

Q4



Year-end Report January – December 2018

Significant events during the fourth quarter 2018

- Work on the feasibility study continued at an intensive pace.
- The company's share started trading on Nasdaq First North on 1 October 2018.

Fourth quarter, 1 October – 31 December 2018

- Net income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -2.7 million (-2.0)
- Investments during the period October – December totalled SEK 6.6 million (1.2)
- Basic earnings per share were SEK -0.13 (-0.02)

The whole year, 1 January – 31 December 2018

- Net income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -10.2 million (-9.1)
- Investments during the period January – December totalled SEK 14.9 million (8.8)
- Basic earnings per share were SEK -0.67 (-0.09)
- Cash and cash equivalents on 31 December 2018 amounted to SEK 9.1 million (2.4)

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	2018	2017	2018	2017
	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Equity ratio (%)	92.75%	84.95%	92.75%	84.95%
Earnings per share	-0.13	-0.02	-0.67	-0.09
Equity per share	6.86	0.97	6.86	0.97
Quick ratio (%)	311.28%	14.96%	311.28%	14.96%

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 and to develop the intermediate Väsman iron field. The Company has all the necessary permits in place for the mine in Blötberget and will be able to produce iron ore of extremely high quality from significant mineral resources.

Comments from the Managing Director

Intense work on the feasibility study and positive development of the market.

And so, the last quarter was over and we can summarize 2018. It has been an eventful year for Nordic Iron Ore: the financial situation strengthened through a new share issue and a conversion of the financial debt; the number of shareholders increased sharply through a dividend from one of our owners, and to give the owners the opportunity to trade in the share, it was listed on Nasdaq First North. Prior to the listing, reversed split of the shares was made and the board was expanded with one person. The final phase of the work on the feasibility study for Blötberget began at mid-year, and this work dominated the activities during the last quarter.

Iron Ore Market

The development on the market has been favourable and corroborated our strategy to produce a very high-grade product. The premium for high grade products has stabilised at a higher level and also the price of standard products has been relatively stable.

The falls in the iron ore prices towards the end of 2018 were a bit of a correction, but as expected, the rebound started quickly and the iron ore price is steadily rising on the basis of the long-term demands, from China, stockpiling. This has seen the main bulk IODEX62%Fe climb back to around \$76/t and the higher quality 65%Fe indices has climbed back to around \$90/t. This is about the levels expected for 2019 by some of the analysts. The differential between the standard 62%Fe and the premium for the 65%IODEX has slipped quite a bit and the differential has fallen to around \$5/t/1%Fe, close to half the peak. This is more in line with the anticipated average over the medium to longer term.

The development of the price difference between the two indexes during 2018 is presented below. The diagram ends before the tragic events at a Brazilian iron ore mine which made the price of iron ore jump significantly, at least temporarily.

IODEX 62% Fe to 65% Fe outright USD spreads



Source: S & P Global, Platts

Whilst there has been some pressure on the iron ore futures for high grade, the domestic market for >66%Fe iron ore has been strengthening in China has response to the economic stimulus packages introduced by the government.

Thus, the long-term outlook for the natural market still looks positive for NIO despite recent corrections.

Project development

Our project Ludvika Mines consist of three parts: two are brownfield sites where we will restart operations, and for which we have all necessary permits in place, but the most exciting part of the project is the southern continuation of the Håksberg mineralisation under lake Väsman which we call the Väsman Field. It was to a large extent the magnetic field map over this area that attracted me when I first looked at the project eight years ago, and I know I am not the only one.

It is therefore very pleasing that we are getting external assistance in exploring the area. During 2019 the EU-sponsored research project Smart Exploration will test modern exploration techniques not only around Blötberget but also on the Väsman Field.

Blötberget, where we are approaching start of construction is a good first phase of the project – much is already in place since previous operations and the mine is in proximity to the planned industrial facilities next to the railway line. It will be exciting to see the finished feasibility study for the mine, but its greatest merit is as a catalyst for the development of the Väsman Field.

2019 will be a decisive year, not only for the development of the Blötberget mine itself, but will lay the foundation for the entire project Ludvika Mines. It is my hope that the upcoming fundraising activities for the development of Blötberget will give us sufficient resources to also speed up the development program for the Väsman Field. We will, however, not lose focus – now the work on Blötberget will move from preparation to implementation.

Lennart Eliasson

Managing Director, Nordic Iron Ore AB (publ)

Operations

Significant events during the period

FS Study and Process development

Work on the feasibility study continued at an intensive pace during the entire period and is expected to be completed during the first half of 2019. The work which is conducted under the leadership of Golder, a mining consultancy company, includes specialist experts in all areas of mine development and economics.

During this last quarter, alternatives for underground logistics and hoisting of ore were evaluated; equipment was specified in preparation of requests for tenders from manufacturers and service providers, as well as details of the lay-out and location of surface infrastructure simulated. Suitable time cycles for railway logistics between mine and port were also analysed as well as detailed evaluation of the equipment and costs needed by NIO, the Port and the logistics providers. The work will continue this year.

Geotechnical investigations were carried out for the industrial area and for the planned location of the new mine entry tunnel, and the measurements and recordings of ground water levels and testing of surface water continued.

The status of the old BS shaft was investigated using a film camera down to 480 m depth and proved to be in good shape.

Discussions were held with relevant departments of Ludvika municipality regarding, inter alia, the access road to the industrial area, connection to water and sewage system and other infrastructure.

Other

The company's share started trading on Nasdaq First North on 1 October 2018.

Share and ownership structure

At the end of the period the share capital amounted to SEK 34 528 213 divided between 19 909 775 shares, with a quota value of SEK 0.17 per share.

The number of shareholders totalled 9 054.

Financial position

On the balance sheet date, the Group had a liquidity of SEK 9.2 million. The equity/assets ratio was 92.75%. The Group's equity amounted to SEK 136.7 million, corresponding to SEK 6.86 per share.

Investments

During the period January – December 2018 investments totalled MSEK 14.9. The entire amount relates to prospecting resources and investigation work for the planned resumption of mining operations in Blötberget.

Employees

On average, four 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 22 May.

Interim report January – March 2019: 22 May 2019

Interim report January – June 2019: 22 August 2019

Interim report January – September 2019: 22 November 2019

Year-end report for the 2019 financial year: February 2020

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 2018 will be published in week 17.

Dividend

The Board of Directors recommends to the Annual General Meeting that no dividend be paid for the 2018 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, 22 February 2019

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

Jonas Bengtsson

Gösta Bergman

Michael Mattsson

Tomas Olofsson
Chairman

Lennart Eliasson
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:

Lennart Eliasson
Telephone: +46 70 640 5177
E-mail: lennart.eliasson@nordicironore.se

Consolidated statement of comprehensive income – summary

Amounts in SEK	Note	2018	2017	2018	2017
		Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Net revenue		0	0	0	0
Other operating income		0	0	0	0
Total operating income		0	0	0	0
Other external costs		-1 654 355	-1 521 427	-6 981 753	-6 923 417
Personnel expenses		-902 586	-169 020	-2 203 855	-798 546
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-155	-21 764	-12 794	-89 017
Operation profit/loss		-2 557 096	-1 712 211	-9 198 402	-7 810 980
Financial income		0	39 558	0	142 041
Financial expenses		-103 299	-357 934	-965 543	-1 455 281
Net financial income/expense		-103 299	-318 376	-965 543	-1 313 240
Profit/loss after financial income and expense		-2 660 395	-2 030 587	-10 163 945	-9 124 220
PROFIT/LOSS FOR THE PERIOD		-2 660 395	-2 030 587	-10 163 945	-9 124 220
OTHER COMPREHENSIVE INCOME		-	-	-	-
Total comprehensive income for the period		-2 660 395	-2 030 587	-10 163 945	-9 124 220
Attributable to:					
Parent company shareholders		-2 660 395	-2 030 587	-10 163 945	-9 124 220
TOTAL		-2 660 395	-2 030 587	-10 163 945	-9 124 220
Number of shares					
Number of shares at year-end		19 909 775	10 963 665	19 909 775	10 963 665
Average no. of shares (before dilution)		19 909 775	10 963 665	15 238 299	9 866 560
Average no. of shares (after dilution)		19 989 677	10 963 665	15 282 738	9 866 560
Earnings per share					
Earnings per share, weighted average before dilution, SEK		-0,13	-0,02	-0,67	-0,09
Earnings per share, weighted average after dilution, SEK		-0,13	-0,02	-0,67	-0,09

Consolidated statement of financial position - summary

Amounts in SEK	Note	31/12/2018	31/12/2017
Assets			
Non-current assets			
Intangible assets		137 098 564	122 214 772
Property, plant and equipment		0	12 639
Financial assets		31 048	31 204
Current assets			
Other current assets		1 055 351	442 948
Cash and cash equivalents		9 152 854	2 372 958
Total assets		147 337 817	125 074 521
Equity and liabilities			
Equity		136 651 510	106 247 325
Non-current liabilities			
		7 406 845	0
Current liabilities	1	3 279 462	18 827 196
Total Equity and liabilities		147 337 817	125 074 521

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 01/01/2018		19 013 563	181 208 514	-93 974 752	106 247 325
Comprehensive income for the period				-10 163 945	-10 163 945
New share issued		15 514 650	29 106 910		44 621 560
Transaction costs			-4 053 430		-4 053 430
CLOSING EQUITY 31/12/2018		34 528 213	206 261 994	-104 138 697	136 651 510
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	-93 974 752	106 247 325

Consolidated cash flow statement - summary

Amounts in SEK	Note	2018	2017	2018	2017
		Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Operating activities					
Profit/loss for the period		-2 660 395	-2 030 587	-10 163 945	-9 124 220
Adjustments for items not included in the cash flow		155	21 919	12 794	89 172
Cash flow from operating activities before changes in working capital		-2 660 240	-2 008 668	-10 151 151	-9 035 048
Cash flow from changes in working capital					
Change in working capital		-199 657	613 835	-612 403	232 907
Change in operating liabilities		-2 592 638	-646 281	-833 614	1 779 913
Cash flow from operating activities		-5 452 535	-2 041 114	-11 597 168	-7 022 228
Cash flow from investment activities		-6 567 055	-1 245 292	-14 883 792	-8 849 013
Cash flow from financing activities		0	0	33 260 856	17 274 220
Cash flow for the year		-12 019 590	-3 286 406	6 779 896	1 402 979
Opening cash and cash equivalents		21 172 444	5 659 364	2 372 958	969 979
CLOSING CASH AND CASH EQUIVALENTS		9 152 854	2 372 958	9 152 854	2 372 958

Parent Company Income statement - summary

		2018	2017	2018	2017
<i>Amounts in SEK</i>	Note	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Net revenue		0	0	0	0
Other operating income		0	0	0	0
Total operating income		0	0	0	0
Other external costs		-1 654 355	-1 521 427	-6 981 753	-6 923 417
Personnel expenses		-902 586	-169 020	-2 203 855	-798 546
Depreciation of property, plant and equipment and intangible fixed assets		-155	-21 764	-12 794	-89 017
Operating profit/loss		-2 557 096	-1 712 211	-9 198 402	-7 810 980
Other interest income and similar profit/loss items		0	39 558	0	142 041
Interest expense and similar profit/loss items		-103 299	-357 934	-965 543	-1 455 281
PROFIT/LOSS FOR THE PERIOD		-2 660 395	-2 030 587	-10 163 945	-9 124 220
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME					
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-2 660 395	-2 030 587	-10 163 945	-9 124 220
Attributable to:					
Parent Company shareholders		-2 660 395	-2 030 587	-10 163 945	-9 124 220
TOTAL		-2 660 395	-2 030 587	-10 163 945	-9 124 220

Parent Company Balance sheet - summary

Amounts in SEK	Note	31/12/2018	31/12/2017
Assets			
Non-current assets			
Intangible assets		137 098 564	122 214 772
Property, plant and equipment		0	12 639
Financial assets		31 048	31 204
Shares in subsidiaries		50 000	50 000
Currens assets			
Other current assets		1 055 351	442 948
Cash and cash equivalents		9 109 617	2 329 721
Total assets		147 344 580	125 081 284
Equity and liabilities			
Equity		136 658 272	106 254 088
Non-current liabilities		7 406 845	0
Current liabilities		3 279 463	18 827 196
Total Equity and liabilities		147 344 580	125 081 284

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 2017.

IFRS Leases

IFRS 16 will replace IAS 17. IFRS 16 shall start for financial years beginning January 1, 2019 or later. On the transition to IFRS 16 on January 1, 2019, the company has used a modified retroactive method, which means that the financial year 2018 is not recalculated. The lease liability is the sum of the present value of all future fees until the lease expires. The simplification rule has been applied at the transition.

According to the new standard, lessees must report the obligation to pay leasing fees as a leasing debt in the balance sheet. The right to use the underlying asset during the leasing period is reported as an asset. Depreciation of the asset is recognized in profit or loss as well as an interest on the lease debt. Leasing fees paid are reported partly as interest payment and partly as amortization of the lease debt.

The estimated opening balance of the leasing debt and the utilization rights amount to approximately SEK 4 million for existing leasing agreements. The largest asset class is lease.

In the parent company, the exception in RFR 2 regarding leasing agreements will be applied. This means that the parent company's policies for accounting of leasing will be unchanged.

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.

During the year, the company borrowed MSEK 3.7 from Ludvika Holding AB, of which a total of MSEK 2.6, including accrued interest, was repaid. The remaining amount was set off against payment for new capital issues. The company borrowed MSEK 3.7 from Bengtssons Tidnings AB, of which a total of MSEK 2.3, including interest, has been repaid. The remaining amount has been set off against payment for new capital issues.

Note 2 Key ratios (Group)

Amount in SEK	2018	2017	2018	2017
	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Equity ratio (%)	92.75%	84.95%	92.75%	84.95%
Earnings per share	-0.13	-0.02	-0.67	-0.09
Equity per share	6.86	0.97	6.86	0.97
Quick ratio (%)	311.28%	14.96%	311.28%	14.96%
No. of shares	19 909 775	10 963 665	19 909 775	10 963 665
Weighted average no. of shares before dilution	19 909 775	10 963 665	15 238 299	9 866 560
Weighted average no. of shares after dilution	19 989 677	10 963 665	15 282 738	9 866 560

Key ratio definitions

<i>Equity/assets ratio:</i>	<i>Equity as a per cent of the balance total.</i>
<i>Earnings per share:</i>	<i>profit/loss after tax in relation to the weighted average number of shares.</i>
<i>Equity per share:</i>	<i>Equity in relation to the number of shares on the balance sheet date.</i>
<i>Quick ratio:</i>	<i>Current assets excluding stock in relation to current liabilities.</i>

This press release contains information that Nordic Iron Ore AB (publ) is required to disclose under the EU Market Abuse Regulation. The information was publicised by a press release on the 22 February 2019 at 15.00.

Nordic Iron Ore's shares and warrants are listed at Nasdaq First North Stockholm. Wildecos is the company's Certified Adviser at Nasdaq First North.