Commercial premises in Kiruna, while negotiations with Gällivare municipality will continue. Urban transformation will effect LKAB’s income statement and balance sheet by significant amounts for the year.

Work on increasing LKAB’s production and delivery volumes through new mines is progressing. During the autumn, exploratory mining will begin in Leveäniemi, and preparations for upcoming court proceedings for operating permits will be set in motion. The permit for the Mertainen mine was issued on 18 June, production is planned to begin at the end of 2015.

The Mertainen operating permit shows that LKAB’s mining operation lives up to the highest environmental standards.

Demand for LKAB’s climate-smart products is expected to remain good, while the global price of iron ore is now established at a lower level.

Lower iron ore prices combined with major provisions for urban transformation will lead to lower profits and cash flow for the second six months compared to the first six months. Accordingly, higher productivity, increased volumes from new mines and responsible urban transformation are crucial for LKAB’s long-term competitiveness.

1) World Steel Association

Global production of crude steel increased by 2.3 percent, compared with the same period in 2013. An increased supply of iron ore, particularly from Australia, in combination with high levels of stock in China has led to oversupply of fines resulting in lower global spot prices.

Demand for LKAB’s products remained strong during the quarter. Deliveries of iron ore products reached 6.0 (5.8) million tonnes, Mt, an increase of three percent compared to the same period for the previous year. Production increased by five percent to (6.0) (5.7) Mt. The higher availability also results in production costs that are around four percent per tonne lower compared with the first six months of 2013.

Operating profit for the quarter before expenses for urban transformation amounted to MSEK 858 (1,498). The year-on-year differences are primarily due to lower iron ore prices.

LKAB’s mining operations affect the neighbouring communities in the Malmfälten region. Successful urban transformation is crucial for the municipalities affected and LKAB’s competitiveness. The collaboration agreement with Gällivare municipality came into force on 5 May. An agreement was signed on 12 June that will govern LKAB’s compensation to Kiruna municipality for the area within Gruvstadspark part 2.

The agreement with Kiruna has had a negative effect in the amount of MSEK 1,275 (132), resulting in an operating loss for the quarter of MSEK -417 (1,366). Total provisions for urban transformation rose during the period by MSEK 4,370 to a total of MSEK 10,674.

Negotiations will begin this autumn with individual property owners and owners of commercial premises in Kiruna, while negotiations with Gällivare municipality will continue. Urban transformation will effect LKAB’s income statement and balance sheet by significant amounts for the year.

Work on increasing LKAB’s production and delivery volumes through new mines is progressing. During the autumn, exploratory mining will begin in Leveäniemi, and preparations for upcoming court proceedings for operating permits will be set in motion. The permit for the Mertainen mine was issued on 18 June, production is planned to begin at the end of 2015.

The Mertainen operating permit shows that LKAB’s mining operation lives up to the highest environmental standards.

Demand for LKAB’s climate-smart products is expected to remain good, while the global price of iron ore is now established at a lower level. Lower iron ore prices combined with major provisions for urban transformation will lead to lower profits and cash flow for the second six months compared to the first six months. Accordingly, higher productivity, increased volumes from new mines and responsible urban transformation are crucial for LKAB’s long-term competitiveness.
THE LKAB GROUP IN SUMMARY

OPERATIONS – SECOND QUARTER

<table>
<thead>
<tr>
<th></th>
<th>Q2 2014</th>
<th>Q2 2013</th>
<th>Change</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales, MSEK</td>
<td>4,908</td>
<td>5,460</td>
<td>-552</td>
<td>-10</td>
</tr>
<tr>
<td>Gross profit, MSEK</td>
<td>-60</td>
<td>1,643</td>
<td>-1,703</td>
<td></td>
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<tr>
<td>Operating profit, MSEK</td>
<td>-417</td>
<td>1,383</td>
<td>-1,783</td>
<td></td>
</tr>
<tr>
<td>Profit from financial items, MSEK</td>
<td>98</td>
<td>17</td>
<td>81</td>
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<tr>
<td>Profit before tax, MSEK</td>
<td>-319</td>
<td>1,383</td>
<td>-1,702</td>
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<tr>
<td>Profit for the period, MSEK</td>
<td>-247</td>
<td>1,050</td>
<td>-1,297</td>
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<tr>
<td>- Urban transformation expenses</td>
<td>1,275</td>
<td>132</td>
<td>1,143</td>
<td>+866</td>
</tr>
<tr>
<td>Operating cash flow, MSEK</td>
<td>643</td>
<td>554</td>
<td>89</td>
<td>+16</td>
</tr>
<tr>
<td>Capital expenditures in property, plant and equipment, MSEK</td>
<td>1,308</td>
<td>1,916</td>
<td>-608</td>
<td>-32</td>
</tr>
<tr>
<td>Depreciations</td>
<td>718</td>
<td>610</td>
<td>108</td>
<td>+18</td>
</tr>
<tr>
<td>Production, Mt</td>
<td>6.0</td>
<td>5.7</td>
<td>0.3</td>
<td>+5</td>
</tr>
<tr>
<td>Deliveries, Mt</td>
<td>6.0</td>
<td>5.8</td>
<td>0.2</td>
<td>+3</td>
</tr>
<tr>
<td>Proportion of pellets, %</td>
<td>83</td>
<td>85</td>
<td>-2</td>
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<tr>
<td>Stocks of finished products, Mt</td>
<td>1.2</td>
<td>1.0</td>
<td>0.2</td>
<td>+20</td>
</tr>
<tr>
<td>Gross profit margin, %</td>
<td>-1</td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating margin, %</td>
<td>-8</td>
<td>25</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net sales fell by 10 percent, with the volume/product mix accounting for a rise of 3 percent and prices for a drop of 13 percent.

During the quarter, an agreement was entered into with Kiruna regarding Gruvstadspark part 2, resulting in an increased provision. Provisions for urban transformation had a negative effect on earnings of MSEK 1,275 (132).

Operating profit before expenses for urban transformation amounted to MSEK 858 (1,498), equivalent to an operating margin of 18 (27) percent. The reduced operating margin, before expenses for urban transformation, is due to the lower price levels during the quarter and because the gradual entry into operation of the new main level in Kiruna entails an increase in depreciations compared with the same period for the previous year.

Profit from financial items increased compared to the same period last year mainly due to improved exchange rate gains/losses resulting from a weaker Swedish currency (SEK).

During the quarter, a commercial papers programme was activated as part of the company’s long-term financing strategy. At the end of the quarter outstanding liabilities amounted to MSEK 797.

Operating cash flow was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Q2 2014</th>
<th>Q2 2013</th>
<th>Change</th>
<th>Change MSEK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities before change in working capital</td>
<td>1,212</td>
<td>1,590</td>
<td>-378</td>
<td></td>
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<tr>
<td>Change in working capital</td>
<td>739</td>
<td>870</td>
<td>-131</td>
<td></td>
</tr>
<tr>
<td>Capital expenditures (net)</td>
<td>-1,308</td>
<td>-1,906</td>
<td>598</td>
<td></td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>643</td>
<td>554</td>
<td>89</td>
<td></td>
</tr>
</tbody>
</table>

Operating cash flow for the second quarter was somewhat higher than for the same period the previous year mainly due to lower investment expenditures counterbalanced by lower cash flows from operating activities.
THE LKAB GROUP IN SUMMARY

OPERATIONS JANUARY TO JUNE

<table>
<thead>
<tr>
<th></th>
<th>Q1-2 2014</th>
<th>Q1-2 2013</th>
<th>Change</th>
<th>Change %</th>
<th>Full year 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales, MSEK</td>
<td>10,867</td>
<td>10,783</td>
<td>84</td>
<td>+1</td>
<td>23,656</td>
</tr>
<tr>
<td>Gross profit, MSEK</td>
<td>2,172</td>
<td>3,461</td>
<td>-1,289</td>
<td>-37</td>
<td>8,910</td>
</tr>
<tr>
<td>Operating profit, MSEK</td>
<td>1,530</td>
<td>2,893</td>
<td>-1,363</td>
<td>-47</td>
<td>7,639</td>
</tr>
<tr>
<td>Profit from financial items, MSEK</td>
<td>177</td>
<td>48</td>
<td>129</td>
<td>+269</td>
<td>129</td>
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<tr>
<td>Profit before tax, MSEK</td>
<td>1,707</td>
<td>2,941</td>
<td>-1,234</td>
<td>-42</td>
<td>7,768</td>
</tr>
<tr>
<td>Profit for the period, MSEK</td>
<td>1,343</td>
<td>2,281</td>
<td>-938</td>
<td>-41</td>
<td>6,032</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Urban transformation expenses</td>
<td>1,353</td>
<td>157</td>
<td>1,196</td>
<td>+762</td>
<td>620</td>
</tr>
<tr>
<td>Operating cash flow, MSEK</td>
<td>2,764</td>
<td>254</td>
<td>2,510</td>
<td>+988</td>
<td>2,434</td>
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<tr>
<td>Capital expenditures in property, plant and equipment, MSEK</td>
<td>2,398</td>
<td>3,014</td>
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<td>-20</td>
<td>6,141</td>
</tr>
<tr>
<td>Depreciations</td>
<td>1,354</td>
<td>1,106</td>
<td>248</td>
<td>+22</td>
<td>2,432</td>
</tr>
<tr>
<td>Production, Mt</td>
<td>12.6</td>
<td>11.9</td>
<td>0.7</td>
<td>+6</td>
<td>25.3</td>
</tr>
<tr>
<td>Deliveries, Mt</td>
<td>12.6</td>
<td>12.1</td>
<td>0.5</td>
<td>+4</td>
<td>25.5</td>
</tr>
<tr>
<td>Proportion of pellets, %</td>
<td>85</td>
<td>86</td>
<td>-</td>
<td>83</td>
<td></td>
</tr>
<tr>
<td>Stocks of finished products, Mt</td>
<td>1.2</td>
<td>1.0</td>
<td>0.2</td>
<td>+20</td>
<td>1.2</td>
</tr>
<tr>
<td>Gross profit margin, %</td>
<td>20</td>
<td>32</td>
<td>-38</td>
<td>-38</td>
<td>38</td>
</tr>
<tr>
<td>Operating margin, %</td>
<td>14</td>
<td>27</td>
<td>-48</td>
<td>-48</td>
<td>32</td>
</tr>
</tbody>
</table>

Net sales increased by 1 percent. The increase is spread across the factors volume/product mix +4 percent, price -1 percent and currency effect -2 percent.

The decrease in operating profit during the first six months was primarily due to increased provisions for urban transformation in Kiruna arising from the agreement with the municipality. These costs totalled MSEK 1,353 (157) in the first six months. Operating profit before expenses for urban transformation amounted to MSEK 2,883 (3,050), equivalent to an operating margin of 27 (28) percent.

Profit from financial items increased compared to the same period last year mainly due to improved exchange rate gains/losses resulting from a weaker Swedish currency (SEK).

Cash flow from operating activities was higher than for the same period last year mainly due to lower tax payments this year, which together with lower capital tied up in accounts receivable and lower investment expenditures, resulted in an operating cash flow for the first six months that is higher than for the same period last year.
MINING DIVISION

THE STEEL AND IRON ORE MARKET

Global iron ore price trend 2009-2014

THE GLOBAL STEEL AND IRON ORE MARKET

Global crude steel production continued to rise. During the second quarter, production totalled 415 Mt, an increase of 2.3 percent compared with the same period in 2013.

During the second quarter, the iron ore market was largely characterized by increased supply from Australia resulting in a downward iron ore spot price trend (Platts IODEX 62% Fe CFR North China). The spot price was also negatively affected by a continued credit squeeze by Chinese banks. This limits the ability of traders and steel companies to finance their operations, especially iron ore purchases on the spot market.

China's GNP growth during the second quarter was 7.5 percent compared to an anticipated 7.4 percent. Iron ore stocks in Chinese ports remain high.

Steel demand in China rose seasonally in conjunction with the start of the construction season during the second quarter. Crude steel production amounted to 209 Mt during the second quarter, an increase of 3 percent compared with the same period for the previous year.

The total production rate of crude steel during the second quarter corresponds to an annual production of around 820 Mt, which is 5.1 percent higher than in 2013. Iron ore imports during the fourth quarter amounted to 235 Mt, an increase of 18.9 percent compared with the same period in 2013. The HSBC and Markit Purchasing Managers’ Index for China showed a weak upward trend at the beginning of the year, and a positive change during May and June, when the index rose again.

Europe
Crude steel production in Europe increased by 2.5 percent during the second quarter.

Steel demand in Europe is relatively strong and several steelworks are at full production. The automotive industry reports strong order intakes and sales, which also affects demand for plate and high strength steel products.

The Middle East and North Africa (MENA)
Crude steel production rose in the MENA region by 5.7 percent during the second quarter to 9.1 Mt, compared to 8.6 Mt for the same period in 2013. Demand for steel remains strong thanks to investments in new infrastructure and building projects.

USA
Crude steel production in the US rose in the second quarter by 0.6 percent compared with the same period in 2013. Demand for steel from the automotive industry and construction sector is strong and is expected to grow during the current year.
MINING DIVISION

OPERATIONS SUMMARY – SECOND QUARTER AND ACCRUED

<table>
<thead>
<tr>
<th></th>
<th>Q2 2014</th>
<th>Q2 2013</th>
<th>Q1-2 2014</th>
<th>Q1-2 2013</th>
<th>Full year 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales, MSEK</td>
<td>4,500</td>
<td>4,957</td>
<td>10,099</td>
<td>9,918</td>
<td>21,984</td>
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<tr>
<td>Gross profit, MSEK</td>
<td>-299</td>
<td>1,402</td>
<td>1,782</td>
<td>3,000</td>
<td>7,877</td>
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<tr>
<td>Operating profit, MSEK</td>
<td>-566</td>
<td>1,205</td>
<td>1,302</td>
<td>2,585</td>
<td>6,951</td>
</tr>
<tr>
<td>- Urban transformation expenses</td>
<td>1,275</td>
<td>132</td>
<td>1,353</td>
<td>157</td>
<td>620</td>
</tr>
<tr>
<td>Production, Mt</td>
<td>6.0</td>
<td>5.7</td>
<td>12.6</td>
<td>11.9</td>
<td>25.3</td>
</tr>
<tr>
<td>Deliveries, Mt</td>
<td>6.0</td>
<td>5.8</td>
<td>12.6</td>
<td>12.1</td>
<td>25.5</td>
</tr>
<tr>
<td>Proportion of pellets, %</td>
<td>83</td>
<td>85</td>
<td>85</td>
<td>86</td>
<td>83</td>
</tr>
<tr>
<td>Gross profit margin, %</td>
<td>-7</td>
<td>28</td>
<td>18</td>
<td>30</td>
<td>36</td>
</tr>
<tr>
<td>Operating margin, %</td>
<td>-13</td>
<td>24</td>
<td>13</td>
<td>26</td>
<td>32</td>
</tr>
</tbody>
</table>

Second quarter

Net sales decreased by 9 percent. The decrease breaks down into the factors volume +3 percent, price/product mix -12 percent, while the year-on-year currency effect was marginal.

During the quarter, an agreement was entered into with Kiruna regarding Gruvstadspark part 2, resulting in an increased provision. Provisions for urban transformation had a negative effect on earnings of MSEK 1,275 (132).

Operating profit before expenses for urban transformation amounted to MSEK 709 (1,337), equivalent to an operating margin of 16 (27) percent. The reduced operating margin, before expenses for urban transformation, is due to the lower price levels during the quarter and because the gradual entry into operation of the new main level in Kiruna entails an increase in depreciations compared with the same period for the previous year.

First six months

Net sales for the first six months increased by 2 percent. The increase breaks down into the factors volume +4 percent, price/mix -1 percent and currency effect -1 percent.

The decrease in operating profit during the first six months was primarily due to the increased provisions for urban transformation in Kiruna arising from the agreement with the municipality. These costs totalled MSEK 1,353 (157) in the first six months.

Operating profit before expenses for urban transformation amounted to MSEK 2,655 (2,742), equivalent to an operating margin of 26 (28) percent.
MINERALS DIVISION

OPERATIONS SUMMARY – SECOND QUARTER AND ACCRUED

<table>
<thead>
<tr>
<th></th>
<th>Q2 2014</th>
<th>Q2 2013</th>
<th>Q1-2 2014</th>
<th>Q1-2 2013</th>
<th>Full year 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales, MSEK</td>
<td>428</td>
<td>468</td>
<td>784</td>
<td>820</td>
<td>1,661</td>
</tr>
<tr>
<td>Gross profit, MSEK</td>
<td>83</td>
<td>60</td>
<td>138</td>
<td>107</td>
<td>226</td>
</tr>
<tr>
<td>Operating profit, MSEK</td>
<td>45</td>
<td>22</td>
<td>75</td>
<td>35</td>
<td>63</td>
</tr>
</tbody>
</table>

Gross profit margin, %: 19 13 18 13 14
Operating margin, %: 11 5 10 4 4

The industrial minerals market for iron ore and magnetite outside the steel industry is linked strongly to the building and construction industry and the energy sector. Magnetite for use as ballast in maritime structures for oil and gas platforms, wave power and wind turbines shows great potential in the short and long term. LKAB Minerals continues to enjoy a strong position in pipe-coating applications. LKAB Minerals’ market share within magnetite for water treatment in Europe remains stable, and existing customers in the US are taking larger volumes.

The improvement in operating profit for both the first quarter and first six months are due to a changed product mix and increased magnetite sales.

SPECIAL BUSINESSES DIVISION

OPERATIONS SUMMARY – SECOND QUARTER AND ACCRUED

<table>
<thead>
<tr>
<th></th>
<th>Q2 2014</th>
<th>Q2 2013</th>
<th>Q1-2 2014</th>
<th>Q1-2 2013</th>
<th>Full year 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales, MSEK</td>
<td>390</td>
<td>512</td>
<td>806</td>
<td>1,014</td>
<td>1,942</td>
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<td>Gross profit, MSEK</td>
<td>25</td>
<td>75</td>
<td>89</td>
<td>161</td>
<td>326</td>
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<tr>
<td>Operating profit, MSEK</td>
<td>-9</td>
<td>59</td>
<td>38</td>
<td>133</td>
<td>276</td>
</tr>
</tbody>
</table>

Gross profit margin, %: 6 15 11 16 17
Operating margin, %: -2 12 5 13 14

Lower sales and operating profit are mainly attributable to LKAB Berg & Betong due to lower business activity for the Mining Division compared with the same period for the previous year.
PARENT COMPANY

OPERATIONS SUMMARY – SECOND QUARTER AND ACCRUED

<table>
<thead>
<tr>
<th></th>
<th>Q2 2014</th>
<th>Q2 2013</th>
<th>Q1-2 2014</th>
<th>Q1-2 2013</th>
<th>Full year 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales, MSEK</td>
<td>4,479</td>
<td>4,944</td>
<td>10,064</td>
<td>9,888</td>
<td>21,918</td>
</tr>
<tr>
<td>Gross profit, MSEK</td>
<td>-316</td>
<td>1,372</td>
<td>1,699</td>
<td>2,924</td>
<td>7,567</td>
</tr>
<tr>
<td>Operating profit, MSEK</td>
<td>-570</td>
<td>1,188</td>
<td>1,246</td>
<td>2,540</td>
<td>6,732</td>
</tr>
<tr>
<td>-Urban transformation expenses</td>
<td>1,275</td>
<td>132</td>
<td>1,353</td>
<td>157</td>
<td>620</td>
</tr>
<tr>
<td>Capital expenditures in property, plant and equipment, MSEK</td>
<td>11,156</td>
<td>1,771</td>
<td>2,124</td>
<td>2,847</td>
<td>5,681</td>
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<tr>
<td>Liquidity, MSEK</td>
<td>15,121</td>
<td>12,970</td>
<td>15,121</td>
<td>12,970</td>
<td>15,243</td>
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<tr>
<td>Gross profit margin, %</td>
<td>-7</td>
<td>28</td>
<td>17</td>
<td>30</td>
<td>35</td>
</tr>
<tr>
<td>Operating margin, %</td>
<td>-13</td>
<td>24</td>
<td>12</td>
<td>26</td>
<td>31</td>
</tr>
</tbody>
</table>

Second quarter
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First six months
Net sales for the first six months increased by 2 percent. The increase breaks down into the factors volume +6 percent, price/mix -1 percent and currency effect -1 percent.

The decrease in operating profit during the first six months was primarily due to increased provisions for urban transformation in Kiruna arising from the agreement with the municipality. These expenses totalled MSEK 1,353 (157) in the first six months of the year.

Operating profit before expenses for urban transformation amounted to MSEK 2,599 (2,697), equivalent to an operating margin of 26 (27) percent.
TRANSACTIONS WITH RELATED PARTIES

No transactions that have significantly affected the company’s financial position and earnings took place between LKAB and related parties.

RISKS AND UNCERTAINTY FACTORS

LKAB is exposed to various risks. Risk management plays a vital part in minimizing the impact of factors that lie beyond the Group’s control. The Group employs methods for evaluating and limiting these risks to ensure they are managed according to approved guidelines and methods.

LKAB works actively to identify, analyse and control how various types of risks affect our business and how we can best avoid or confront them. Because effective risk management is a business-critical success factor, LKAB appointed a Chief Risk Officer (CRO) in 2014.

LKAB’s volume dependency, the price of iron ore and transaction exposure in US dollars are major risks.

Because LKAB is in a phase of strong growth with high demand for iron ore products, protracted approval processes constitute a high risk of substantial delay to LKAB’s planned production increase. This is illustrated further in the Future Development section below.

For further information concerning risks, please refer to LKAB’s Annual Report for 2013.

FUTURE DEVELOPMENT

The iron ore market is growing and the demand for direct reduction pellets for gas-based iron and steel production in particular is expected to increase in coming years. If it is to continue as a preferred supplier, LKAB must be able to deliver greater volumes. Tougher environmental regulations and a greater focus on reducing air pollution, especially in China, are a strong driving force behind an increasing demand for high quality iron ore products. This shows that our strategy of being a supplier of high-quality, climate-smart iron ore pellets provides access to a strong market.

The strategy for the next few years includes a planned volume increase of just over 35 percent to reach an annual capacity of 37 Mt iron ore products by 2016. Most of the additional iron ore will come from new mines and mainly from the three surface mines in the so-called Svappavaara field: Gruberget, Mertainen and Leveäniemi.

The permit for the open pit mine in Mertainen has come into force and preparatory work has begun. Production is expected to start at the end of 2015. The date for court hearings regarding a permit for the Leveäniemi mine is not yet set. The new open pit mines increase LKAB’s competitiveness through higher volumes, resulting in a lower cost per tonne.

Continued investments are required to safeguard research and development if LKAB is to maintain its technological leadership in iron ore pellets. LKAB is studying the possibility of creating a new research facility for direct reduction, which is the fastest-growing, most climate-efficient method of ironmaking.

Investment projects in progress and LKAB’s future plans will entail major strategic investments and thus large expenditures over the next few years. Furthermore, continued underground mining in Kiruna and Malmberget and the start-up of new mines in the Svappavaara orefield will entail major costs for their impact on communities in all three areas. LKAB must therefore remain financially strong and maintain a good earning ability to meet the future obligations that structural change will entail.
ACCOUNTING PRINCIPLES

The interim report was prepared in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim report was prepared in accordance with IAS 34, Interim Financial Reporting and applicable regulations in the Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with Chapter 9 of the Annual Accounts Act, Interim Reporting.

All amounts in this interim report are presented in SEK millions unless otherwise indicated. Rounding differences may occur.

Luleå, 15 August 2014
Luossavaara-Kiirunavaara AB (plc)

FINANCIAL INFORMATION

<table>
<thead>
<tr>
<th>Financial Information</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim report Q3 2014</td>
<td>24 October, 2014</td>
</tr>
<tr>
<td>Year-end report 2014</td>
<td>13 February, 2015</td>
</tr>
<tr>
<td>Annual General Meeting</td>
<td>28 April, 2015</td>
</tr>
</tbody>
</table>

Reports are available at www.lkab.com
Any questions concerning the Q2 Interim Report may be directed to Lars-Eric Aaro, President and CEO, +46 920 381 06, or acting Senior Vice President, Finance, Katarina Holmgren, +46 920 381 58.
# CONSOLIDATED INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>Q2 2014</th>
<th>Q2 2013</th>
<th>Q1-2 2014</th>
<th>Q1-2 2013</th>
<th>Full year 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>4,908</td>
<td>5,460</td>
<td>10,867</td>
<td>10,783</td>
<td>23,656</td>
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<tr>
<td><strong>Cost of goods sold</strong></td>
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<td>-3,817</td>
<td>-8,695</td>
<td>-7,322</td>
<td>-14,746</td>
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<tr>
<td><strong>Gross profit</strong></td>
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<td>1,643</td>
<td>2,172</td>
<td>3,461</td>
<td>8,910</td>
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<tr>
<td><strong>Selling expenses</strong></td>
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<td>-25</td>
<td>-66</td>
<td>-68</td>
<td>-148</td>
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<tr>
<td><strong>Administrative expenses</strong></td>
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<td>-151</td>
<td>-306</td>
<td>-306</td>
<td>-643</td>
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<tr>
<td><strong>Research and development expenses</strong></td>
<td>-130</td>
<td>-80</td>
<td>-223</td>
<td>-154</td>
<td>-356</td>
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<tr>
<td><strong>Other operating income</strong></td>
<td>94</td>
<td>131</td>
<td>229</td>
<td>239</td>
<td>436</td>
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<tr>
<td><strong>Operating expenses</strong></td>
<td>-129</td>
<td>-152</td>
<td>-276</td>
<td>-279</td>
<td>-560</td>
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<tr>
<td><strong>Operating profit</strong></td>
<td>-417</td>
<td>1,366</td>
<td>1,530</td>
<td>2,893</td>
<td>7,639</td>
</tr>
<tr>
<td><strong>Financial income</strong></td>
<td>160</td>
<td>103</td>
<td>338</td>
<td>283</td>
<td>583</td>
</tr>
<tr>
<td><strong>Financial expenses</strong></td>
<td>-62</td>
<td>-86</td>
<td>-161</td>
<td>-235</td>
<td>-454</td>
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<tr>
<td><strong>Net financial income/expense</strong></td>
<td>98</td>
<td>17</td>
<td>177</td>
<td>48</td>
<td>129</td>
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<tr>
<td><strong>Profit/loss before tax</strong></td>
<td>-319</td>
<td>1,383</td>
<td>1,707</td>
<td>2,941</td>
<td>7,768</td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>72</td>
<td>-333</td>
<td>-364</td>
<td>-660</td>
<td>-1,736</td>
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<tr>
<td><strong>Profit/loss for the period</strong></td>
<td>-247</td>
<td>1,050</td>
<td>1,343</td>
<td>2,281</td>
<td>6,032</td>
</tr>
</tbody>
</table>

**Attributable to Parent Company shareholders**

**Earnings per share before and after dilution (SEK)**

# CONSOLIDATED COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th></th>
<th>Q2 2014</th>
<th>Q2 2013</th>
<th>Q1-2 2014</th>
<th>Q1-2 2013</th>
<th>Full year 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit/loss for the period</strong></td>
<td>-247</td>
<td>1,050</td>
<td>1,343</td>
<td>2,281</td>
<td>6,032</td>
</tr>
</tbody>
</table>
| **Other comprehensive income for the period**
  **Items that cannot be transferred to profit for the year**
   **Actuarial gains and losses on defined benefit pension plans** | -45     | -13     | -101      | -13       | 106            |
   **Tax attributable to actuarial gains and losses** | 10      | 3       | 22        | 3         | -23            |
  **Total items that cannot be transferred to profit for the year** | -35     | -10     | -79       | -10       | 83             |
| **Items that have been or can be transferred to profit for the year**
  **Exchange rate differences on translation for foreign entities for the period** | 35      | 32      | 52        | -48       | -18            |
  **Change in fair value of available-for-sale financial assets for the period** | 151     | -91     | 159       | -204      | -90            |
  **Changes in fair value of cash flow hedges for the period** | -122    | -96     | -147      | -183      | 72             |
  **Changes in fair value of cash flow hedges transferred to profit for the year** | -28     | -101    | -35       | -170      | -226           |
  **Tax attributable to components of cash flow hedges** | 33      | 43      | 40        | 78        | 34             |
  **Total items that have been or can be transferred to profit for the year** | 69      | -212    | 69        | -527      | -228           |
| **Other comprehensive income** | 34      | -222    | -10       | -537      | -145           |
| **Total comprehensive income for the period attributable to the Parent Company shareholders** | -213    | 828     | 1,333     | 1,744     | 5,887          |
### Consolidated Statement of Financial Position

<table>
<thead>
<tr>
<th>(MSEK)</th>
<th>30 June 2014</th>
<th>30 June 2013</th>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>263</td>
<td>219</td>
<td>257</td>
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<tr>
<td>Property, plant, and equipment</td>
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<td>32,082</td>
<td>33,759</td>
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<tr>
<td>Participations in associated companies</td>
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<td>0</td>
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<td>Financial investments</td>
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<td>793</td>
<td>1,075</td>
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<tr>
<td>Deferred tax asset</td>
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<td>19</td>
</tr>
<tr>
<td>Non-current receivables</td>
<td>68</td>
<td>238</td>
<td>103</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>39,465</td>
<td>33,349</td>
<td>35,213</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>2,436</td>
<td>2,267</td>
<td>2,611</td>
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<tr>
<td>Accounts receivable</td>
<td>1,815</td>
<td>2,696</td>
<td>3,291</td>
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<tr>
<td>Prepaid expenses and accrued income</td>
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<td>131</td>
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<tr>
<td>Other current receivables</td>
<td>902</td>
<td>2,308</td>
<td>1,079</td>
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<td>Current investments</td>
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<td>11,986</td>
<td>10,801</td>
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<td>Cash and cash equivalents</td>
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<td>1,306</td>
<td>4,696</td>
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<tr>
<td>Total current assets</td>
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<td>20,760</td>
<td>22,609</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>60,353</td>
<td>54,109</td>
<td>57,822</td>
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<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>700</td>
<td>700</td>
<td>700</td>
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<tr>
<td>Reserves</td>
<td>513</td>
<td>144</td>
<td>443</td>
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<tr>
<td>Retained earnings including profit for the period</td>
<td>38,092</td>
<td>36,486</td>
<td>40,329</td>
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<td>Equity attributable to Parent Company shareholders</td>
<td>39,305</td>
<td>37,328</td>
<td>41,472</td>
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<tr>
<td>Total equity</td>
<td>39,305</td>
<td>37,328</td>
<td>41,472</td>
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<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Provisions for pensions and similar commitments</td>
<td>1,880</td>
<td>2,911</td>
<td>1,886</td>
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<tr>
<td>Provisions for urban transformation</td>
<td>8,013</td>
<td>5,001</td>
<td>4,804</td>
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<tr>
<td>Other provisions</td>
<td>1,214</td>
<td>1,069</td>
<td>1,167</td>
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<td>Deferred tax liability</td>
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<td>3,427</td>
<td>3,813</td>
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<tr>
<td>Total non-current liabilities</td>
<td>14,585</td>
<td>12,408</td>
<td>11,670</td>
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<td><strong>Current liabilities</strong></td>
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<tr>
<td>Trade payables</td>
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<tr>
<td>Other current liabilities</td>
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<td>222</td>
<td>227</td>
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<tr>
<td>Liabilities to credit institutions</td>
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<tr>
<td>Accrued expenses and deferred income</td>
<td>1,118</td>
<td>1,246</td>
<td>1,103</td>
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<tr>
<td>Provisions for urban transformation</td>
<td>2,661</td>
<td>1,063</td>
<td>1,500</td>
</tr>
<tr>
<td>Other provisions</td>
<td>20</td>
<td>19</td>
<td>106</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>6,463</td>
<td>4,373</td>
<td>4,680</td>
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<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td>60,353</td>
<td>54,109</td>
<td>57,822</td>
</tr>
</tbody>
</table>
### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<table>
<thead>
<tr>
<th></th>
<th>Reserves</th>
<th>Retained earnings incl. profit for the period</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share capital</td>
<td>Translation reserve</td>
<td>Fair value reserve</td>
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<tr>
<td>Opening equity 1 Jan 2013</td>
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<td>616</td>
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<tr>
<td>Profit for the year</td>
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<td></td>
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<tr>
<td>Other comprehensive income for the year</td>
<td>-18</td>
<td>-90</td>
<td>-120</td>
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<tr>
<td>Comprehensive income for the year</td>
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<td>-90</td>
<td>-120</td>
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<tr>
<td>Dividend</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Closing equity 31 Dec 2013</td>
<td>700</td>
<td>-139</td>
<td>526</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>Reserves</th>
<th>Retained earnings incl. profit for the period</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share capital</td>
<td>Translation reserve</td>
<td>Fair value reserve</td>
</tr>
<tr>
<td>Opening equity 1 Jan 2014</td>
<td>700</td>
<td>-139</td>
<td>526</td>
</tr>
<tr>
<td>Profit for the period</td>
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<td></td>
</tr>
<tr>
<td>Other comprehensive income for the period</td>
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<td>159</td>
<td>-142</td>
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<tr>
<td>Comprehensive income for the period</td>
<td>52</td>
<td>159</td>
<td>-142</td>
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<tr>
<td>Dividend</td>
<td></td>
<td></td>
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<tr>
<td>Closing equity 30 June 2014</td>
<td>700</td>
<td>-88</td>
<td>685</td>
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### CONSOLIDATED STATEMENT OF CASH FLOW

<table>
<thead>
<tr>
<th></th>
<th>Q2 2014</th>
<th>Q2 2013</th>
<th>Q1-2 2014</th>
<th>Q1-2 2013</th>
<th>Full year 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit/loss before tax</td>
<td>-319</td>
<td>1,383</td>
<td>1,707</td>
<td>2,941</td>
<td>7,768</td>
</tr>
<tr>
<td>Adjustment for items not included in cash flow</td>
<td>1,974</td>
<td>726</td>
<td>2,690</td>
<td>1,470</td>
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<tr>
<td>Income tax paid</td>
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<td>437</td>
<td>-731</td>
<td>-1,346</td>
<td>-573</td>
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<tr>
<td>Expenditures, urban transformation</td>
<td>-69</td>
<td>-82</td>
<td>-129</td>
<td>-122</td>
<td>-295</td>
</tr>
<tr>
<td>Payment to retirement benefit plan</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-881</td>
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<tr>
<td>Cash flow from operating activities before changes in working capital</td>
<td>1,212</td>
<td>1,590</td>
<td>3,537</td>
<td>2,943</td>
<td>9,423</td>
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<tr>
<td><strong>Cash flow from changes in working capital</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (-)/Decrease (+) in inventories</td>
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<td>1</td>
<td>176</td>
<td>248</td>
<td>-118</td>
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<tr>
<td>Increase (-)/Decrease (+) in operating receivables</td>
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<td>451</td>
<td>1,657</td>
<td>260</td>
<td>-444</td>
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<tr>
<td>Increase (+)/Decrease (-) in operating liabilities</td>
<td>15</td>
<td>418</td>
<td>-212</td>
<td>-193</td>
<td>-304</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>739</td>
<td>870</td>
<td>1,621</td>
<td>315</td>
<td>-866</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
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<td>2,460</td>
<td>5,158</td>
<td>3,258</td>
<td>8,557</td>
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<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of property, plant and equipment</td>
<td>-1,308</td>
<td>-1,916</td>
<td>-2,398</td>
<td>-3,014</td>
<td>-6,141</td>
</tr>
<tr>
<td>Disposal of property, plant and equipment</td>
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<td>10</td>
<td>4</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>Acquisition/divestment of financial assets</td>
<td>-298</td>
<td>-3,234</td>
<td>-971</td>
<td>1,115</td>
<td>2,325</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>-1,606</td>
<td>-5,139</td>
<td>-3,365</td>
<td>-1,889</td>
<td>-3,798</td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Borrowing</td>
<td>797</td>
<td>797</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid to Parent Company shareholders</td>
<td>-3,500</td>
<td>-5,500</td>
<td>-3,500</td>
<td>-5,500</td>
<td>-5,500</td>
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<tr>
<td>Cash flow from financing activities</td>
<td>-2,703</td>
<td>-5,500</td>
<td>-2,703</td>
<td>-5,500</td>
<td>-5,500</td>
</tr>
<tr>
<td>Cash flow for the period</td>
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<td>-8,180</td>
<td>-910</td>
<td>-4,131</td>
<td>-741</td>
</tr>
<tr>
<td>Cash and cash equivalents at start of period</td>
<td>6,144</td>
<td>9,486</td>
<td>4,696</td>
<td>5,437</td>
<td>5,437</td>
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<tr>
<td>Cash and cash equivalents at end of period</td>
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<td>1,306</td>
<td>3,786</td>
<td>1,306</td>
<td>4,696</td>
</tr>
<tr>
<td>Change in cash and cash equivalents</td>
<td>-2,358</td>
<td>-8,180</td>
<td>-910</td>
<td>-4,131</td>
<td>-741</td>
</tr>
</tbody>
</table>

### OPERATING CASH FLOW

<table>
<thead>
<tr>
<th></th>
<th>Q2 2014</th>
<th>Q2 2013</th>
<th>Q1-2 2014</th>
<th>Q1-2 2013</th>
<th>Full year 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of property, plant and equipment</td>
<td>-1,308</td>
<td>-1,916</td>
<td>-2,398</td>
<td>-3,014</td>
<td>-6,141</td>
</tr>
<tr>
<td>Disposal of property, plant and equipment</td>
<td>0</td>
<td>10</td>
<td>4</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>Operating cash flow (excluding current investments)</td>
<td>643</td>
<td>554</td>
<td>2,764</td>
<td>254</td>
<td>2,434</td>
</tr>
<tr>
<td>Acquisition/divestment of financial assets</td>
<td>-298</td>
<td>-3,234</td>
<td>-971</td>
<td>1,115</td>
<td>2,325</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>-2,703</td>
<td>-5,500</td>
<td>-2,703</td>
<td>-5,500</td>
<td>-5,500</td>
</tr>
<tr>
<td>Cash flow for the period</td>
<td>-2,358</td>
<td>-8,180</td>
<td>-910</td>
<td>-4,131</td>
<td>-741</td>
</tr>
</tbody>
</table>

1) Amount includes investment in a bond via Norrskenet AB for Northland Resources.
### PERSONNEL

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014</th>
<th>30 June 2013</th>
<th>Full year 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average number of employees</td>
<td>4,392</td>
<td>4,261</td>
<td>4,427</td>
</tr>
<tr>
<td>- of which women</td>
<td>845</td>
<td>785</td>
<td>838</td>
</tr>
<tr>
<td>- of which men</td>
<td>3,547</td>
<td>3,476</td>
<td>3,589</td>
</tr>
</tbody>
</table>

### KEY RATIOS IN PERCENT

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014</th>
<th>30 June 2013</th>
<th>Full year 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross margin</td>
<td>20.0</td>
<td>32.1</td>
<td>37.8</td>
</tr>
<tr>
<td>Profit margin</td>
<td>15.7</td>
<td>27.3</td>
<td>33.0</td>
</tr>
<tr>
<td>Return on equity</td>
<td>13.3</td>
<td>16.2</td>
<td>14.7</td>
</tr>
<tr>
<td>Equity/assets ratio</td>
<td>65.1</td>
<td>69.0</td>
<td>71.7</td>
</tr>
</tbody>
</table>
### INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>Q2 2014</th>
<th>Q2 2013</th>
<th>Q1-2 2014</th>
<th>Q1-2 2013</th>
<th>Full year 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>4,479</td>
<td>4,944</td>
<td>10,064</td>
<td>9,888</td>
<td>21,918</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>-4,795</td>
<td>-3,572</td>
<td>-8,365</td>
<td>-6,964</td>
<td>-14,351</td>
</tr>
<tr>
<td>Gross profit/loss</td>
<td>-316</td>
<td>1,372</td>
<td>1,699</td>
<td>2,924</td>
<td>7,567</td>
</tr>
<tr>
<td>Selling expenses</td>
<td>-15</td>
<td>-9</td>
<td>-30</td>
<td>-36</td>
<td>-67</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>-122</td>
<td>-114</td>
<td>-230</td>
<td>-235</td>
<td>-497</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>-129</td>
<td>-75</td>
<td>-222</td>
<td>-146</td>
<td>-345</td>
</tr>
<tr>
<td>Other operating income</td>
<td>72</td>
<td>103</td>
<td>173</td>
<td>192</td>
<td>377</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>-60</td>
<td>-89</td>
<td>-145</td>
<td>-158</td>
<td>-303</td>
</tr>
<tr>
<td>Operating profit/loss</td>
<td>-570</td>
<td>1,188</td>
<td>1,246</td>
<td>2,540</td>
<td>6,732</td>
</tr>
<tr>
<td>Profit from financial items</td>
<td>184</td>
<td>316</td>
<td>264</td>
<td>310</td>
<td>513</td>
</tr>
<tr>
<td>Profit/loss after financial items</td>
<td>-386</td>
<td>1,504</td>
<td>1,510</td>
<td>2,850</td>
<td>7,245</td>
</tr>
<tr>
<td>Appropriations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-1,762</td>
</tr>
<tr>
<td>Profit/loss before tax</td>
<td>-386</td>
<td>1,504</td>
<td>1,510</td>
<td>2,850</td>
<td>5,483</td>
</tr>
<tr>
<td>Tax</td>
<td>102</td>
<td>-326</td>
<td>-324</td>
<td>-622</td>
<td>-1,171</td>
</tr>
<tr>
<td>Profit/loss for the period</td>
<td>-284</td>
<td>1,178</td>
<td>1,186</td>
<td>2,228</td>
<td>4,312</td>
</tr>
</tbody>
</table>

### STATEMENT OF COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th></th>
<th>Q2 2014</th>
<th>Q2 2013</th>
<th>Q1-2 2014</th>
<th>Q1-2 2013</th>
<th>Full year 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit/loss for the period</td>
<td>-284</td>
<td>1,178</td>
<td>1,186</td>
<td>2,228</td>
<td>4,312</td>
</tr>
<tr>
<td>Other comprehensive income for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Comprehensive income for the period</td>
<td>-284</td>
<td>1,178</td>
<td>1,186</td>
<td>2,228</td>
<td>4,312</td>
</tr>
</tbody>
</table>
## BUSINESS BALANCE SHEET

<table>
<thead>
<tr>
<th>(MSEK)</th>
<th>30 June 2014</th>
<th>30 June 2013</th>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>36</td>
<td>18</td>
<td>42</td>
</tr>
<tr>
<td>Property, plant, and equipment</td>
<td>31,229</td>
<td>25,891</td>
<td>27,294</td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Particpations in subsidiaries</td>
<td>1,490</td>
<td>1,410</td>
<td>1,490</td>
</tr>
<tr>
<td>Particpations in associates</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Receivables from subsidiaries</td>
<td>970</td>
<td>1,003</td>
<td>1,042</td>
</tr>
<tr>
<td>Other non-current securities</td>
<td>129</td>
<td>129</td>
<td>129</td>
</tr>
<tr>
<td>Other non-current receivables</td>
<td>139</td>
<td>316</td>
<td>170</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>958</td>
<td>554</td>
<td>678</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td>3,686</td>
<td>3,412</td>
<td>3,509</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>34,951</td>
<td>29,321</td>
<td>30,845</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>1,927</td>
<td>1,791</td>
<td>2,111</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1,459</td>
<td>2,370</td>
<td>3,008</td>
</tr>
<tr>
<td>Receivables from subsidiaries</td>
<td>2,400</td>
<td>1,943</td>
<td>2,053</td>
</tr>
<tr>
<td>Other current receivables</td>
<td>691</td>
<td>2,123</td>
<td>814</td>
</tr>
<tr>
<td>Prepaid expenses and accrued income</td>
<td>112</td>
<td>119</td>
<td>95</td>
</tr>
<tr>
<td><strong>Total current receivables</strong></td>
<td>4,662</td>
<td>6,555</td>
<td>8,081</td>
</tr>
<tr>
<td>Current investments</td>
<td>14,818</td>
<td>12,640</td>
<td>14,878</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>303</td>
<td>330</td>
<td>365</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>21,710</td>
<td>21,316</td>
<td>23,324</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>56,661</td>
<td>50,637</td>
<td>54,169</td>
</tr>
</tbody>
</table>
### BALANCE SHEET

<table>
<thead>
<tr>
<th>(MSEK)</th>
<th>30 June 2014</th>
<th>30 June 2013</th>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital (700,000 shares)</td>
<td>700</td>
<td>700</td>
<td>700</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>697</td>
<td>697</td>
<td>697</td>
</tr>
<tr>
<td><strong>Non-restricted equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>19,420</td>
<td>18,608</td>
<td>18,608</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>1,186</td>
<td>2,228</td>
<td>4,312</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>22,003</td>
<td>22,233</td>
<td>24,317</td>
</tr>
<tr>
<td>Untaxed reserves</td>
<td>18,487</td>
<td>16,866</td>
<td>18,487</td>
</tr>
<tr>
<td><strong>Provisions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions for urban transformation</td>
<td>8,013</td>
<td>5,001</td>
<td>4,804</td>
</tr>
<tr>
<td>Other provisions</td>
<td>1,666</td>
<td>2,177</td>
<td>1,597</td>
</tr>
<tr>
<td><strong>Total provisions</strong></td>
<td>9,679</td>
<td>7,178</td>
<td>6,401</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>1,229</td>
<td>1,408</td>
<td>1,406</td>
</tr>
<tr>
<td>Liabilities to subsidiaries</td>
<td>817</td>
<td>784</td>
<td>945</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>83</td>
<td>147</td>
<td>143</td>
</tr>
<tr>
<td>Liabilities to credit institutions</td>
<td>797</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued expenses and deferred income</td>
<td>885</td>
<td>939</td>
<td>864</td>
</tr>
<tr>
<td>Provisions for urban transformation</td>
<td>2,661</td>
<td>1,063</td>
<td>1,500</td>
</tr>
<tr>
<td>Other provisions</td>
<td>20</td>
<td>19</td>
<td>106</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>6,492</td>
<td>4,360</td>
<td>4,964</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td>56,661</td>
<td>50,637</td>
<td>54,169</td>
</tr>
<tr>
<td>Pledged assets</td>
<td>245</td>
<td>236</td>
<td>245</td>
</tr>
<tr>
<td>Contingent liabilities</td>
<td>265</td>
<td>194</td>
<td>109</td>
</tr>
</tbody>
</table>

### KEY RATIOS IN PERCENT

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014</th>
<th>30 June 2013</th>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross margin</td>
<td>16.9</td>
<td>29.6</td>
<td>34.5</td>
</tr>
<tr>
<td>Profit margin</td>
<td>15.0</td>
<td>28.8</td>
<td>33.1</td>
</tr>
<tr>
<td>Return on equity</td>
<td>9.1</td>
<td>9.0</td>
<td>11.1</td>
</tr>
<tr>
<td>Equity/assets ratio at end of period</td>
<td>64.3</td>
<td>69.9</td>
<td>71.5</td>
</tr>
</tbody>
</table>

**Definitions**
- **Gross margin:** Gross profit as a percentage of net sales for the period.
- **Profit margin:** Profit after financial items as a percentage of net sales for the period.
- **Return on equity:** Profit after tax as a percentage of average equity (rolling 12-month figures).
- **Equity/assets ratio:** Equity as a percentage of total assets.
NOTE 1. DISCLOSURES REGARDING FINANCIAL INSTRUMENTS

Fair value – financial instruments
The tables below show how fair value is determined for the financial instruments measured at fair value in the statement of financial position. Fair value is determined based on three levels.

Level 1: based on prices listed on an active market for the same instruments
Level 2: based on directly or indirectly observable market data not included in level 1
Level 3: based on input data not observable in the market

Group 30 June 2014

<table>
<thead>
<tr>
<th>(MSEK)</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares, financial assets</td>
<td>849</td>
<td></td>
<td>849</td>
<td></td>
</tr>
<tr>
<td>Derivatives, financial assets</td>
<td>9</td>
<td>9</td>
<td></td>
<td>18</td>
</tr>
<tr>
<td>Interest-bearing financial assets</td>
<td>92</td>
<td>92</td>
<td></td>
<td>184</td>
</tr>
<tr>
<td>Shares, current holdings</td>
<td>812</td>
<td>812</td>
<td></td>
<td>1624</td>
</tr>
<tr>
<td>Interest-bearing instruments</td>
<td>10,922</td>
<td>10,922</td>
<td></td>
<td>21,844</td>
</tr>
<tr>
<td>Non-current receivables</td>
<td>68</td>
<td>68</td>
<td></td>
<td>136</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3,786</td>
<td>3,786</td>
<td></td>
<td>7,572</td>
</tr>
<tr>
<td>Derivatives, cash flow hedges</td>
<td>-77</td>
<td>-77</td>
<td></td>
<td>-154</td>
</tr>
<tr>
<td>Total</td>
<td>5,539</td>
<td>10,920</td>
<td>16,459</td>
<td></td>
</tr>
</tbody>
</table>

Fair value calculation
The following summarizes the methods and assumptions mainly used in determining the fair value of financial instruments reported in the table above.

Level 1
The fair values of listed financial assets correspond to the assets’ listed price on the closing date.

Level 2
Interest-bearing instruments
Share index bonds were valued using listed market data from the interest and derivatives market. This category also includes certificates valued on the basis of defined market-priced return curves.

Non-current receivables
Non-current receivables are calculated by measuring the present value of capital cash flows.

Derivatives
The fair value of forward exchange contracts is calculated on the basis of a valuation model based on discounted cash flow, derived from listed market prices obtained from Reuters.
Derivatives, financial assets are valued on the basis of market data from brokers.

Fair value of other receivables and liabilities
The carrying amount of other receivables and liabilities constitutes a reasonable approximation of fair value.

NOTE 2. PROVISIONS FOR URBAN TRANSFORMATION

A limit to impact-related compensation has been defined by LKAB and designated as the impact boundary. Previously, all damage/compensation claims within the impact boundary were calculated and reported as provisions and as expensed in the income statement.

A contract boundary will be introduced during 2014 which means that in cases where there is an agreement or clear implicit undertaking that defines an obligation in respect of a future impact area, the provision will be reported according to the contract boundary. The impact boundary will continue to act as the boundary for mining to date and when the obligation is expensed.

The area between the impact boundary and the contract boundary constitutes a mine asset with regard to future mining operations. The mine asset will be expensed with respect to impact boundary movement, i.e. when properties, infrastructure etc. are encroached on by the impact boundary.