

Nasdaq Stockholm

Nordic Mines AB

Decision

The Disciplinary Committee orders Nordic Mines AB (publ) to pay Nasdaq Stockholm a fine corresponding to seven times the annual fee.

Request

The shares of Nordic Mines AB (publ) ("Nordic Mines" or the "Company") are admitted to trading on Nasdaq Stockholm (the "Exchange"). The Company has signed an undertaking to comply with the Exchange's Rule Book for Issuers applicable from time to time (the "Rule Book").

The Exchange has requested that the Disciplinary Committee consider the Company's violations of the Rule Book and determine a reasonable sanction.

The Company has stated its case in the matter and denied that the Company has breached the Rule Book.

Neither of the parties has requested an oral hearing. The Disciplinary Committee has reviewed the documents in the matter.

The Disciplinary Committee's assessment

The Exchange has claimed that Nordic Mines has violated its duty of disclosure on a number of occasions during 2015. The Exchange's allegations are summarized below, and the Disciplinary Committee's assessment is set out in connection with each item.

Disclosure of information concerning the board's decisions regarding new issues of securities

On September 21, 2015, Nordic Mines issued a press release bearing the heading "Nordic Mines has reached an agreement in principle with the Company's lenders regarding the repurchase of outstanding debt". In the press release, it was stated that the Company intended to finance the redemption through one or more new issues, which in the event of full subscription would raise SEK 110 million for the Company, however not less than SEK 80 million. It was also stated that Nordic Mines' board of directors had decided to convene an extraordinary general meeting of the shareholders to approve resolutions regarding conditional new issues in the form of a rights issue (the "Rights Issue") and/or private placement of new shares.

Item 3.3.3 of the Rule Book concerning issues of securities states that proposals or decisions regarding issues of securities must be disclosed, unless the proposal or decision is insignificant. In the guidance text to item 3.3.3 it is stated that all significant information concerning the issuance of new securities must be included. As the press release is formulated, the agreement in principle appears as the main matter, and it is this that is stated in the heading. The new issues necessary for the financing are mentioned in various places in the press release. It is not clearly stated in the press release that the board of directors had adopted a formal decision regarding new issues of securities. Admittedly, it is stated that the reason for the new issues is to finance the redemption of outstanding debt, as well as the amount that the Company will raise in the event of full subscription, and that the Company will provide further details, including terms and conditions, at a later stage. However, Nordic Mines cannot avoid criticism for its failure to mention the new issues in the heading; for its failure to address the new issues in a composite and clear manner in the press release; and for the fact that the nature of the board's decision regarding new issues is unclear. The Disciplinary Committee finds that Nordic Mines has violated items 3.1.2, 3.1.5 and 3.3.3 of the Rule Book.

Information in the press release dated November 13, 2015 regarding consideration in respect of Lau Su's subscription commitment

On November 13, 2015, the Company issued a press release containing information that subscription applications corresponding to approximately SEK 80 million had been received in the Rights Issue. The press release also stated that the Company had entered into an agreement with Lau Su Holding AB ("Lau Su"), which undertook to subscribe for new shares in the Rights Issue for a total amount of SEK 46.7 million in consideration of share-based compensation to be paid through set off against additional shares in connection with completion of the Rights Issue, and that following implementation Lau Su would become the new principal owner in the Company, with an ownership stake of 51.7% prior to the set-off of the share-based compensation, and a stake of 61.5% after the set-off.

The size of the share-based compensation in respect of Lau Su's subscription for shares, expressed in SEK, is not stated in the press release, and a not entirely uncomplicated calculation exercise was required in order to arrive at the size of the compensation. In light of the complexity of the transaction structure and the fact that Lau Su, as an external investor, was able

to subscribe for more than 50% of the total number of shares in the Company at a significantly lower price than other subscribers in the issue, the size of the compensation should have been expressed in a manner that was easy to assess. The compensation could have been stated in SEK or as a percentage share of Lau Su's subscription commitment or the total issue volume, or the actual subscription price at which Lau Su was able to subscribe for shares could have been stated in the press release. In the Disciplinary Committee's opinion, information regarding the size of the compensation may be deemed to constitute relevant and material information, particularly in light of the company law principle of equal treatment of shareholders. The information has not been sufficiently detailed to allow for an assessment of its significance as regards, among other things, the price of the Company's shares. The information has also constituted material information regarding the issue of securities. Accordingly, the Company has breached items 3.1.2 and 3.3.3 of the Rule Book.

The other content in the press release dated November 13, 2015

In the press release of November 13, 2015, Lau Su's commitment to subscribe for shares is presented and it is stated that, in consideration of the commitment, share-based compensation shall be payable, to be paid by means of set-off against additional shares. It is not, however, stated how the allotment in the Rights Issue took place or how the share-based compensation was to be determined; nor is it stated how the set-off against such claim was to take place.

In light of the fact that the transaction was complex and that Lau Su, as an external investor, was able to subscribe for more than 50% of the total number of shares in the Company at a significantly lower price than other subscribers in the Rights Issue, in the Disciplinary Committee's opinion these circumstances may be deemed to constitute material information concerning the issue. Due to the lack of a description of these circumstances, the information in the press release was not correct, relevant and clear. As a consequence of these deficiencies in the press release, Nordic Mines has breached items 3.1.2 and 3.3.3 of the Rule Book.

Selective disclosure of information to Lau Su

Nordic Mines provided Lau Su with information about the insufficient acceptance level in the Rights Issue before the information had been publicly disclosed. At the time of the negotiations with Lau Su, the Company found itself in a precarious financial situation and, according to Nordic Mines, the information was provided in order that the Rights Issue – which was necessary for the Company's survival – might be implemented.

Selective disclosure of information must be applied very restrictively. The situation does not correspond to the examples cited in the guidance text to item 3.1.1 of the Rule Book, as to when selective disclosure of information may be accepted. It is evident from the guidance text that selective disclosure of information to contemplated shareholders may be accepted in conjunction with soundings pending a planned new issue. Under extremely special circumstances, selective disclosure of information might possibly also be accepted in situations other than in the cited examples. Circumstances cannot be deemed to have prevailed such that the Company enjoyed leeway to selectively divulge the relevant information to Lau Su without the entire market receiving information regarding the insufficient acceptance level imme-

diately in conjunction with the disclosure of the information to Lau Su. The Disciplinary Committee finds that, through its selective disclosure of information to Lau Su, Nordic Mines has breached items 3.1.1, 3.1.3 and 3.1.5 of the Rule Book.

Disclosure of information prior to November 18, 2015 concerning the Company's financial situation

In a press release issued on November 18, 2015 containing, among other things, information about the agreement with Lau Su (Lau Su's share subscription commitment) it was announced that the Company had insufficient working capital to conduct planned business operations during the coming 12 months and that the Company believed that, if the Rights Issue were not carried out, the deficit would arise prior to the end of the year, which in all likelihood might lead to a new company reorganization, bankruptcy or other liquidation of the Nordic Mines.

The report for the third quarter of 2015, which was published on October 30, 2015, states that the Company had insufficient liquidity to cover its needs during the coming 12 months from the date of the report, and that the board made the assessment that there was a high risk of a liquidity deficit within less than three months from the date of the report, unless external funds were raised. Such information had not been included in the Company's previously published interim reports. The acute lack of liquidity in the Company probably arose during the third quarter of 2015. In the Disciplinary Committee's opinion, the fact that the Company had insufficient liquidity to cover its needs during the coming 12 months, and the risk of a liquidity deficit within less than three months, typically constitutes a price-sensitive circumstance which is covered by the general provision in item 3.1.1 of the Rule Book. In the Disciplinary Committee's opinion, the Company should have publicly disclosed this information in a clear and transparent manner through a press release or, in any event, in the press release that was published in connection with the publication of the report for the third quarter of 2015, and should have included the information in the introduction to the same report. The Company has thereby breached item 3.1.1 of the Rule Book.

Late publication of the annual reports for 2014 and 2015

Nordic Mines failed to publish its annual reports for 2014 and 2015 within four months of the expiry of the respective financial year, as prescribed in Chapter 16, section 4, first paragraph of the Securities Market Act (2007:528). The Company has thus failed to comply with the provisions of the Securities Market Act (2007:528).

The Swedish Securities Council's statement AMN 2016:01

As evident from the Swedish Securities Council's statement AMN 2016:01, published on January 11, 2016, Nordic Mines acted in violation of generally accepted behaviour on the securities market when Lau Su was allowed, in the manner that occurred, to subscribe for shares within the scope of the Rights Issue. Accordingly, the Disciplinary Committee concludes that the Company has acted in violation of generally accepted behaviour on the securities market.

The Disciplinary Committee concludes that Nordic Mines has breached its duty of disclosure on a number of occasions. Taken together, the violations must be deemed serious. The violations demonstrate that the Company has violated its obligation to maintain necessary routines and systems in respect of its disclosure of information. The Company has thereby breached item 2.4.3 of the Rule Book.

Nordic Mines has also acted contrary to generally accepted behaviour on the securities market. Furthermore, on two occasions the Company has failed to perform its statutory obligation to publish its annual report by the prescribed last date of publication.

The Disciplinary Committee orders the Company to pay the Exchange a fine corresponding to seven times the annual fee.

On behalf of the Disciplinary Committee

A handwritten signature in black ink, appearing to read 'Marianne Lundius', with a stylized flourish at the end.

Marianne Lundius

Former Supreme Justice of the Supreme Court Marianne Lundius, Justice of the Supreme Court Anne-Christine Lindeblad, Director Carl-Johan Högbom, Director Jack Junel and Director Stefan Ernehlm participated in the Committee's decision.