

Q2



Interim Report January – June 2020

Significant events during the second quarter 2020

- Whittle Consulting is retained to perform an optimisation study of the Blötberget project.
- The outstanding loan was converted into 885 834 new shares in the company.

Second quarter, 1 April – 30 June 2020

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK –2.0 million (–2.8)
- Investments in the period April–June totalled SEK 0.4 million (3.4)
- Basic earnings per share were SEK –0.07 (–0.14)

Interim period, 1 January – 30 June 2020

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK –4.6 million (–5.3)
- Investments in the period January–June totalled SEK 0.8 million (8.8)
- Basic earnings per share were SEK –0.15 (–0.27)
- Cash and cash equivalents on 30 June 2020 amounted to SEK 5.8 million (5.4)

Significant events after the end of the period

- To strengthen the financial position a short-term loan amounting to SEK 5m was raised.

Key ratios (Group)

<i>Amount in SEK</i>	2020 April - June	2019 April - June	2020 Jan - June	2019 Jan - June	2019 Jan - Dec
Equity ratio (%)	95,60%	84,56%	95,60%	84,56%	88,85%
Earnings per share	-0,07	-0,14	-0,15	-0,27	-0,55
Equity per share	4,87	6,61	4,87	6,61	4,93
Quick ratio (%)	134,15%	50,04%	134,15%	50,04%	90,42%
No. of shares	31 255 304	19 978 194	31 255 304	19 978 194	29 969 470
Weighted average no. of shares before dilution	30 564 159	19 913 534	30 436 045	19 911 665	20 191 563

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

A more in-depth evaluation of the project in Blöberget and the market continues to look promising, despite the pandemic

Project work

The most important event in the quarter was the commissioning of an optimisation study from Whittle Consulting. The study is based on a feasibility study and simulates alternative ways of adapting operations and the design of the facility. The aim is to maximise the financial return on the project and to provide important input to the design and dimensioning of the facilities that are to be procured.

Whittle has retained mining engineering consultants Mining Plus to evaluate mine planning, as part of the study. One of the findings of their work is that they assess that it will be possible to achieve approximately an equal yield from mining via a combination of two different mining methods that are normally considered to be more cost effective than the method that has been assumed in the feasibility study. This is an alternative that ought to be evaluated in more detail before a final decision is taken on choice of mining method. One of the two methods include of so-called back-fill, that enables us to reduce the visible environmental impact of the mine by returning parts of the tailings below ground instead of depositing them on the tailings area. Unfortunately, this technique is not included in the description of mining activities in our environment permit, and we would therefore need to apply for a change to the permit; however, an evaluation of alternative solutions for the tailings must first be completed. Management of tailings from mines has attracted greater interest following accidents in Brazil, and we therefore wish to evaluate alternative solutions before we commit ourselves to the design described in our environment permit. Already our current plan is a mine with significantly lower environment footprint than that our environment permit allows for; however, the mining industry is undergoing rapid development and we wish to evaluate potential opportunities for further improvements before we start construction.

We remain in contact with potential suppliers albeit without any face to face meetings. This work is continuing in the third quarter and has already resulted in a number of interesting proposals and tenders.

Work on the control programme has continued in dialogue with the County Administrative Board and the municipality and the programme for drinking water analyses has been approved. Discussions regarding compensation areas will continue after the summer. Analysis and measurements of the surface water continues. Agreements have been reached with a number of property owners within the impact area for automatic level readings of their wells.

Covid-19

Activities that require meetings in person have been postponed for the time being and employed personnel have been working reduced hours since May in accordance with the rules on furloughing.

Financing

The outstanding loan was converted in June and the company became debt-free. To ensure access to working capital on completion of the optimisation study, the company took out a short-term loan of SEK 5 million after the end of the period. The loan falls due for payment on 28 February next year.

Market

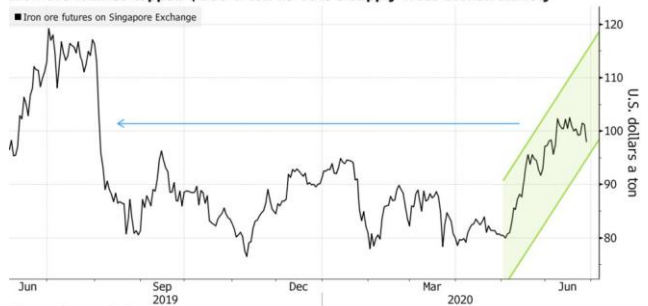
The effects of the Covid-19 pandemic on prices for iron ore could be seen during the second quarter of 2020; prices converged for the different indices and at one point, there was little difference in price between different qualities.

This purely reflected confusion on the market and uncertainty about the global economy. When China started to recover, iron ore prices also started to recover and differences in the prices of different iron contents started to rise again.

Uncertainty as to how Covid-19 will affect the supply chain, especially concerning the supply from Brazil, contributed to prices of iron ore in general remaining good. The average price for 65% Fe in April was approximately USD 113/ton, C & F China. This corresponds to over USD 120/ton for NIO's average product.

The long-term trends that are driven by stronger sustainability and environment issues have started to drive up prices in futures contracts for iron ore that roll over into Q3. This is a consequence of future needs for high qualities and uncertainty surrounding the ability of the supply chain to meet demand. Please see graph below of futures contracts traded on the exchange in Singapore.

Supply Quandary Iron ore futures topped \$100 a ton as Vale's supply woes stoked anxiety



Lennart Eliasson

Managing Director, Nordic Iron Ore AB (publ)

Operations

Significant events during the period

Optimisation study

Whittle Consulting was retained for an optimisation study on the operations in Blötberget. Whittle will use the mining consultancy Mining Plus to work on the mine planning and scheduling. Nordic Iron Ore may pay for the study with new issued shares at an issue price of minimum SEK 2:50 per share.

The study is based on the feasibility study and simulates alternative ways of adapting the operations and the design of the facilities. A number of alternative simulations will be made and quotes from suppliers that have been received since the feasibility study was completed can also be taken into account. The purpose is to maximize the financial outcome of the project in Blötberget and will also provide important input to the design and dimensioning of the facilities to be procured.

The result of the optimisation Study is expected to be presented to the company during September.

Other project related work

Work on the control program continued in dialogue with the County Administrative Board and the municipality, and the program for drinking water analyzes was approved. The work to move the existing 50kv line to enable the construction of the beneficiation plant continues under the auspices of VB Energi.

Financing

The outstanding loan was converted into 885 834 new shares in the company. The conversion price, recalculated for issues made, was SEK 9.02 per share.

Activities regarding contacts with potential investors will be resumed after the completion of the optimisations study.

Annual general meeting

The annual general meeting of shareholders was held in Ludvika on the 29th of June. The meeting decided to authorise the board of directors to decide on new issues of shares or convertible bonds, with or without preferential rights for existing shareholders.

The AGM also decided to re-elect Jonas Bengtsson, Gösta Bergman, Timo Lindborg and Tomas Olofsson as board members. Tomas Olofsson was appointed Chairman of the board.

Share and ownership structure

At the end of the period the share capital amounted to SEK 54 204 018 divided between 31 255 304 with a quota value of SEK 1.734 per share. The number of shareholders totalled 7 794.

Financial position

On the balance sheet date, the Group had a liquidity of SEK 5.8 million. The equity/assets ratio was 95.60%. The Group's equity amounted to SEK 152.2 million, corresponding to SEK 4.87 per share.

Investments

During the period January – June investments totalled MSEK 0.8. 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

Interim report January – September 2020: 20 November 2020

Year-end report for the 2020 financial year: February 2021
AGM: May 2021

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.

Significant events after the end of the period

A short-term loan amounting to SEK 5 million was raised to strengthen the working capital. The loan fall due at the end of February 2021.

Annual report and financial reports

The Company's press releases and financial reports are distributed via Cisionwire and are available at www.nordicironore.se.

Operations

Stockholm, 20, August 2020

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

Jonas Bengtsson

Gösta Bergman

Timo Lindberg

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, mineral process engineering and membership of the IMMM.

For further information, please contact:

Lennart Eliasson
Telephone: +46 70 640 51 77
E-mail: lennart.eliasson@nordicironore.se

Consolidated statement of comprehensive income - summary

Amounts in SEK	Note	2020	2019	2020	2019	2019
		April - June	April - June	Jan - June	Jan - June	Jan - Dec
Net revenue		0	0	0	0	0
Other operating income		0	0	0	0	0
Total operating income		0	0	0	0	0
Other external costs		-879 533	-1 377 964	-2 266 414	-2 519 178	-4 960 897
Personnel expenses		-807 755	-998 886	-1 614 721	-1 948 915	-3 724 053
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-206 758	-206 758	-413 516	-413 516	-827 032
Operation profit/loss		-1 894 046	-2 583 608	-4 294 651	-4 881 609	-9 511 982
Financial income		0	0	0	0	0
Financial expenses		-133 310	-244 429	-257 997	-397 292	-1 642 864
Net financial income/expense		-133 310	-244 429	-257 997	-397 292	-1 642 864
Profit/loss after financial income and expense		-2 027 356	-2 828 037	-4 552 648	-5 278 901	-11 154 846
PROFIT/LOSS FOR THE PERIOD		-2 027 356	-2 828 037	-4 552 648	-5 278 901	-11 154 846
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
Total comprehensive income for the period		-2 027 356	-2 828 037	-4 552 648	-5 278 901	-11 154 846
Attributable to:						
Parent company shareholders		-2 027 356	-2 828 037	-4 552 648	-5 278 901	-11 154 846
TOTAL		-2 027 356	-2 828 037	-4 552 648	-5 278 901	-11 154 846
Number of shares						
Number of shares at year-end		31 255 304	19 978 194	31 255 304	19 978 194	29 969 470
Average no. of shares (before dilution)		30 564 159	19 913 534	30 436 045	19 911 665	20 191 563
Average no. of shares (after dilution)		30 564 159	19 913 534	30 436 045	19 911 665	20 191 563
Earnings per share						
Earnings per share, weighted average before dilution, SEK		-0,07	-0,14	-0,15	-0,27	-0,55
Earnings per share, weighted average after dilution, SEK		-0,07	-0,14	-0,15	-0,27	-0,55

Consolidated statement of financial position - summary

<i>Amounts in SEK</i>	Note	30/06/2020	30/06/2019	31/12/2019
Assets				
Non-current assets				
Intangible assets		150 180 380	145 829 589	149 364 404
Property, plant and equipment		2 834 628	3 731 660	3 248 144
Financial assets		30 898	30 977	30 898
Current assets				
Other current assets		369 072	1 196 955	776 623
Cash and cash equivalents		5 830 083	5 376 104	12 963 753
Total assets		159 245 061	156 165 285	166 383 822
Equity and liabilities				
Equity		152 231 082	132 051 174	147 826 926
Non-current liabilities		2 392 944	10 978 401	2 590 447
Current liabilities	1	4 621 035	13 135 710	15 966 449
Total Equity and liabilities		159 245 061	156 165 285	166 383 822

Consolidated statement of change in equity

<i>Amounts in SEK</i>	Note	Share capital	Other contributed capital	Profit/loss brought forward, incl. profit/loss for the period	Total equity
Opening equity 01/01/2020		51 974 081	211 146 388	-115 293 543	147 826 926
Comprehensive income for the period				-4 552 648	-4 552 648
New share issued		2 229 937	6 756 780		8 986 717
Transaction costs			-29 913		-29 913
CLOSING EQUITY 30/6/2020		54 204 018	217 873 255	-119 846 191	152 231 082
Opening equity 01/01/2019		34 528 213	206 261 994	-104 138 697	136 651 510
Comprehensive income for the period				-5 278 901	-5 278 901
New share issued		118 655	559 910		678 565
CLOSING EQUITY 30/6/2019		34 646 868	206 821 904	-109 417 598	132 051 174
Opening equity 01/01/2019		34 528 213	206 261 994	-104 138 697	136 651 510
Comprehensive income for the period				-11 154 846	-11 154 846
New share issued		17 445 868	8 210 887		25 656 755
Transaction costs			-3 326 493		-3 326 493
CLOSING EQUITY 31/12/2019		51 974 081	211 146 388	-115 293 543	147 826 926

Consolidated cash flow statement - summary

		2020	2019	2020	2019	2019
<i>Amounts in SEK</i>	Note	April - June	April - June	Jan - June	Jan - June	Jan - Dec
Operating activities						
Profit/loss for the period		-2 027 356	-2 828 037	-4 552 648	-5 278 901	-11 154 847
Adjustments for items not included in the cash flow		206 758	206 758	413 516	413 586	112 255
Cash flow from operating activities before changes in working capital		-1 820 598	-2 621 279	-4 139 132	-4 865 315	-11 042 592
Cash flow from changes in working capital						
Change in working capital		104 353	-357 853	407 551	-141 604	278 728
Change in operating liabilities		416 374	418 176	-2 586 113	2 705 656	3 805 680
Cash flow from operating activities		-1 299 871	-2 560 956	-6 317 694	-2 301 263	-6 958 184
Cash flow from investment activities						
Cash flow from investment activities		-369 284	-3 370 546	-815 976	-8 801 025	-12 105 517
Cash flow from financing activities						
Cash flow from financing activities		0	7 500 955	0	7 325 538	22 874 600
Cash flow for the year		-1 669 155	1 569 453	-7 133 670	-3 776 750	3 810 899
Opening cash and cash equivalents		7 499 238	3 806 651	12 963 753	9 152 854	9 152 854
CLOSING CASH AND CASH EQUIVALENTS		5 830 083	5 376 104	5 830 083	5 376 104	12 963 753

Parent Company Income statement - summary

		2020	2019	2020	2019	2019
<i>Amounts in SEK</i>	Note	April - June	April - June	Jan - June	Jan - June	Jan - Dec
Total operating income		0	0	0	0	0
Other external costs		-1 110 415	-1 604 319	-2 728 178	-2 971 888	-5 866 317
Personnel expenses		-807 755	-998 886	-1 614 721	-1 948 915	-3 724 053
Depreciation of property, plant and equipment and intangible fixed assets		-	-	-	-	-
Operating profit/loss		-1 918 170	-2 603 205	-4 342 899	-4 920 803	-9 590 370
Other interest income and similar profit/loss items		-	-	-	-	-
Interest expense and similar profit/loss items		-112 966	-195 682	-222 446	-297 605	-1 612 695
PROFIT/LOSS FOR THE PERIOD		-2 031 136	-2 798 887	-4 565 345	-5 218 408	-11 203 065
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME						
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-2 031 136	-2 798 887	-4 565 345	-5 218 408	-11 203 065
Attributable to:						
Parent Company shareholders		-2 031 136	-2 798 887	-4 565 345	-5 218 408	-11 203 065
TOTAL		-2 031 136	-2 798 887	-4 565 345	-5 218 408	-11 203 065

Parent Company Balance sheet - summary

<i>Amounts in SEK</i>	Note	30/06/2020	30/06/2019	31/12/2019
Assets				
Non-current assets				
Intangible assets		149 942 561	145 829 589	149 204 081
Property, plant and equipment		70 000	70 000	-
Financial assets		30 898	30 977	30 898
Shares in subsidiaries		50 000	50 000	50 000
Currens assets				
Other current assets		527 977	1 196 955	776 623
Cash and cash equivalents		5 786 845	5 332 866	12 920 515
Total assets		156 408 281	152 510 387	162 982 117
Equity and liabilities				
Equity		152 176 931	132 118 429	147 785 469
Non-current liabilities		-	7 605 627	-
Current liabilities		4 231 350	12 786 331	15 196 648
Total Equity and liabilities		156 408 281	152 510 387	162 982 117

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 2019.

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. Nordic Iron Ores had no debts to related parties per June 30, 2020.

Note 2 Key ratios (Group)

Amount in SEK	2020	2019	2020	2019	2019
	April - June	April - June	Jan - June	Jan - June	Jan - Dec
Equity ratio (%)	95,60%	84,56%	95,60%	84,56%	88,85%
Earnings per share	-0,07	-0,14	-0,15	-0,27	-0,55
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Weighted average no. of shares after dilution	30 564 159	19 913 534	30 436 045	19 911 665	20 191 563

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.

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 20 August 2020 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.