

Q3



Interim Report January – September 2020

Significant events during the third quarter 2020

- Whittle Consulting is working on the Blötberget optimisation study.
- A short-term loan amounting to SEK 5 million was raised in August.

Third quarter, 1 July – 30 September 2020

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK – 2.4 million (–3.1)
- Investments in the period July - September totalled SEK 1.5 million (3.3)
- Basic earnings per share were SEK –0.08 (–0.15)

Interim period, 1 January – 30 September 2020

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK –6.9 million (–8.3)
- Investments in the period July - September totalled SEK 2.4 million (12.1)
- Basic earnings per share were SEK –0.23 (–0.42)
- Cash and cash equivalents on 30 September 2020 amounted to SEK 8.1 million (5.8)

Significant events after the end of the period

- Whittle Consulting presented the optimisation study for Blötberget

Key ratios (Group)

<i>Amount in SEK</i>	2020 July - Sep	2019 July - Sep	2020 Jan - Sep	2019 Jan - Sep	2019 Jan - Dec
Equity ratio (%)	92,03%	80,90%	92,03%	80,90%	88,85%
Earnings per share	-0,08	-0,15	-0,23	-0,42	-0,55
Equity per share	4,80	6,46	4,80	6,46	4,93
Quick ratio (%)	81,43%	25,05%	81,43%	25,05%	90,42%
No. of shares	31 255 304	19 978 194	31 255 304	19 978 194	29 969 470

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

With the goal of optimising the mine

The period was dominated by the work on the optimization study and at the end of September, Whittle Consulting presented the preliminary results for the baseline scenario in the study. The result was positive and the net present value increased sharply.

The baseline scenario entails, somewhat simplified, that, based on our definitive feasibility study, DFS, we have optimised the mining schedules while otherwise adhering to the assumptions and limitations specified in that study. More specifically, we adjusted the schedule for when we plan to mine specific parts of the mine based on economic cut-off rather than just iron content. The cost of mining and extraction varies based on where in the mine the mining takes place, for example, and the cost of processing varies as the hardness of the ore differs in different areas. In addition, magnetite and hematite have different enrichment properties and different market prices.

The optimisation of the DFS mining plans raised the estimated net present value (NPV) to USD 145.4 million, which is an increase of more than 30% relative to the feasibility study.

Subsequently, we analysed the possibilities of optimising production in the concentrator and maximising early production of magnetite. We found that a significant improvement is possible here, too, although to optimise the grinding capabilities it requires the production of a third product in the form of a coarser magnetite concentrate with 67-68%Fe content.

This modified baseline scenario shows an NPV of just over USD 172 million and an internal rate of return of 21.2% before tax.

We also simulated scenarios where the assumptions deviate to some extent from those used in the feasibility study. For example, some simulations assumed reduced investment costs through the use of contractors and a simpler design of the facilities. Also, according to historical documentation, there are approximately 5 million tonnes left to mine in the old Blötberget mine, but the old mine was omitted from the feasibility study. Assumptions about the mining of this mineralisation, as well as reduced investment costs and the use of contractors, further increase the NPV to between USD 180 and 255 million.

Discussions with suppliers and contractors have led to proposals and quotations in all major capital expenditure areas. Most recently, we received a proposal for the design of electrification, automation and control systems, and we are ready to start the detailed design of these systems as soon as we have secured financing for this work.

The financing for the period up through to the start of construction must be raised in several stages. We want to get started quickly with the final preparations for the final designs to initiate the construction project and are therefore looking for a capital injection before raising the larger financing needed for construction. Regarding the latter, we are currently evaluating different types of loan-based financing. Of course, we would like to receive the most favourable terms, but unfortunately the most inexpensive loans take time, so we may need to make a trade-off as we are anxious to get started quickly on building the mine.

We will not know how long it will take to raise the financing until the work is done. Therefore, we must have a somewhat fluid schedule until the financing has been secured for the entire project. After that, we estimate that construction will take approximately two years.

The market

The market remained essentially stable at a high level, mainly driven by China, which rebounded strongly in terms of growth and consumption. However, supporting the prices there were some supply problems and stricter environmental requirements, primarily in China but also elsewhere.

The realization that all producers will incur increased costs to account for all the social and safety-related issues raised in recent years has contributed to price increases on the futures market.

Carbon-free steel production is developing rapidly, and the interim phases include DRI technology and thereby the need for high-quality iron ores. This trend is highly advantageous for Nordic Iron Ore.

Lennart Eliasson

Managing Director. Nordic Iron Ore AB (publ)

Operations

Significant events during the period

Project activities

Whittle Consulting worked on an optimisation study for Blötberget. The optimisation study states that the Blötberget mine can be expected to be conducted with good profitability. A number of scenarios were calculated that show significantly better profitability potential than what emerged from the feasibility study presented last year. The difference is due in part to a more detailed analysis of the profitability of alternative mining plans and an optimisation of the concentrator. The study indicates an improvement in the project NPV by around 50%. The study also identified further potential improvements, such as reduced pre-production capex.

Financing

In order to strengthen its financial resources, the company raised a short-term loan in August of SEK 5 million. The loan is due for payment at the end of February 2021.

Share and ownership structure

At the end of the period the share capital amounted to SEK 54 204 018 divided between 31 255 304 shares with a quota value of SEK 1.73 per share. The number of shareholders totalled 7 686.

Financial position

On the balance sheet date, the Group had a liquidity of SEK 5.8 million. The equity/assets ratio was 92.03%. The Group's equity amounted to SEK 150 million, corresponding to SEK 4.80 per share.

Investments

During the period January – September investments totalled MSEK 2.4. 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 three were engaged on a consultancy basis.

Financial calendar

Year-end report for the financial year 2020: February 2021
Annual General Meeting: 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. However, the ongoing pandemic with limited opportunities for personal meetings and international travel leads to delays in work but is not expected to be a significant problem for the project's progress.

Significant events after the period end

Whittle Consulting presented the final optimisation study for the Blötberget project.

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 November 2020

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

Jonas Bengtsson

Gösta Bergman

Timo Lindborg

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 FAMMP 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
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Consolidated statement of comprehensive income - summary

Amounts in SEK	Note	2020	2019	2020	2019	2019
		July - Sep	July - Sep	Jan - Sep	Jan - Sep	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		-983 865	-1 197 717	-3 250 279	-3 716 895	-4 960 897
Personnel expenses		-804 003	-847 987	-2 418 724	-2 796 901	-3 724 053
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-206 758	-206 758	-620 274	-620 274	-827 032
Operation profit/loss		-1 994 626	-2 252 462	-6 289 277	-7 134 070	-9 511 982
Financial income		0	0	0	0	0
Financial expenses		-376 695	-801 296	-634 694	-1 198 589	-1 642 864
Net financial income/expense		-376 695	-801 296	-634 694	-1 198 589	-1 642 864
Profit/loss after financial income and expense		-2 371 321	-3 053 758	-6 923 971	-8 332 659	-11 154 846
PROFIT/LOSS FOR THE PERIOD		-2 371 321	-3 053 758	-6 923 971	-8 332 659	-11 154 846
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
Total comprehensive income for the period		-2 371 321	-3 053 758	-6 923 971	-8 332 659	-11 154 846
Attributable to:						
Parent company shareholders		-2 371 321	-3 053 758	-6 923 971	-8 332 659	-11 154 846
TOTAL		-2 371 321	-3 053 758	-6 923 971	-8 332 659	-11 154 846
Number of shares						
Number of shares at year-end		31 255 304	19 978 194	31 255 304	19 978 194	19 909 775
Average no. of shares (before dilution)		31 255 304	19 978 194	30 711 125	19 934 085	15 238 299
Average no. of shares (after dilution)		31 255 304	19 978 194	30 711 125	19 934 085	15 238 299
Earnings per share						
Earnings per share, weighted average before dilution, SEK		-0,08	-0,15	-0,23	-0,42	-0,55
Earnings per share, weighted average after dilution, SEK		-0,08	-0,15	-0,23	-0,42	-0,55

Consolidated statement of financial position - summary

<i>Amounts in SEK</i>	Note	30/09/2020	30/09/2019	31/12/2019
Assets				
Non-current assets				
Intangible assets		151 721 065	149 185 789	149 364 404
Property, plant and equipment		2 627 870	3 454 902	3 248 144
Financial assets		30 898	30 977	30 898
Current assets				
Other current assets		376 316	998 303	776 623
Cash and cash equivalents		8 086 320	5 786 755	12 963 753
Total assets		162 842 469	159 456 726	166 383 822
Equity and liabilities				
Equity		149 859 759	128 997 416	147 826 926
Non-current liabilities		2 590 447	3 372 774	2 590 447
Current liabilities	1	10 392 263	27 086 536	15 966 449
Total Equity and liabilities		162 842 469	159 456 726	166 383 822

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 01/01/2020		51 974 081	211 146 388	-115 293 543	147 826 926
Comprehensive income for the period				-6 923 971	-6 923 971
New share issued		2 229 937	6 756 779		8 986 716
Transaction costs			-29 912		-29 912
CLOSING EQUITY 30/9/2020		54 204 018	217 873 255	-122 217 514	149 859 759
Opening equity 01/01/2019		34 528 213	206 261 994	-104 138 697	136 651 510
Comprehensive income for the period				-8 332 659	-8 332 659
New share issued		118 655	559 910		678 565
CLOSING EQUITY 30/9/2019		34 646 868	206 821 904	-112 471 356	128 997 416
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

Amounts in SEK	Note	2020	2019	2020	2019	2019
		July - Sep	July - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Operating activities						
Profit/loss for the period		-2 371 321	-3 053 758	-6 923 971	-8 332 659	-11 154 847
Adjustments for items not included in the cash flow		206 758	206 758	620 274	620 344	112 255
Cash flow from operating activities before changes in working capital		-2 164 563	-2 847 000	-6 303 697	-7 712 315	-11 042 592
Cash flow from changes in working capital						
Change in working capital		-7 245	198 652	400 306	57 048	278 728
Change in operating liabilities		968 730	1 775 027	-1 617 382	4 480 683	3 805 680
Cash flow from operating activities		-1 203 078	-873 321	-7 520 773	-3 174 584	-6 958 184
Cash flow from investment activities		-1 540 685	-3 286 200	-2 356 661	-12 087 225	-12 105 517
Cash flow from financing activities		5 000 000	4 570 172	5 000 000	11 895 710	22 874 600
Cash flow for the year		2 256 237	410 651	-4 877 434	-3 366 099	3 810 900
Opening cash and cash equivalents		5 830 083	5 376 104	12 963 754	9 152 854	9 152 854
CLOSING CASH AND CASH EQUIVALENTS		8 086 320	5 786 755	8 086 320	5 786 755	12 963 754

Parent Company Income statement - summary

Amounts in SEK	Note	2020	2019	2020	2019	2019
		July - Sep	July - Sep	Jan - Sep	Jan - Sep	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		-1 214 747	-1 424 072	-3 942 925	-4 395 960	-5 866 317
Personnel expenses		-804 003	-847 987	-2 418 724	-2 796 901	-3 724 053
Depreciation of property, plant and equipment and intangible fixed assets		0	0	0	0	0
Operating profit/loss		-2 018 750	-2 272 059	-6 361 649	-7 192 861	-9 590 370
Other interest income and similar profit/loss items		0	0	0	0	0
Interest expense and similar profit/loss items		-266 865	-867 186	-489 311	-1 164 791	-1 612 695
PROFIT/LOSS FOR THE PERIOD		-2 285 615	-3 139 245	-6 850 960	-8 357 652	-11 203 065
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME						
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-2 285 615	-3 139 245	-6 850 960	-8 357 652	-11 203 065
Attributable to:						
Parent Company shareholders		-2 285 615	-3 139 245	-6 850 960	-8 357 652	-11 203 065
TOTAL		-2 285 615	-3 139 245	-6 850 960	-8 357 652	-11 203 065

Parent Company Balance sheet - summary

<i>Amounts in SEK</i>	Note	30/09/2020	30/09/2019	31/12/2019
Assets				
Non-current assets				
Intangible assets		151 552 396	149 073 372	149 204 081
Property, plant and equipment		0	0	0
Financial assets		30 898	30 977	30 898
Shares in subsidiaries		50 000	50 000	50 000
Current assets				
Other current assets		411 147	998 303	776 623
Cash and cash equivalents		8 043 082	5 743 517	12 920 515
Total assets		160 087 523	155 896 169	162 982 117
Equity and liabilities				
Equity		149 891 315	128 979 184	147 785 469
Non-current liabilities		0	0	0
Current liabilities		10 196 208	26 916 985	15 196 648
Total Equity and liabilities		160 087 523	155 896 169	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.

Note 2 Key ratios (Group)

Amount in SEK	2020 July -Sep	2019 July -Sep	2020 Jan - Sep	2019 Jan - Sep	2019 Jan - Dec
Equity ratio (%)	92,03%	80,90%	92,03%	80,90%	88,85%
Earnings per share	-0,08	-0,15	-0,23	-0,42	-0,55
Equity per share	4,80	6,46	4,80	6,46	4,93
Quick ratio (%)	81,43%	25,05%	81,43%	25,05%	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	31 255 304	19 978 194	30 711 125	19 934 085	20 191 563
Weighted average no. of shares after dilution	31 255 304	19 978 194	30 711 125	19 934 085	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 November 2020 at 08.00.

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