

# ARCTIC MINERALS

## Press release

Stockholm February 15, 2018

### **Year-end report for the full year 2017**

**The merger of Arctic Gold AB and Norrbotten Exploration AB was approved on November 8, 2017. The companies consider it a great opportunity to conduct mineral exploration in highly prospective ground in Finland.**

Currency SEK, TSEK, MSEK, is Swedish Kronor (SEK)

#### **Second Half (July - December 2017)**

- Capitalized exploration costs for the second half of the year amounted to SEK 0.0 (0.0)
- Profit after tax for the second half of the year, excluding write-down of a reversal in 2016 amounted to MSEK -0.8 (-0.6)
- Earnings per share for the second half of the year amounted to SEK -0.03 (-0.15)

#### **Full Year (January - December 2017)**

- Capitalized exploration costs for the full year amounted to MSEK 0 (0)
- Profit after tax for the full year amounted to MSEK -1.6 (-3.7)
- The result excluding write-downs of a 2016 repurchase amounted to MSEK -1.6 (-1.1)
- Earnings per share for the full year amounted to SEK -0.05 (-0.17)
- Equity per share at the end of the period amounted to SEK 1.11 (1.39)

#### **Significant events during the second half**

- On November 8, an Extraordinary General Meeting resolved to conduct an acquisition of Norrbotten Exploration AB with its subsidiary Norrbotten Minerals AB. The acquisition was carried out as a share issue. The number of issued shares amounted to 21 557 970.
- The EGM also decided that the company, with its new focus on exploring for large deposits of base metals such as copper and zinc, would be renamed Arctic Minerals AB.
- The AGM resolved to change the quota value from SEK 1.1125 to SEK 0.60.
- Peter Walker, Chairman and John Pedersen, were elected new Board members.
- In order to limit the number of Board members to five, Tord Cederlund offered to resign from being a member of the board of directors for the newly elected. He continues to maintain the position as Managing Director.

The Board then consists of Peter Walker, Chairman, Claes Levin, Deputy Chairman, Hanne Markussen Eek, John Pedersen and Krister Söderholm.

- The EGM also decided to authorize the Board to implement a new issue at the appropriate time
- On November 30, the share issue was registered with the Swedish Companies Registration Office. The price per share then amounted to SEK 0.91. Through the issue, the company received 42 new shareholders.
- To reduce the company's debt, on December 29, the acquisition of shares in Botnia Exploration AB was sold by the company in 2017. The price was at the same price as the purchase price.

### **Significant events after the end of the period**

- Based on the authorization of the Extraordinary General Meeting of 8 November 2017, the Board of Directors decided on 24 January 2018 to issue 20 055 000 new shares to a limited number of investors in a directed issue. The issue was carried out at SEK 0.65 per share and raised SEK 13 074 350 before issue costs.
- The issue has been registered with the Swedish Companies Registration Office, and Arctic Minerals has subsequently 63 171 942 issued shares and a share capital of SEK 37 902 556. Ten new shareholders were added to the issue.

### **Arctic Minerals Group in brief**

On November 8, 2017 Arctic Gold AB was renamed Arctic Minerals AB. This is better to reflect the company's new focus on mineral exploration in Finland, following the merger with Norrbotten Exploration AB. The new company will explore in areas of central and northern Finland which management considers have excellent potential for the discovery of new copper deposits, as well as zinc and gold.

Arctic Minerals Group consists of the parent company Arctic Minerals AB with the two subsidiaries Arctic Gold Operations and Norrbotten Exploration AB (NEAB).

### **Arctic Minerals AB, formerly Arctic Gold AB (parent company)**

Arctic Minerals AB, parent company, is active in the field of mineral exploration and in the development of the Cu-Au-deposits in Bidjovagge, Northern Norway. To date, the company has two business areas, the subsidiary Arctic Gold Operations AB, focusing on the development of the mining operations in Bidjovagge Field in Finnmark, Northern Norway and the parent company itself with a long history of exploration for gold, base metals and diamonds in Sweden. The Group currently has 8 exploration permits in Norway totaling 2.3 km<sup>2</sup> and 5 mining concessions totaling 4.9 km<sup>2</sup>.

Arctic Minerals' shares are listed on Nasdaq First North under the symbol "ARCT". Certified Adviser is Partner Fondkommission AB. More information about the company is available at [www.arcticminerals.se](http://www.arcticminerals.se).

### **Norrbotten Exploration AB - Background**

Norrbotten Exploration AB was founded by Peter Walker, geologist and mining entrepreneur from England together with John Pedersen, mining and exploration geologist from Denmark. Peter Walker is former founder and CEO of Scandinavian Minerals Ltd and was responsible for the acquisition and development of the Kevitsa copper-nickel-PGE mine in northern Finland. Together with Krister Söderholm, former General Manager for Kevitsa, the project was developed until 2008 sold to First Quantum Minerals for 281 MUSD. Later he became director of Arctic Minerals. Kevitsa is today owned and operated by New Boliden AB and is one of Europe's largest base metal mines.

### **Project in Finland**

The merger with NEAB means that Arctic Minerals now has "reservations" comprising 5.735 km<sup>2</sup> of land in central and northern Finland, areas with great potential for discovery of new deposits. As a comparison, it can be mentioned that the size of the area is equivalent to twice the size of Gotland or five times the size of Öland, the two largest islands in Sweden.

Reservations are a Finnish phenomenon, which means that the holder has a right to investigate the areas for a period of two years and, with priority, within these two years apply for exploration permits.

In June 2017, Norrbotten acquired a large database of exploration data from a company that ceased exploration in Finland. The database contains extensive geological, geochemical and geophysical information for major areas of central Finland and southern Finnish Lapland. The compensation for the information is determined by a royalty – a net smelter return - of 1% of future production within the area covered by the information. The royalty is limited to 2 MUSD per year and may be paid in one installment of 10 MUSD after deduction of royalties already paid.

Norrbotten will use this database together with data from GTK, Geological Survey of Finland, in order to locate new ore deposits. The work will begin in February 2018 and aims at finding areas for detailed exploration.

The goal for 2018 is to identify areas worth applying exploration permits for, in order to conduct further exploration, including diamond drilling.

### **Bidjovagge**

During the year, the company did not get forward with the municipality's permission to adopt the Plan Program and begin the impact assessment.

In connection with a grand review of the Community Land Plan in March 2017 the mining area was classified as LNFR (Farming-Nature-Recreation and Reindeer herding). As part of the decision it was mentioned that reclassification can be made when a new decision on land use is taken.

The company's management and board believe that the Bidjovagge project has a good potential and is therefore worth continuing to work with.

The company is a member of the Norwegian branch organization Norsk Bergindustri, which a.o.is working at national level to improve regulatory issues linked to the lack of rules for predictability and legal protection in the Norwegian Mining Act.

It should be noted that the development of a mining area and the opening of a mine is a long and costly process that takes many years and much and committed work.

### **Net sales and earnings**

During the period July - December 2017, the Group's exploration costs amounted to MSEK 0.0 (0.0) and profit after tax to MSEK -0.8 (-3.2). During the whole of January – December 2017, the Group's capitalized exploration costs amounted to MSEK 0.0 (0.0) and the loss after tax amounted to MSEK -1.6 (-3.7).

The result for the previous year includes a write-down of a resource in Sweden of 2.5 MSEK which was decided to be discontinued. .

### **Financial position and cash flow**

The Group's shareholders' equity at December 31, 2017 amounted to 47.9 MSEK (29.9). It provides a solvency of 92.8 (92.6) %. Liquid funds at the same time amounted to MSEK 0.6 (1.5). The change in cash and cash equivalents during the year consists of cash flow from operating activities after changes in working capital of MSEK -0.8 (-1.2)..

### **Investments**

The merger of Arctic Gold AB with Norrbotten Exploration AB means that the Group's intangible assets increase by 20.2 MSEK. These now amount to 50.9 MSEK.

The acquisition, which took the form of an issue in kind was paid with shares in Arctic Minerals, comprises a goodwill amount of approximately 20 MSEK. The Board has assessed that this value is justified in the light of what is attributed to the company in terms of intangible assets.

Intangible assets also consist of actual costs for work and exploration in the form of drilling etc. in the subsidiary Arctic Gold Operations AB. The Board believes that it is justified to keep these assets at book value as long as the exploration licenses are in force.

### **Financing**

After the end of the year, a directed new issue has been carried out with the participation of a limited number of old and new investors. The issue was made at a price of SEK 0.65 and has contributed 13.1 MSEK before issue costs.

In order to ensure liquidity during the two preceding years 2016 and 2017 there is a loan of 2 MSEK. The loan has been provided by Novatelligence AB, a company that is closely related to the company's CEO, Tord Cederlund. The interest rate is set at 6%. The loan will be repaid on demand.

Norrbotten has a loan from Longbow Resources Ltd of 1 MSEK. The loan runs without interest and is to be refunded on demand.

### **Number of outstanding shares**

The number of outstanding shares in the company at the end of the period was 43.115.942 (21.557.972).

### **Staff**

There are currently no employees in the Group. The CEO and other staff are hired on a consultancy basis.

## **Transactions with related parties**

During the period January-December 2017, transactions with related parties have taken place as follows:

The company's CEO is a partner in Novatelligence AB, which has received consultancy fees of SEK 480,000. In addition to compensation for travel expenses and board fees, no related party transactions have occurred. Agreements with related parties regarding services in cases where they would occur are on market terms.

## **Parent**

The operations of Arctic Minerals AB focus on exploration for gold and base metals in Sweden as well as the corporate management function. Operations in Norway are operated in the subsidiary Arctic Gold Operations AB. For the second half of the year no revenue for invoiced expenses of the subsidiary is reported as well as capitalized exploration costs. Profit after tax amounted to MSEK -0.8 (-3.0). For the full year January-December 2017, revenue for invoiced expenses of subsidiaries of MSEK 0.0 (0.0) was reported, capitalized exploration costs of MSEK 0.0 (0.0) and profit after tax amounted to MSEK -1.5 (-3, 6).

Since 16 May 2014, the Parent Company has no employees. Current staff are employed on a consultancy basis.

## **Wages and fees**

Novatelligence AB has a consultancy fee of SEK 40.000 per month, including fees for the CEO's service, including social expenses. This is the same as in the previous year. Board fees for the year 2017 have been resolved by the Annual General Meeting to be SEK 140 000 (180 000). The chairman will be paid SEK 60.000 and each of the members SEK 40.000. No special board fee is paid to the CEO.

At the extraordinary general meeting of 2017-11-08, two further members were elected; Peter Walker and John Pedersen. The fees for the current year and until the 2018 AGM will then be 100 TSEK higher or a total of 240 TSEK.

## **Accounting**

This year-end report has been prepared in accordance with the Annual Accounts Act and the Board of Accounting's General Advice. From the financial year 2014, the consolidated accounts and annual report are prepared using BFNAR 2012: 1 Annual Report and consolidated accounts (K3).

## **Risks**

Significant risk and uncertainty factors include, but not exclusively, results of exploration and continued financing within the Group. In the current situation it has also become very clear that the political treatment under the Norwegian Planning and Building Act is one of the greater risks a mineral issue in Norway faces. Other permit issues are treated similarly as in Sweden and by officials of the respective authorities, which is considered to mean significantly less risk of failure to process the application. The various risks associated with the Group's operations are discussed in more detail in the Annual Report for 2015, which can be found on the Company's website.

The political risk that we have become aware of since April 2012 and December 2013 can be described as a particularly difficult risk, as the Planning and Building Act gives municipal councils the exclusive right to decide on the plan and the plan for a referral round. The fact that municipal council composition may change every four years after municipal elections is another factor to assess. According to our legal investigations, the municipal council may not reject an application for the establishment of a plan program. But that has happened after all,

and it is now included in the Regulations on Impact Assessment for plans under the Planning and Building Act.

In exploration, there is also the risk that one will not find enough ore to justify opening a mine. Invested capital may therefore be without value.

In cyclical activities, prices vary over time. As ore is an economic term, a situation may occur where a described ore is wholly or partly ceased to be ore and partly or completely reverted to being a mineralization.

In addition, there is also the financial risk that capital inflows are consumed and new capital cannot be raised. Thus, the capital invested in this way may risk losing value.

### **Upcoming reports**

As of fiscal year 2013 the company reports only half and full year.

The Annual General Meeting will be held on Tuesday, May 8, 2018. The Annual Report for 2017 will be held on the Company's website from Tuesday April 24, 2018.

The report for the half year January –June 2018 will be published August 23, 2018.

The Board of Directors and the President assure that the interim report provides a true and fair view of the Group's operations, financial position and results, as well as the significant risks and uncertainties faced by the Group.

This year-end report has not been audited by the company's auditor.

Stockholm, February 15, 2018

*Peter Walker*

Chairman

*Claes Levin*

Vice Chairman

*Hanne Markussen Eek*

Member

*John Pedersen*

Member

*Krister Söderholm*

Member

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Partner Fondkommission AB is the company's Certified Adviser.

The information is as published by Arctic Gold AB (publ) pursuant to the Securities Markets Act and / or the Financial Instruments Trading Act. The information was submitted for publication on February 15, 2018 at 9 am.

**Group Income Statement**

	Group 6 months 2017-07-01 2017-12-31	Group 6 months 2016-07-01 2016-12-31	Group 12 months 2017-01-01 2017-12-31	Group 12 months 2016-01-01 2016-12-31
<b>Operating Income</b>				
Net Income	0	0	0	0
<b>Total revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating expenses</b>				
Öther external expenses	-696	-588	-1 355	-1 134
Personell expenses	0	-10	0	-10
Depreciation,,amortization and impairment of tangible fixed assets	0	-2 531	0	-2 531
<b>Total expenses</b>	<b>-696</b>	<b>-3 129</b>	<b>-1 355</b>	<b>-3 675</b>
<b>Operating profit</b>	<b>-696</b>	<b>-3 129</b>	<b>-1 355</b>	<b>-3 675</b>
<b>Result from financial investments</b>				
Financial income	22	17	29	24
Financial expenses	-160	-61	-288	-61
<b>Profit after financial items</b>	<b>-834</b>	<b>-3 173</b>	<b>-1 614</b>	<b>-3 712</b>
Tax	0	0	0	0
<b>Profit for the period</b>	<b>-834</b>	<b>-3 173</b>	<b>-1 614</b>	<b>-3 712</b>
Earnings per share before and after dilution, kr	-0,03	-0,15	-0,05	-0,17
Average number of shares	32 336 957	21 557 972	32 336 957	21 557 972
Average number of shares after dilution	32 336 957	21 557 972	32 336 957	21 557 972

**Group Balance Sheet**

<b>(Amount in TSEK)</b>	Group 2017-12-31	Group 2016-12-31
<b>Assets</b>		
Intangible fixed assets	50 903	30 685
Current receivables	72	99
Cash and Bank	634	1 490
<b>Total assets</b>	<b>51 609</b>	<b>32 274</b>
<b>Equity and liabilities</b>		
Shareholders equity	47 887	29 884
Payables	128	187
Current liabilities	3 594	2 202
<b>Total equity and liabilities</b>	<b>51 609</b>	<b>32 274</b>
Pledged securities	None	None
Contingent liabilities	None	None

**Change in equity**

	Group 6 months 2017-07-01 2017-12-31	Group 6 months 2016-07-01 2016-12-31	Group 12 months 2017-01-01 2017-12-31	Group 12 months 2016-01-01 2016-12-31
<b>(Amount in TSEK)</b>				
Opening balance	29 103	33 057	29 884	33 596
Apportemission acquires Norrbotten Exploration	19 618	0	19 618	0
Profit for the period	-834	-3 173	-1 614	-3 712
<b>Closing balance</b>	<b>47 887</b>	<b>29 884</b>	<b>47 887</b>	<b>29 884</b>

**Cash flow statement**

	Group 6 months 2017-07-01 2017-12-31	Group 6 months 2016-07-01 2016-12-31	Group 12 months 2017-01-01 2017-12-31	Group 12 months 2016-01-01 2016-12-31
<b>(Amount in TSEK)</b>				
Cash flow from operating activities after changes in working capital	-80	-425	-822	-1 238
Cash flow from investing activities	0	0	0	0
Cash flow from financing activities	-5 800	1 000	-34	1 000
Cash flow for the period	-5 880	575	-856	-238
<b>Liquid funds at the beginning of the period</b>	<b>6 515</b>	<b>915</b>	<b>1 490</b>	<b>1 728</b>
<b>Liquid funds at the end of the period</b>	<b>634</b>	<b>1 490</b>	<b>634</b>	<b>1 490</b>
<b>Change in cash flow for the period</b>	<b>-5 880</b>	<b>575</b>	<b>-856</b>	<b>-238</b>

**Areas of operation**

Arctic Minerals is currently active in the field of exploration and mining only in Norway. The Swedish activities consists of administration of the Group. Net Income is 0 (0) TSEK in both countries. The table shows activated work in the countries in which the group operates.

	Group 6 months 2017-07-01 2017-12-31	Group 6 months 2016-07-01 2016-12-31	Group 12 months 2017-01-01 2017-12-31	Group 12 months 2016-01-01 2016-12-31
<b>Activated work, (tkr)</b>				
Norway	0	0	0	0
Sweden	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	Group 2017-07-01 2017-12-31	Group 2016-07-01 2016-12-31	Group 2017-01-01 2017-12-31	Group 2016-01-01 2016-12-31
<b>Result, (tkr)</b>				
Norway	-49	-126	-115	-128
Sweden	-784	-3 047	-1 500	-3 585
<b>Total</b>	<b>-834</b>	<b>-3 173</b>	<b>-1 614</b>	<b>-3 712</b>

**Key indicators**

	Group 6 months 2017-07-01 2017-12-31	Group 6 months 2016-07-01 2016-12-31	Group 12 months 2017-01-01 2017-12-31	Group 12 months 2016-01-01 2016-12-31
<b>Margins</b>				
Total operating Income, capital employed, TSEK	0	0	0	0
Operating margin %	neg	neg	neg	neg
Profit margin %	neg	neg	neg	neg

**Return**

Return on total capital %	-1,52%	-9,36%	-3,16%	-10,84%
Return on equity %	-2,17%	-10,08%	-4,15%	-11,70%

**Capital Structure**

Equity, tkr	47 887	29 884	47 887	29 884
Balance sheet total tkr	51 609	32 274	51 609	32 274
Equity ratio, %	92,8%	92,6%	92,8%	92,6%

**Investments**

Net investments in intangible assets, TSEK	19 618	0	19618	0
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**Employees**

Number of employees at the end of the period	0	0	0	0
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**Data per share**

Shares at the end of the period	43 115 942	21 557 972	43 115 942	21 557 972
Average number of shares	32 336 957	21 557 972	32 336 957	21 557 972
Earnings per share, kr	-0,03	-0,15	-0,05	-0,17
Equity per share, kr	1,11	1,39	1,11	1,39
Shares nominal value, kr	0,60	1,11	0,60	1,11
Total share capital, kr	25 869 565	23 983 244	25 869 565	23 983 244

**Income Statement – Parent Company**

	6 months 2017-07-01	6 months 2016-07-01	12 months 2017-01-01	12 months 2016-01-01
(Amount in TSEK)	2017-12-31	2016-12-31	2017-12-31	2016-12-31
<b>Operating Income</b>				
Net Income				
Activated work				
Other operating income	0	0	0	0
<b>Total revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating expenses</b>				
Other external expenses	-646	-462	-1 240	-1 007
Personell costs	0	-10	0	-10
Depreciation and impairment of tangible and intangible fixed assets	0	-2 531	0	-2 531
<b>Total expenses</b>	<b>-646</b>	<b>-3 003</b>	<b>-1 240</b>	<b>-3 548</b>
<b>Operating Profit</b>	<b>-646</b>	<b>-3 003</b>	<b>-1 240</b>	<b>-3 548</b>
<b>Result from financial investments</b>				
Financial income	22	17	29	24
Financial expenses	-160	-61	-288	-61
<b>Profit after financial items</b>	<b>-784</b>	<b>-3 047</b>	<b>-1 500</b>	<b>-3 585</b>
Tax	0	0	0	0
<b>PROFIT FOR THE PERIOD</b>	<b>-784</b>	<b>-3 047</b>	<b>-1 500</b>	<b>-3 585</b>

**Balance sheet – Parent Company**

(Amount in TSEK)	2017-12-31	2016-12-31
<b>Assets</b>		
Intangible fixed assets	0	0
Shares in subsidiaries	48 691	29 073
Receivables Group Companies	226	111
Current receivables	71	98
Cash and Bank	225	1 490
<b>Total assets</b>	<b>49 213</b>	<b>30 772</b>
<b>Equity and liabilities</b>		
Shareholders equity	46 500	28 382
Payables	128	187
Debt Group Company	0	0
Current liabilities	2 585	2 202
<b>Total Equity and liabilities</b>	<b>49 213</b>	<b>30 772</b>
Pledged securities	None	None
Contingent liabilities	None	None