ADMINISTRATOR'S REPORT K 3132-14

Debtor in bankruptcy	Northland Resources AB Datavägen 4 977 54 LULEÅ
Company reg. no.	556656-1675
Board of Directors	Member, Chairman OLAV Fjell 510628- Askeladden 12 1388 BORGEN NORWAY
	Member, employee representative Bo Niklas Eriksson 720928-8971 Strandvägen 47 980 60 KORPILOMBOLO
	Member, employee representative Karl ROBERT Eriksson 760801-8912 Nygatan 6 984 32 PAJALA
	Member Lars STEFAN Månsson 510422-1931 Börje Sandelins väg 4 696 31 ASKERSUND
	Member RUNAR Nielsen 610504- Drøbak Panorama Osloveien 29 1440 DRØBAK NORWAY
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External company signatory
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954 41 SÖDRA SUNDERBYN

Company signatories	The company name is signed by the Board of Directors The company name is signed by two of the following jointly: Olav Fjell, Lars Stefan Månsson, Runar Nilsen, Peter Pernlöf The company name is signed by Olav Fjell, Lars Stefan Månsson, Runar Nilsen, Peter Pernlöf jointly with Johan Balck The company name is signed jointly by Johan Dagertun, Krister Winsa In addition, the Managing Director is entitled to sign the company name with respect to day-to-day administrative measures
Share capital	SEK 500 000
Shareholder	Northland Sweden AB i konkurs
Filing date	14 April 2014
Date of bankruptcy	8 December 2014

Administration of oaths	31 March 2015
Petitioner	Voluntary
Bankruptcy court	Luleå District Court Box 849 971 26 LULEÅ
Administrator	*Advokat* Hans Andersson Advokatbyrån Kaiding Box 114 941 23 PITEÅ
Supervisory authority	Enforcement Authority, Bankruptcy Supervision 901 73 UMEÅ

1. Generally

Northland Resources AB (hereinafter "**NRAB**") was formed and registered with the Swedish Companies Registration Office on 15 January 2004. NRAB has maintained its registered office in Luleå Municipality.

The share capital of NRAB amounted to SEK 500,000.

As regards other registration information regarding NRAB, see the appended registration certificate, Appendix 1.

The objects of NRAB were to conduct business operations consisting of prospecting and the development of mineral deposits, dealing in concentrates and metals, management of real estate and personal property and activities compatible therewith.

More specifically, NRAB was an iron ore producer with mining operations and processing in Kaunisvaara at the Tapuli pit, and was involved in production, development and prospecting work for mines in northern Sweden.

The subsidiaries, Northland Logistics AB (hereinafter "**NLAB**") and Northland Logistics AS (hereinafter "**NLAS**") conducted logistics operations on behalf of NRAB. The logistics operations consisted of transporting iron ore concentrate from Kaunisvaara to the port in Narvik via a loading station in Pitkäjärvi. Transport was carried out by means of trucks and railway.

NRAB was a wholly-owned subsidiary of Northland Sweden AB (hereinafter "**NSAB**") which, in turn, was wholly-owned by the ultimate parent company in the group, Northland Resources S.A. (hereinafter "**NRSA**"). NRSA, with its registered office in Luxembourg, is listed on the Oslo Stock Exchange in Norway, and listed in Frankfurt, Germany and on Nasdaq in Sweden.

NRAB and its subsidiaries jointly, and/or NSAB and NRSA, are referred to as the "**Group**" or "**Northland**".

In November 2012, the first construction phase of the Kaunisvaara project was completed and the mining operation could get underway. Thereafter, NRAB produced iron ore concentrate in Kaunisvaara from the pit in Tapuli. The project also included an iron ore deposit in Sahavaara. The deposits consisted of so-called magnetite ore.

NRAB was the exclusive holder of the prospecting permit and processing concessions in accordance with the Swedish Mineral Act.

NRAB shared administrative personnel with, among others, NSAB, NLAB and NLAS. The NRAB operations were dependent on the logistics operations in NLAB and NLAS. Financing was shared by the companies in the Group.

NRAB maintained its head office at Datavägen 14 in Luleå at which, among others, the management and accounting functions and marketing department were situated.

In anticipation of the preparation of the Administrator's Report, the estate in bankruptcy engaged KPMG AB to, among other things, perform the relevant financial analyses and review NRAB's accounts.

2. Some words about the industrial project

2.1 Profitability study, etc.

In 2010, the Group completed a profitability study (referred to as the "Definitive Feasibility Study" or "DFS"). It was led by the Norwegian company, Aker Solutions ASA.

In this document, "**Kaunisvaara project**" means the mining operation with processing in Kaunisvaara starting with the Tapuli and Sahavaara deposits.

The conclusion was reached in the profitability study that the present value of the Kaunisvaara project after interest and taxes was USD 463 million based on a return of 8%. This rendered a repayment period on the investment in accordance with the DFS of 4.9 years commencing at the start of production provided that a capacity of 5,000,000 tonnes of iron ore concentrate per year (or "**Mtpa**") could be achieved. According to the report, the estimated investment volume was USD 694 million.

In light of the fact that the assumption was made in the profitability study that part of the investment would be able to be financed by own cash flow from the Tapuli mine, the report stated that USD 583 million in financing would be needed. Shipping to clients would be carried out via the port in Narvik, and the first delivery was estimated to be made at the beginning of 2013. Full capacity was expected for 2014, i.e. a volume of 5 Mtpa.

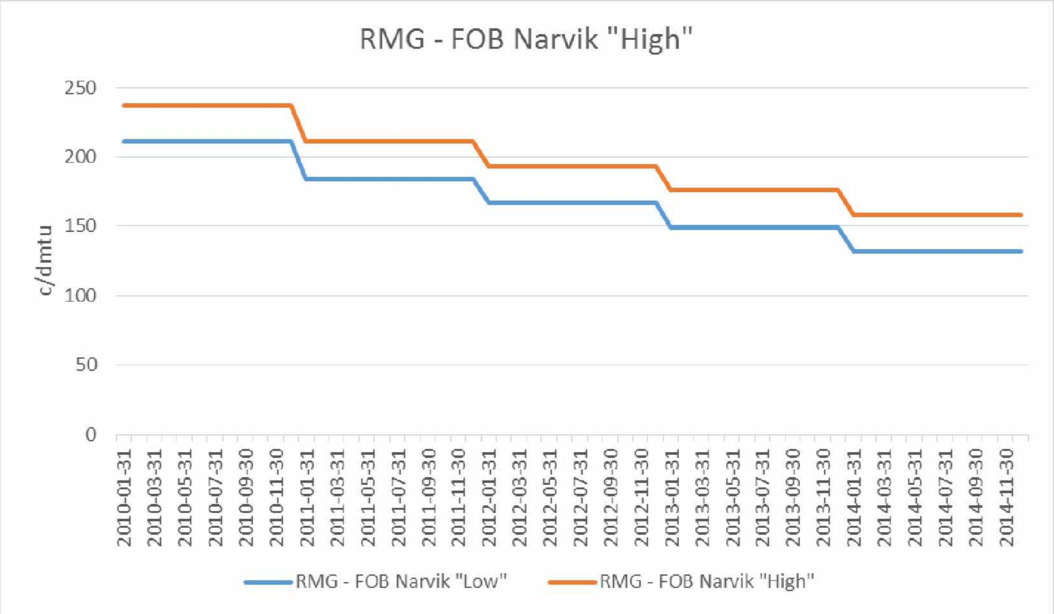
The product was to contain 69% iron, and the lifespan of the mine was estimated to be 19 years. The ore base was comprised of iron ore from both the Tapuli mine and the Sahavaara mine in accordance with the table below:

Ore base, millions of tonnes.			
	Measured	**Indicated**	**Total**
Tapuli	52	49	101
Sahavaara	30	45	75
	82	**94**	**176**

Source: NRSE 2010 Annual Report

The estimated long-term price was 85 USc/dmtu (dry metric unit), equal to USD 59/tonne. The value formed the basis of the calculation of the quantity during the lifespan of the mines.

The price in the calculation in the aforementioned DFS is based on a report from RMG (Raw Materials Group). The report was from 2010, giving Northland a price FOB Narvik of 210 c/dmtu equal to USD 145/tonne. It has not been possible to establish what RMG based its relatively high price on. The table below shows RMG’s assessment of future iron ore prices:



According to the quarterly report for Q2 2012, approximately USD 500 million had been invested in the Kaunisvaara project and, according to the annual report per 31 December 2012, a total of USD 924 million had been invested in the Kaunisvaara project. Accordingly, at this point in time, the original financing plan had been exceeded by approximately USD 230 million.

At the time of the bankruptcy, approximately USD 1.1 billion had been invested in the Kaunisvaara project. The investment level at this stage had come up to the total amount for the investment (USD 694 million), and the present value according to the original calculation (USD 463 million). This means that there was no room left to pay a return on the basis of the original price assumption.

2.2 Some initial comments regarding the project

As set forth above, the investment was much costlier than originally assumed. One of the fundamental reasons for this appears to be that the control of the Kaunisvaara project was initially too weak. In these types of development projects, increases in expenses may be quite substantial if preparatory work, project planning and regular control are not handled carefully. For example, materials consumption for the works assigned to PEAB and the costs for the installation of the processing plant were significantly higher than planned.

Line 2 of the processing plant was never completed, which rendered the actual cost per tonne significantly higher than the cost assumed in conjunction with full capacity utilization. According to a presentation to the investors dated 6 November 2014, the estimated cost for completion of line 2 was USD 148 million.

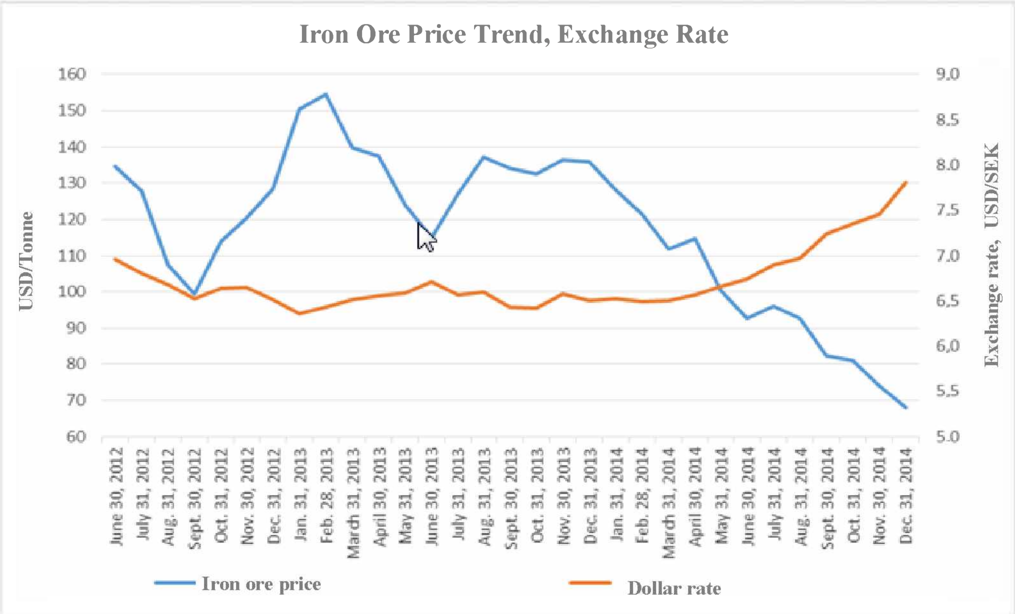
General factors of interest when discussing the Kaunisvaara project pertain to iron ore prices and the USD/SEK relationship.

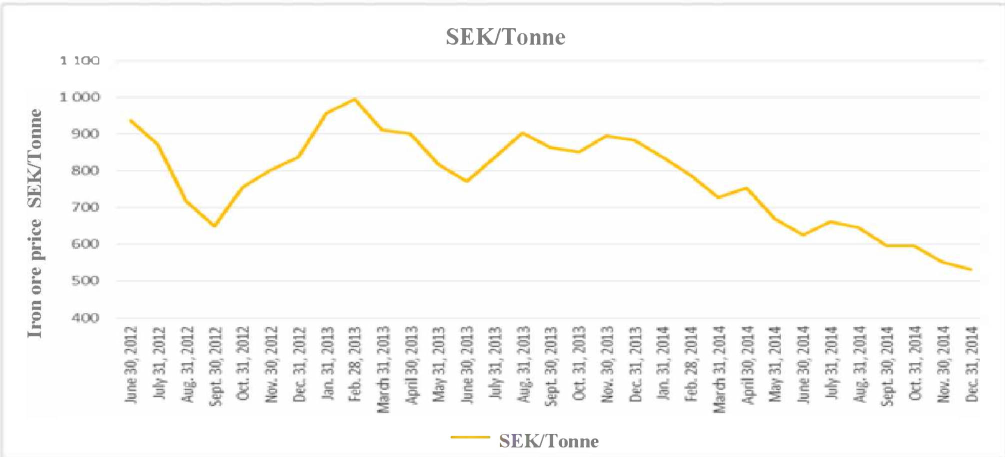
Iron ore prices have been highly volatile, which itself created uncertainty in the calculation of the profitability of the Kaunisvaara project. The relationship between USD and SEK was also a very important factor to be considered in the assessment of the profitability since 90% of the cost of operations were assessed in SEK, while revenues were priced in USD.

Northland did not hedge any currencies or iron ore prices. The operations were thereby fully exposed to these general factors.

The table below sets forth the development of the iron ore price for 62% iron ore, and the exchange rate for the period July 2012 until December 2014.

At the beginning of 2014, the iron ore price was approximately USD 135/tonne, but fell rapidly in 2014 and, by June, was down to approximately USD 90/tonne. The dollar rate climbed in 2014 which, to a certain extent, counteracted the price decline in SEK.





In brief, the Kaunisvaara project entailed a very high risk so long as production was not fully functional and long-term financing was not secured.

3. Financing the Kaunisvaara project

After the profitability study for the mine could be concluded in September 2010, a new issue was carried out in December of the same year for the amount of USD 250 million.

In March 2012, USD 675 million was obtained in a combined issue and loan in which the bond loan amounted to USD 350 million.

In Q3 2012, the costs were significantly off-budget. The cost increases were related primarily to the works carried out by PEAB and Metso (completion of the mine area and processing plant).

On 28 November 2012, the Managing Director at that time presented the 2013 budget to the Board of Directors. The budget showed a financing shortfall of USD 425 million.

The reason for the shortfall was revised project costs incurred as a consequence of increases in expenses for work performed by PEAB and Metso, the SEK/USD exchange rate fell to SEK 6.9 to USD 1, and the price assumption for iron declined to USD 130/tonne.

Information regarding the shortfall in financing was not disclosed publicly. The Board of Directors worked intensely during the following months to find a solution to the problem.

However, financing could not be obtained and, on 23 January 2013, the deficit of USD 425 million was disclosed to the market. The price of the share thereafter fell drastically. In the ensuing situation, NRAB and NLAB chose to petition for company reorganisation. Reorganisation of NRAB and NLAB was initiated on 8 February and 12 February 2013 respectively.

The reorganisation was concluded on 23 August 2013. A composition was reached in the reorganisation involving a new bond loan in the amount of USD 335 million and all suppliers whose claims exceeded SEK 2.6 million postponed demands for payment until not later than 2020. The remaining suppliers would, according to the composition, receive full payment some time following the reorganisation.

There was no write-down of the nominal amount of the liabilities in the composition. An advantageous effect of this on the financing was that the VAT deduction obtained by Northland on the accounts payable did not need to be repaid. This one-off effect equalled a liquidity effect of SEK 250 million.

A detailed description of the terms of the reorganisation and the effect on the Group are set forth in NRAB's 2013 annual report (among other places, in the Directors Report), which is appended as Appendix 2.

In November 2013, a decision was taken to attempt to obtain additional financing in the amount of USD 150 million and, in January 2014, new leasing agreements were signed with Swedbank with respect to mining vehicles in the amount of approximately USD 25 million.

On 4 February 2014, Northland presented an updated schedule for the financing process due to the fact that production and operations were burdened by unfavourable developments (see NRAB's 2013 annual report, p. 78).

A bridge loan was obtained in March 2014 (super senior bridge bond, SSBB) amounting to USD 60 million.

The bridge loan constituted a short-term component to cover the Group's financing needs of up to approximately USD 150 million. The intention was that the bridge loan would add sufficient liquidity until long-term financing was in place. The liquidity need was in many respects linked to the work involved in completing line 2 of the processing plant.

During the latter part of June 2014, however, Northland's management and accounting function observed that long-term financing of the Kaunisvaara project could not be secured as planned. On 30 June 2014, payments were informally suspended.

Initially, Northland attempted to reach an arrangement with lenders and suppliers by means of an informal reorganisation. When this failed, the petition was filed for company reorganisation according to law. This was initiated on 14 July 2014.

NRAB and NLAB were placed into voluntary bankruptcy on 8 December 2014.

Loan developments are set forth in Appendix 3.

It is noted that the Group, as a consequence of the form of financing, group structure and subsequent financial difficulties, incurred substantial advisory expenses as described in greater detail in Appendix 4 of the Administrator's Report.

4. The company's results and permits

The first delivery of iron ore concentrate to customers occurred during Q1 2013 and thereby generated the first sales revenues. Net sales for the 2013 financial year amounted to SEK 637.7 million. Operating results for the Group amounted to SEK – 1,221 million.

Net financial items for the Group amounted to SEK 2,584 million. The large positive net result is attributable to the restructured financing which, among other things, entailed renegotiated terms and conditions for internal group liabilities (2,181,753) and renegotiated terms and conditions for accounts payable (606,284). These one-off effects were a consequence of the substantial change in the terms of loans and accounts payable which, in accordance with accounting recommendation IAS 39, are deemed to be new loans which are supposed to be reported at their actual value at the same time as the old loans are deemed settled. In the determination of the actual value of the new loans, the group's assessed borrowing cost of 17-25 percent was used depending on the type of loan involved and its term to maturity.

The reorganisation, as previously mentioned, did not involve any write-off of debts on the part of the claimholders. The one-off result which was thus reported in 2013, however, naturally did not have any effect on cash flow but corresponded to future, higher financial costs.

As of the last day of December 2013, the group's interest-bearing, short-term and long-term liabilities amounted to SEK 4,931,092,000.

An overview of net sales, results and financial position in summary for the group during the period of time, 2011-2013, is set forth in the table below (SEK '000):

	2013	2012	2011
Net sales	637,714	-	-
Operating result	-1,229,990	-289,552	-63,360
Result after financial items	1,363,077	-220,206	-117,469
Result for the year	1,144,797	-220,206	-117,469
Equity	2,998,976	1,503,664	1,725,003
Balance sheet total	8,754,518	7,316,211	2,369,635
Equity ratio, %	34%	20%	73%

Source: 2013 Annual Report

With respect to the result for the 2014 financial year and the balance sheet for said year, reference is made to the appended profit and loss statement and balance sheet for 1 January 2014 – 31 December 2014, Appendix 5, and what is otherwise stated in this Administrator's Report.

5. Overview of the assets and liabilities of the estate in bankruptcy

For an overview of the assets and liabilities of the estate in bankruptcy, see the compilation in Appendix 6.

6. Accounting

NRAB has had an accounting year from 1 January to 31 December.

Day-to-day accounts have been maintained by NRAB's accounting function in Luleå which compiled vouchers and journal vouchers and data processed the material. The computer-supported accounting has produced reports such as day books, main ledgers, balance sheets and profit and loss reports and data for tax returns.

Registered public accountants elected by the general meeting were Björn Ohlsson, Ernst & Young in Uppsala.

The administrator of the estate has taken over the accounts in accordance with Appendix 7. The operations were conducted until the date of the bankruptcy filing on 8 December 2014.

The most recently prepared and audited annual report pertains to the 2013 operating year per 31 December 2013. Financial reports were prepared in 2014.

A review of Northland's accounts has rendered the following results.

The review is based upon data consisting of extracts from a database (Oracle) used by the IFS financial system. Extracts have been obtained from the tables for journal headers, journal entries and data in which clear text may be linked to the codes used, and order data.

The review covers the three relevant companies, (30) Northland Sweden AB, (31) Northland Resources AB and (32) Northland Logistics AB.

The review has also been carried out in respect of main ledger transactions with the stated voucher dates for the relevant periods.

Balances per company, account and month may be gleaned from the materials. Furthermore, balances may be gleaned from the respective account for the month in which the accounting was carried out and the balances for the journal month. The registration on the respective account in accordance with the attestation date is also apparent. It is thereby possible to identify in the material vouchers with have a voucher date which deviates substantially from the date on which registration of the voucher occurred.

Most of the accounts are, to some extent, antedated and allocation to specific periods is nothing unusual in financial reporting.

The calculation has been carried out with respect to the difference in calendar days between the voucher date and the registration date. Notable differences have been found there. The span (maximum and minimum values) of the "gap" per company is set forth below:

Company	***Antedating***
(30) Northland Sweden AB	-567
(31) Northland Resources AB	-382
(32) Northland Logistics AB	-494

Analysis of the journal vouchers which were antedated by the greatest number of days and also between financial years pertains to transfers of results from previous years and adjustments of interest and exchange rates. The adjustment of interest and exchange rates have been analysed with respect to voucher date and registration date for determination of the risk that any quarterly report was based on information which was subsequently adjusted.

The date on which the reporting is updated appears to have occurred in conjunction with the preparation of the quarterly accounts. It is thereby highly probable that these are account entries and that they thereby do not indicate any reporting of incorrect information which would have affected the company's results and financial position.

In summary, it seems that the accounts were organised in such a manner that it was mainly possible to follow the course, results and financial position of the business and essentially were **prepared** in the manner prescribed by the Swedish Accounting Act.

7. Reasons for insolvency

The reasons for insolvency are presented below in sections 7.1-7.5.

7.1 Investments became more expensive

A mine is distinct from any other industry in that the operation, from the very outset, has a calculated finiteness. As a consequence, an assessment regarding the lifespan of the operation and future cash flows must be made.

The result of this fact is that a limit may be calculated for the investment which, if it is exceeded, will not be profitable upon reasonable and balanced assessments of future metal prices.

In other words, that the future cash flow during the lifespan of the mine is not sufficient to pay interest, amortisation payments and returns to the owners.

In an investment in other types of industries, part of the investment may have a significant residual value (where, for example, the investment consists of moveable and/or saleable fixed assets upon closure).

Calculating a residual value, however, is substantially more complicated with respect to mining operations in respect of which after-treatment costs arise upon the termination of operations and a processing plant is set up in an area in which another operation cannot be expected to be established.

However, this is not to be taken to mean that a processing plant has no residual value since there is a global market for used equipment. However, the value is difficult to calculate with any certainty in advance.

The graph below demonstrates how the profitability studies, "Detailed Feasibility Study" (DFS) changed over time.

Cost category	2010 DFS Sep-10	2011 DFS May-11	DFS Update Feb -12	DFS Update Sept - 12	DFS Update Jan - 13
Mines- Dikes Mobile mining equipment	139	148	100		123
Mines- Crushing stations and conveyors	58	58	34		54
Plant Stream Sahavaara	122	125	112		112
Plant Stream Tapuli	174	163	160		191
Tailings & Water ponds/line	34	43	40		40
Power supply	15	16	15		20
Filtration plant / common equipment and infrastructure	91	127	121		121
Owners cost	57	70	47		47
Closure cost	4	0	0		0
Logistics	0	15	179		311
Total	**694**	**765**	**808**		**1019**
Additional contingency	4	0	67		78
Total incl. Contingency	**698**	**765**	**875**	**956**	**1097**
Life of Mine Capex	908	892	1085		1221

Source: Northland

The table shows that the originally planned investment amounted to USD 694 million. This was based, among other things, on the assumption that logistics would be included in the running costs but not require any investment by Northland. In conjunction with the update in January 2013, the calculated cost was USD 1,019 million. This was an increase of 47% over the original plan.

To this should be added, among other things, that there still remains an investment need for line 2 of the processing plant and, for the completion of the Sahavaara mine, according to calculations there is a necessary additional investment volume of USD 170-200 million.

In addition, it may be noted that the “Closure cost” item in the table appears to be very low. A complete restoration of the industrial area, including covering the deposits and slanting of the pit should amount to approximately SEK 200 million.

The reasons why the Kaunisvaara project was affected by extensive increases in costs include, among other things:

- **Cost planning**. The 2010 annual report states that the present value of the project after interest and taxes is USD 463 million with a required return of 8%. Logistics are stated to be “at scoping study level”. In the calculation, there are thus no investments for logistics. In the most recent calculation, the investments for logistics amounted to USD 311 million. The maximum, negative cash balance during the period was assessed to be USD 583 million. Accordingly, the determination was that a part of the investment would be financed with a positive cash flow from the Tapuli mine for a total of USD 111 million during the project period. The total investment during the 19 years (which was the estimated lifespan of the mine) was calculated to be USD 908 million. This pertained both to the Tapuli and Sahavaara mines. However, as stated above, these calculations were adjusted upwards substantially. It is clear that the project planning was linear and, from the beginning and thereafter, was not regularly analysed to a sufficient degree in terms of the substantial risks associated with the Kaunisvaara project.

- **Internal controls.** Initially, the controls of the Kaunisvaara project were too weak. Services were initially purchased from a company in Norway, Turner & Thownsend (hereinafter "**T&T**") for follow-up and reporting on the project. There were disadvantages in not having this part of the project "in house" in order to maintain control of the work on a daily basis, and the internal organisation was too weak and was not capable of regularly analysing and understanding the consequences of the cost overruns which regularly arose. Various measures were subsequently taken in order to strengthen internal controls and bring about a management and overhead function which could move the project forward in a satisfactory way. In hindsight, however, one may draw the conclusion that the organisation never achieved the desired control over the manner in which the Kaunisvaara project progressed.

- **Deficient preparation of the development project**. The Kaunisvaara project was initiated before project planning was complete. This led to a number of changes and additional work due to the fact that solutions were not complete when the project started. Together, these deficiencies were very costly for Northland. This is clear, among other things, from dealings with PEAB and Metso.

- **Logistics**. Northland's intention was, at the initial stage, that ore transport would go via Finland. This was subsequently changed to shipping from the port of Narvik. Only after the mine investment had begun was it possible to make the assessment of the costs of procuring a functioning logistics solution. The agreement with the Norwegian Agency for Railway Services turned out to contain a number of uncertainties and high costs. Establishment of the quay in Narvik and the investment in a ship loader also entailed very substantial additional costs. In order to get deliveries underway, furthermore, expensive temporary solutions were necessary. In accordance with the graph above, logistics such as Capex were not included in the original DFS. The plan was then that the logistics procurement would take place externally and the cost was thus instead a part of the calculated cash cost.

  In the DFS for May 2011, Northland planned to form a joint venture for the logistics operation. Contact was thus taken with PEAB, Grieg (the port operator in Narvik) and Savage (logistics operator) regarding the formation of a Joint Venture (hereinafter "JV") for the logistics services. The plans were then that the respective party would contribute USD 15 million to the JV. However, Northland finally came to the conclusion that the logistics were such a significant component for ensuring success for the project that it did not want to leave it to external parties. Accordingly, no JV was ever realised.

In the updated DFS from February 2012, the investment for logistics solutions was calculated to amount to USD 179 million. At that time, however, there still was no investment in railway cars in the calculation.

The updated DFS from January 2013 included investments in logistics with additional increases and then amounted to USD 311 million. According to information, this included costs for railway cars, but also other costs had increased significantly.

- **Construction of the processing plant**. Metso was retained for the construction of the processing plant. The agreement with Metso contained too few incentives to reduce the cost pressure. Among other things, costs for the sub-contractors retained by Metso were much greater than calculated. The running-in of the processing plant, line 1, in order to achieve production and quality targets also required significantly more work than expected.

  Due to the high iron ore price, there were many projects involving the expansion of existing mines as well as starting new mines underway at the same time as Northland's establishment in Pajala. In certain cases, this entailed long delivery times for equipment.

- **Northland had a weak negotiating position**. Initially, the costs were high due to the circumstances described above. When the Group, at the beginning of 2013, made public its vulnerable financial situation, their negotiating position deteriorated significantly.

  Established suppliers also required financing solutions and new suppliers were found to often add a "risk premium" in order to deliver to the Group. Taken together, this entailed additional cost increases.

7.2 Confidence in the market declined due to lack of information

Until the first company reorganisation, the shares of NRSE were listed on the Toronto exchange as NAU.

The share was listed on the Oslo exchange as NAUR. The share was traded also on NASDAQ OMX Stockholm First North and on the Frankfurt exchange.

The diagram below shows the share price trend from March 2012 until the bankruptcy in December 2014.

On 24 January 2013, the company informed the market that it did not have sufficient financing in order to complete the project, whereupon the share price fell.

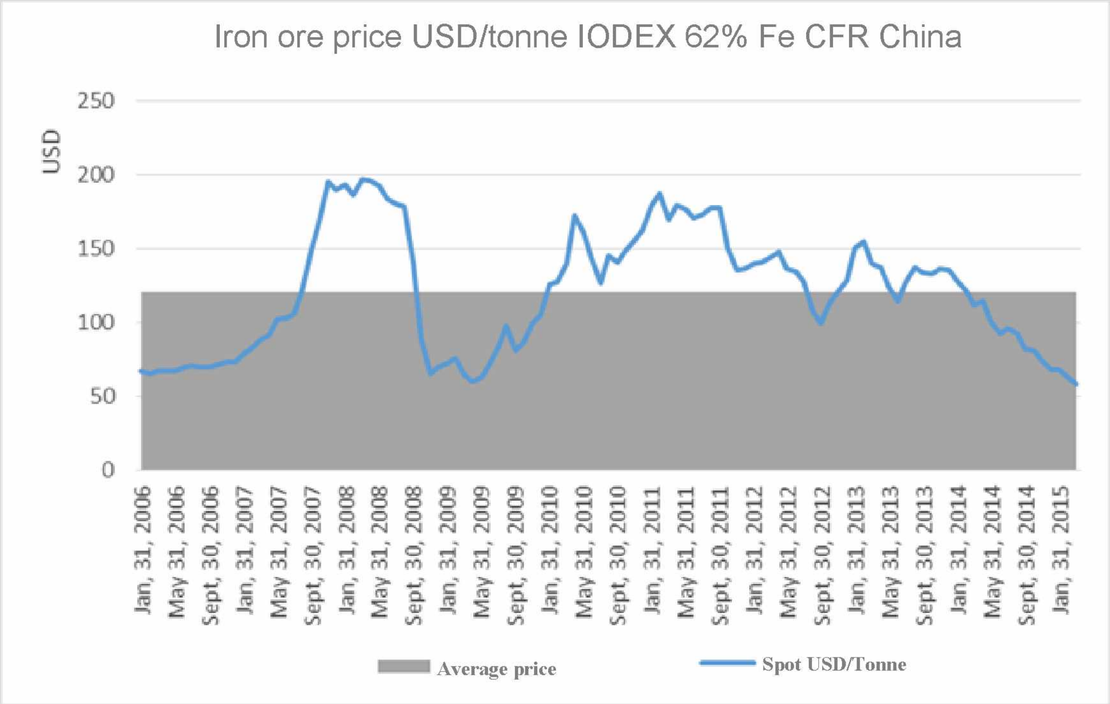
The next substantial decline occurred at the end of August 2013. This was due to the fact that the warrants matured on 27 August 2013, and the warrant holders exercised their right to 25 million new shares. On 30 August 2013, a 100:1 reverse split was carried out.

The last observable decline occurred on 7 October 2014. The share price fell to NOK 0.55. This was essentially due to the fact that NRAB decided at that time to discontinue production and allow most of the employees to return home. The share was traded at an early stage of the project at a substantially higher price. The highest listing was approximately NOK 2,000/share in January 2011, and approximately NOK 1,100/share at the end of January/beginning of February 2012.

When the substantial overruns were exposed in January 2013, not only did the confidence of the shareholders in the company fall, but suppliers and creditors acted with significantly greater caution in relation to Northland.

7.3 Falling iron ore prices

As set forth in the table below, the Kaunisvaara project developed during a period of time with high iron ore prices.



As set forth in the graph, the Kaunisvaara project got underway at a time when the iron ore price was at a level which was near the highest level quoted during the last decade.

When the decision was taken to start the Kaunisvaara project, the iron ore price was approximately USD 200/tonne.

Thereafter, the iron ore prices remained at levels which were higher than the average price for the period during the entire construction until the expiry of 2013. Subsequently, the price fell drastically at the beginning of 2014. At the end of June, the price was USD 93/tonne, and at the commencement of the bankruptcy, it had fallen further to approximately USD 70/tonne. Thereafter, the price fell further.

Northland was to produce a highly refined product with 69% iron content. Originally, it was assumed that a “premium” would be obtained for this based upon the fact that one could glean the difference in price between what was paid for 58% iron content compared with the price for 62% iron content. Against the background of a calculated operating cost of USD 67/tonne, the premium was an important factor.

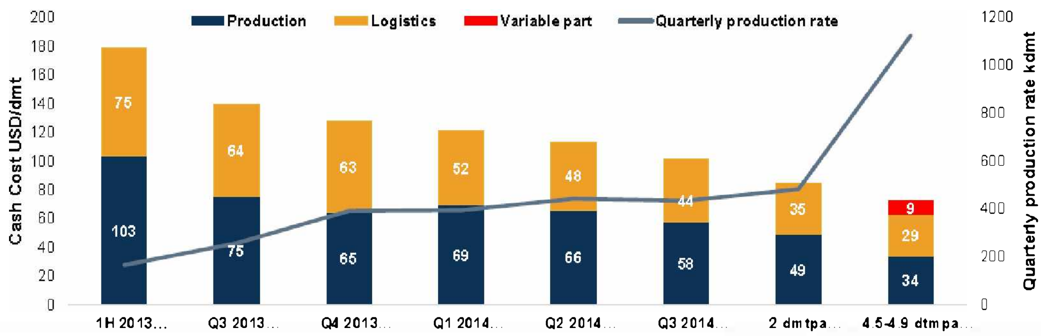
It was subsequently noted that additional refinement gradually resulted in a declining return. At this time, the price difference between 58% and 62% is, according to information, approximately USD 1/tonne. The additional cost in operations for achieving refinement to 69% thus exceeded the refinement premium over time. It is principally increases in variable additional costs for energy/electricity which arise in refining.

As set forth in the graph above, the iron ore price began to fall when the project was relatively advanced. This meant that the prices which existed largely throughout the entire period of the project were significantly higher than what was originally determined to be needed in order for the Kaunisvaara project to be profitable. It was only when NRAB entered its second reorganisation that the prices were down to the levels which would entail that the Kaunisvaara project would not be profitable had the original investment plans held true.

The development of the iron ore prices cannot, on this basis, be deemed to be the structural, principal cause for the insolvency of the Group. On the other hand, the price reductions in 2014 exacerbated Northland's liquidity crisis since the cash situation became unsustainable at a faster pace. It should also be pointed out that the substantial price decrease in iron ore in 2014 *per se* meant that the conditions for bringing about a stable financing solution – based on the guidelines which were drawn up during the first reorganisation – disappeared over time.

The mining operating could not be run at a profit today with the current iron ore prices and production costs.

7.4 Operating costs/tonne were more expensive than calculated



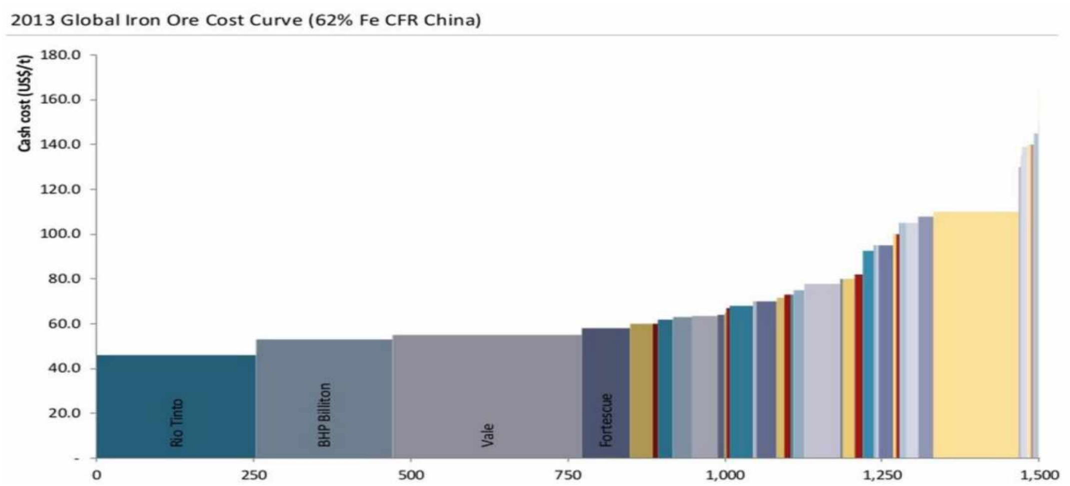
Source: NRAB Investor presentation, 6 November 2014

In its long-term forecasts, Northland had calculated a cash cost of between USD 67-70/tonne. During the short time the operations were underway, the outcome was substantially higher costs. This is depicted in the graph above.

Since the costs were largely comprised of Swedish kronor, the dollar rate trend between the Swedish krona and the dollar played an important role for the cash cost calculated in dollars.

The lowest cost which Northland succeeded in achieving during any individual month was USD 97/tonne. This occurred in May 2014. Calculations indicated, however, that the costs in conjunction with efficient operation would be substantially reduced. However, it is to be noted that there is much to suggest that ore extracted only from the Tapuli deposit could not, on any stable basis, make it possible to achieve a positive cash flow even at a higher ore price since the unrefined ore quality (in comparison with the Sahavaara deposit) was too low.

The graph below illustrates that only a few large iron ore players succeeded in keeping sufficiently low costs that they could possibly achieve positive cash flow with the applicable prices.



Source: Bloomberg

7.5 Financing could not be obtained

The aforementioned factors taken together caused the financiers to assess the risk of the operation to be so high that the capital costs could not be managed in a sustainable way. It was thereby not possible to arrange long-term financing for which a need had been indicated as early as January 2013.

8. Time at which insolvency occurred

On the basis of what was stated above, the following conclusions may be reached with respect to the time at which NRAB's inability to pay its debts could not be assumed to be only temporary.

8.1 December to January 2012

Based on available materials in the first reorganisation, the Group had the ability to make payments up to and including November 2012. The large cost overruns meant that available liquidity was, in principle, consumed.

As set forth in the table below, it appears that the ability to make payment ceased sometime in December 2012.

The reorganiser noted that Northland became insolvent sometime between December 2012 and January 2013. Formal reorganisation commenced 8 February 2013.

Amounts in MSEK	201207	201208	201209	201210	201211	201212	201301	20130208
NSAB	2.5	-3.0	-2.9	-9.0	-13.6	78.6	96.6	93.8
NRAB	1336.5	883.8	864.6	450.6	407.9	-151.0	-252.5	-664.0
NLAB	-43.6	-77.4	-29.7	12.2	4.3	-50.9	-6.3	-34.8
NLAS*	32.5	36.7	-41.1	9.6	-31.1	-59.7	-132.6	-288.5
Payment capability	1327.9	840.1	790.9	463.4	367.5	-183.0	-294.7	-893.5

* NLAS' payment capability is translated from NOK to SEK

Source: 2013 reorganisation plan

The executed reorganisation plan entailed that Northland received USD 335 million in new financing in the form of loans and equity.

In addition, a leasing agreement was executed which provided the company with an additional USD 25 million in financing.

In total, Northland received an additional USD 360 million in financing.

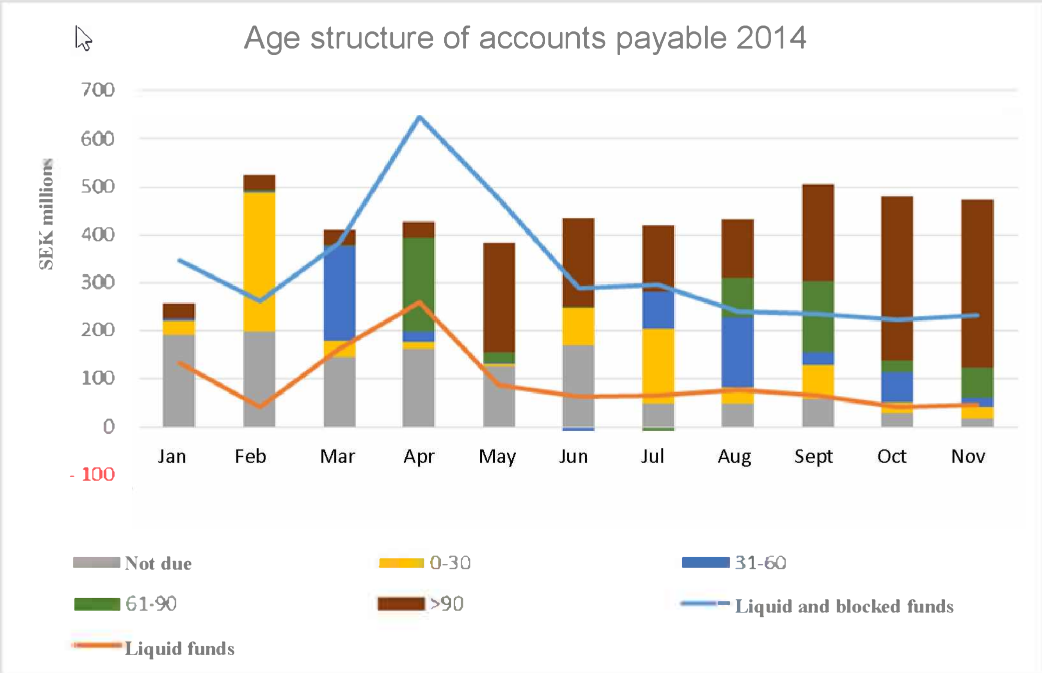
However, it is to be noted that the management of the Group determined that the real financing need was approximately USD 425 million; thus, a difference of approximately USD 65 million USD (= 360-425).

Even the reorganiser noted that the Group needed to secure additional long-term financing in order for the project to be able to be concluded.

Subsequently, it could be noted that additional long-term financing could not be acquired to a sufficient extent. However, the Group, due to the previous liquidity injection, had the ability to pay its current bills up to and including January 2014.

8.2 February 2014

The table below shows the maturity structure of the group's accounts payable and Northland's access to liquid funds.



Source: Accounts payable in accordance with the companies' accounting system, the companies' published monthly reports.

The line, "Liquid funds," pertains only to own bank balances, while the line, "Liquid and blocked funds," also includes balances on the so-called escrow account.

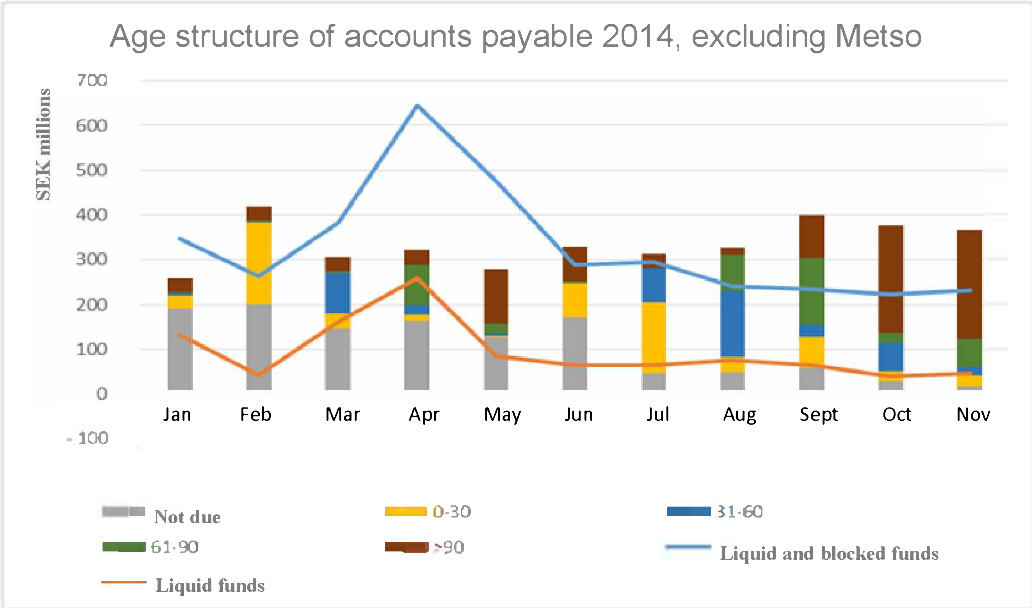
The analysis of the age structure shows that, in January 2014, most of the accounts payable were timely paid.

However, in February, the share of due and payable accounts payable exceeded the share of those which were not payable.

Throughout 2014, the share of due and payable accounts payable in relation to non-payable accounts payable increased.

Thus, the Group began to fall behind in its payments in February 2014.

In February, furthermore, the Group's cash holdings were only approximately SEK 42 million in relation to accounts payable of approximately SEK 500 million. Of these SEK 500 million, in round figures, SEK 105 million pertained to a debt to Metso which was disputed according to the 2014 reorganisation plan. The stated payable remained on the ledger until the commencement of the bankruptcy. In the diagram below, this invoice from Metso has been removed.



However, the situation was essentially the same. The share of due and payable invoices increased substantially in February and, commencing in March, they were ≥ 50% until the commencement of the bankruptcy.

In March, a bridge loan of USD 60 million was obtained.

8.3 June 2014

The bridge loan solved only very temporarily the pressing liquidity deficiency. A direct inability to pay its debts thus arose once again in June 2014. At this time, there was no additional financing contributions to be had.

The inability to make payment in June 2014 subsequently led to the second reorganisation and, finally, to Northland submitting a voluntary petition for bankruptcy.

8.4 Views on the time insolvency arose

As set forth above, the Group at no time succeeded in securing the necessary financing in order to conclude the Kaunisvaara project, which was presupposed at the conclusion of the first reorganisation.

The financial calculations were based upon a cash flow which assumed that the entire project would be realised. The intention was to be able to start production and sales; the cash flow of which, in turn, would in part be used to finance the completion of the Kaunisvaara project.

The reorganiser stated the following with respect to the reorganisation plan:

> *"There is not considered to be any need for additional financing before the New Bond Loan matures in 2019"*.

However, this conclusion presupposed that Northland would be able to obtain USD 63 million in object financing, USD 50 million as an advance on deliveries, and USD 50 million in a new issue.

None of these three financing items were complete when the first reorganisation was concluded in June 2013. As early as the autumn of the same year, Northland could see that the contemplated additional long-term financing was very difficult to obtain.

Contemplated financiers with respect to object financing (Nordea with respect to the ship loader in Narvik, VTG with respect to ore cars, and Caterpillar Finans with respect to mining equipment) all gave notice that they did not want to participate in additional financing.

The company, Stemcor – which was thought to contribute with an advance on ore deliveries – was itself affected by financial problems and, as a consequence thereof, initiated reorganisation. Stemcor's reorganisation was published on 20 June 2013; thus, temporally in close connection with the conclusion of the reorganisation of Northland.

Accordingly, no additional advance payments could be obtained for ore deliveries and Northland also failed to find anyone who was prepared to finance deliveries in advance.

With respect to the contemplated new issue for USD 50 million, there was limited interest from previous shareholders in participating in a preferential rights issue and the Board of Directors thus resolved in the autumn of 2013 to discontinue preparations for a directed new issue to previous shareholders.

At the beginning of the second reorganisation, the reorganiser thus noted the following:

> *"The companies have not succeeded in procuring the additional financing which has been part of the Companies long-term financing. The main elements of the additional financing comprised the taking up of object financing in the amount of approximately USD 63 million, procurement of an advance facility of approximately USD 50 million, and a carrying out of a rights issue of up to USD 50 million."*

Against this background, the administrator in bankruptcy reached the following conclusion concerning the time when the insolvency may be deemed to have come about.

The administrator in bankruptcy was of the opinion that Northland – even in light of the fact that the hopes regarding additional financing did not come to fruition –

in spite of everything, cured the inherently severe payment difficulties which then existed through the financing obtained in conjunction with the first reorganisation. Northland, by means of the financing and arrangement with the creditors, regained the ability to make payment and could pay its liabilities when they became due for payment. Against this background, the inability to make payment which existed during this period according to the administrator in bankruptcy could not be deemed permanent in the sense required in order for insolvency to be deemed to exist.

As stated above, Northland once again encountered payment difficulties in February 2014. The relationship between unpaid accounts payable and liquid funds clearly shows that Northland, throughout the spring of 2014, lacked the ability to make payment in order to settle due and payable accounts payable. Even if Northland received the bridge loan in March 2014, it thus did not regain the ability to make payment to such an extent that it could pay due and payable accounts payable. According to the administrator in bankruptcy, it is apparent from the accounts provided that the bridge loan offered to Northland in March 2014 could not in any relevant, lasting sense put off the inability to make payment which arose in February 2014.

On the basis of the information available to the administrator in bankruptcy and the investigation which was carried out on the basis thereof, the conclusion was thus that the inability to make payment suffered by Northland in February 2014 was permanent within the meaning of insolvency. Thus, insolvency may be deemed to have come about some time in February 2014.

9 Date for preparation of the balance sheet for liquidation purposes

9.1 Introduction

The Swedish Companies Act prescribes that the Board of Directors must immediately prepare and cause the auditors to review a special balance sheet as soon as there is cause to believe that the company's equity is less than half of the registered share capital.

It is noted initially that the administrator in bankruptcy, as prescribed in the Swedish Bankruptcy Act, need only determine the time at which the feared capital deficiency may be deemed to have existed and not the issue of whether an actual, critical capital deficiency existed. It befalls an individual creditor, where necessary, to be responsible for this examination. In addition, it should be noted that the stated conclusion is an assumption based on stated grounds and not a result of an examination which may form the basis of legal proceedings.

9.2 Impairment test, etc.

As part of the assessments regarding whether the Group was obligated to prepare a balance sheet for liquidation purposes, impairment tests with respect to the Kaunisvaara project were carried out on a regular basis commencing 31 December 2012. A compilation of the impairment tests provides the following result:

Impairment tests	Q4 2012	Q3 2013	Q4 2013	Q2 2014	Q3 2014
Value tested for write-down (USD millions)	924	1,093	1,155	1,176	973
Assumptions					
WACC	13.8%	8.4%	8.4%	8.4%	8.4%
Iron ore price USD/tonne LOM	130	120	120	111,5	86
FX rate	6.90	6.90	6.90	6.74	7.24
Cash cost USD LoM	67,1	67,8	70,1	67	66
Tax rate	22%	22%	22%	22%	22%
Valuation according to impairment test (USD millions)	959	1098	1215	1054	166
Reported write-down (USD millions)	-	-	-0.1	-122	-807

Source: Annual reports, quarterly reports

In the original calculations for the Kaunisvaara project and the impairment test for the Q4 2012, a Weighted Average Cost of Capital (WACC) of 13.8 percent was used in the determination of the value of the Kaunisvaara project.

In conjunction with the impairment test for Q3 2013, however, the discount rate was adjusted downwards compared with the previous impairment tests and a WACC of 8.4 percent was subsequently applied (see the table above).

The adjustment of the percentage rate was justified by the fact that it would reflect *financing costs generally within the mining industry* and adjustment to *mining industry-specific conditions* in lieu of Northland's own financing situation.

The discount rate which was used in previous tests may be said to have reflected more the stressed financial situation which Northland specifically found itself in.

The basis for the determination of the discount rate in accordance with IAS 36 (International Accounting Standards) is also that it shall be the required return which a hypothetical market participant/investor would have for the asset tested, and thus not the situation in which the specific investor is confronted with.

One aspect which is difficult to assess when establishing the required return is the handling of risks which may be diversified via other investments and risks which cannot be dispensed with by diversification. In that the *hypothetical* market actor/investor may be deemed to have a possibility to diversify, the consequence is that the required return only takes into account "undiversifiable"/systematic risks. Thus, operating on the basis of a contemplated industry required return in the impairment tests thus appears fully acceptable.

In the impairment tests carried out during the remaining part of 2013 and 2014, a WACC of 8.4 percent was used throughout in the calculation of the present value for the project. It is worth pointing out that, in the event a WACC of 13.8 percent was instead used in conjunction with all impairment tests, there would have been a significant write-down need beginning with Q2 and Q3 2013. The compilation below illustrates Northland's impairment tests and sensitivity analyses. The sensitivity analyses reveal that, as early as Q3 2013, the margins in the valuation of the Kaunisvaara project were small. A mere 0.5 percent increase in WACC or a decrease of USD 10/tonne in the iron ore price would probably have necessitated a write-down. NRAB has also stated in the annual report for 2013 that the margins were small, and a sensitivity analysis is presented illustrating the aforementioned.

Impairment tests Q4 2012, tested value USD 924 million	Valuation			Write-down need		
Price / WACC	**10.0%**	**13.8%**	**15.0%**	**10.0%**	**13.8%**	**15.0%**
130 d/t FOB	1 038	959	887	114	35	(37)
10% lower price	953	643	566	29	(281)	(358)
Impairment tests Q3 2013, tested value USD 1,093 million	**Valuation**			**Write-down need**		
Price / WACC	**8.4%**	**8.9%**	**9.3%**	**8.4%**	**8.9%**	**9.3%**
120 d/t FOB LoM (management case)	1 098	1 057	1 026	5	(36)	(67)
110 d/t	829	796	770	(264)	(297)	(323)
100 d/t	552	525	504	(541)	(568)	(589)
Impairment test Q4 2013, tested value USD 1,155 million	**Valuation**			**Write-down need**		
Price / WACC	**8.4%**	**8.9%**	**9.3%**	**8.4%**	**8.9%**	**9.3%**
120 d/t FOB LoM (management case)	1 215	1 174	1 142	60	19	(13)
110 d/t	943	910	884	(212)	(245)	(271)
100 d/t	660	634	613	(495)	(521)	(542)
Impairment test Q2 2014, tested value USD 1,176 million	**Valuation**			**Write-down**		
Price / WACC	**8.4%**	**8.9%**	**9.3%**	**8.4%**	**8.9%**	**9.3%**
111,5 d/t FOB LoM (management case)	1 054	1 011	979	(122)	(165)	(197)
10% lower price	694	661	635	(482)	(515)	(541)
20% lower price	277	256	241	(899)	(920)	(935)

Source: Annual reports, quarterly reports

9.3 The effect of accounting principles

Commencing with the 2012 annual report, NRAB applied an accounting principle referred to as RFR 2 (Swedish Financial Accounting Standards Council). This principle is applicable according to RFR in legal persons in respect of companies whose securities are traded on a regulated market within the EEA area and when the group must report in accordance with IFRS (International Financial Reporting Standards). RFR 2 is applicable to NRAB due to the fact that NRAB's bond loan was listed on the exchange in Oslo.

The starting point in RFR 2 is that IFRS shall be applied to the extent possible in the financial reports for the legal person. Exceptions apply in the following cases:

- the application of IFRS violates Swedish law;
- the application of IFRS leads to a tax situation which deviates from that applicable to other Swedish undertakings; or
- there are other compelling reasons.

In NRAB's case, what differs principally from IFRS is that financial instruments are reported on the basis of the acquisition value in accordance with the Swedish Annual Reports Act, while the Group applies IAS 39 with a somewhat larger element of actual values in the reporting. The actual value is the market-based valuation, not a company-specific valuation. The purpose is to estimate the price for the sale of the asset or transfer of the liability "by means of an orderly transaction between market players under relevant market conditions".

When the price is not discernible, the asset is valued in accordance with another technique which maximises observable input data in order to make the assumptions which market players would use in conjunction with pricing, "including assumptions regarding risk".

As regards tangible assets, they are valued at the acquisition value less any depreciation.

The impairment test for a mine is normally based on an assessed present value of the future cash flow during the lifespan of the mine. The assumptions regarding i) required return, ii) iron ore price, iii) dollar exchange rate and iv) operating costs are decisive for the value.

9.4 Consolidated accounting

Northland has to a large degree been financed by bond loans. These contain options and warrants which were valued separately.

The bond loans were initially valued at the actual value and, in subsequent accounts, at the accrued acquisition value in which interest expenses and a calculation of the debt were based upon an effective interest rate which was established in conjunction with the initial reporting.

In conjunction with renegotiation of loans with significant amendments to the loan terms and conditions or with a new counterparty, the existing loan is removed from the books and the loan with new terms and conditions is regarded as a new loan which is thereby initially reported at the actual value and thereafter at the accrued acquisition value.

After the first reorganisation, accounts payable exceeding SEK 2.6 million/supplier were renegotiated to interest-bearing, long-term liabilities. In conjunction with the reorganisation, these were also reported in the group at their actual value with the same assumptions as the bond loan with the best collateral.

The nominal value of the accounts payable included in the reorganisation amounted to SEK 1,216 million. The actual value of the restructured accounts payable was calculated on the first accounting following the reorganisation in the amount of SEK 610 million. The latter-referenced amount was based upon a market interest of 17-23.5 percent. The initial accounting of the restructured accounts payable thus resulted in a one-off gain of SEK 606 million in the group.

As mentioned, the impairment test commencing Q3 2013 was conducted on the basis of a required return of 8.4 percent. On 31 December 2013, this caused the Group to write down the asset equal to the interest amount in the amount of SEK 359 million, while NRAB did not carry out any write-down.

As a consequence of the aforementioned, the Group reported a profit in the 2013 annual report of SEK 1,145 million. The profit was based on the valuation of the loans and accounts payable with a present value factor of 17 to 23.5 percent, corresponding to the Group's calculated borrowing cost. At the same time, the required return on the asset was set at only 8.4%.

Refer to the sensitivity analysis below in which the assets in the accounts are valued at USD 1,155 million. Amounts in parentheses indicate a write-down requirement:

Impairment test Q4 2013	Valuation			Write-down requirement		
Price / WACC	**8.4%**	**8.9%**	**9.3%**	**8.4%**	**8.9%**	**9.3%**
120 d/t FOB LoM (management case)	1 215	1 174	1 142	60	19	(13)
110 d/t	943	910	884	(212)	(245)	(271)
100 d/t	660	634	613	(495)	(521)	(542)

Source: 2013 Annual Report

The reason why the assets were valued on the basis of required return other than that applicable to the loans was, as stated earlier, the use of a required return (WACC) according to IAS 36 which was applicable to the mining industry as a whole with an average indebtedness. In other words, what was taken into account was what the asset was worth to the average mining company without regard to the company-specific situation.

A sensitivity analysis was provided in the annual report with the intention of making it possible for the reader to independently assess which effects different outcomes could have on the opening values.

9.5 Some additional information regarding NRAB

Since NRAB did not apply the same principles on the group level with respect to financial instruments but, rather, had a basis in the acquisition value, the result was not reported as it appeared in the Group for 2013 in NRAB.

NRAB thereby reported its liabilities at the nominal amount and reported, as a consequence thereof, a loss of SEK 1.4 million for 2013. This means that the company's equity per 31 December 2013 amounted only to SEK 10 million. A required return of 9.3% or an iron ore price assumption which was USD 10/tonne lower would therefore have entailed a write-down requirement which would have resulted in a loss of more than half of the share capital. On 15 January 2014, a shareholder contribution was received equal to SEK 556 million in the Group and SEK 2.4 billion in NRAB.

In the annual report for 2013, the Group had thus written down assets in the amount of SEK 359 million and simultaneously reported liabilities in the amount of SEK 3,036 million less than the nominal value, while NRAB did not implement any such write-down but, rather, reported liabilities at the nominal amount.

9.6 The significance of the going concern principle for the assessment of the obligation to prepare a balance sheet for liquidation purposes

In the annual reports for both 2012 and 2013, the auditors have disclosed a matter worth noting.

As regards 2012, the auditors write the following:

> *"Without qualifying our opinion, we draw your attention to the account by the Board of Directors in the Directors Report under the heading "Continued operation" with respect of financing. If the financing plan which is currently in place is not realised by resolutions which are necessary for its execution, the company's future financing form and ownership may be materially affected."*

For 2013, it was formulated as follows:

> *"Without qualifying our opinion, we draw your attention to the importance of securing the company's long-term financing. We would particularly draw your attention to the information given in the Directors Report, Note 2 and Note 40 which discloses that there is a need of a long-term funding for the continued operation of the business. A long-term solution will be presented in 2014. These conditions indicate together with the other circumstances mentioned in Note 2, the existence of a material uncertainty about the Company's ability to continue as a going*

> *concern. The annual report is prepared based on the going concern assumption, and thus be able to realize its assets and settle its liabilities within the course of ordinary business. If the long-term financing plan will not materialize an impairment of assets could occur.*

The auditors never commented on the fact that the value in the auditor's reports, but drew attention to the risks associated with the going concern assumption. If the principle of going concern could not be applied, the issue of market value would naturally have been further relevant; i.e. was there a buyer who was willing to take over the project at book value.

It appears to be decisive to the issue of when the obligation to prepare a balance sheet for liquidation purposes may be deemed to have arisen is when the principle of going concern could no longer be applied to NRAB and/or the Group.

9.7 Conclusions concerning the obligation to prepare a balance sheet for liquidation purposes

The starting point for a balance sheet for liquidation purposes is to prepare a balance sheet in accordance with the accounting principles applied by the company in its regular accounting. As regards NRAB, this entails the Swedish Annual Reports Act and RFR 2. Thereafter, the accounts, in certain cases, may be adjusted upwards if there are surplus values which are not booked.

As stated above, the rules in RFR 2 allow liabilities and assets to be valued taking into account different required returns. As a result of this, the time for the preparation of the balance sheet for control purposes was moved forward quite significantly for NRAB.

With this as the starting point, no balance sheet for liquidation purposes was prepared in NRAB. The work of preparing the balance sheet for liquidation purposes was commenced in 2014, yet ceased with the bankruptcy.

It should also be pointed out that, in conjunction with the first reorganisation, loans in the amount of SEK 2,238 million were moved from NRAB up to the parent company, NRSE. This thereafter made it possible to convert, with the bond holders' approval, internal group debt into equity in the Swedish company. This also eliminated any obligation to prepare a balance sheet for liquidation purposes in the Swedish companies.

By application of the valuation principles and variables which were applied by NRAB and taking into account the principle of going concern, it was the opinion of the administrator in bankruptcy that the obligation to prepare a balance sheet for liquidation purposes may not be assumed to have arisen prior to sometime during the second half of 2014.

10. Conditions for recovery

10.1 The examination by the administrator in bankruptcy of recovery

Pursuant to Chapter 7, section 15 of the Swedish Bankruptcy Act, an Administrator's Report shall contain information regarding any such circumstances which may give rise to recovery for the estate in bankruptcy.

On 14 July 2014, NRAB applied to the Luleå District Court for company reorganisation. The District Court took a decision on the same day regarding company reorganisation.

When a request for composition proceedings is made in a company reorganisation, according to Chapter 3, section 11 of the Swedish Company Reorganisation Act, such request shall be accompanied by a statement by the reorganiser which shall contain, among other things, information regarding whether the debtor has relinquished property under such circumstances that the property may be recovered in accordance with the provisions thereon in Chapter 4, sections 5-13 of the Swedish Bankruptcy Act.

The reorganiser, on 27 November 2014, submitted a written account with respect to, among other things, circumstances in the relevant respect, i.e. whether recoverable transactions had taken place.

The account provides that the reorganiser conducted an examination of the issue with external assistance and that the examination was directed primarily at legal acts regarding amounts which are significant in relation to NRAB's assets and operations. The reorganiser has not been able to discern any recoverable transactions.

10.2 Generally regarding investigation of the estate in bankruptcy

The estate in bankruptcy, with external assistance (KPMG AB) has conducted an examination of whether recoverable transactions have occurred.

A special examination has been conducted with respect to whether payments were made during the period of time from 14 April 2014 until the commencement of bankruptcy on 8 December 2014.

With respect to the time of insolvency, reference is made to previous statements in the Directors Report.

10.3 Recovery provisions in Chapter 4, section 5 of the Swedish Bankruptcy Act

According to Chapter 4, section 5 of the Swedish Bankruptcy Act, a legal act, whereby a particular creditor has been unfairly favoured over others or whereby the property of the debtor has been concealed from the creditors or his or her debts have increased, shall be voided if the debtor was, or by virtue of the procedure, solely or in combination with another factor, insolvent and the other person knew or should have known of the insolvency of the debtor and the circumstances which rendered the legal act improper.

Close relatives of the creditor are deemed to have such knowledge as referred to in the first paragraph unless it is shown that he or she probably neither knew nor should have had such knowledge.

10.4 Generally regarding the recovery provisions in Chapter 4, section 10 of the Swedish Bankruptcy Act

According to Chapter 4, section 10 of the Swedish Bankruptcy Act, payment of debt that occurred up to three months before the date of filing and which was made with something other than customary means of payments, prematurely or in an amount that has considerably caused the deterioration of the financial position of the debtor, is void unless it can nevertheless be considered ordinary having regard to the circumstances. If the payment was made to someone who was a close relative of the debtor prior thereto but up to two years prior to the date of filing, it shall be annulled unless it can be shown that the debtor neither was, nor by means of the measure became, insolvent.

10.5 Filing date

According to Chapter 4, section 2 of the Swedish Bankruptcy Act, the date of filing is the day upon which the petition for bankruptcy was submitted to the District Court. If a decision has been issued regarding company reorganisation, date of filing instead means the day the petition was filed for reorganisation provided that the petition for bankruptcy was filed during the company reorganisation or within three weeks of the date upon which the Court decided that company reorganisation should cease.

In the current case, the date of filing thus is the date the petition for company reorganisation was filed, which day was 14 April 2014. This means that transactions which occurred between 14 April 2014 and 8 December 2014 are payments which, if the requirement is thus fulfilled, may be covered by the provisions regarding recovery in Chapter 4, section 10 of the Swedish Bankruptcy Act.

10.6 Particularly regarding payments of debts by means other than ordinary payments in accordance with Chapter 4, section 10 of the Swedish Bankruptcy Act

As stated above, the payment of a debt which takes place by means other than ordinary payments are covered by the provisions regarding recovery in the Swedish Bankruptcy Act.

According to the review of NRAB's accounts, no set-offs or payments by means other than cash balances have been identified in the accounts.

10.7 Particularly regarding payment of debts with amounts which substantially undermine the debtor's financial position in accordance with Chapter 4, section 10 of the Swedish Bankruptcy Act

The current investigative information does not show any individual payment within the meaning of the statute which undermined NRAB's financial position.

10.8 Review of other payments of debts

The review conducted by the estate in bankruptcy has identified a number of payments which may constitute recoverable transactions. Additional examination and considerations, however, need be carried out whereupon, among other things, a deeper examination of vouchers and investigation of underlying causes regarding the respective payments will be carried out.

11. Improper use of capital

The administrator in bankruptcy has to date not discerned payments which are to be assessed on the basis of the rules regarding impermissible distributions of profit in accordance with the Swedish Companies Act.

Nothing has come to light to date which would give the administrator in bankruptcy cause to assume that the company violated the loan prohibition in accordance with the Swedish Companies Act.

12. Company law damages

The administrator in bankruptcy currently has nothing to report under this heading.

13. Some words regarding the obligation to the market places

13.1 Toronto exchange

As a consequence of the first reorganisation getting underway, the Toronto exchange took the decision that Northland would be de-listed. This occurred on 15 March 2013.

13.2 Oslo exchange

As stated above, on 28 November 2012, the Board of Directors learned that there was a need for additional capital in order to complete the Kaunisvaara project. On 19 December 2012, the Oslo exchange was informed of this fact.

On 25 June 2013, the Oslo exchange took a decision regarding fines amounting to seven times the annual listing fee, equal to NOK 1,262,000. The maximum fine is ten times the listing fee. The reason for the extensive fines, according to the Oslo exchange, was that insider information regarding the capital requirements existed not later than 29 November 2012 when a preliminary budget was presented to the Board of Directors and due to the sensitivity of the insider information.

Information regarding the capital requirement went to the market on 24 January 2013.

Northland claimed that the budget presented on 28 November 2012 was too uncertain in order to form the basis for information and that additional investigative work was required.

The Oslo exchange was of the opinion that the information which existed not later than 29 November 2013 was sufficient and that additional information produced by 24 January 2013 also could have been subject to the information disclosure obligation in itself. In other words, the Oslo exchange was of the opinion that the period of time which transpired between the two points in time which Northland had the information and the information received by the market increased during the period.

Piteå, 3 September 2015

Hans Andersson

Appendices:
1. Registration certificate
2. 2013 Annual Report
3. Loan development in NRAB
4. Advisory costs in NRAB
5. 2014 financial and balance sheet report
6. Overview of estate in bankruptcy's assets and liabilities
7. List of accounting books acquired