

Nordic Iron Ore is advancing towards production - making a rights issue

The market for iron ore has had some tough years recently, but now many analysts believe that the global turnaround for most commodities, including iron ore, appears to be underway and the future looks a lot brighter. One of the companies in the industry that has survived and is now at the forefront of the iron ore revival is Nordic Iron Ore. They are now carrying out a rights issue in order to take another key step towards reopening the Ludvika Mines. CEO Paul Marsden explains why it is a good idea to invest in Nordic Iron Ore.

- We are now looking for investments to take the company to make the next milestone step and to finalize our mine design and mine schedule for this Phase I stage to reopen the Ludvika Mines. It takes the feasibility study towards the final steps to ensure that we have a viable business and we can expect to raise the capital required to construct the mine and start our mining operations in an environment where the market appears it is recovering.

Marsden continued, - We really need to just get the feasibility study completed to get the project over the line. The final steps in the feasibility study, mine design, process plant design and capital requirements (equipment and services costs to build the mine) will conclude what has been an extensive redevelopment of former mining and processing operations. Earlier studies, already completed, have demonstrated that the products from NIO can be amongst the highest qualities available with over 70% Fe (iron) content.

Once NIO has completed the mine design, giving the estimates of the ore quantity and quality, Nordic Iron Ore will need to secure more funding to finalise the last stages of the study and start the process of raising the capital to construction.

- Our plan is to attract long-term and strategic investors in the company during these later stages of the feasibility study to assist bringing the mine back into production.

One factor that distinguishes Nordic Iron Ore from its competitors is that there was an existing mine and where NIO can take advantage of the sunken assets in the form of the existing infrastructure and logistics already in place. This significantly reduces the business and investment risks, as well as ensuring the cost of and the time to bring the mine into production are significantly reduced. In fact, the railway, which is adjacent to the mine, was initially built specifically to service the mining operations in the area before closure around 1980. If you put in Nordic Iron Ore in an international perspective, having the infrastructure is a great advantage over most other iron ore developments, as building an infrastructure that is efficient and stable is both expensive and time consuming.

- Here we have a high standard national rail network already in place. Since the market is recovering, there is a golden opportunity for NIO to establish itself quickly and where we will be able to start up our business rapidly, says Mr. Marsden.

In recent years we have seen that the value of most miners has declined and that many more have gone bankrupt. This is not just development mines, but also producing iron ore companies which have found their production costs too high. NIO has already extensively developed their processing such that it ensures NIO is a low cost producer. Now is the final stage to define the mine design followed by the mine costs.

- Right now there is an opportunity to invest in the developing mining industry at a low cost. The potential for growth is huge. Already this year we have seen several major mining companies in the iron ore sector, whose value has turned upward explosively. There is a golden opportunity for us to act now that the market has turned and whilst many of our competitors are either bankrupt or still have to reevaluate their costs while the market is still in recovery.

Even in the current situation there are ongoing negotiations between Nordic Iron Ore and a number of potential buyers of iron ore over off-take agreement offers.

- Nordic Iron Ore holding intensive talks with potential buyers for iron ore products, in both European

and international markets, Marsden says, and continues:

- We have received off-take agreement offers from two major buyers and we are currently negotiating with them about how we could proceed.

Marsden specifically highlights the fact that the mine is located in Sweden and cites this as a major advantage.

- Should you invest in the mining industry, there is no better country than Sweden to do it in. Sweden has stable political governance and a strong economy free from high levels of corruption. Moreover, the EU has in recent years decided to try to make the EU region more self-sufficient in raw materials and has therefore launched several measures and programs to help achieve this by investing indirectly in encouraging mine service industries and technology to advance.

In addition to the potential of a long term investment in NIO, with high potential for growth, Marsden points out the low risk as a main reason to invest in Nordic Iron Ore.

- We have a business plan that demonstrates that the company has the capability of growing from year to year, providing the potential for an industrial development with good returns and with relatively low development and execution risks.

FACTS ABOUT THE COMPANY

Nordic Iron Ore AB is a mining company with the ambition to revive and develop the iron ore production of Ludvika Mines in Blötberget and Håksberg. They carry out a new share issue to bring in cash to complete the mine design and schedule, which one of the final steps in their feasibility study. The company has also commissioned consultants to complete an independent mineral resource estimate (MRE) to expand its mineral resources and be ready to upgrade them to the ore reserves once the mine design is completed. Phases II and III will continue development when funding and the market sentiment allows, primarily through exploration and other studies of the connecting Väsman field.

Text: Emil Schalin