



## Financial Report Second Quarter 2018

### Second Quarter 2018 (April – June)

- Exploration and evaluation costs for second quarter amounts to 5.4 (0.0) msek
- After-tax profit for second quarter amounts to -6.2 (-0.5) msek
- Profit per share for second quarter amounts to -0.50 (-0.06) sek

### First Six Months 2018 (January – June)

- Exploration and evaluation costs for first six months amounts to 6.4 (0.0) msek
- After-tax profit for first six months amounts to -7.3 (-0.5) msek
- Profit per share for first six months amounts to -0.58 (0.07) sek

### Significant events in the reporting period

- Drill program of 2,465 meters completed in Joma fields in Norway
- Work with regulatory plan initiated for Joma
- Exploration permit obtained for previous copper and zinc mine in Gjersvik approx. 24 km from Joma mine
- Direct share issue of 7.5 msek to Canadian investor Vilhelmina Minerals Inc. completed
- Company has applied for listing of Company's share at market place NGM Nordic MTF in Stockholm

### Significant events after the reporting period

- Dividend in kind of subsidiary Upgrade Mineral AB approved at extra shareholder's meeting
- Incentive program with warrants to key staff approved at extra shareholder's meeting

# Operations

## Vilhelmina Mineral in short

Vilhelmina Mineral AB (publ), ("the Company"), is a Swedish company active in exploration and mining in the Nordic region, focusing on base metals, mainly copper and zinc. The company's goal is to develop the current deposits and start mining operations in the next few years. The company's main projects consist of the Swedish projects Stekenjokk and Levi in Västerbotten and the Norwegian project Joma located in Trøndelag. For Stekenjokk and Levi, an application for exploitation concession is submitted to the Swedish authorities. In the case of the Joma, the first step in the Norwegian equivalent of exploitation concession has been obtained ("utvinningsrett"). In addition to the main projects, there are a number of smaller satellite projects in the form of Swedish Jormlien and Ankarvattnet, as well as Norwegian Gjersvik. The operations are organized in the Swedish parent company Vilhelmina Mineral AB (publ) and in the half-owned Norwegian subsidiary Joma Gruver AS. More information about the Company is available at [www.vilhelminamineral.com](http://www.vilhelminamineral.com).

## Development of operations

### Joma

In the reporting period, Vilhelmina Mineral has continued its development work with the Joma field through its Norwegian subsidiary Joma Gruver AS. The project is located in the Norwegian municipality of Røyrvik in the county of Trøndelag in the Namdal region in Norway. Joma is located about 60 km southwest of Stekenjokk. Between 1972 and 1998, the company Norsulfid Grong Gruber AS mined approximately 11.5 million tonnes of ore with an average of 1.49% copper and 1.45% zinc. Based on previous drilling in the area, the total remaining assets at Cu are estimated (at 0.8% cutoff) to at least 5.7 million tonnes of indicated mineral resources at levels of 1.55% copper and 0.82% zinc (source: Dr. Gee, 2011). Beside remaining resources, there is also access to electricity, water, roads, landfills and buildings-

In the reporting period, Joma Gruver has carried out a drilling program of 2,465 drill meters in Joma, divided between 13 drill holes. The purpose of this drilling has been to investigate geophysical anomalies in the Joma fields and to verify levels of residual mineral resources in the old mine area of Joma. Drill samples have been submitted to the authorized laboratory ALS in Piteå for analysis and results are expected in the autumn. With this as a basis, a strategy for development of Joma project will be decided.

In the reporting period, Joma Gruver has continued the permitting work. Joma Gruver currently has a so-called extraction right (Norwegian "utvinningsrett") for Joma. This is the first step in the Norwegian process for obtaining the equivalent of an exploitation concession. During the reporting period, the work on the next step continued in the form of a regulatory plan where Joma Gruver has contracted consulting firm Multiconsult AS. This work is expected to continue during 2018 and for the major part of 2019.

In the reporting period, Joma Gruver has also obtained an exploration permit for Gjersvik, which is a copper and zinc mine located 24 km from Joma. Under the former owner Norsulfid Grong Gruber AS, between 1993 and 1997, 485,000 tonnes of ore were mined. Total remaining assets are estimated to 0.9 million tonnes of indicated mineral resources with 1.51% copper and 1.22% zinc (source: Outokumpu, 1997).

## Stekenjokk and Levi

In the reporting period, Vilhelmina Mineral has continued to work on the development of the Swedish main projects Stekenjokk and Levi. These are located in Västerbotten near the border to Jämtland and Norway. As one mineralization (Stekenjokk South) extends underground into Jämtland, the municipality of Strömsund, county administrative board of Jämtland and local sami village are also involved in permitting process. The mineralization was discovered in 1918 by the Geological Survey of Sweden (SGU). Stekenjokk was in operation by Boliden between 1976 and 1988 when about 7.1 million tonnes of ore was produced at concentrations of 1.5% copper and 3.5% zinc. Based on previous drilling in the area, the total remaining assets in Stekenjokk and Levi (at Cu 0.9 % cutoff) are about 7.4 million tonnes with 1.17 % copper and 3.01 % zinc (source: IGE, 2007). Since 2012, Stekenjokk and Levi is classified as mineralization of national interest (“riksintressant mineralfyndighet”).

Vilhelmina Mineral submitted an application for exploitation concession for Stekenjokk and Levi in July 2011. The application was processed by the Swedish Mining Inspectorate in Luleå which, in turn, sent it to the county administrative boards of Västerbotten and Jämtland. They in turn referred the application to Vilhelmina and Strömsund municipalities as well as Vilhelmina Southern Sami and Vornese Sami villages for their opinions. The response was received by the Mining Inspectorate in early 2012 and both county administrative boards rejected the application for exploitation concession, referring to the national interest for reindeer herding.

Vilhelmina Mineral handed in a supplement to the application in May 2013. In this supplement it was referred to the classification of the mineralization of national interest as well as a newly developed plan for co-existence with the reindeer herding activities. In February 2014, the Mining Inspectorate decided not to grant the Company an exploitation concession with reference to the potential conflict with the reindeer herding activities.

The decision of the Mining Inspectorate has been appealed by the Company to the Government in April 2014. The appeal has caused a number of further rounds of referral, including a view of how authorities and courts have decided in other applications for exploitation concessions.

With the establishment of the Norwegian subsidiary Joma Gruver, the Company has developed a second hand alternative that supplements the current application. The second hand alternative implies that underground mining will only be conducted during a period when the reindeers do not normally use the area, mainly in the winter time. After extraction, the ore is transported to Joma for processing and waste handling. The supplement to application, with this new second hand alternative, was submitted to the Ministry of Industry in October 2017 and in November the Swedish Government decided to re-woke the Mining Inspectorate’s previous decision and asked them to evaluate the application again.

At the beginning of 2018, the Company was commissioned by the Mining Inspectorate to provide supplementary information about the second hand alternative and among other things, how this affects the Skåarnja nature reserve. In the reporting period, the Company has submitted these answers to the Mining Inspectorate and is now awaiting a probable new round of referral with relevant authorities and stakeholders.

## Financing

In the reporting period two new share issues have been completed. A new share issue of SEK 7.5 million has been directed to the Canadian investor Vilhelmina Minerals Inc. The issue comprised 3,457,118 shares at a share price of SEK 2.17 per share. Another new share issue of SEK 70,000 has been made to the Swedish company Dividend Sweden AB. The issue comprised 700,000 shares and was issued at a share price of 0.10 SEK per share (nominal price). Of these shares, 630,000 shares have been distributed to the shareholders of Dividend Sweden AB. Thus, ownership spread has taken place in Vilhelmina Minerals AB (publ) and the Company fulfills the formal requirements for ownership spreading that exist

for listing of the Company's shares on the marketplace NGM Nordic MTF. Following completed new issues, the total number of shares in the company amounted to 14,528,472.

### **Application for listing of Company's share**

In the reporting period, Vilhelmina Mineral AB (publ) has applied for listing of the Company's share in the market place NGM Nordic MTF in autumn 2018.

## **Events after the reporting period**

### **Joma**

After the end of the reporting period, the Company's Norwegian subsidiary Joma Gruver AS has continued to work on the development of the Joma project. The main focus has been on work with regulatory plan and analysis of drill samples from the drilling program conducted in the period April to June 2018.

### **Stekenjokk and Levi**

After the reporting period, Vilhelmina Mineral has continued to work on the development of the Swedish main projects Stekenjokk and Levi. The work has consisted of preparations for autumn meetings with various authorities and other stakeholders in the process of applying for an exploitation concession.

### **Listing of Company's share and planned financing**

After the end of the reporting period, the Company has continued to work on the planned listing of the Company's share at NGM Nordic MTF. The work has consisted in the submission of documentation to the marketplace as a basis for final approval of listing. In parallel, work on further financing of the business has been ongoing.

### **Decisions at extra shareholder's meeting**

After the reporting period, two decisions were taken at the extraordinary shareholder's meeting on August 2, 2018. The extraordinary shareholder's meeting resolved to issue a total of 1 million warrants to key staff within the Company, which means an increase in the share capital at full utilization by no more than SEK 100,000, in accordance with terms and conditions on the Company's website. With full utilization of the warrants, this means a dilution of 6.4%. The decision was supported by all the shares represented at the extraordinary shareholder's meeting.

The extraordinary shareholder's meeting also decided to issue a dividend of 0,10 SEK per share in the Company. Dividends shall be made in the form of shares in the newly formed wholly owned subsidiary NewCo 5001 Sweden AB (U.U. Upgrade Mineral AB), org. No. 559165-0642 ("Subsidiary"), whereby one share in the Company entitles one share in the Subsidiary. The Board was authorized to determine the record date. The purpose of the dividend is to create value for the shareholders of the Company, as the Subsidiary at a later stage may be used to acquire interesting projects in precious metals and other minerals.

# Financial and other information

## Net revenue and profit

The Group has not had any revenues during the reporting period. The result after tax for the second quarter was SEK -6.2 (-0.5) million. Profit after tax for the first half of the year was SEK -7.3 (-0.5) million.

## Cash position and cash flow

The Group's shareholders' equity attributable to the parent company's shareholders amounted to MSEK 5.2 (-0.1) as at 30 June. It gives a solidity of 82.2 (neg.) %. Liquid funds amounted to SEK 6.0 million (0.1) at the end of the period.

## Investments

During the period no investments have been made. All costs associated with drilling and other development of projects have been expensed.

## Financing

During the second quarter, a total issue of SEK 7.6 million has been completed.

## Outstanding shares

The number of outstanding shares in the company at the end of the period was 14,528,472.

## Incentive programs

An option program of 1 million warrants has been issued to the Company's key persons consisting of members of the Board and additional persons working in conjunction with the Company. Full conversion of the warrants at the end of the period amounts to approximately 6.4% dilution. Each warrants entitle the holder to subscribe for a new share in the Company at a subscription price of 6 kr. Notification of subscription of shares according to the terms of the warrant's shall be made no later than August 2, 2021.

## Staff

There are no employees in the Group. All staff, including management, are hired on a consultancy basis.

## Transactions with related parties

During the period April-June, transactions with related parties have taken place as follows. The company's CEO and Board member Peter Hjorth have received compensation of SEK 240,000 through companies. Board member and Vice President, Jonas Dahllöf, has received compensation of SEK

240,000 through company. Agreements covering related services have been made on market based terms.

## **Parent company**

The activities of Vilhelmina Mineral AB (publ) focus on the development of the Swedish projects, the provision of group management function, and group-wide financing including both the Swedish and Norwegian operations and the Group Management function. Costs of SEK 1.2 M (0.5) were reported for the second quarter, and earnings after tax amounted to SEK -1.2 M (0.5). For the first six months, expenses of SEK 2.3 M (0.5) are reported and profit after tax amounted to SEK -2.3 M (0.5). The number of employees in the parent company is 0 (0). Staff is hired on consultancy basis.

## **Principles of Accounting**

This interim report has been prepared in accordance with the Annual Accounts Act and the Board of Directors' General Advice BFNAR 2012: 1 (K3).

## **Risks**

Significant risk and uncertainty factors include, but not limited to, results of prospecting, obtaining environmental, land, operating licenses and continued financing within the Group. The various risks associated with the Group's operations are discussed in more detail on the Company's website.

## Financial reporting calendar

- Financial reporting for the period January – September 2018 will be published on November 13, 2018
- Financial reporting for the period January – December 2018 will be published on February 12, 2019
- Annual report 2018 will be published on March 15, 2019
- Annual general meeting 2019 will be held on April 25, 2019

This interim report has not been audited by the Company's auditor.

Stockholm, August 14, 2018

**Michael Timmins**  
Chairman

**Peter Hjorth**  
CEO and director

**Jonas Dahllöf**  
COO and director

Director

**Leslaw Kwasik**

**Scott Moore**  
Director

**Neil Said**  
Director

**For additional information please contact:**

Peter Hjorth, VD, Vilhelmina Mineral AB (publ)

E-post: [info@vilhelminamineral.com](mailto:info@vilhelminamineral.com)

[www.vilhelminamineral.com](http://www.vilhelminamineral.com)

# Group Profit and Loss Statement

Income Statement <sup>1)</sup>	Group	Group	Group	Group	Group
	3 months	3 months	6 months	6 months	12 months
	2018-04-01	2017-04-01	2018-01-01	2017-01-01	2017-01-01
(Amount in kSEK)	2018-06-30	2017-06-30	2018-06-30	2017-06-30	2017-12-31
<b>Operating income</b>					
Net revenue	0	0	0	0	0
<b>Total income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating expenses</b>					
Exploration and evaluation expenditures	-5 408	0	-6 445	0	-1 126
Other external expenses	-220	-449	-227	-479	-1 742
Personnel expenses	0	0	0	0	0
Depreciation and amortization of tangible and intangible fixed assets	-588	0	-588	0	0
<b>Total operating expenses</b>	<b>-6 216</b>	<b>-449</b>	<b>-7 261</b>	<b>-479</b>	<b>-2 868</b>
<b>Operating results</b>	<b>-6 216</b>	<b>-449</b>	<b>-7 261</b>	<b>-479</b>	<b>-2 868</b>
<b>Results from financial items</b>					
Financial income	0	0	0	0	0
Financial expenses	0	0	0	0	-30
<b>Results after financial items</b>	<b>-6 217</b>	<b>-449</b>	<b>-7 261</b>	<b>-479</b>	<b>-2 898</b>
Income tax	0	0	0	0	0
Minority interest	0	0	0	0	0
<b>RESULTS FOR THE PERIOD</b>	<b>-6 217</b>	<b>-449</b>	<b>-7 261</b>	<b>-479</b>	<b>-2 898</b>
Earnings per share before and after dilution, SEK	-0,50	-0,06	-0,58	-0,07	-0,34
Average number of shares, pcs	12 449 913	6 914 236	12 449 913	6 914 236	8 642 795
Average number of shares after dilution, pcs	12 449 913	6 914 236	12 449 913	6 914 236	8 642 795

1) Consolidation with Joma Gruver AS has been made per 2018-06-30. In the comparative periods and for the whole of 2017, Vilhelmina Mineral AB is reported.



## Group Balance Sheet Statement

<b>Balance sheets<sup>1)</sup></b> <b>(Amount in kSEK)</b>	Group 2018-06-30	Group 2017-06-30	Group 2017-06-30	Group 2017-12-31	Group 2017-12-31
<b>Assets</b>					
Intangible fixed assets	7 144		750		750
Tangible fixed assets	0		0		0
Shares in group companies	0		0		1 033
Current assets	253		49		165
Cash and bank	6 001		50		3 310
<b>Total assets</b>	<b>13 398</b>		<b>849</b>		<b>5 259</b>
<b>Shareholders equity and liabilities</b>					
Equity attributable to parent company's shareholders	5 154		-86		4 880
Minority interest	5 858		0		0
Total shareholders equity	11 012		-86		4 880
Accounts payable	2 232		226		90
Current liabilities	154		709		289
<b>Total shareholders equity and liabilities</b>	<b>13 398</b>		<b>849</b>		<b>5 259</b>

1) Consolidation with Joma Gruver AS has been made per 2018-06-30. In the comparative periods and for the whole of 2017, Vilhelmina Mineral AB is reported.

## Changes in Equity

<b>Changes in shareholders equity</b>	Group 3 months 2018-04-01 2018-06-30	Group 3 months 2017-04-01 2017-06-30	Group 6 months 2018-01-01 2018-06-30	Group 6 months 2017-01-01 2017-06-30	Group 12 months 2017-01-01 2017-12-31
<b>(Amount in kSEK)</b>					
Opening balance	3 788	363	4 880	392	392
New share issues	7 570	0	7 570	0	7 500
Share issue expenses	0	0	-48	0	-115
Changes in minority interest	5 858	0	5 858	0	0
Translation difference	12	0	12	0	0
Results for the period	-6 217	-449	-7 261	-479	-2 898
<b>Closing balance</b>	<b>11 012</b>	<b>-86</b>	<b>11 012</b>	<b>-86</b>	<b>4 880</b>

# Cash Flow Analysis

Cash flow statement	Group	Group	Group	Group	Group
	3 months	3 months	6 months	6 months	12 months
	2018-04-01	2017-04-01	2018-01-01	2017-01-01	2017-01-01
(Amount in kSEK)	2018-06-30	2017-06-30	2018-06-30	2017-06-30	2017-12-31
Cash flow from operating activities after changes in working capital	-2 685	-65	-4 831	-80	-3 172
Cash flow from investment activities	0	0	0	0	-1 033
Cash flow from financing activities	7 570	0	7 523	0	7 385
Cash flow for the period	4 885	-65	2 692	-80	3 180
Opening liquid assets	1 116	115	3 310	130	130
Closing liquid assets	6 001	50	6 001	50	3 310
Changes in cash flow for the period	4 885	-65	2 692	-80	3 180

# Key Ratios

Key ratios	Group	Group	Group	Group	Group
	3 months	3 months	6 months	6 months	12 months
	2018-04-01	2017-04-01	2018-01-01	2017-01-01	2017-01-01
	2018-06-30	2017-06-30	2018-06-30	2017-06-30	2017-12-31
<b>Margins</b>					
Operating income, kSEK	0	0	0	0	0
Operating margin, %	neg	neg	neg	neg	neg
Profit margin, %	neg	neg	neg	neg	neg
<b>Profitability</b>					
Return on total capital, %	neg	neg	neg	neg	neg
Return on shareholders equity, %	neg	neg	neg	neg	neg
<b>Capital structure</b>					
Shareholders equity, kSEK	11 012	-86	11 012	-86	4 880
Balance sheet total, kSEK	13 398	849	13 398	849	5 259
Solidity, %	82,2%	-10,2%	82,2%	-10,2%	92,8%
<b>Investments</b>					
Net investments in intangible fixed assets, kSEK	3 900	0	4 825	0	1 033
Net investments in tangible fixed assets, kSEK	0	0	0	0	0
<b>Personnel</b>					
Number of employees at the end of the period, pcs	0	0	0	0	0
<b>Per share data</b>					
Shares at the end of the period, pcs	14 528 472	6 914 236	14 528 472	6 914 236	10 371 354
Average number of shares, pcs	12 449 913	6 914 236	12 449 913	6 914 236	8 642 795
Earnings per share, SEK	-0,50	-0,06	-0,58	-0,07	-0,34
Shareholders equity per share, SEK	0,76	-0,01	0,76	-0,01	0,47
Share quota value / face value, SEK	0,10	0,10	0,10	0,10	0,10
Total share capital, SEK	1 452 847	691 424	1 452 847	691 424	1 037 135

## Parent Company's Profit and Loss Statement

<b>Income statement - parent company</b>	3 months	3 months	6 months	6 months	12 months
(Amount in kSEK)	2018-04-01	2017-04-01	2018-01-01	2017-01-01	2017-01-01
	2018-06-30	2017-06-30	2018-06-30	2017-06-30	2017-12-31
<b>Operating income</b>					
Net revenue	0	0	0	0	0
<b>Total income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating expenses</b>					
Exploration and evaluation expenditures	-1 005	0	-2 042	0	-1 126
Other external expenses	-217	-449	-224	-479	-1 742
Personnel expenses	0	0	0	0	0
<b>Total operating expenses</b>	<b>-1 222</b>	<b>-449</b>	<b>-2 266</b>	<b>-479</b>	<b>-2 868</b>
<b>Operating results</b>	<b>-1 222</b>	<b>-449</b>	<b>-2 266</b>	<b>-479</b>	<b>-2 868</b>
<b>Results from financial items</b>					
Financial income	0	0	0	0	0
Financial expenses	0	0	0	0	-30
<b>Results after financial items</b>	<b>-1 222</b>	<b>-449</b>	<b>-2 266</b>	<b>-479</b>	<b>-2 898</b>
Income tax	0	0	0	0	0
<b>RESULTS FOR THE PERIOD</b>	<b>-1 222</b>	<b>-449</b>	<b>-2 266</b>	<b>-479</b>	<b>-2 898</b>

## Parent Company's Balance Sheet Statement

<b>Balance sheets - parent company</b>	2018-06-30	2017-06-30	2017-12-31
(Amount in kSEK)			
<b>Assets</b>			
Intangible fixed assets	750	750	750
Shares in group companies	5 858	0	1 033
Receivable from group companies	0	0	0
Current assets	253	49	165
Cash and bank	3 963	50	3 310
<b>Total assets</b>	<b>10 824</b>	<b>849</b>	<b>5 259</b>
<b>Shareholders equity and liabilities</b>			
Shareholders equity	10 136	-86	4 880
Accounts payable	534	226	90
Payable to group companies	0	0	0
Current liabilities	154	709	289
<b>Total shareholders equity and liabilities</b>	<b>10 824</b>	<b>849</b>	<b>5 259</b>

# Definitions of Key Ratios for Group

## Definitions

### Margin

*Operating margin, %*

Operating profit as a percentage of total income.

*Profit margin, %*

Profit after net financial items as a percentage of total income.

### Profitability

*Return on shareholders equity, %*

Net profit as a percentage of average shareholders equity.

Average shareholders equity is calculated as opening plus closing shareholders equity divided by two.

*Return on total capital, %*

Operating profit plus financial income as a percentage of average balance sheet total. The average balance sheet total has been calculated as the total plus opening plus closing balance sheet totals divided by two.

### Capital structure

*Shareholders equity, kSEK*

Shareholders equity at the end of the period.

*Solidity, %*

Shareholders equity and minority interest as a percentage of balance sheet total.

### Investments

*Net investments in intangible and tangible fixed assets, kSEK*

Investments in the intangible and tangible fixed assets decreased by the period's sales and disposals.

### Personnel

*Number of employees, pcs*

Number of employees calculated based on full-time employed at the end of the period.

### Per share data

*Number of shares, pcs*

Number of outstanding shares at the end of the period.

*Average number of shares, pcs*

Average number of shares during the period.

*Earnings per share, SEK*

Profit after tax divided by average number of shares for the period.

*Shareholders equity per share, SEK*

Shareholders equity at the end of the period divided by number of shares at the end of the period.