

Invitation to subscribe for shares in Nordic Iron Ore AB (publ)

MANAGING DIRECTOR COMMENTS

Dear shareholders,

We now face the next milestone in the Company's development and, through this invitation, I wish to welcome existing shareholders and other interested parties to subscribe for shares in this rights issue. We will use the issue proceeds to complete the next phase of the feasibility study currently in progress.

Nordic Iron Ore is focused on the optimisation of processes and logistical efficiency to improve costs, as well as the introduction of innovative process design to minimise energy consumption and environmental impact to best meet the challenges of the new market conditions and hence generating shareholder value. Additionally, we continue to focus on our production of high quality iron ore which we believe will differentiate us from many competitors and allow us to charge a premium over and above the most common price indexes for iron ore.

The next Phase of the feasibility study is to set the mine design. This is a key milestone in the project development, whereby the quality of ore expected from the mine can be calculated and used to provide a more accurate cost of the next processing stage. It also gives NIO chance to optimise the mining stage and minimise the extraction costs, whilst providing a high quality feed to the process plant. To further add value NIO has already applied for an extension to the north east of the existing mine concession area, which will provide additional resources and mine capacity; as well as opportunities to potentially have early production (revenue) during the construction of the mine. This additional resource will be issued as a new Mineral Resource Statement and will form the basis of the mineral resources being converted to "Mineable Reserves" once the mine design and equipment specifications are complete.

As previously stated by NIO, in order to finance future investments in the project the price of iron ore needed to rise above those unsustainable lower prices seen during the past couple of years. It is still our belief that iron ore prices will continue to recover from the recent lows and that the market must expect the price of iron ore to be maintained or rise in the medium-long-term. Many analysts are now beginning to realise that prices below \$60/dry metric tonne (dmt) are not really sustainable in the long-term for mining businesses. The current iron ore prices, which have recently settled between \$70-\$80/dmt, would provide NIO with an attractive IRR based on the current cost information we have today. This hypothesis is to be confirmed through the finalisation of the ongoing feasibility study.

We look ahead to the future, and what it has to offer, with tremendous anticipation and hope that you would like to take this great opportunity as we embark on the next phase to bring these mines into production.



Paul Marsden, Managing Director



INVESTMENT CASE

In order to achieve the set objectives and create an absolute world-class mining operation, further investment is needed. For this reason, Nordic Iron Ore is currently in the process of raising capital. Through an investment in the issue, existing shareholders and, if not fully subscribed, other members of the general public are being offered a unique opportunity to capitalise on the Company's intended growth journey. In connection with starting construction of the mining facility, the Company intends to raise further capital and a new share issue. If appropriate, the Company, will also consider listing the shares on an appropriate trading venue at a suitable time for the shareholders, which would provide trading liquidity in the shares.

Investment highlights

- The opportunity to invest in an exciting company with strong anticipated growth.
- Nordic Iron Ore AB stands well prepared to face the new challenges of the industry.
- The Company's ambition is to be listed on an appropriate trading venue in connection with the raising of capital to finance the construction of the mining facility

Condensed financial data

Profit/loss items, SEK '000	2016 Q3 ¹	2015	Balance sheet items, SEK '000	2016 Q3 ²	2015
Net sales	-	-	Non-current assets	112,829	109,472
EBITDA	-5,655	-10,933	Current assets ex. cash position	723	659
Operating profit (EBIT)	-5,749	-11,103	Cash position	1,945	12,696
Profit/loss after financial income and expense	-6,769	-12,909	Total assets	115,497	122,827
Profit/loss for the period	-6,769	-12,909	Total liabilities	15,442	15,988
			Total equity	100,057	106,839
			Equity per share, SEK³	2.74	7.36

¹Unaudited.

²Unaudited.

³Based on 14,510,712 outstanding shares for 2015 and 36,545,550 shares for Q3 2016.

FACTS ABOUT NORDIC IRON ORE



History

Nordic Iron Ore was founded in 2008 as a modern mining and exploration company. The Company's ambition is to resume mining operations at Blötberget and Håksberget near Ludvika, and to carry out exploration of the adjacent Väsman field. The Company's exploration permit and processing licence are for historical mining territory, where iron ore has been mined since the 16th century. Two large shareholders have sold and distributed shares in Nordic Iron Ore to their existing shareholders, increasing the number of shareholders in the Company to some 3,500 today.



The Company today

Nordic Iron Ore has all necessary permits granted to start mining according to the Mining Law and the planning and building Law as well as the Environmental Act. The Company is currently conducting a definitive feasibility study (DFS), involving the optimisation of the mine's operation and verification of operations and maintenance costs. This is expected to ensure that the Company has the capacity to deliver high quality iron ore in a sustainable and profitable manner. The company has advanced the project significantly over the last year and is currently negotiating agreements regarding product shipments as well as rail transport operations with large European operators.



The future

Completion of this next Phase of the study will provide significantly more confidence in the overall viability of the mine and undoubtedly has the potential to unlock the door for major financing of the project. The mine design is a key milestone for NIO and will form the basis of the final stages of the DFS. In addition, Nordic Iron Ore has the ambition, ahead of the commencement of plant construction, to list its shares on an appropriate trading venue.

BACKGROUND TO THE ISSUE

The development of a mining project requires extensive preparation in many areas and is therefore both costly and time consuming; bringing together technical and commercial professionals from many disciplines. The mine development takes place in several steps, with progressively more detailed and in-depth analysis, which is intended to continually improve the detailed definition of the project, improve the design and optimize projected costs, while developing a viable and sustainable business and thereby reducing the risks in the project.

Early in this process are the licensing stages, which put simply say that a preliminary economic feasibility study is drawn up to form the basis for obtaining a mining concession. Early stage feasibility studies are usually referred to as Scoping Studies or Preliminary Economic Assessments (PEA). This is a fairly comprehensive, yet brief, study of the mineral resources, how the resource should be mined and then refined to make saleable products. Additionally there is an analysis of the environmental impacts both during development, construction as well as operations during the life of the mine (LOM).

Prior to receiving permission from the Land and Environment Court, the environmental impact investigations must be completed and often supplemented with additional information, and then, further clarified as requested by the authorities.

To form the basis for the decision to finance and build the mines extensive research and design development material have to be produced. The preliminary studies carried out before the application for a mining concession have grown and have now developed into a detailed implementation plan. The next stages of feasibility study are more advanced, often done in two steps, in the case of NIO, firstly, as a Interim Technical Report (ITR) and finally a Definitive Feasibility Study (DFS). These studies defines, among other things the mine's mining and construction layout, production plan over the life of the mine and the mineable ore resources and/or reserves, which equipment is to be used in the mine, the process plant design, mine and surface services and material handling, including how the waste material must be disposed of. It also lays down the design of the industrial area including the logistics of transportation of ore from the mining area

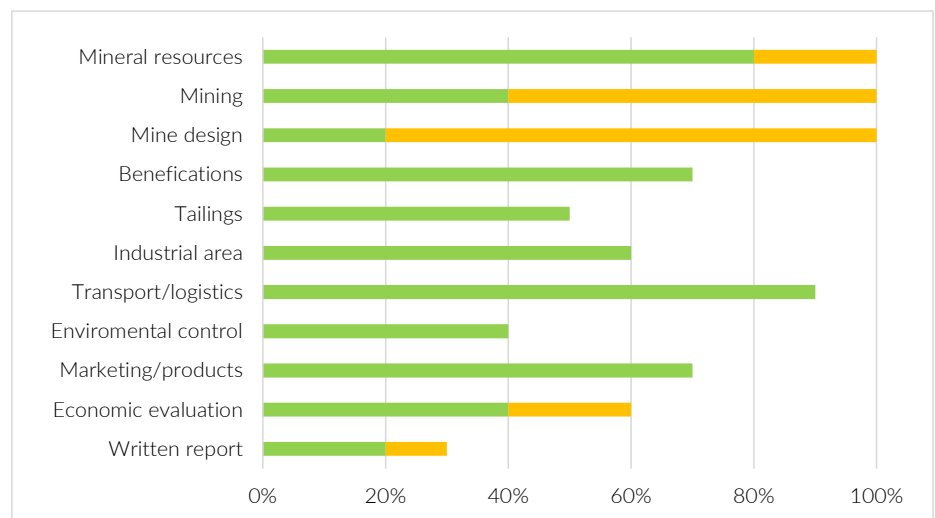
to the main distribution port. For all of these elements cost assessments are produced from quotations from equipment and service suppliers and hence the size of the necessary investments and total capital is estimated. Calculation of the cash operating costs for all the elements of the mining and distribution (logistics) are made and the economic calculations for the business can be estimated with sufficient certainty and hopefully will demonstrate that the business can be profitable. Based on these economic assessments the mineral assets in the company's balance sheet could be classified as mineable mineral reserves. The completion of this feasibility study is therefore a vitally important step in the development of any mining project.

Nordic Iron Ore has developed the Ludvika Mines projects for several years and achieved several of the above milestones. When the iron ore market deteriorated sharply the pace of development was reduced and work was mainly concentrated on the resumption of operations in Blötberget, for which the company now has both the mining concession and environmental permits; and even the municipal building permit according to the adopted local plan has also been granted. The vast majority of the technical work for the final study has essentially been completed with regard to the processing plant and logistics solution and the estimation of mineral reserves. The most essential technical part of the studies that remains is to complete the mine design and mining schedules, which provide the basis of

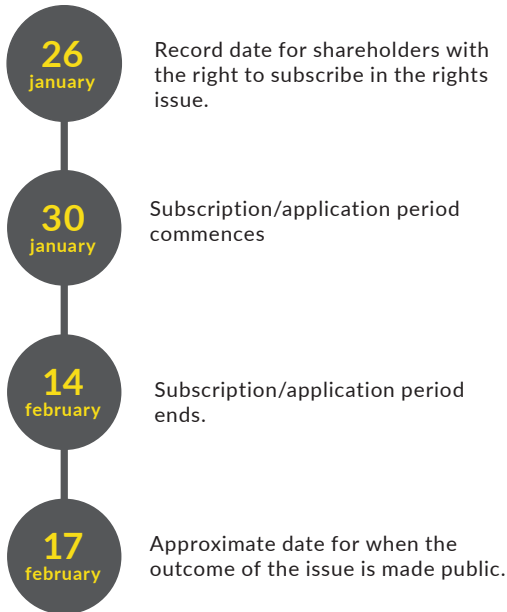
the calculations for the complete operating costs, the specifications of process equipment, the capital costs required, as well as the mine output and products. The cost of mining represents a significant portion of the total future operating costs and it is therefore important that this is better defined with refined technical input to raise the level of studies in this area to what is required for the final report. When this is completed the economic conditions to start mining operations in Blötberget can be assessed.

Hence it is important to finance the implementation of these studies for mine planning and design of the mine's infrastructure. The costs pertaining to externally purchased services for the studies are estimated to be just under SEK9 million To which the cost of the company's own staff working on the project and the company's other fixed overhead should be added.

When this stage of the planned studies are completed and evaluated, there still remain a number of areas that need to be finalized to achieve the finished level of study, and the writing the final report, to be completed and signed off by the company's independent consultant, DMT. The following simplified diagram has been drawn up to give an estimate of the work completed so far (green area) and what tasks remain before the feasibility study is fully completed and the financing and construction works can commence. The yellow areas represent the progress to be made with the next step of the work outlined above.



TERMS AND INDICATIVE SCHEDULE



Terms and conditions

The offer	Shares in Nordic Iron Ore AB (publ)
Type of issue	Rights issue
Issue terms and conditions	2:1
Size of the issue	SEK 18,272,775
Price per share	SEK 0.25

Summary of terms and motives

Nordic Iron Ore's Board of Directors resolved on 18 January 2018 to increase the Company's share capital with not more than SEK 12,676,708, 82 through issue of not more than 73,091,100 new shares. The shares in Nordic Iron Ore is not listed on a regulated market or exchange. Nordic Iron Ore intends to use the issue proceeds from the rights issue to finance a definitive feasibility study (DFS), involving the optimization of the mine's operation and verification of operation and maintenance costs

The Company's shareholders have preferential rights to subscribe for new shares in relation to the number of shares they hold on the record date, shareholders will receive two (2) subscription rights. One (1) subscription right entitle to subscription for one (1) new share at SEK 0.25 per share. Subscription supported by subscription rights shall be carried out by means of cash payment no later than 14 February 2017. Subscription through cash payment shall either be carried out using the preprinted paying-in slip accompanying the issue statement, or using the paying-in slip attached to the special application form.

An expression of interest to subscribe for new shares without the support of subscription rights can be submitted at SEK 0.25 per share, and this must take place during the same period as subscription for new shares supported by subscription right, i.e. from 30 January 2017 to 14 February 2017 inclusive. This is merely a marketing document. For comprehensive information, please refer to the memorandum available at www.nordicironore.se or at www.mangold.se.



Disclaimer

Marketing brochure – This is a summary of and introduction to the complete information memorandum prepared by the Board of Directors of Nordic Iron Ore. The brochure is not a prospectus that has been approved and registered by Finansinspektionen – the Swedish financial supervisory authority. We kindly request that prospective investors familiarise themselves with the information memorandum related to the offer prior to making any kind of investment decision. The information memorandum is available at Nordic Iron Ore's website (www.nordicironore.se) and Mangold Fondkommission AB's website (www.mangold.se).

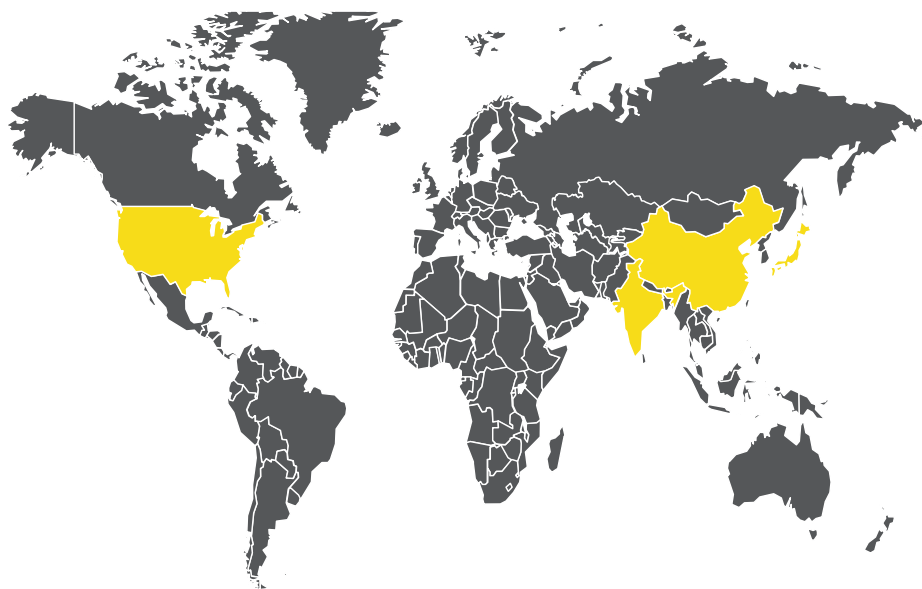
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THE IRON ORE MARKET

Iron ore is one of the most important basic metals used in the production of both steel and iron. It is thus an important raw material in e.g. machinery, cars and buildings. In pure financial terms, it is the single most important metal, with annual sales of around USD 225 billion.

Prices of iron ore have dropped since 2011, although it is mainly the recent falls in the last 2 years that have surprised even the most pessimistic analysts, many of whom believed that \$70/dmt was a floor unlikely to be gone through. This of course proved incorrect with the main 62%Fe iron ore IO-DEX falling to below \$40/dmt. Clearly these prices were unsustainable as only a very few miners could hope to make money at these prices and virtually none of them could maintain a sustainable business. So the miners have been working hard to reduce operating costs and capital requirements in order to work their way through these low ore prices. As is now evident, internationally traded iron ore volumes have continued to grow and China is importing at record levels, despite growth in the steel sector grinding to a halt during 2016. However recent government growth schemes have helped lift the growth rate in China from around 4%pa to current levels of close to 7% again. This is fuelling a more optimistic view of industrial expansion in China and a growing economy. The background of increased coal and oil prices has also aided the maintenance of iron ore prices in recent time to \$70-80/dmt.

Whilst there are some new supplies of iron ore due to come into the market place, much has been delayed or cancelled; with all the major iron ore suppliers cutting back on capital investment programmes and undercutting all of their production targets/predictions. The overall outlook for growth in iron ore demand is positive as China and the global economy as a whole recover from the recent downturns. This is positive sign for NIO, as this scenario is likely to help maintain iron ore prices. Control of the volumes (and hence prices) by the big producers, such as Rio Tinto, BHPB and Vale is probably a positive for NIO because it is likely to bring a tighter control of supply of the larger volume lower quality iron ores. The higher quality niche products, like those of NIO,



will always find a market and are likely to command a premium price. Recent cargos of high quality concentrates, of around 67-68% Fe, from S America to Asia have been commanding >\$15/dmt premiums over standard 62-63.5% Fe iron ores.

Demand for high quality ores is increasing, but supply is limited and new supply is virtually non-existent, as many of the higher costs high quality suppliers have gone bankrupt. Because NIO is working on cost effective design and operating cost reductions, we have successfully achieved lower calculated costs and higher margins than most peer projects.

The future of iron ore

Many analysts have proved themselves to be pretty inaccurate over the last few years and NIO find their view of a long term decline (again) of iron ore prices, continuing to fall to around \$45/t, quite hard to understand. Growth in demand for iron ore in the near and medium term is likely to increase to match an improving global economy, as indeed the continuation of uneconomic mine closures will also continue to a some extent.

Key factors

Taking account of the expected direction of the price of iron ore, the Company has identified a number of critical key factors that it considers crucial for profitable iron ore extraction operations. The Company's observations are general and pertain to the market at large. For prosperous and successful operations, the following are thus required:

- Good design for extraction of the ore with good process controls and management systems
- Proximity to the market or access to cost-efficient transport, as well as access to competitive energy prices.
- The production of high-grade iron ore, in order to be able to attract premium pricing and obtain value-in-use premiums.
- An efficient production process that minimises operation and maintenance costs at the mine and process plant, hence maintaining solid operating margins for the business.
- Stakeholder support and CSR – implementation of good stakeholder relations and deployment of sound health, safety and environmental controls.

STRATEGIC POSITIONING

The simple rule for profitable iron ore mining is that the operator must deliver the ore out of the ground to the customer at a competitive price and can achieve this at costs which allow the owner to run a sustainable business by being able to: pay back capital, pay dividends, make capital investments. With good quality iron ore deposits, of which there are many in Sweden, it is possible today, with the right mining and processing techniques, to produce ore cost efficiently.

Nordic Iron Ore is well aware of the challenges (such as fluctuating iron ore prices, cost reductions, efficient logistics solutions, maintain key customers, maintain margins, keep stakeholders happy etc) that the iron ore industry faces, and the importance of being well prepared for both upswings and downturns on the market. Therefore, the Company is currently working on implementing a modern business structure equipped for future challenges. In the Company's view, for successful business operations, three key areas need to be optimised:

- **Logistics** – Iron ore production involve transport of very large volumes of heavy material. This makes the availability and cost of logistics a very important factor for the profitability of a project.
- **Product quality** - in order to be able to attract premium pricing and obtain value-in-use premiums the ore must be processed to high concentration with low impurities.
- **Production efficiency** – use of modern energy efficient equipment and management control systems helps keep costs low and maintains a good profit margin able to maintain the company through economic cycles.

In light of the current changes on the global iron ore market, Nordic Iron Ore is mainly working on optimising the Company's abilities to meet these three key requirements. For several reasons the current shift in the market can therefore be seen as positive for Nordic Iron Ore because the Company is already well-positioned to meet these necessities already.

Logistics

Nordic Iron Ore is targeting markets that offer the biggest profit margins, and where

the company can be competitive with other suppliers. In order to do so it is imperative that NIO has access to a cost efficient transportation system that can deliver products to the market with minimum handling and low costs.

Because iron ore is not perishable, a low price is prioritised ahead of rapid transportation, while at the same time the logistics supply chain must work so that customers can receive their raw material just in time. Thanks to the location of its resources, Nordic Iron Ore has the advantage of being able to capitalise on the sunken assets from previous mining operations and has therefore everything in place for a smoothly functioning logistics chain. Most, if not all, the global competitor iron ore development projects to NIO do not have access to a ready-made low cost and efficient rail systems. To the Company's advantage is also the fact that iron ore mining infrastructure has been in place since 1878, when the TGOJ rail line between Grängesberg and Oxelösund was completed, thereby making it possible to start transporting ore from the Gränges mine to the deep-water port at Oxelösund, from which it was forwarded, mainly to steelworks in Germany, Holland and the UK. At Oxelösund, the ore is loaded onto ships and is notable in the region by being free of ice all year round and can, with a depth of 16.5 metres, also accommodate the largest dry bulk carriers (laden) that can enter the Baltic Sea. The port currently manages deliveries of iron ores, coals, coke and limestone etc to the steelworks located adjacent to the port and is well prepared to manage and export the deliveries from the Bergslagen iron mines.

Nordic Iron Ore has an almost unique opportunity by having direct access to an efficient transportation system in the form of a national rail network, with ongoing government investments to improve traffic flow, and a ready to use deep water port. The Company's advanced logistics chain is the basis for cost-efficient transport of iron ore to customers, even on the other side of the globe.

Product quality

Nordic Iron Ore will stand out in the steel industry as the producer of one of the highest quality iron ores globally. The highest quality products in excess of 71%Fe can be made from the NIO ores. This is positive for

the Company because high-grade iron ore is generally sold at a premium compared to lower-grade iron ore. One of the main reasons is that high-grade iron ore considerably reduces production costs for the steelworks in their steel production processes. With these high-grade iron ores, carbon emissions from the steelworks are also reduced because of reduced fuel requirements to melt non-iron bearing minerals. Besides these financial advantages, high-grade iron ore, thus, also presents environmental benefits by reducing the emissions of carbon dioxide, other gases and dusts. Together with the Company's cost-efficient and already advanced infrastructure, there are therefore excellent conditions for generating a high operating margin in the business that is sustainable in the long term.

It should also be noted that the Company's operating expenses are expected to decline in line with further cost reductions generated by an increasingly rationalized mine production methods. As part of the current feasibility study, a series of two pilot tests have been performed with ore from Blötberget in order to maximize the product quality and the recovery of iron to the products. Based on knowledge gained from these tests, the Company sees opportunities to further reduce its operating expenses. The Company has many clear advantages over many already operational competitors, in that it can use the latest tried-and-tested technology when building the Ludvika mines. It should be noted that there are, already, some of the most efficient mining operations in the world already existing in Sweden, and that the equipment suppliers are keen to utilize the best features from these mining operations into NIO's Ludvika mines. This provides solid opportunities in terms of choice of efficient equipment and operational techniques. In addition, Sweden as a nation is far ahead in terms of process automation, which is now becoming increasingly extensive in the mining industry. The Company can benefit from all the knowledge available in the Swedish and Scandinavian mining industries, so that it may from the very beginning select technical solutions that enable a high degree of automation at its mines and concentrators. Hence, Nordic Iron Ore is aiming to lay the foundation for becoming one of the most advanced and process-efficient iron ore miners in the world.

STRATEGIC POSITIONING

Production efficiency

Combined with cost-efficient transport and the potential to charge a premium compared with most competitors, the Company's strength also lies in an efficient design of production processes. With the prevailing state of the mining industry, the Company sees solid opportunities for highly efficient mining and process plant and equipment procurement. There is clearly, for the next year or so, good conditions for procurement, where manufacturers have low volumes on their order books, which bodes well for Nordic Iron Ore's ability to further reduce its investment costs and hence strengthen the Company's profitability.

Nordic Iron Ore

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