

ARCTIC MINERALS



Annual Report 2017

Table of Contents	Page
Arctic Minerals 2017	3
The year 2017 in brief	4
Events after the end of the financial year	5
Overview 5 years	5
CEO has the floor	6
Business overview	7
Projects in Finland	7
Projects in Norway	12
Market overview	19
The share and the Owners	21
Annual report: Formal part Förvaltningsberättelsen	23
Income Statements for Group and Parent Company	26
Balance sheet for Group and Parent Company	27
Cash flow analysis for Group and Parent Company.	29
Supplementary information and notes	30
Signatures	42
Audit Report	
Board and management	43
Financial calendar	
Annual Report 2017	April 24, 2018
Annual General Meeting	May 8, 2018
Interim report for the period January - June 2018	August 23 2018

Arctic Minerals 2017

Arctic Minerals AB was renamed at an Extra Shareholders Meeting November 8, 2017 from Arctic Gold AB (publ) to Arctic Minerals AB. The reason is that, with the acquisition of Norrbotten Exploration AB, the company is given a new focus in its exploration for copper and zinc base metals and wishes to emphasize it. Copper is the priority but zinc and gold are of course minerals that are taken into consideration when examining the 5,735 km² of reservations that Norrbotten Exploration adds.

The Arctic Minerals Group consists of the parent company Arctic Minerals with the two subsidiaries Arctic Gold, formerly Arctic Gold Operations, and Norrbotten Exploration AB (NEAB). NEAB, in turn, has a subsidiary Norrbotten Minerals AB.

Arctic Minerals AB earlier Arctic Gold AB (parent company)

Arctic Minerals AB, the parent company, has previously been active in the field of exploration and mining. Since autumn 2017, the company has functioned as an administration and coordinating parent company. The company has so far had two business areas, the subsidiary Arctic Gold Operations AB, focusing on the development of mining operations in the Bidjovagge field in Finnmark, northern Norway and the parent company itself with a long history of exploration for gold, base metals and previously also diamonds in Sweden. At present, Arctic Gold has 8 exploration permits totaling 2.3 km² and 5 extraction permits/mining concessions totaling 4.9 km²

The Arctic Minerals share is listed on Nasdaq First North with the ticker ARCT. Certified Adviser is Partner Fondkommission AB. More information about the company is available at www.arcticminerals.se.

Norrbotten Exploration AB

Norrbotten Exploration AB was founded by Peter Walker, a British geologist and mining entrepreneur and John Pedersen, a Danish mining and exploration geologist. Previously, as founder and CEO of Scandinavian Minerals Ltd, Mr. Walker was responsible for the acquisition and development of the Kevitsa copper-nickel-platinum mine in northern Finland. Mr. Pedersen was Technical Director of Scandinavian Minerals and Krister Söderholm was General Manager for the Kevitsa project. Scandinavian Minerals developed the Kevitsa project until 2008, when the company was sold to First Quantum Minerals of Canada for 281 million US Dollars. Kevitsa is today owned and operated by New Boliden AB and is one of Europe's largest base metal mines. Mr. Walker, Mr. Pedersen and Mr. Söderholm are now all directors of Arctic Minerals.

The year 2017 in brief

First six months

- In order to have liquidity for a year ahead, a further loan of 1 MSEK was taken from Novatelligence AB. A company owned by Arctic Mineral's CEO Tord Cederlund
- At the Municipal Council meeting on March 23, 2017, the municipality of Kautokeino adopted a new area plan. In this plan the Bidjovagge mining area was converted to LNFR, ie Agriculture, Nature, Recreation and Reindeer herding, Norway's usual area classification. This was a change of what the political alliance had previously agreed and stated. The decision, however, included in particular a mandate to the Councilor to reclassify the area into a mining area at a forthcoming re-regulation
- The Board made the decision in anticipation of moving forward with the Bidjovagge project to make investments in other mining companies where a good future can be expected. Such a placement was therefore made in Botnia Exploration AB. The acquisition comprised 2 million shares at a price of 2.40 SEK and the acquisition resulted in a substantial discount at the time. The investment was financed with a temporary loan of 4.8 MSEK. At the end of June, the unrealized profit was 0.3 million.
- At the Annual General Meeting on May 23, Claes Levin, Stockholm, was re-elected as Chairman of the Board. Hanne Markussen Eek, Oslo was appointed Vice Chairman. Krister Söderholm, Espoo and Tord Cederlund, Stockholm were re-elected as board members. Torsten Börjemalm was re-elected as deputy board member.
- In August at the time just before the interim report was delivered, the unrealized profit in Botnia shares amounted to approximately SEK 1.2 million.

Second half

- The board has taken the decision to actively analyze cooperation options while Kautokeino municipality awaits approval of the plan program. The goal is to find interesting partners to jointly develop our knowledge and skills for the benefit of the shareholders.
- As part of this, conversations with Norrbotten Exploration AB began in the autumn. This company is led by Peter Walker and John Pedersen, who have a very impressive track record in exploration and mining development. The company also has major exploration reservations in central Finland and Finnish Lapland.
- 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 an issue in kind. The number of issued shares amounted to 21,557,970.
- The EGM also decided that the company, with its new focus on seeking large deposits of base metals, especially copper, but also zinc, should be renamed to Arctic Minerals AB.
- The EGM resolved to change the quota value of the share from SEK 1,1125 to SEK 0,60.

- Peter Walker and John Pedersen were elected new Board members. Peter Walker was elected Chairman
- In order to limit the number of Board members to five, Tord Cederlund offered to resign from the board of directors for the new members but continued to maintain the position as Managing Director.
- The Board thereafter consists of Peter Walker, Chairman, Claes Levin, Hanne Markussen Eek deputy chairman, John Pedersen and Krister Söderholm.
- The EGM also decided to authorize the Board to implement a new issue at an appropriate time
- 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, formerly owners of Norrbotten.
- In order to reduce the company's exposure, on December 28 2017, the shares in Botnia Exploration AB were sold to Novatelligence AB. The price was the same as the purchase price.

Events after the end of the financial year

- 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. 10 new shareholders were added through the issue.
- The issue was registered with the Swedish Companies Registration Office on January 31 and Arctic Minerals AB now has 63,171,942 issued shares and a share capital of 37,902,555 SEK

A comprehensive overview of the last five years 2013 -2017 looks as follows:

<u>P/L account Group</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Turnover	-	-	-	-	-
Capitalised work	-	-	-	72	279
Other revenue	-	-	1	-	6
Operating costs	-1 355	-3 675	-21 699	-3 047	-7 832
Operating result	-1 355	-3 675	-21 698	-2 975	-7 547
Financing costs net	<u>-259</u>	<u>-37</u>	<u>-3</u>	<u>8</u>	<u>-22</u>
Profit/Loss year	-1 614	-3 712	-21 701	-2 967	-7 569
<u>Balance sheets December 31</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Fixed assets	50 903	30 685	33 216	53 622	54 906
Current assets	72	99	125	205	188
Cash on blocked account	-	-	-	240	240
Cash and bank	<u>634</u>	<u>1 490</u>	<u>1 728</u>	<u>1 673</u>	<u>1 364</u>
Total assets	51 609	32 274	35 068	55 740	56 698
Equity	47 887	29 884	33 596	55 297	55 839
Current liabilities	<u>3 721</u>	<u>2 390</u>	<u>1 472</u>	<u>443</u>	<u>859</u>
Total Equity and liabilities	51 609	32 274	35 068	55 740	56 698



The CEO has the floor

The past year has been extremely exciting with intensive discussions before the merger with Norrbotten Exploration AB with its large reservations in Finland.

Exploration is the part of the mining industry that if successful gives the highest value increase for shareholders. For Arctic Minerals to get the added skills and experience through the merger with Norrbotten is very important.

The stimulating thoughts and initiatives that involve the new start of exploration in the geological "belts" extending from Finnmark in Norway via Lapland, Norrbotten, and Västerbotten into Finland represent a major challenge. Getting new expertise through Peter Walker and John Pedersen's commitments add further.

The January issue, which contributed more than 13 MSEK, now gives us the opportunity to start work on identifying yet undiscovered large deposits, which we believe there are opportunities to discover with new modern exploration methods. Meanwhile, we will continue to work on the development of Bidjovagge deposit in Norway, which we still consider to be very interesting.

In all, I am convinced that our journey forward will be very successful and provide great value for our shareholders.

Tord Cederlund

CEO of Arctic Minerals

Business Overview

Mining in Finland

Finland has a long mining history and its terrain is highly prospective for base and precious metals. A large number of mines were operated in the past by companies such as Outokumpu Oy and Rautaruukki Oy, producing copper, zinc, nickel, cobalt, lead, gold and iron. Today, with the exception of Outokumpu's Kemi chromite mine, all larger mines are operated by international companies such as Agnico Eagle Ltd and New Boliden AB. Today, Finland mines important quantities of copper, nickel, zinc and gold, as well as industrial minerals such as talc, phosphate and limestone.

After Outokumpu Oy withdrew from the mining business in the 1990's, mining activity in Finland was at a low level. In recent years, however, there has been a revival, so that today several major mines are operating, such as Agnico Eagle's Kittilä mine (gold) and New Boliden's Kevitsa mine (copper, nickel, cobalt, platinum, palladium, gold).

Recent years have also seen a big increase in mineral exploration and a number of important discoveries have been made e.g. the Sakatti copper-nickel deposit (Anglo American Ltd) and the Rompas gold deposit (Mawson Resources Ltd). It is expected that further exploration will result in more discoveries, especially with the use of modern technology, particularly geophysics.

Arctic Minerals' projects in Finland

Through its subsidiary, Norrbotten Exploration AB, Arctic Minerals has acquired a large exploration database from another company which has ceased exploration in Finland. This database includes extensive geological, geochemical and geophysical data for large areas of central Finland and southern Finnish Lapland.

The company will use this database, as well as data from the GTK (Geological Survey of Finland) to locate new ore deposits. This program of data interpretation is being carried out by Finnish contractors and will help identify specific targets for follow-up exploration.

In central Finland Arctic Minerals has exploration reservations covering 4,265 km² of the Raahe-Ladoga belt (sometimes known as the "central Finland Ore Belt"). These reservations are mainly in the area between the currently producing Pyhäsalmi copper-zinc-pyrite mine and the formerly-producing Vihanti zinc mine (closed in 1992). The exploration targets in the Pyhäsalmi-Vihanti area are copper and zinc with associated lead, silver and gold.

In the Peräpohja belt, situated north of Kemi, the company has 1,469 km² of exploration reservations. The target metals in this area are copper and gold.

Projects in Finland

The merger with NEAB means that Arctic Minerals now has "reservations for exploration" comprising 5 735 km² land in central and northern Finland, areas with high potential for the discovery of new deposits of copper, zinc and gold. As a comparison, it can be mentioned that the size of the area

under reservation is equivalent to twice the size of the Swedish island Gotland or five times the Swedish island Öland, the two largest islands in Sweden.

Below a map of the Finnish geology:



Reservations for exploration

Reservations for exploration are a Finnish phenomenon. It means that the holder has the right to "investigate" the areas for a period of two years and, in advance, to be able to apply for an exploration permit within two years.

Under Finnish mining law, reservations give the holder the right to investigate the areas for a period of two years and, within these two years, priority to apply for exploration permits. A reservation

allows data evaluation and some limited fieldwork, whilst an exploration permit allows more intensive investigation such as ground geophysics and exploration drilling.

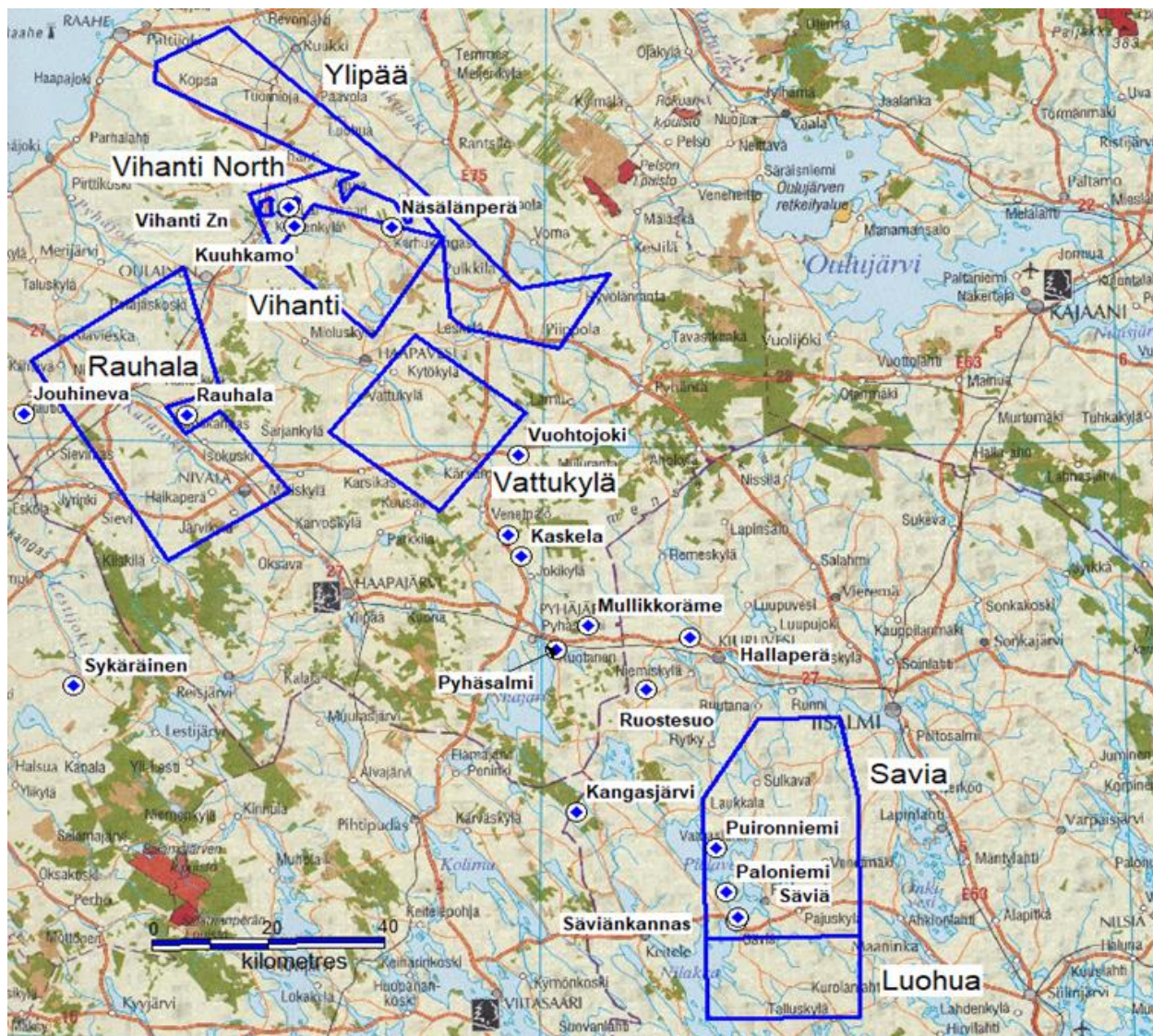
Database of exploration data

In June 2017, Norrbotten acquired a large database of exploration data from a company discontinuing 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 amounting to 1% of the net smelter return on future production in the area covered by the acquired information. The royalty is limited to \$ 2 million per year and can be paid once a year by \$ 10 million after deduction of already paid royalties.

The company will use this database together with data from GTK (Geological Survey of Finland) in order to help locate new ore deposits. The work began in February 2018 and is scheduled to be completed in May, 2018.

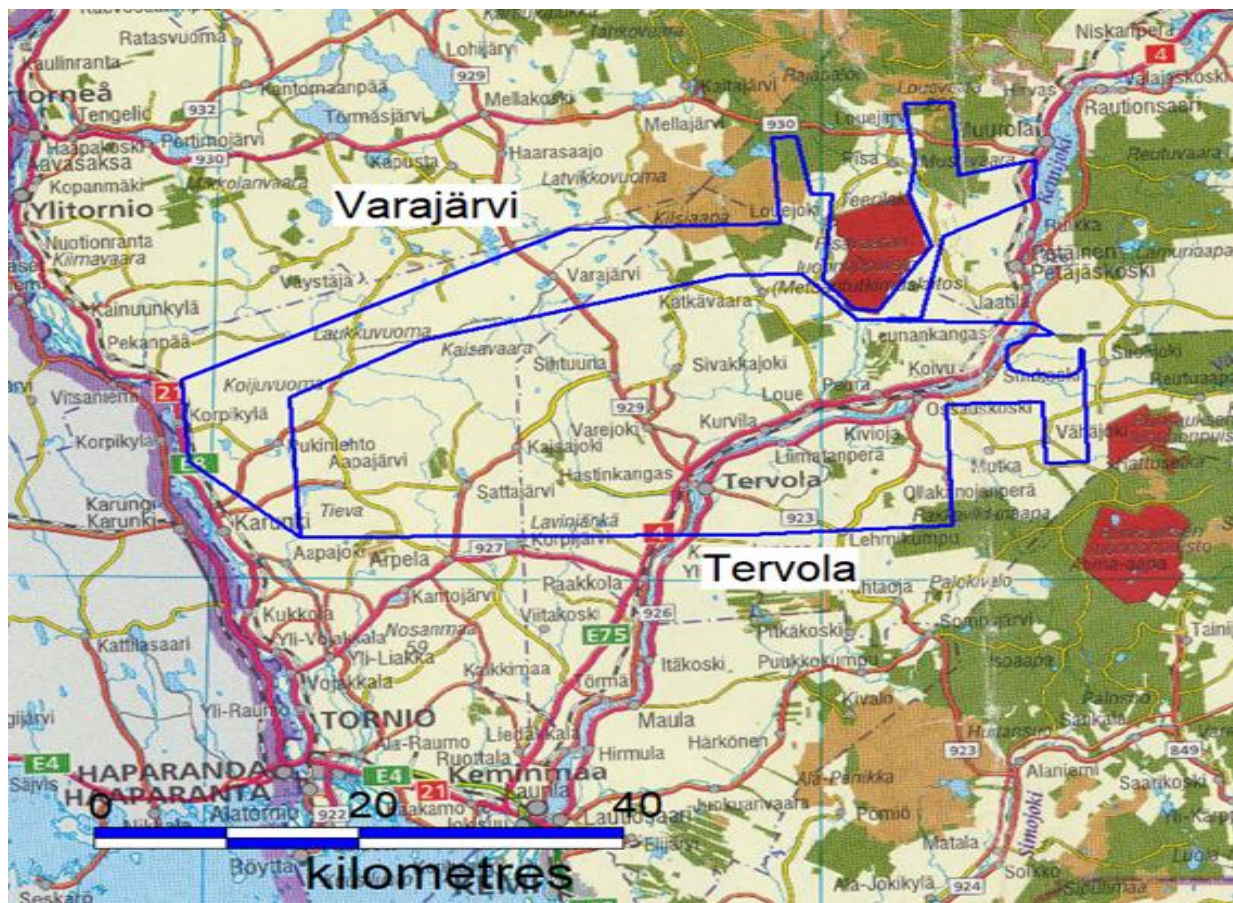
Arctic Minerals' goal for 2018 is to identify target areas for more detailed follow-up work. The company intends to apply for exploration permits over these areas in order to conduct further exploration, possibly including diamond drilling.

Ostrobothnia Project – central Finland



In central Finland the company has exploration reservations covering 4,265 km² of the Raaheladoga belt (sometimes known as the “central Finland Ore Belt”). These reservations are mainly in the area between the currently producing Pyhäsalmi copper-zinc-pyrite mine and the formerly-producing Vihanti zinc mine (closed in 1992). The exploration targets in the Pyhäsalmi-Vihanti area are copper and zinc with associated lead, silver and gold.

Peräpohja Project – northern Finland



In the Peräpohja greenstone belt, situated north of Kemi, the company has 1,469 km² of exploration reservations. The target metals in this area are copper and gold. The district hosts several occurrences of copper-gold mineralisation, including the small Kivimaa and Vinsa copper-gold deposits but has seen relatively little exploration compared with other parts of Finland. However, recent work has highlighted strong similarities between the rocks of the Peräpohja belt and those of the “Copper Belt” of Zambia, one of the world's major copper mining regions.

Data acquired by Arctic Minerals last year shows that more than 100 copper-bearing boulders have previously been found along a 50 km strike length. Arctic Minerals' own fieldwork in 2017 found additional copper-bearing boulders, as well as a new outcrop of copper mineralisation.

In addition to copper, the company considers that the Peräpohja belt offers excellent potential for the discovery of new gold deposits.

Projects in Norway

Bidjovagge

Arctic Gold's main project is an ore field with gold-copper resources in Bidjovagge, an area about 30 km north of Kautokeino in Finnmark, northern Norway. Arctic Gold holds 8 exploration permits totaling 2.3 square kilometers and 5 extracting permits totaling 4.9 square kilometers.

Bidjovagge is located in Finnmark and the nearest town is Kautokeino with approximately 3,000 inhabitants. The nearest major town is the city of Alta, which is approximately 130 km north and has about 18,000 inhabitants. In Sweden Kiruna is 320 km away. Travelling by car between Kiruna and Kautokeino takes about 4 hours.

During the year, the company did not get further with the permission of Kautokeino municipality to adopt the Plan Program and initiate impact assessment.

In connection with a major review of the municipal plan in March 2017, the mining area was classified as LNFR (Agriculture-Nature-Leisure and Reindeer herding). At the same time, it was included in the decision that reclassification back to mining area may be done when other decisions on the municipality's ground use are taken.

Arctic Mineral's management and board believe that the Bidjovagge area has a great potential for gold-copper deposits and is therefore worth continuing to work with.

The company is a member of the Norwegian industry organization Norsk Bergindustri, which at national level works to improve regulatory issues linked to the lack of rules for predictability and legal protection in the Norwegian mining law "Mineraloven".

It should be noted that the development of a mineral area and the start of a mine is a long and costly process that takes many years and requires a lot of and committed work.

Business idea and goals

Business idea: Finland: To find new large undiscovered deposits, primarily copper and zinc, but also gold deposits with the potential to develop into important mineral resources.

Norway: To proceed with the plan to get permission to approve the plan program and start the impact assessment according to the Planning and Building Act.

Business history and development in Norway

Arctic Minerals - formerly Arctic Gold AB - is a Swedish exploration and mining development company whose main projects were hitherto made up of the gold copper authorities in Bidjovagge area in Kautokeino municipality in Finnmark county in northern Norway.

In Bidjovagge, a Norwegian company undertook mining between 1971-1975 with a total output of approximately 400,000 tons of ore. After that, Finnish Outokumpu executed profitable gold and copper production between 1985 and 1991 with a total output of approximately 1.9 million tons of ore. Following the previous activities in Bidjovagge, there were historical estimates that the remaining mineral resources amount to a total of approx. 1.4 million tons of ore with averages of 3.4 grams per ton of gold and 1.1 percent of copper. Arctic Gold's assessment is that there is good potential for increasing mineral resources and demonstrating a mineral reserve, which can be extracted using conventional methods. Besides Bidjovagge, Arctic Gold has exploration data relating to diamonds in Sweden that is for sale.

Bidjovagge mine project

In the Bidjovagge area, Arctic Gold holds 8 exploration permits and 5 extracting permits.

The exploration permits comprise 2.3 square kilometers. The extraction permits include the immediate area of the mining field where Outokumpu produced 6 292 kg of gold and 23 752 tons of copper in 1985-1991. Current exploration permits are valid until 2018. The 5 extracting permits cover the known mineral resources and are valid until 2021.

The ore deposits in Bidjovagge are located along a north-south antitrust structure where a dozen partially broken ore bodies and a number of identified mineralizations have been detected. The deposits appear in a Proterozoic green belt, deposited in a rift pool with volcanoes and sedimentary rocks. The green belt, known as the "Kautokeino Greenstone Belt", stretches from Alta in the north and about 100 km through northern Norway and further on into northern Finland to the ore-critical "Central Lapland Greenstone Belt".

Previous activities in Bidjovagge

The copper (gold) deposits were discovered in Bidjovagge in the early 1950s by Boliden and developed during the following years by Norwegian mining companies. In 1970, Norwegian Bidjovagge Gruber A / S (subsequently acquired by A / S Sydvaranger) started production in Bidjovagge. This continued until 1975. The importance of gold was then unknown and payment for the gold was not received. In 1985, the production of Bidjovagge was resumed by Finnish Outokumpu, which performed profitable production of both gold and copper until 1991. At the beginning of the 1990s gold prices fell, the ore reserve was almost consumed and there were strategic changes in Outokumpu, which is why the company chose to close the mine.

Historical production in Bidjovagge

Years	Production, ton	Gold, g/ton	Copper %	Gold kg	Copper ton
1971-1975	388 000	0,50	1,88	194	6 565
1985-1991	1 939 000	3,98	1,33	6 292	23 752

Since the previous activity in Bidjovagge, there is a road to the mining area, as well as an old water pipeline and switched off power supply into the immediate area. The road and marginal ore piles make up valuable assets, which can contribute to lower investment costs at start-up.

Arctic Gold's activities in Bidjovagge

Since Arctic Gold acquired Bidjovagge in April 2010, the company has studied historical exploration and production data and conducted its own investigations in the area.

During the summer 2010, 16 core drill holes were drilled totaling more than 2,000 meters in Bidjovagge. In order to develop the Bidjovagge project towards production, Arctic Gold conducted a number of activities in the area in 2011. The company drilled about 7 500 meters of core drilling and analyzed a large number of samples from the drill cores. A new estimate of mineral resources was published in February 2012, showing an increase of 35% of mineral resources. The estimate shows 2.06 million tons of Indicated Mineral Resource with 1.60 g/t gold (2.23 g/t uncut) and 1.15% copper and 240 000 tons of Inferred Mineral Resource with 2.6 g/t gold (2.6 g/t "uncut") and 0.9% copper. The in situ resources in the bedrock at a cut off of 2.0 g/t gold equivalent ($Aueq = Au + 2.1 * Cu$) based on gold price: 950 USD/troy oz and copper price: 5500 USD/t.

The update of the mineral resource carried out by Outotec (Finland) Oy mainly comprises mineral deposits located directly in relation to the previous production areas. The calculation includes the following mineralizations: North Field, B, Karin, Franciska, A, D, Hilde, C and Laura, and have been performed according to the JORC standard and follow the FRB's (Fennoscandian Review Board) and NASDAQ guidelines. The table below shows tonnage and halts at a cut off of 2 g/t Aueq and 1 g/t Aueq respectively.

Indicated Mineral Resource

Cut off	Tons	Au (g/t)	Cu (%)	Gold (kg)	Gold (oz)	Copper (ton)
2 g/t Aueq	2 059 000	1,60	1,15	3 294	105 930	23 678
1 g/t Aueq	2 307 000	1,48	1,09	3 414	109 787	25 146

Inferred Mineral Resource

Cut off	Ton	Au (g/t)	Cu (%)
2 g/t Aueq	240 000	2,6	0,9
1 g/t Aueq	250 000	2,5	0,9

The grades are now specified with "top cut" (high extremes, 5-30 g/t gold reduced), so a direct comparison of gold content and kilo gold in the previous press release should not be made.

A very important addition had been made in the estimated resource, where the deep ore north of Karin was estimated at 195,000 tons and thus represents an interesting potential for future drilling.

In the past, the company also reported a 300,000 ton mineral resource with 1.79 g/t gold and 0.60% copper in the old marginal ore stock piles which corresponds to 537 kg of gold and 1,800 tons of copper. This asset may be added to the in situ supply, with the total indicated mineral resource amounting to 2.3 million tons with 1.62 g/t gold and 1.08% copper, which corresponds to approximately 3,800 kg of gold and 25 000 tons of copper. Samples from ore deposits have been taken into processing tests to control grades at different process options. Preliminary results show

that a recovery of about 90 percent copper and about 80 percent of the gold can be obtained with flotation possibly in combination with gravimetry.

Continued development towards mining production

The activities that Arctic Gold conducted during 2010-2011 went well and strengthened the Company in its view that Bidjovagge is a very promising project with good potential to develop into a producing mine with good profitability.

At the end of 2010/2011, a final report was obtained from the tests by GTK in Finland, as well as a mineral resource calculation by Outotec in Finland. The company has also carried out a first "Scoping study" of the project which showed positive results.

As part of the preparations for a production start in Bidjovagge, Arctic Gold initiated in 2011 the investigations needed to be part of a Planning Program and later a Regulation Plan under the Norwegian Planning and Building Act. These investigations refer to all land use and also describe the consequences that the mining project may have on other things, such as people, animals and nature.

During 2012, the work continued and the City Council was to adopt the Plan Program in April, so that the Company could then carry out the impact assessments contained in the Plan Program. When the decision of the City Council was negative, the company was forced to cease all activities in the field and instead focus on getting the political decision in place before risking more investment in Norway. In December 2013, unfortunately, the municipality of Kautokeino rejected by a majority of one vote the Company's application for the plan program again. After that, the company's management took the decision to stop all mining activities in Kautokeino.

If a Plan Program had been established for the first time in April 2012, the Company would subsequently have carried out the impact assessments of the Regulation Plan and, in parallel, carried out the additional investigations needed to apply for environmental testing in accordance with the Norwegian Pollution Control Act. The work of a preliminary study, a so-called Prefeasibility study of the project was planned to continue in 2012, so that a mineral reserve could also be defined on the basis of the mineral resource available. Finally, an application for an operating concession pursuant to the Norwegian Mineral Law would be made, which could be submitted already in the first part of 2013.

Arctic Gold's objective was to make investment decisions for the Bidjovagge project in 2013. However, in order to achieve that goal, many interim goals must be clear and decided and after two rejection decisions, the entire original schedule has been dropped and no new schedule is currently available. The company's management believes, however, that the Bidjovagge project has a great potential and therefore it is worth continuing trying to progress.

Future possibilities

Arctic Gold had planned to build a Bidjovagge concentration plant with an annual capacity of 350,000 tons. This is of the same size as the output that was reached at the end of Outokumpu's production. The planned concentration plant is intended to use a conventional process consisting of crushing, grinding and flotation, which is largely the kind of process that existed in the previous production.

The existing marginal ore stock piles make up an important resource for future production. As the ore is already mined, the profitability potential is strengthened. With the planned production capacity of the concentration plant, marginal ore stock piles correspond to almost one year of ore production.

In future production, Arctic Gold expects to achieve at least the same recoveries as in the previous production. Then about 80 percent of the gold and 90 percent of copper content were recovered into the concentrate. As Arctic Gold plans to build a modern plant, it may be possible to reach even higher recoveries. The company will have a better and more well-founded view after further trials and process studies are being carried out.

The final product in Bidjovagge is planned to be a gold-rich copper concentrate, which can be sold to smelters anywhere in the world. At the production in the 1970s, the concentrate was shipped via the port of Alta 100 km north of Bidjovagge to Spain and during the Finnish production in 1987-91, the concentrate was first transported by truck to Kolari in Finland and then by train to Outokumpu's own smelter in Harjavalta, Finland, currently owned by Boliden.

Board strategy

The company's management has decided to collaborate with the Norwegian Bergindustri to apply for a better regulatory framework in Norway and to continue the dialogue with representatives of the Sami people on coexistence and cooperation. Arctic Gold has written a letter to the Ministry of Local Government and Modernization, as well as the Ministry of Industry and Fisheries, requesting a meeting on the rejection of the application for Plan Program. This resulted in a meeting with the State Secretary for the Ministry of Industry and the Ministry of Local Government and Modernization already in March of 2016.

The political risk is high, but the Board believes that the possibility for the company to eventually obtain the necessary permissions and licenses exists, and therefore believes that the value of the project can be justified.

The strategy chosen by the Board is to continue working with a number of local business operators in Kautokeino who are interested in the mining operations in Bidjovagge. In addition, several of these businessmen are currently active in the municipal policy and can thus create and maintain dialogue at the political level so that more business-friendly action will be granted in the future. In addition, the Board wishes to continue the dialogue with reindeer husbandry representatives, and especially those who are also politically active in order to better understand the problems and to establish agreements that strengthen both industries for the future. However, the Board's strategy has encountered temporary resistance through the coalition created in the Kautokeino Municipal Government and described in more detail below.

Arctic Gold's other projects

Since the original business, when the company's name was Alcaston Diamond Exploration, a database relating to diamond exploration in Norrbotten County, Sweden is still in the company's hands. This material is for sale.

Organization and employees

Arctic Gold now operates its business from Stockholm where Tord Cederlund manages the administrative activities. Tord Cederlund is employed on a consultancy basis. Peter Åkerström holds the position as CFO, also on a consultancy basis.

Operational structure

A large part of the activities in Arctic Gold such as exploration drilling, analysis, geophysical measurements, enrichment tests, mineral resource calculations, etc. are performed when needed by external consultants. Ramböll in Norway, a major consulting company, was involved in the work on the development of the Plan Program and Regulation Plan for the Bidjovagge project, and drilling was carried out by Diamantborring AS from Kautokeino. Financial services are currently being purchased from Arbitrans AB. The company therefore has no permanent employees.

The Board is responsible for controlling the operational work and taking strategic decisions for the business.

Relationships with the municipality and locals

Kautokeino is located in Finnmark, northern Norway, where a majority of the population is Sami. The Sami, through its parliament, the Sami Parliament, has influence over many activities in Sapmi (Sami land). Many Samis work in the rein-herding industry, while others are active in other areas, such as the drilling company, who carried out all drilling in Bidjovagge over the years.

The company has had a relatively good relationship and ongoing dialogue with both Kautokeino municipality and local professionals and has had a number of information meetings about the business. Kautokeino has 3,000 inhabitants, and when the Bidjovagge mine was in operation, the mine was responsible for a significant proportion of the jobs in the municipality. The interest in reopening a mine is high among parts of the population. But so far a resistance to parts of the mining industry has also been identified. The work with the Plan Program includes the social part of a restart to be elucidated in detail.

The company has several times negotiated with the municipal council and sometimes with representatives from the reindeer-herding industry to arrive at common solutions to most issues so that our respective businesses can live in consensus and coexistence. An agreement negotiated with the Kautokeino municipality was finalized by the latest application to determine the plan. Progress had also been made with certain parts of the process. Unfortunately, this work has not been completed due to local political issues. However, the company hopes that in future there will be an agreement with these parties to show the way mining activities in areas with Samis and reindeer herding can take place.

Trends

Arctic Gold previously focused on developing the gold copper project in Bidjovagge. The purpose of the planned activities was to develop Bidjovagge project to a point where all the prerequisites for an investment decision were in place. Arctic Gold's objective was to obtain the permits needed to make investment decisions regarding mining and processing to gold copper concentrate in Bidjovagge. From the time that investment decisions are made, it is estimated that it takes 2 -3 years before gold and copper concentrate can start to be produced in Bidjovagge. Until production commences in Bidjovagge, the Company will not have any significant revenue. In the current situation, Arctic Gold's management has decided to continue its operations at national level together with Norsk Bergindustri, seeking the best possible regulations for the mineral industry in Norway.

Other information

With a future production of gold and copper in Bidjovagge, the company will depend on the price development of the two metals. In the international metal market, prices are in US dollars, so the company will be affected by the exchange rate between the Norwegian crown and the US dollar. In future production, production costs will largely be in Norwegian kronor, and the company's financial development will also depend on the exchange rate between the Norwegian and Swedish krona.

In 2011, Arctic Gold received extraction rights under the Norwegian Mineraloven. A right of extraction is valid for a period of ten years, within which you usually apply for an operating license under the Mineraloven.

In 2012, the company planned to work on the basis of a pre-feasibility study and complete the commencement of work on a Regulatory Plan. The Parallel would also have an application for environmental assessment made and submitted in accordance with the Norwegian Pollution Control Act. When the municipality of Kautokeino in April 2012 very surprisingly rejected our proposal for a plan, the company's board decided to stop all field activities in Bidjovagge and only try to get a political review of a modified plan program. This has resulted in many visits and in the involvement of many ministries and lawyers. The plan program has been on the agenda for Kautokeino Municipal Council on 3 different occasions but for different reasons it has not been taken a decision on. In the summer of 2013, a very hesitant answer finally came from the Ministry of Justice regarding the question if a municipality can turn down an application to approve a plan program.

In the autumn of 2013, Arctic Gold worked very intensively with the dialogue and negotiations with both the Kautokeino municipality and the reindeer industry representatives to clarify what additional efforts the company was willing to do during a start-up phase for mining operations. An agreement, approved by the Arctic's Board, was appended to the application for Plan Program. Despite this very interesting and benevolent commitment from Arctic, the City Council also rejected this application in its entirety in December 2013.

Therefore, the risk of a mineral project in Norway must be considered so large that, as long as the authorities do not create predictability through effective application of legislation, investment cannot be justified. The last government in Norway launched a new mineral strategy in spring 2013, which said that it would like to lay down a mineral strategy to achieve the predictability of the industry.

Government change in the autumn of 2013 and the absence of prompt action has not given any contribution to the solution for Arctic Gold yet.

There is still considerable exploration potential in the Bidjovagge area and since the company took over the project in 2010, approximately 9,400 meters of drilling has been achieved with good results. Our plan has therefore been to increase the mineral resources to at least 3.5 million tons before decisions on mining.

Market Overview

The Nordic region as a mining region

The Nordic region is Europe's leading mining region with many operational mines as well as a large number of development projects in different phases. In the region there is a strong tradition of ore mining and metal production. Mining has been in the Nordic region for over a thousand years and still represents an important basic industry.

Norway, Sweden and Finland are part of the Fennoscandian shield, which is considered to have good conditions for mineral deposits. In the Nordic region, there is a great deal of knowledge about mining thanks to several producing mining companies, globally leading equipment suppliers and consulting companies. Furthermore, there is efficient infrastructure and well-functioning legislation in Sweden and Finland.

Compared to major mining nations such as Canada and Australia, which have similar geological areas, the Nordic region is considered to be under-explored.

The largest metal ore producer in the Nordic region is Sweden, which has both large-scale production of iron ore deposits and significant base metal and gold mines. The second largest is Finland with several producing base metal and gold mines as well as a large chrome mine. The image of the Nordic mining industry in recent years has suffered from the failure of several gold and iron ore companies, who encountered production and financial difficulties.

In Norway, which is the smallest of the three Nordic metal mining producers, there is a long history of mining. However, in the last 20 years, activity in Norway has been low with several metal mines and few new projects. Today there are two metal mines in operation on the Norwegian mainland. In Mo i Rana, Rana Gruber AS is manufacturing iron ore production at an iron oxide facility, and in Tellnes, Titania AS takes a comprehensive breakthrough of ilmenite. Furthermore, Nordic Mining AS is about to launch a titanium deposit in Engebö between Trondheim and Bergen, as well as Nussir AS, which has an interesting copper authority in Kvalsund in western Finnmark. However, the uncertainty about the regulations for the mineral industry is still very high, thus imposing the slump on growth.

All three countries have announced a mineral strategy for their respective countries and this is assumed to give future clarity on how the countries want to create a strong mineral industry and how predictable their legislation will be. The current government has emphasized the mineral industry as a priority area.

The Gold market

Gold is a precious metal that is very soft and heavy and is one of the most moldable metals available and therefore suitable for jewelry making. Gold has good conductivity and high chemical resistance. Since the beginning of history, gold has been a sought after metal and has a decisive importance as a means of payment.

Supply and demand 2017

Gold supply, tons	<u>2017</u>	<u>2016</u>	Gold demand, tons	<u>2017</u>	<u>2016</u>
Mine production	3 268,7	3 263	Jewellery	2 135,5	2 053,6
Net producer hedging	-30,4	32,8	Technology	332,8	323,4
Recycled gold	<u>1 160</u>	<u>1 295,1</u>	Investment	1 231,9	1 595,5
	43 98,3	4 590,9	Total bar and coins	1 029,2	1 048,7
			ETFs and similar products	202,8	546,8
			Central banks & other inst.	<u>371,4</u>	<u>389,8</u>
				4 071,7	4 362,2

Source: Metals Focus; World Gold Council

The supply of gold from mining production was almost unchanged since 2014 around 3,200 tons. On the other hand, gold from recycling has decreased by 135 tons since 2016 to 160 tons. Gold from recycling was especially high 2016.

The largest producer countries are China, South Africa, the United States and Australia. Among the countries that increased their production were Canada and China. Indonesia, Australia, Russia and Brazil also contributed to increased supply while South Africa fell the most.

The copper market

Copper is ductile, malleable and has good conductivity, making it one of the world's most important metals. The copper conductivity has made it the most important metal in all types of electronics. In principle, all electrical appliances have a significant proportion of copper. Other important uses are in infrastructure, buildings and industry.

Copper is produced worldwide but Chile is the dominant country. Chile accounts for one third of the global mining of copper and the country holds 8 of the world's 20 largest copper mines including the world's largest copper mine Escondida. Copper is preferably broken into breakthrough mines where the levels of the major fractures are between 0.5 and 2.5 percent. Copper is also produced as bi-product in mines with several metals in the ore.

The largest consumer of copper is China which accounts for about 35 percent of global demand. China has tripled its share of copper consumption since the mid 90's. China's growth is driven by the rapid growth in the country, with major investments in infrastructure and construction as a consequence. Over the past ten years, an increasing share of the world's manufacturing industry has moved to China, which further pushed for the country's demand for copper.

The Share and the Owners

The share capital of Arctic Minerals amounts since the share issue on November 8, 2017 to SEK 25,869,565.20 divided into 43,115,942 shares, each with a quota value of SEK 0.60. According to the Articles of Association, the share capital shall be at least 15,000,000 and not more than 60,000,000 SEK divided into at least 15,000,000 shares and not more than 60,000,000 shares. Each share entails equal rights to share in the Company's assets and income and entitles to one vote at the Annual General Meeting. Each share also grants shareholders the same preferential rights in respect of issue of new shares, warrants and convertibles in proportion to the number of shares they own unless otherwise decided at a General Shareholders meeting. Each share also confer equal rights to profit distribution and any surplus upon liquidation.

NASDAQ OMX First North

NASDAQ OMX First North

As of November 29, 2010, Arctic Gold's share on Nasdaq OMX First North is traded under the name ARCT with the ISIN code SE0000697948.

The highest price in 2017 was SEK 2.04 (2.33) and lowest paid price 0.38 (0.35) per share.

In total, 78 814 090 (51 007 351) shares were traded in 2017 or 31 291 (17 732) shares per trading day.

Largest shareholders in Arctic Minerals on December 31, 2017

<u>Namn</u>	<u>Holdings</u>	<u>%</u>
Longbow Resources Ltd	9 266 870	21,5
Markus Elsasser m bolag	5 164 039	12,0
Peter Walker	4 107 700	9,5
John Pedersen	1 343 680	3,1
Peter Wulff	1 338 180	3,1
Tord Cederlund, Sthlm	1 232 586	2,9
M2 Capital Management	1 057 621	2,5
Nation Oy	1 049 270	2,4
Nordnet Pension	731 488	1,7
Jan Lindahl	627 090	1,5
Avanza Pension	597 772	1,4
Kjell Persson	<u>555 000</u>	<u>1,3</u>
Total 12 largest	27 071 296	62,8
Total shares 2017-12-31	43 115 942	100,0

At the Extraordinary General Meeting of 8 November 2018, a mandate was given to the Board to raise additional capital. This was done in cooperation with United Bankers Oy in Helsinki. On January 24, 2018 the Board decided to issue an additional 20 055 000 shares in a directed issue at a price of SEK 0.65. In addition, Arctic Minerals was delivered to SEK 13,035,750 before issue costs. Below is a summary of the company's largest owner after the rights issue

Largest shareholders in Arctic Minerals on January 24, 2018

	<u>Holdings</u>	<u>%</u>
Longbow Resources Ltd	11 866 870	18,8
Markus Elsasser m bolag	8 914 039	14,1
Peter Walker	4 107 700	6,5
Mika Laine	3 750 000	5,9
Nation Oy	1 809 270	2,9
Mevita Invest Oy	1 520 000	2,4
Ekdahls kontorsservice AB	1 500 000	2,4
John Pedersen	1 343 680	2,1
Peter Wulff	1 338 180	2,1
Tord Cederlund	1 232 586	2,0
M2 Capital Management	1 057 621	1,7
Swedbank försäkring	909 687	1,4
Jan Fazer	760 000	1,2
Jani/Lombard	760 000	1,2
Total 14 largest	40 869 633	64,7
Other owners	<u>22 301 309</u>	<u>35,3</u>
Total all owners	63 170 942	100,0

Stockholm April 20, 2018

The Board of Arctic Minerals AB

Management Report for Arctic Minerals AB

Förvaltningsberättelse 2017

The Board and CEO of Arctic Minerals AB, with org. number 556569-3602, hereby issue the annual report and consolidated financial statements for the financial year 2017-01-01 - 2017-12-31.

Operations

The group consists of the parent company Arctic Minerals AB 556569-3602 (Arctic Minerals) formerly Arctic Gold AB and the wholly owned subsidiary Arctic Gold AB 556798-9420 former Arctic Gold Operations AB and Norrbotten Exploration AB 556739-6717 (Norrbotten). Arctic Minerals is listed on the NasdaqOMX list First North under the ARCT name

Arctic Mineral's function is to be the owner company of the daughters Norrbotten Exploration AB and Arctic Gold AB and to answer for the acquisition of capital for the operations. In doing so, Arctic Minerals will fulfill the formal board and group management functions as well as being an internal bank.

Norrbotten's function is to be a modern exploration company with extensive knowledge and focus on Finland. Norrbotten was founded by Peter Walker, an experienced British mining entrepreneur. Peter Walker had earlier founded Scandinavian Minerals Ltd, which developed the Kevitsa mine in Finnish Lapland, which has become Finland's largest nickel-copper PGM mine.

Norrbotten holds reservations for exploration in two areas. The first is in the Raahe-Ladoga zone where Norrbotten holds 4 265 km² reservations. Reservations are a Finnish term in which the holder holds the right to study the ground in order to find interesting mineralizations and to have the first right to apply for an exploration permit.

The second area in which Norrbotten has reservations consists of an area in southern Lapland, north of Kemi, called Peräpohja. There, Norrbotten has 1 469 km² reservations.

Arctic Gold AB former Arctic Operations AB is active in the field of exploration and mining in Norway, focusing on the development of new mining operations in the Bidjovagge field in northern Norway. Arctic Gold previously had a long history of exploration for gold, base metals and diamonds in Sweden. This part is now discontinued. The company currently has 5 extracting permits totaling 4.9 km² and 8 exploration permits totaling 2.3 km² in Norway.

Assessments of the Bidjovagge project were made in a scoping study 2012 in connection with the development of a plan program. That document contains documentation and programs for the impact assessments that are required for obtaining marking and breakdown permits. The Board estimates that the estimates from the study are still valid and that the project after the investments required for further drilling and investigations will show good profitability.

Net sales and earnings

The Group's net sales during the fiscal year amounted to MSEK 0.0 (0.0) and profit after tax to SEK -1.6 (-3.7) million.

Financial position and cash flow

The Group's shareholders' equity at December 31, 2017 amounted to SEK 47.9 million (29.9). It gives a solidity of 93% (93%). Cash and cash equivalents amounted to SEK 0.6 (1.5) million at the end of the period.

Investments

The fiscal year's investments in the form of capitalized work amounted to SEK 0.0 (0.0) million.

Staff

The current CEO is hired on a consultancy basis. Otherwise, compensation is paid in the form of consultancy fees. For further information on remuneration to the Board of Directors and CEO, see Note 8 staff costs and Note 15 transactions with related parties.

Parent

The operations of Arctic Minerals AB focus on the board and group management functions. During the fiscal year 2017, sales were reported to be 0.0 (0.0) million. Profit after tax amounted to SEK -1.5 (-3.6) million. The number of employees in the parent company is 0 (0). All staff are hired on a consultancy basis.

Proposed distribution of earnings

Parent

At the disposal of the Annual General Meeting there is free capital.

Surplus fund	64,999 389
Fund after reduction of share capital	11 048 461
Retained earnings	-53,918,023
Profit for the year	<u>-1,499,664</u>
Total	20 630 183

The Board proposes that the free equity be transferred on into next year.

For the Group and Parent Company's results and financial position, please find the following income statement, balance sheet, change in equity, cash flow statement and additional information.

All amounts will be expressed in thousands of Swedish kronor (tkr), unless otherwise stated.

Financial development in brief

Below is the historical development of Arctic Minerals presented for the period 2013-2017.

	the Group 2017-01-01 2017-12-31	the Group 2016-01-01 2016-12-31	the Group 2015-01-01 2015-12-31	the Group 2014-01-01 2014-12-31	the Group 2013-01-01 2013-12-31
kSEK					
Income statement					
Net sales	-	-	-	-	-
Capitalized work for own account	-	-	-	72	279
Other income	-	-	1	-	6
Operating expenses	-1 355	-3 675	-21 699	-3 047	-7 832
Operating result	-1 355	-3 675	-21 698	-2 975	-7 547
Financial net	-259	-37	-3	8	-22
Tax on profit	-	-	-	-	-
Net loss for the year	-1 614	-3 712	-21 701	-2 967	-7 569
Balance sheet					
Intangible fixed assets	50 903	30 685	33 216	53 622	54 906
Current assets	72	99	125	205	188
Blocked bank funds	-	-	-	240	240
Cash and bank balances	634	1 490	1 728	1 673	1 364
Total assets	51 609	32 274	35 068	55 740	56 698
Equity	47 887	29 884	33 596	55 297	55 839
Current liabilities	3 721	2 390	1 472	443	859
Total equity and liabilities	51 609	32 274	35 068	55 740	56 698
Cash flow					
Cash flow from operating activities	-822	-1 237	-1 185	-2 044	-3 678
Cash flow for the period	-856	-237	-185	309	1 150
Investments, net	-	-	-	-72	-248
Key ratios					
Profit margin	neg	neg	neg	neg	neg
Return on equity	neg	neg	neg	neg	neg
Solidity	1	1	1	1	1
Average number of employees	0	0	0	0	1
Per share data					
Number of shares at the end of period, pcs	43 115 942	21 557 972	21 557 972	21 557 972	16 168 479
Average number of shares, pcs	32 336 957	21 557 972	21 557 972	21 557 972	13 473 733
Result per share, SEK	-0,05	-0,17	-1,01	-0,14	-0,56
Equity per share, SEK	1,11	1,39	1,56	2,57	3,45
Dividend per share, SEK	-	-	-	-	-
Share price at the end of the period, SEK	0,82	0,44	0,37	0,40	0,55
Share ratio/ par value, SEK	0,60	1,11	1,11	1,11	1,33
Total share capital incl non registered, SEK	25 869 565	23 983 244	23 983 244	23 983 244	21 557 972

Income statement

	Note	the Group 2017-01-01 2017-12-31	the Group 2016-01-01 2016-12-31	Parent 2017-01-01 2017-12-31	Parent 2016-01-01 2016-12-31
kSEK					
Operating income					
Net sales		-	-	-	-
		0	0	0	0
Operating expenses					
Other external expenses	6	-1 355	-1 134	-1 240	-1 007
Personel expenses	7	-	-10	-	-10
Depreciation/write down of intangible fixed assets	8	-	-2 531	-	-2 531
	10	-1 355	-3 675	-1 240	-3 548
Operating result		-1 355	-3 675	-1 240	-3 548
Result from financial items					
Interest income		29	24	29	24
Interest expenses		-288	-61	-288	-61
Resultat after financial items		-1 614	-3 712	-1 500	-3 585
Tax on profit	9	-	-	-	-
NET LOSS FOR THE YEAR		-1 614	-3 712	-1 500	-3 585
Result per share before and after dilution, SEK		-0,05	-0,17	-	-
Average number of shares, pcs		32 336 957	21 557 972	-	-
Average number of shares after dilution, pcs		32 336 957	21 557 972	-	-

The accompanying Notes are an integral part of the financial statements

Balance sheet

ASSETS	Note	the Group	the Group	Parent	Parent
KSEK		2017-12-31	2016-12-31	2017-12-31	2016-12-31
Fixed assets					
<i>Intangible fixes assets</i>					
	10				
Capitalized exploration expenses		50 903	30 685	-	-
Exploration permits		-	-	-	-
		50 903	30 685	0	0
<i>Financial assets</i>					
Shares in group companies	11	-	-	48 691	29 073
		-	-	48 691	29 073
Total fixed assets		50 903	30 685	48 691	29 073
Current assets					
<i>Current assets</i>					
Receivables from subsidiaries		-	-	226	111
Other receivables		72	54	71	53
Prepaid expenses and accrued income		-	45	-	45
		72	99	297	209
Cash and bank balances	14	634	1 490	225	1 490
Total current assets		706	1 589	522	1 699
Total assets		51 609	32 274	49 213	30 772
EQUITY AND LIABILITIES					
Share capital					
	12				
Share capital		25 870	23 983	-	-
Other capital provided		76 048	58 316	-	-
Other equity		-54 030	-52 416	-	-
Shareholders equity attributable to parent company's shareholders		47 887	29 884	-	-
<i>Restricted equity</i>					
Share capital		-	-	25 870	23 983
Total restricted equity		-	-	25 870	23 983
<i>Unrestricted equity</i>					
Share premium fund		-	-	76 048	58 317
Profit/loss brought forward		-	-	-53 918	-50 333
Loss for the year		-	-	-1 500	-3 585
Total unrestricted equity		-	-	20 630	4 399
Total equity		-	-	46 500	28 382
Current liabilities					
Accounts payable		128	187	128	187
Other current liabilities ¹⁾		2 965	2 000	1 966	2 000
Accrued expenses and prepaid income	13	629	203	619	203
Total current liabilities		3 721	2 390	2 713	2 390
Total equity and liabilities		51 609	32 274	49 213	30 772

1) Loans from Novateligence AB, owned by Board member Tord Cederlund. The loan, which is to be repaid on demand, runs at an interest rate of 6%.

The accompanying Notes are an integral part of the financial statements

Change in shareholders equity

the Group

kSEK	Share capital	Other capital provided	Other equity incl retained earnings	Total share-holders equity
Opening shareholders equity 1 January 2016	23 983	58 316	-48 704	33 596
Net loss for the year	-	-	-3 712	-3 712
Closing shareholders equity 31 December 2016	23 983	58 316	-52 416	29 884
Opening shareholders equity 1 January 2017	23 983	58 316	-52 416	29 884
Reduction of share capital	-11 048	11 048	-	0
Issue in kind	12 935	6 683	-	19 618
Net loss for the year	-	-	-1 614	-1 614
Closing shareholders equity 31 December 2017	25 870	76 048	-54 030	47 887

Parent

kSEK	Share capital	Share premium fund	Retained earnings	Profit/loss for the year	Total share-holders equity
Opening shareholders equity 1 January 2016	23 983	58 317	-22 432	-27 901	31 967
Appropriation	-	-	-27 901	27 901	0
Net loss for the year	-	-	-	-3 585	-3 585
Closing shareholders equity 31 December 2016	23 983	58 317	-50 333	-3 585	28 382
Opening shareholders equity 1 January 2017	23 983	58 317	-50 333	-3 585	28 382
Appropriation	-	-	-3 585	3 585	0
Reduction of share capital	-11 048	11 048	-	-	0
Issue in kind	12 935	6 683	-	-	19 618
Net loss for the year	-	-	-	-1 500	-1 500
Belopp 31 december 2017	25 870	76 048	-53 918	-1 500	46 500

The accompanying Notes are an integral part of the financial statements, see also note 12

Statement of cash flow

kSEK	Note	the Group	the Group	Parent	Parent
		2017-01-01 2017-12-31	2016-01-01 2016-12-31	2017-01-01 2017-12-31	2016-01-01 2016-12-31
Operating activities					
Operating result		-1 355	-3 675	-1 240	-3 548
Adjustment for items not included in the cash flow:					
Depreciation		-	-	-	-
Write downs	10	-	2 531	-	2 531
Tax paid		-	-	-	-
Interest received		29	24	29	24
Interest paid		-288	-61	-288	-61
Cash flow from operating activities before changes in working capital					
		-1 614	-1 181	-1 500	-1 054
<i>Cash flow from changes in working capital</i>					
Changes in operating receivables		27	26	27	10
Changes in group receivables		-	-	-115	-111
Changes in accounts payable		59	-22	59	-22
Changes in operating liabilities		707	-60	298	-60
Cash flow from operating activities					
		-822	-1 237	-1 231	-1 237
<i>Cash flow from investment activities</i>					
Cash flow from investment activities					
		0	0	0	0
<i>Cash flow from financing activities</i>					
Loans		-	1 000	-	1 000
Debt repayment		-34	-	-34	-
Cash flow from financing activities					
		-34	1 000	-34	1 000
Cash flow for the year					
		-856	-237	-1 265	-237
Opening liquid assets		1 490	1 727	1 490	1 727
Closing liquid assets		634	1 490	225	1 490
Changes in cash flow for the year					
		-856	-237	-1 265	-237

The accompanying Notes are an integral part of the financial statements

Supplementary information and notes

Note 1 General information

The Group consists of the parent company Arctic Minerals AB and the wholly owned subsidiary Arctic Gold AB, formerly Arctic Gold Operations AB and Norrbotten Exploration AB. Arctic Minerals AB is listed on the Nasdaq OMX list First North.

The subsidiary Norrbotten Exploration AB with a focus on exploration of large deposits has close to 6,000 km² exploration reserves in central and northern Finland.

Arctic Gold AB is active in the field of exploration focusing on obtaining licenses for resumed mining operations in the Bidjovagge field in Finnmark, northern Norway. The company currently has 8 exploration licenses totaling 2.3 km² and 5 extracting permits totaling 4.9 km² in Norway.

Note 2 Summary of important accounting principles

The most important accounting principles applied when preparing this annual report are set out below. These principles have been applied consistently for all years presented, unless otherwise stated.

2.1 The Group's accounting and valuation principles

Arctic Minerals AB's Annual Report and Consolidated Financial Statements have been prepared in accordance with the Annual Accounts Act and the Board of Directors' General Advice BFNAR 2012: 1 Annual Report and Consolidated Financial Statements (K3). The accounting principles are unchanged from the previous year.

2.2 Consolidated accounts

Arctic Minerals AB prepares consolidated accounts. Companies in which Arctic Minerals holds the majority of votes at the Annual General Meeting and companies in which Arctic Minerals through agreements has a controlling influence are classified as subsidiaries and consolidated in the consolidated accounts. Details of group companies are included in the note on financial fixed assets. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

The consolidated financial statements have been prepared in accordance with the acquisition method. The acquisition date is the time when the controlling influence is obtained. Identifiable assets and liabilities are initially valued at fair value at the acquisition date. Minority's share of the acquired net assets is valued at fair value. Goodwill consists of the difference between the acquired identifiable net assets at the acquisition date and the acquisition value including the value of the minority interest, and is initially valued at acquisition value.

Intercompany transactions between group companies are eliminated in their entirety.

2.3 Revenue recognition

The Group has no external revenues, either from goods or services. Group consolidation eliminates possible intra-group sales.

2.4 Reporting for business sectors

An independent business area is part of the company's business, which differs from others in terms of business concept, demand and production structure, risk level and the like. A geographic market is a particular country, or a group of countries in which the company operates. The exploration activities in Arctic Minerals are conducted in both Finland and Norway.

2.5 Leasing

The company's leasing charges arise in the form of local costs, which are expensed on a straight-line basis over the maturity date.

2.6 Translation of foreign currency

Transactions in foreign currency are translated into the functional currency at the exchange rates prevailing on the transaction date. Exchange rate gains and losses arising from the payment of such transactions and the translation of monetary assets and liabilities in foreign currency at the closing date are recognized in the income statement.

2.7 Financial income and expenses

Financial income consists of interest income on financial investments, if any.

2.8 Taxes

Tax expense or tax income for the period consists of current tax. Current tax is calculated on the taxable profit for a period. Deferred tax is calculated using the balance sheet method, which means that a comparison is made between the reported and taxable values of the company's assets and liabilities. The difference between these values is multiplied by the current tax rate, which gives the amount of deferred tax receivable / liability. Deferred tax assets are recognized in the balance sheet to the extent that it is probable that the amounts can be utilized against future taxable income.

For deferred reasons, any deferred tax asset on unutilized loss carryforwards has not been booked, as its realization is still difficult to assess.

2.9 Employee benefits

Pensions

The Group has no employees and therefore no defined contribution plans or defined benefit plans.

Share-based compensation

There are no share-based payments.

2.10 Intangible fixed assets

Exploration and evaluation assets, mining rights

Exploration and evaluation assets are initially valued at cost. Expenditure reported in the balance sheet consists, for example, of acquisition of exploration rights, geological, geochemical and geophysical studies, exploration drilling, sampling and activities related to the evaluation of the technical potential and commercial feasibility of extracting a mineral resource. Write-down of exploration and evaluation assets Write-down requirements are tested when facts and circumstances indicate that the reported value of exploration and mineral resources may exceed its recoverable value. See further under Note 2.11. Write-offs If the company initiates its own breach, the useful life of capitalized expenses will be determined. These expenses will be written off as the ore breaks. Exemption from examination permits In the event that a survey permit received is returned, the associated capitalized expenses are reported as impairment charges and included in other operating expenses, to the extent they do not relate to fees repaid by the licensing authority.

2.11 Impairment of assets

The assumption of the value of The company's assets in the form of exploration assets / mining rights are based on a valuation model in which variables such as price developments on gold and copper, exchange rate, mineral content and future estimated production costs are key parameters. Impairment testing of the company's assets is influenced by assessments and assumptions of future events, circumstances and political risks that may affect the value. The company's operations are dependent on obtaining the necessary permits from the relevant authorities and thus affect the valuation of b Olaf's assets. In view of the political decisions taken in the previous financial year, which in turn affected the company, the political risk has increased. However, the company believes that the prospects for the company to receive positive messages regarding the necessary permits are good and therefore considers that the value of the asset can be justified.

2.12 Financial assets and liabilities

Financial instruments recognized in the balance sheet include other receivables, trade payables and other liabilities. The instruments are reported in the balance sheet when Arctic Minerals becomes a party to the instrument's contractual terms. Financial assets are derecognised when the right to receive cash flows from the instrument has expired or transferred and the Group has transferred virtually all risks and benefits associated with ownership. liabilities are derecognised when the liabilities have been settled or otherwise terminated. customer receivables and other receivables Claims are reported as current assets with the exception of expiration dates more than 12 months after the balance sheet date, which are classified as non-current assets. Receivables are taken up to the amount that is expected to be paid after deduction of individually assessed doubtful claims. Interest-free or interest-rate receivables that differ from the market interest rate and have a maturity of more than 12 months are reported at a discounted current value and the change in time value is reported as interest income in the income statement. Borrowing liabilities and trade payables Borrowings and trade payables are initially recognized at acquisition cost less transaction costs. If the reported amount differs from the amount to be repaid at maturity date, the difference is

recognized as interest expense over the term of the loan using the instrument's effective interest rate. As a result, at the maturity date, the reported amount and the amount to be repaid correspond. Receipts of financial receivables and financial liabilities A financial asset and a financial liability are offset and reported with a net amount in the balance sheet only when legal settlement entitlement exists and when a regulation of a net amount is intended or when a current disposal of the asset and the settlement of the debt is intended. Balance sheet reported values relating to financial assets below and liabilities are deemed to be in accordance with the value of the asset or liability. Cash and bank balances are valued at nominal amount. Parts of Group Companies are initially recognized at acquisition cost and thereafter at the lower of acquisition cost and asset recoverable amount. Difficulty in determining a net realizable value means that the value in use can be considered as recoverable amount. The useful value is calculated as the present value of future estimated cash flows.

2.13 Transaction costs

Transaction costs directly attributable to the issue of new shares or options are reported net of tax in equity as a deduction from the issue proceeds.

2.14 Cash flow statement

The cash flow statement is prepared according to indirect method. The reported cash flow includes only transactions that have resulted in payments or payments. As cash and cash equivalents, the company, apart from cash funds, classifies available balances with banks and other credit institutions and short-term liquidity investments that are listed on a marketplace and have shorter maturities than three months from the date of acquisition.

2.15 Provisions

The company makes a provision when there is a legal or informal obligation and a reliable estimate of the amount can be made. The company now values the commitments that are expected to be settled after more than twelve months. The increase in the provision due to time passes is reported as interest expense. Provisions for restructuring are made when there is a defined and detailed restructuring plan and relevant persons have been informed.

No 3 Risks and uncertainties

3.1 Operational risks

All business and ownership are associated with risk taking and in this case, Arctic Minerals does not constitute an exception. The activities carried out in Arctic Minerals offer great opportunities, but also involve significant risks. Arctic Mineral's business needs to be evaluated in the light of the risks, costs and difficulties that companies active in prospecting are often faced with. The risks in a prospecting company are primarily related to the outcome and costs of exploration and price developments in the metal market, but also issues relating to research, processing and the environment. The acquisition of necessary permits and rights in Sweden and Norway is associated with risks for the company. All estimates of recoverable mineral resources in the field are largely based on probability assessments. There are therefore no guarantees that estimated mineral resources will remain unchanged over time. In addition, Arctic Minerals is at an early stage of its

operations. Important risk and uncertainty factors include, but not limited to, the results of exploration and continued funding 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 to Sweden and by officials of the respective authorities, which are considered to mean significantly less risk of failure to process the application. The political risk that we have been aware of in Norway since April 2012 can be described as a particularly difficult issue, as the Planning and Building Act gives the municipal council the exclusive right to decide on the Plan Program and the Regulation Plan after referral rounds. That the composition of the municipal council can change every four years in the election gives an additional factor to assess. According to our legal investigations, the municipal council may not reject an application for the establishment of a plan program. However, it has still happened and the new government attaches great importance to the local community's right to decide on the activities to be undertaken in the municipality. Political work is being undertaken in the Ministry of Food and Fisheries to decide which issues are to be carried out under the Norwegian Mineral Strategy. Corresponding work is ongoing in Sweden and Finland. To this end, all mining and exploration companies in Norway have contributed to the Norwegian Industry Association to seek to influence the ministry to achieve a better and more predictable policy for the mining industry as well as the application of existing laws. Several stakeholders have suggested that land mining instructions under the Planning and Building Act be lifted to national level and also introduce the concept of national interest for mineral deposits similar to that already in Sweden. If this is possible, areas with several national interests must be decided by the Government. External factors such as supply and demand, as well as economic downturns may have an impact on operating costs, world market prices on metals and asset valuation. The company's future earnings and equity valuation can be affected by these factors, which are beyond the control of the company.

3.2 Financial risks etc.

The company is exposed to a variety of financial risks, such as currency risk, interest rate risk, price risk, credit risk, liquidity risk and cash flow risk. The company's overall risk management policy focuses on unpredictability in the financial markets and strives to minimize potential adverse effects on the company's financial results. Currency risk Purchases in the parent company are essentially made in Swedish kronor, which is why currency exposure is very limited. Price risk The world market price of metals historically shows major fluctuations. If metal prices fall, it may have a negative impact on the value of the Company's project portfolio. Liquidity and financing risk Liquidity risk means that payment obligations cannot be met as a result of insufficient liquidity. The management follows carefully rolling forecasts for the Company's liquidity reserve. The company may need new capital for further exploration, but also for the Company to be able to run Bidjovagge projects for mining. The company's ability to cope with future capital assets is highly dependent on how the business develops and no guarantees can be given that Arctic Minerals will succeed in new capital acquisition even if the business is developing positively. This is determined not least by the general situation of venture capital.

3.3 Capital risk management

The Group's capital structure objective is to ensure the Group's ability to continue its business so that it can generate returns to shareholders and benefit other stakeholders and to maintain an optimal

capital structure to keep costs down for capital. In order to maintain or adjust the capital structure, Arctic Minerals may change any dividends paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce liabilities.

3.4 Going concern

This consolidated financial statement has been prepared on the basis of accounting principles that apply to continuing operations, assuming that the company will be able to realize its assets and pay its debts in normal operations. To secure funding for the next twelve months and the financing of exploration in Finland, together with United Bankers in Helsinki, has conducted a targeted new issue. The issue was closed on January 24, 2018, bringing in 1,456 M € or 13,035,750,750 SEK before issue costs. In order to secure financing in previous years, the company has raised two loans of approximately SEK 1,000,000. The loan has been made available by Novatelligence AB, a company wholly owned by CEO Tord Cederlund. The loan runs at 6% interest. The Board has taken into account the facts and circumstances now and decided that the parent company and the group's accounts in the company as at 31 December 2017 should be based on the going concern assumption.

Note 4 Estimates and assessments

Arctic Minerals makes estimates and estimates of the future. The estimates for accounting purposes resulting from these will, by definition, rarely correspond to the actual result. The estimates and assumptions that involve a significant risk are discussed in the main section below.

The assumption of the value of the company's assets in the form of exploration assets / mining rights is based on a valuation model where variables such as price developments on gold and copper, exchange rate, mineral content and future estimated production costs are key parameters.

Impairment testing of the company's assets is influenced by assessments and assumptions of future events, circumstances and political risks that may affect the value. Due to these uncertainties, the 2015 result has previously been charged with SEK 20,406,000 for impairment of goodwill

The company's operations are dependent upon obtaining the necessary permits from the relevant authorities and thus affect the valuation of the company's assets.

In view of the political decisions taken during the fiscal year 2016, which affected the Arctic Gold company negatively, political risk has increased.

However, the company believes that the prospects for the Arctic Gold company to finally receive positive messages regarding the necessary permits are good and therefore believes that the value of the asset can be justified.

Tax loss carryforwards

At the end of the fiscal year there were tax loss carryforwards of SEK 55,974 thousand in the Group. For deferred reasons, any deferred tax asset on unutilized loss carryforwards has not been booked, as its reliability is difficult to assess.

Note 5 Segment - Business areas

Arctic Minerals is currently active in the field of exploration and mining in two countries. Net sales are 0 (0) ksek in both countries. The table shows activated work in the countries the Group has operations and profit after tax.

GEOGRAPHICAL AREAS	the Group	the Group
	2017-01-01	2016-01-01
Activated work, (kSEK)	2017-12-31	2017-12-31
Norway	-	-
Sweden	-	-
Total	0	0

	the Group	the Group
	2017-01-01	2016-01-01
Result after tax, (kSEK)	2017-12-31	2017-12-31
Norway	-115	-128
Sweden	-1 500	-3 585
Total	-1 614	-3 712

Note 6 Information of procurement and sales within the Group, etc.

	Parent	Parent
	2017-01-01	2016-01-01
	2017-12-31	2016-12-31
Sales	0%	0%
Procurement	0%	0%

Note 7 Other external expenses

Auditors' fees and reimbursement of expenses

	the Group 2017-01-01 2017-12-31	the Group 2016-01-01 2016-12-31	Parent 2017-01-01 2017-12-31	Parent 2016-01-01 2016-12-31
kSEK				
Öhrlings PricewaterhouseCoopers				
Audit engagement fees	120	40	95	40
Other fees	20	-	20	-
Total	140	40	115	40

Information about leasing

The Groups' leasing agreements are operational,

The leasing cost in the Group amounts to 24 (24) kSEK and relates to rent of premises. The

The nominal value of future payment commitments in respect of leases is as follows:

From 1 January 2015, a lease for archives has been signed, which runs until further notice, at a cost of 2 000 SEK/month.

	<u>0-1 år</u>	<u>1-3 år</u>	<u>3-5 år</u>	<u>+5 år</u>
Future minimal lease payments	24 tkr	48 tkr	48 tkr	24 tkr

Note 8 Average number of employees, salaries, remunerations and social costs

	the Group 2017-01-01 2017-12-31	the Group 2016-01-01 2016-12-31	Parent 2017-01-01 2017-12-31	Parent 2016-01-01 2016-12-31
kSEK				
Salaries and other remunerations:				
The Board ¹⁾	240	140	240	140
CEO	-	-	-	-
(of which is bonus)	-	-	-	-
Other employees	-	-	-	-
Total salaries and remunerations	240	140	240	140
Pension cost to:				
The Board ¹⁾	-	-	-	-
CEO	-	-	-	-
Other employees	-	-	-	-
Other social insurance costs	-	10	-	10
Total salaries, social- and pension costs, remunerations ersättningar	240	150	240	150

Ersättningar till styrelse och ledande befattningshavare

Remuneration to the Chairman and members of the board is paid according to the AGM's decision. At the AGM in 2017, it was decided that the Board fees (until the next AGM) would amount to 240 kSEK, of which 60 kSEK relates to fees to the Chairman of the Board and that the remaining amounts should be distributed in equal parts, 40 kSEK, to other board members except to Tord Cederlund. The CEO does not receive any salary but invoices the Company on regular basis. For further information, see note 15.

Remuneration and other benefits in 2017 and 2016 respectively:

Year 2016	Basic salary/	Pension	Variable		Other	the Group
	board fee		remuneration	Other benefits	remuneration	
Chairman of the Board	60	-	-	-	-	60
Board members	80	-	-	-	-	80
CEO	-	-	-	-	480	480
Other senior executives	-	-	-	-	-	0
Total	140	0	0	0	480	620

Year 2016	Basic salary/	Pension	Variable		Other	the Group
	board fee		remuneration	Other benefits	remuneration	
Chairman of the Board	120	-	-	-	-	120
Board members	120	-	-	-	-	120
CEO	-	-	-	-	480	0
Other senior executives	-	-	-	-	-	0
Total	240	0	0	0	480	240

Comments to the tables:

Board fees for the financial year 2017 are distributed as follows: Claes Levin och Peter Walker each 60 kSEK, Krister Söderholm, Hanne Markussen Eek och John Pedersen 40 kSEK each. No board fee is paid to Tord Cederlund. Other remuneration to the Board refers to full invoicing for services performed. Agreements on related services are made on market terms, see also note 15.

Pensions

Reported pension expense relates entirely to pension plans managed according to the rules for defined contribution plans. The Group has no outstanding pension obligations.

Severance pay

No severance pay is paid.

Gender distribution in the board and management

	2017	2016
Number of Board members	5	4
Of which Women	(1)	(1)
Number of other executives incl CEO	1	1
Of which Women	(0)	(0)

Note 9 Tax

kSEK	the Group 2017-12-31	the Group 2016-12-31	Parent 2017-12-31	Parent 2016-12-31
The following components are included in the tax expense:				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
Reported tax	0	0	0	0
Reported earnings before tax	-1 614	-3 712	-1 500	-3 585
Tax at current tax rate 22%	355	817	330	789
Tax effect of:				
- Non-deductible expense and non-deductible income	-3	2	-3	2
- Impairment of non-current assets	-	-	-	-
- Unused loss carryforwards	-353	-819	-328	-791
Reported tax	0	0	0	0

Tax loss carry forward

At the end of the fiscal year there were tax loss carryforwards of 50 594 (49 107) kSEK in the Parent company and 55 974 (54 373) kSEK in the Group. All loss carryforwards runs without time limit. Deferred tax assets on unutilized loss carryforwards has not been booked due to precautionary reasons while its realizability is difficult to assess.

Note 10 Intangible fixed assets

	the Group 2017-12-31	the Group 2016-12-31	Parent 2017-12-31	Parent 2016-12-31
kSEK				
<u>Exploration assets/mining right¹⁾</u>				
Opening balance acquisitions	20 367	20 367	-	-
Acquisitions for the year	19 363	-	-	-
Closing balance acquisition	39 730	20 367	0	0
Opening balance amortization	-20 367	-	-	-
Amortization for the year	-	-20 367	-	-
Closing balance amortization	-20 367	-20 367	0	0
Closing book value	19 363	0	0	0
<u>Capitalized expenses for exploration</u>				
Opening balance acquisitions	42 888	42 888	12 203	12 203
Acquisitions for the year	855	-	-	-
Closing balance acquisition	43 743	42 888	12 203	12 203
Opening balance depreciation	-484	-484	-484	-484
Opening balance amortization	-11 719	-9 272	-11 719	-9 272
Amortization for the year	-	-2 447	-	-2 447
Utgående ackumulerade av- och nedskrivningar	-12 203	-12 203	-12 203	-12 203
Closing book value	50 903	30 685	0	0
<u>Exploration permits</u>				
Opening balance acquisitions	3 591	3 591	3 591	3 591
Acquisitions for the year	-	-	-	-
Closing balance acquisition	3 591	3 591	3 591	3 591
Opening balance depreciation	-3 591	-3 506	-3 591	-3 508
Depreciation for the year	-	-84	-	-84
Closing balance depreciation	-3 591	-3 591	-3 591	-3 591
Closing book value	0	0	0	0

1) The reported value of prospecting assets/mining rights is attributable to previous acquisitions of Arctic Gold Operations AB and Norbotten Exploration AB 2017.

Note 11 Financial assets

kSEK	Parent	
	2017-12-31	2016-12-31
Opening acquisition values	29 073	29 073
Acquisitions	19 618	-
Closing acquisition values	48 691	29 073
Closin book value	48 691	29 073

Investments in subsidiaries consist of the following:

the Group	Org no	Headquarters	Share of equity
Arctic Gold Operations AB	556798-9420	Stockholm	100,0%
Norbotten Exploration AB	556739-6767	Östersund	100,0%

Parent	Share of equity	Share of votes	Number of shares	Book value 2017	Book value 2016
Arctic Gold Operations AB	100,0%	100,0%	1 310	29 073	29 073
Norbotten Exploration AB	100,0%	100,0%	2 053 838	19 618	-

Note 12 Equity

Share capital

The share capital of Arctic Minerals AB (publ) amounts to 25 869 565 SEK divided by 43 115 942 shares. Each share entitles equal participation in the Company's assets and earnings and entitles one vote. All shares have equal rights to dividends. The par value of the share is 0,60 SEK. The change in equity is shown in the financial reports.

Share capital development from the formation of the Company

Year	Event	Change of number of shares (pcs)	Change of share capital (kSEK)	Total share capital (kSEK)	Total number of shares (pcs)	Par value (SEK)	Issue price (SEK)
1999	Formation of the company	100 000	100	100	100 000	1,00	1,00
2000	Issue in kind	5 000 000	5 000	5 100	5 100 000	1,00	8,00
2000	Rights issue	610 000	610	5 710	5 710 000	1,00	8,00
2000	Issue in kind	110 000	110	5 820	5 820 000	1,00	8,00
2004	Reduction		-4 656	1 164	5 820 000	0,20	
2008	Offsetting emission	450 816	90	1 254	6 270 816	0,20	1,00
2009	Preference rights issue	7 170 734	1 434	2 688	13 441 550	0,20	0,25
2009	Rights issue	3 265 000	653	3 341	16 706 550	0,20	2,00
2010	Issue in kind	15 659 770	3 132	6 473	32 366 320	0,20	1,74
2010	Preference rights issue	11 121 198	2 225	8 698	43 487 518	0,20	0,90
2010	Equalization issue	2	0	8 698	43 487 520	0,20	2,00
2010	Aggregating	-39 138 768	0	8 698	4 348 752	2,00	
2010	Rights issue	3 261 564	6 523	15 221	7 610 316	2,00	7,50
2011	Rights issue	158 001	316	15 537	7 768 317	2,00	7,50
2011	Warrant redemption	10 419	21	15 558	7 778 736	2,00	14,54
2011	Warrant redemption	250	0	15 558	7 778 986	2,00	12,50
2011	Rights issue	3 000 000	6 000	21 558	10 778 986	2,00	3,50
2013	Reduction		-10 779	10 780	10 778 986	1,00	
2013	Preference rights issue	5 389 493	5 389	16 169	16 168 479	1,00	1,00
2013	Bonus issue		5 389	21 558	16 168 479	1,33	
2014	Reduction		-14 282	7 276	16 168 479	0,45	
2014	Preference rights issue	5 389 493	2 425	9 702	21 557 972	0,45	0,45
2014	Bonus issue		14 282	23 984	21 557 972	1,11	
2017	Reduction		-11 049	12 935	21 557 972	0,60	
2017	Issue in kind	21 557 970	12 935	25 870	43 115 942	0,60	

Unrestricted equity

Premium fund - A share premium fund occurs when shares are issued at a premium, ie the price for the share is higher than the par value for the share. Amount received in addition to the par value is booked to the premium fund.

Retained earnings - Consists of previous years earnings adjusted for possible dividend. Retained earnings together with the earning for the year and the premium fund constitutes unrestricted equity.

Note 13 Accrued expenses and prepaid income

tkr	the Group	the Group	Parent	Parent
	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Board fees incl social costs	240	150	240	150
Audit fees	80	40	80	40
Consultant fees and other services	22	13	12	13
Accrued interest expenses	287	-	287	-
Total	629	203	619	203

Note 14 Liquid funds

tkr	the Group 2017-12-31	the Group 2016-12-31	Koncernen 2017-12-31	Parent 2016-12-31
Cash and bank balances	634	1 273	225	1 273
Short term investment	-	217	-	217
Total	634	1 490	225	1 490

Note 15 Transactions with related parties

The following transactions have taken place with related parties during fiscal year 2017:

Board member, also CEO VD Tord Cederlund has no salary as CEO, but has via the company Novatelligence AB delivered consulting services (CEO) for a value of 480 kSEK.

Agreements on related services are made on market terms.

Note 16 Events after the balance sheet date

After the end of the fiscal year, Arctic Minerals has carried out an unrivalled share issue, which raised 13 035 750 SEK before issue costs. Thereby has a further 20 055 000 shares been issued at a price of 0,65 SEK and 10 new shareholders has been added. The number of shares in Arctic Minerals after this issue amounts to 63 170 942 pcs.

The board and the CEO assure that the annual report gives a true view on the businesses, the financial situation and the economic result, as well as describes significant risks that the company may face.

Stockholm April 20, 2018

Peter Walker

Chairman

Hanne Markussen Eek

Deputy chairman

Claes Levin

Member

John Pedersen

Member

Krister Söderholm

Member

Tord Cederlund

Managing director

Board and management



Peter Walker (born 1952), Chairman

Peter Walker is a British geologist and mining entrepreneur. He was the founder, President and CEO of Scandinavian Minerals Ltd., a public mining company listed on the Toronto Stock Exchange, from its incorporation in 1996 until its acquisition in 2008 by First Quantum Minerals Ltd. for \$281 million. Mr. Walker has over 35 years' experience in the international metals and minerals industry. He holds a B.Sc. in Mining and Exploration Geology from the Royal School of Mines, Imperial College, London. In 2011 Peter Walker received the Fennoscandian Mining Award for his role in developing the Kevitsa copper-nickel mine in Finnish Lapland. Peter Walker

is the elected chairman since 8 November 2017.



Hanne Markussen Eek (born 1966) Deputy Chairman

Board member of Arctic Gold since May 2015. Hanne Markussen Eek was until April 10, 2015, chairman of the Norwegian Industry association of mining and mineral companies, Norsk Bergindustri. Hanne Markussen Eek knows the whole industry as well as politicians, government officials and ministry officials and directorates. Hanne is a partner in the family company Franzefoss Minerals AB and is a member of the boards of the significant calcium group's subsidiaries. Hanne Markussen Eek owns no shares in Arctic Minerals.



Claes Levin (born 1941),

Chairman of the Board of Arctic Gold since May 2014. Claes Levin is Jur. kand. and holds an economics degree from Lund University. Claes has had the following positions: 1968 - 1980 different management positions within SEB, 1980 - 83 CEO of Diligentia, 1983 - 85 CEO of Reinhold Group, 1986 - 98 CEO of Platzer Bygg, 1999 - 2014 Chairman and member of various listed and unlisted companies in various industries, including chairman of Wiking Mineral 2005 - 2012. Claes Levin owns 100,000 shares in Arctic Minerals.



John Pedersen, Technical Director

John Pedersen is a Danish geologist who was Technical Director of Scandinavian Minerals Ltd for the Kevitsa mine development project. John Pedersen has a M.Sc. in geology from Copenhagen University. He has more than 40 years' experience in mining & exploration in Nordic region and has a strong discovery track record, including the discovery of the Nalunaq, Greenland gold mine, as well as a number of other mineral discoveries in Greenland.



Krister Söderholm (born 1950), Board member

Board member of Arctic Gold since May 2012 and chairman of 2013-2014. Krister Söderholm holds a geology degree from the Turku Academy in Finland. He has previously worked for 23 years (1979-2002) for Outokumpu in various positions, about half of these in Finland and half in several other countries. Krister has also worked as chief geologist and mining manager at A / S Bidjovagge Gruber in Norway 1985-1988 and project manager / chief geologist / exploration manager at Viscaria AB in Sweden 1989-1996. On behalf of the Ministry of Trade and Industry in Finland he was the Inspector in Finland during the period 2003-2006. From 2006 to 2010 he was employed by Kevitsa Mining Oy / First Quantum Minerals Ltd, where he was CEO and later Country Manager. In 2010 Krister started his own consulting company KS Consulting Oy. He was elected to the board of Nordic Mines the same year. He was then appointed Project Manager for Laiva Gold Mine in Brahestad, Finland, where he served until June 2012, when he became Deputy CEO of Nordic Mines Oy and, from May 2013, again, a member of the Board. Krister Söderholm owns 47,000 shares in Arctic Minerals.



Tord Cederlund (born 1941), Managing Director

Board member of Arctic Gold since May 2012. CEO on a consultancy basis since May 2014. Tord Cederlund is a civil economist and formerly authorized public accountant. Tord Cederlund, founder of one of the first private financial corporations in Sweden, Cederlund & Grandin AB, has contributed to a large number of start-ups in Sweden and abroad. Tord Cederlund lived in Brussels for many years, was a member of the mining organization Euromines' Gold Group. He has broad experience of board work in Europe especially in the mining industry in Sweden and Finland. Tord Cederlund took part in the start of Endomines AB and in 2005 the start of Nordic Mines AB. Tord Cederlund owns 1,232,586 shares in Arctic Minerals. Tord left the Board on November 8, 2018 to give room for the new comers.



Torsten Börjemalm (born 1939), Deputy member

Deputy member of the Board of Arctic Gold since April 11, 2013, former chairman of Arctic Gold from August 10, 2007 to April 11, 2013, Board member and Managing Director for the period 1999-2007. Torsten Börjemalm is a mining engineer with a degree from KTH in 1966. Torsten Börjemalm has worked in several mining companies such as LKAB, Terra Mining, Lappland Goldminers AB and Tricorona mineral AB. Torsten Börjemalm is a former member of the board of Lovisagruvan AB, Swedish Energy Alliance AB and TB Management AB. Torsten Börjemalm and company owns 389,880 shares in Arctic Minerals.

ARCTIC MINERALS

Arctic Minerals AB

Box 2189, 103 15 Stockholm

Mobil: +46 73 6200 997

E-post: info@arcticminerals.se

www.arcticminerals.se