEK 12.7 million. The equity/assets ratio was 86.98%. The Group's equity amounted to SEK 106.8 million, corresponding to SEK 3.39 per share.

Investments

During the period January – December investments totalled MSEK 10.7. The entire amount relates to prospecting resources and investigation work for the planned resumption of mining operations in Blötberget.

Employees

On average, two 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 24 May.

Interim report January – March 2016: 24 May 2016

Interim report January – June 2016: 19 August 2016

Interim report January – September 2016: 17 November 2016

Year-end report for the 2016 financial year: February 2017

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

Newly issued shares from the issues were registered, resulting in an increase in the number of shares to 36,545,550 and in the share capital to SEK 6,337,854.

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 2015 will be published in week 17.

Dividend

The Board of Directors recommends to the Annual General Meeting that no dividend be paid for the 2015 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, 18 February 2016

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

Jonas Bengtsson

Sigrun Hjelmquist

Johnas Jansson

Ryan Huff

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	2015	2014	2015	2014
		Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Revenue		0	0	0	0
Other operating income		100 000	0	100 000	0
Total operating income		100 000	0	100 000	0
Other external costs		-1 415 153	-1 081 888	-6 869 229	-7 740 574
Personnel expenses		-515 548	-1 429 427	-4 163 830	-5 801 586
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-34 778	-34 777	-170 154	-4 985 456
Operation profit/loss		-1 865 479	-2 546 092	-11 103 213	-18 527 616
Financial income		203	79	638	5 573
Financial expenses		-348 696	-530 797	-1 806 604	-4 010 488
Net financial income/expense		-348 493	-530 718	-1 805 966	-4 004 915
Profit/loss after financial income and expense		-2 213 972	-3 076 810	-12 909 179	-22 532 531
PROFIT/LOSS FOR THE PERIOD		-2 213 972	-3 076 810	-12 909 179	-22 532 531
OTHER COMPREHENSIVE INCOME		-	-	-	-
Total comprehensive income for the period		-2 213 972	-3 076 810	-12 909 179	-22 532 531
Attributable to:					
Parent company shareholders		-2 213 972	-3 076 810	-12 909 179	-22 532 531
TOTAL		-2 213 972	-3 076 810	-12 909 179	-22 532 531
Number of shares					
Number of shares at year-end		32 460 954	14 510 712	32 460 954	14 510 712
Average no. of shares (before dilution)		18 412 939	13 492 291	16 289 394	11 996 735
Average no. of shares (after dilution)		18 412 939	13 492 291	16 289 394	11 996 735
Earnings per share					
Earnings per share, weighted average before dilution, SEK		-0.12	-0.23	-0.79	-1.88
Earnings per share, weighted average after dilution, SEK		-0.12	-0.23	-0.79	-1.88

Consolidated statement of financial position

- summary

Amounts in SEK	Note	31/12/2015	31/12/2014
Assets			
Non-current assets			
Intangible assets		109 219 231	98 506 839
Property, plant and equipment		220 854	359 964
Financial assets		31 564	31 642
Current assets			
Other current assets		659 503	2 645 685
Cash and cash equivalents		12 695 599	19 711 267
Total assets		122 826 751	121 255 397
Equity and liabilities			
Equity		106 838 696	98 939 678
Non-current liabilities			
		12 990 556	11 571 111
Current liabilities	1	2 997 499	10 744 608
Total Equity and liabilities		122 826 751	121 255 397
Contingent liabilities			
		None	None

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 01/01/2015		2 516 497	159 635 044	-63 211 863	98 939 678
Comprehensive income for the period				-12 909 179	-12 909 179
Unregistered share capital		708 364	3 376 232		4 084 596
New share issued		3 112 993	14 837 250		17 950 243
Transaction costs			-1 226 642		-1 226 642
CLOSING EQUITY 31/12/2015		6 337 854	176 621 884	-76 121 042	106 838 696
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
Not utilized option premium			-410 000	410 000	0
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	159 635 044	-63 211 863	98 939 678

Consolidated cash flow statement - summary

		2015	2014	2015	2014
Amounts in SEK	Note	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Operating activities					
Profit/loss for the period		-2 213 972	-3 076 810	-12 909 179	-22 532 531
Adjustments for items not included in the cash flow		34 832	-2 181 733	170 154	5 032 223
Cash flow from operating activities before changes in working capital		-2 179 140	-5 258 543	-12 739 025	-17 500 308
Cash flow from changes in working capital					
Change in working capital		83 204	-482 251	1 986 260	-1 283 717
Change in operating liabilities		2 589 255	-3 256 521	-3 101 006	4 889 374
Cash flow from operating activities		493 319	-8 997 315	-13 853 771	-13 894 651
Cash flow from investment activities					
		-1 275 801	-14 441 758	-10 743 436	-29 775 090
Cash flow from financing activities					
		12 331 538	43 043 624	17 581 539	57 376 154
Cash flow for the year					
		11 549 056	19 604 551	-7 015 668	13 706 413
Opening cash and cash equivalents		1 146 543	106 716	19 711 267	6 004 854
CLOSING CASH AND CASH EQUIVALENTS		12 695 599	19 711 267	12 695 599	19 711 267

Parent Company Income statement - summary

		2015	2014	2015	2014
Amounts in SEK	Note	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Revenue					
Other operating income		100 000		100 000	
Total operating income		100 000	0	100 000	0
Other external costs					
Other external costs	1	-1 415 153	-1 081 888	-6 869 229	-7 740 574
Personnel expenses		-515 548	-1 429 427	-4 163 830	-5 801 586
Depreciation of property, plant and equipment and intangible fixed assets		-34 778	-34 777	-170 154	-4 985 456
Operating profit/loss		-1 865 479	-2 546 092	-11 103 213	-18 527 616
Other interest income and similar profit/loss items					
Other interest income and similar profit/loss items		203	79	638	5 573
Interest expense and similar profit/loss items		-348 696	-530 797	-1 806 604	-4 010 488
PROFIT/LOSS FOR THE PERIOD		-2 213 972	-3 076 810	-12 909 179	-22 532 531
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME					
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-2 213 972	-3 076 810	-12 909 179	-22 532 531

Parent Company Balance sheet - summary

Amounts in SEK	Note	31/12/2015	31/12/2014
Assets			
Non-current assets			
Intangible assets		109 219 231	98 506 839
Property, plant and equipment		220 854	359 964
Financial assets		31 564	31 642
Shares in subsidiaries		50 000	50 000
Current assets			
Other current assets		659 503	2 645 685
Cash and cash equivalents		12 652 362	19 668 029
Total assets		122 833 514	121 262 159
Equity and liabilities			
Equity			
		106 845 458	98 946 440
Non-current liabilities			
		12 990 556	11 571 111
Current liabilities			
		2 997 500	10 744 608
Total Equity and liabilities		122 833 514	121 262 159
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, see the annual report of 2014.

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, Copperstone Resources AB invoiced SEK 210, 534 in fees and expenditures. Nordic Iron Ore's liability amounted to SEK 0 to Copperstone Resources AB as of 31 December 2015. Nordic Iron Ore's liability amounted to SEK 0 to Bengtssons Tidnings Aktiebolag as of 31 December 2015.

Note 2 Key ratios (Group)

Amounts in SEK	2015 Oct - Dec	2014 Oct - Dec	2015 Jan - Dec	2014 Jan - Dec
The Group				
Equity ratio (%)	86.98%	81.60%	86.98%	81.6%
Earnings per share	-0.12	-0.23	-0.79	-1.88
Equity per share	3.29	6.82	3.29	6.82
Quick ratio (%)	445.54%	208.07%	445.54%	208.07%
No. of shares	32 460 954	14 510 712	32 460 954	14 510 712
Weighted average no. Of shares before dilution	18 412 939	13 492 291	16 289 394	11 996 735
Weighted average no. Of shares after dilution	18 412 939	13 492 291	16 289 394	11 996 735

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.