DANNEMORA
MINERAL AB

ANNUAL REPORT 2013

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Year 2013 - Operational

- 2,662 kt (939) produced crude ore
- 936 kt (233) finished products shipped to customers
- 62 vessels left Hargs harbour
- 37% average recovery

Production

	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012	Full year 2013	Full year 2012
Produced crude ore, mine (kt)	734	721	643	564	492	2,662	939
ROM crude ore, sorting plant (kt)	704	710	578	564	451	2,556	887
ROM crude ore, sorting plant (Fe %)	35	34	32	33	34	33	32
Outcome of finished product (kt)	308	274	196	171	159	949	271
Finished product recovery, plant (wt %)	44	39	34	30	35	37	31
Finished product shipped to customers (kt)	315	274	158	189	155	936	233

February

Dannemora's mineral reserve is updated in February and shows a total reserve of 34.0 million tonnes with an average grade of 34.5 percent Fe. This is a decline in tonnage compared with previous estimate in December 2011, which was 35.1 million tonnes and 35.3 percent Fe.

March

Ralf Nordén is appointed group CEO of Dannemora Mineral after having served as acting CEO since December 2012.

May

Recovery varies around 30 percent in the beginning of the year. In May unexpected pockets of waste rocks are encountered and the recovery falls temporarily to a low of 14 percent. The variations in recovery cause uncertainties about the production volumes for the rest of the year.

June

The first investment phase to increase the recovery in the sorting plant is completed. The investment had the intended effect, resulting in an average increase in recovery of at least three percentage points and also made it possible to increase throughput at the sorting plant by over five percent. The investment, together with increased knowledge of the mining bodies, means that the variations in the first half of the year have been avoided. The averaged recovery levels were in the autumn around 40 percent and in the fourth quarter approximately 44 percent.

July

On 5 July, Stefan Månsson resigned as a director. The reason was that his Board duties cannot be combined with his new role as director of Northland Resources.

October

Tests carried out in late summer show that the second investment phase will not improve profitability enough and an investment in the wet step has to be brought forward. A large, single investment programme which includes both phase two and a wet step is considered, together with placing the crushing below the ground.

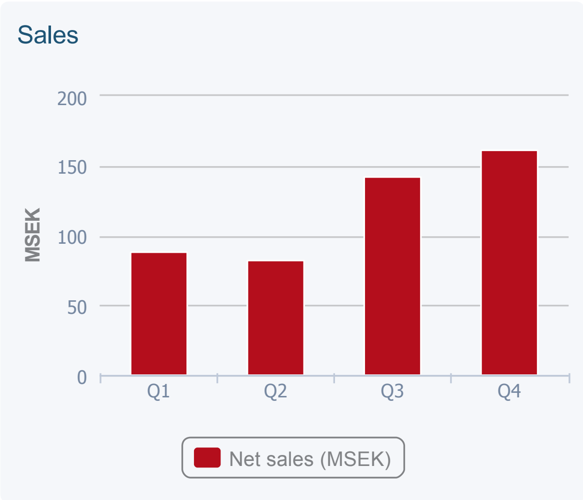
On 22 October Michael Rosenlew resigned as a director.

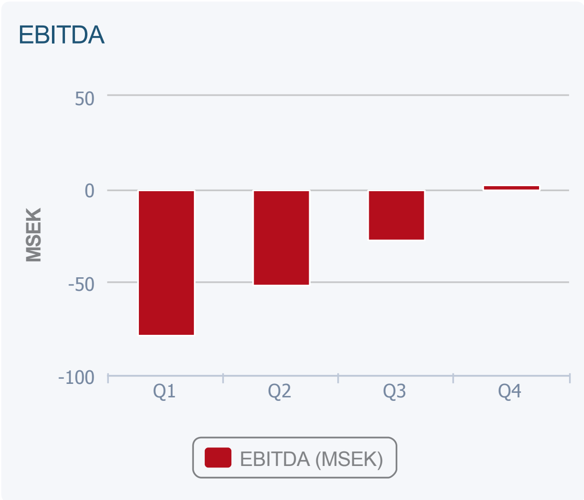
December

The County Administrative Board orders Dannemora Magnetit to cease crushing activity above the ground by August 2015 otherwise a penalty payment of SEK 20 million will follow. Preparations for an underground crushing station have been carried out, but the work is not yet completed. This is in line with the company's plans and is a part of the investments for which the company seeks financing.

Year 2013 - Financial

- Net sales SEK 475.7 (137.3) million
- EBITDA SEK -155.0 (-195) million
- Profit/loss after tax SEK -400.7 (-240.8) million
- Cash flow from operating activities SEK -212.6 (-262.7) million
- Earnings per share SEK -14.07 (16.13)





January

At an extraordinary general meeting on 21 January, Dannemora Mineral decides to approve an amendment of the conditions of the outstanding convertible bonds. The amendment refers to the establishment of a provision of recalculation of conversion rate which will be applicable on private placements.

March

On 13 March an extraordinary general meeting approves the board's decision on a guaranteed new share issue of B-shares, not exceeding SEK 211 million with preferential rights for existing shareholders. One subscription right is allotted for each A or B share and four subscription rights entitles the holder to subscribe for five new B shares at a subscription price of SEK 11.

The right issue is conditional on bondholders agreeing to certain waivers from the covenants in the bond agreement. This condition is fulfilled on 12 March.

April

The issue is fully underwritten by guarantee commitments and approximately 48.5 percent are subscribed for with primary or subsidiary preferential right and 51.5 percent is allotted to the underwriters.

August

On 5 August the bondholders accept a waiver from the minimum liquidity covenant in the bond agreement, which requires Dannemora Mineral to maintain a minimum cash liquidity of SEK 50 million.

October

On 2 October the bondholders accept an extension of that requirement and also a waiver from the term of the bond concerning an interest payment of USD 7.05 million as of September 22.

December

Most of the convertible bondholders grant deferral of the interest payment as of 30 November of approximately SEK 16 million.

At the end of December the company obtains a bridge financing of USD 7.05 million from investors for financing of the current operation until a long-term financing solution is in place.

Business idea, goals and strategies

BUSINESS IDEA

Dannemora Mineral shall be an established and valuable provider of iron ore to a large number of European steel companies.

VISION

By engaging in active exploration in Sweden and participating in a structural transformation of the Swedish iron ore industry, Dannemora Mineral shall develop a structure of a size that makes it economically sustainable. Dannemora will be established as a central platform for future mining activity in eastern Bergslagen.

GOALS AND STRATEGIES

Goals and strategies to 2017

Goals	Strategy
To increase production and ensure a more even division between lump ore and fines	› to plan and improve coordination in the material flow › to improve preventative maintenance in order to handle higher volumes › the planned investment in adding a wet stage will increase the production of fines
Better price structure	› to move from being a 'test supplier' to being an established supplier for customers, with regular deliveries, and even and predictable product quality › to be more selective when choosing deliveries and providing discounts when the operations become more stable › to increase the number of customers in the long term and to renegotiate contracts
To increase the mineral reserve	› primarily by transforming current resources into reserves
Continued cost savings	› to continue to replace external contractors with the company's own staff › to streamline and professionalise purchasing and procurement procedures › to move crushing below the ground › to ship products using larger vessels when the port of Hargshamn has been deepened and the channel has been dredged

To be an attractive employer that is well-established in the local community	› to build an organisation and a corporate culture that enthuses and stimulates the employees, promoting a healthy work-life balance
To look after the surrounding environment	› to move crushing below the ground › to handle iron ore in an enclosed environment as far as possible › noisy operations will be carried out during the day on weekdays
To create a safe working environment	› all staff must undergo adequate safety training › all risks are reported, analysed and actioned

CEO's report

A TURBULENT, BUT POSITIVE YEAR IN MANY WAYS

Although my first year as the CEO of Dannemora Mineral has been turbulent, it has also been a year when many positive things have happened. However, the situation has become more complicated as 2014 has unfolded. We were not able to secure the long-term financing in time that we need to guarantee the future operations of Dannemora. This meant that we could not avoid a company reconstruction, which is currently underway at the time this annual report is published. We believe that the reconstruction will give us the time and the conditions we need to solve our financing problems.

However, the fact still remains that we went on quite an incredible journey in 2013, with the organisation performing extremely well. The company grew, procedures and processes were put in place, while working methods and shift types were changed and refined. The entire operational chain flows better now and the volumes of crude ore that we have produced have exceeded our plans.

When I was appointed the CEO, I was surprised by how much of the organisation was already in place and how effective the company operated after being in business for such a short period of time. This is a young organisation and many of the problems we have seen and that we are working on are completely normal in a new and growing business. We have started a fully-operational and full-scale mine in just one and a half years! We know where the problems are and we are working continually to resolve them. There is a positive spirit at the company. The organisation delegates responsibility, giving individuals the scope and opportunities to develop. The fact that we have achieved all of this in just one year fills us with confidence and belief in the future. All of the employees in the company have worked and are working hard to ensure that we will succeed.

Dannemora is a niche supplier and the only supplier of lump ore in Europe. Our products have proved to be surprisingly independent of the economic cycle. They are high-quality products, and the small-scale nature of our operations and our proximity to our customers provide us with a flexibility that customers appreciate. We can quickly change deliveries between customers and find sales with another customer where necessary. We are also happy and grateful to our customers who have been so loyal and supportive over this turbulent year.

Our delivery commitments from our framework agreements with our customers meant that we had already oversubscribed our production for the year at the beginning of 2014. We receive inquiries from new customers, and, although we do not have the scope to deliver to them right now, we are working to establish good relationships with them in the long term. This also means that we have been able to remove the introductory discounts we had to offer because we were a new and untested supplier.

At the time of writing we are working flat out to solve our financing problems. If we can do this, the future of Dannemora Mineral looks very bright. Our current operations are in excellent condition, with lower costs, greater efficiency and productivity and higher volumes. However, our recovery levels are too low for us to achieve sustainable profitability in the long term. In 2013 we carried out a number of measures to increase recovery so that we could finance further development work and our investments. Although these actions were effective, they were not effective enough to achieve our goal.

Independent technical advisers have studied the plans we have drawn up and that we want financing for. They have verified that our estimates, assessments and plans are reasonable. When our investments are in place, we will be able to achieve the recovery levels we need to secure good profitability. At the moment preliminary studies and preparatory work for procurements are underway for these projects. As well as the projects to increase recovery, preparations are also being made to move crushing below the ground. We want all of the iron ore to be handled below the ground until it is loaded. There are environmental reasons for this, in terms of less noise and dust, but also cost reasons, as it would reduce the amount of transport required by truck. The increase in recovery will produce an increase in revenue, while crushing below the ground will reduce costs. We also hope that the work carried out by the Port of Hargshamn to deepen the channel into the port will be successful. This would reduce our transport costs and compensate to a certain extent for the increase in costs caused by the new Sulphur Directive for transport in the Baltic Sea.

Once the financing issue has been resolved, we will resume our exploration work. This will help to extend the life of the Dannemora mine and increase the mineral reserve. For obvious reasons exploration has not been a top priority over the past year.

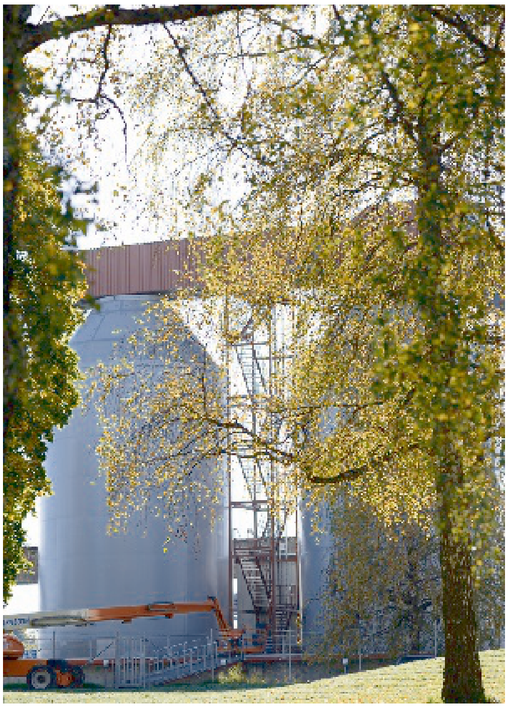
To sum up, we currently have a well-tuned and effective business, but we need further investment to secure good profitability in the long term. This is what we in the management team of Dannemora Mineral are working hard on right now.

Dannemora, May 2014

Ralf Nordén

President and CEO

Operations in Dannemora



Dannemora Mineral's operations are carried out at the Dannemora Iron Ore Mine. The mine dates back to the 15th century, but was closed down in 1992 by its then owner SSAB. In 2012 the mine was reopened by Dannemora Mineral. It is in the municipality of Östhammar, 40 km north of Uppsala. Its favourable location provides short transport routes to Dannemora's market in northern Europe and ensures low freight costs.

The iron-ore-bearing part of the Dannemora field has a length of approximately 3 km and a width ranging between 400 and 800 metres. A large number of iron mineralisations occur along strike at various depths. About 25 ore bodies were mined before the mine was closed in 1992.

The commercially interesting iron mineral in the Dannemora field is magnetite. The iron ore is therefore magnetic, so it can be crushed and processed using magnetic separation. Magnetic separation is currently performed in a two-stage dry process. This dry process is good, as it is cheaper than a wet process, the iron ore does not need to be dewatered and there is no danger of freezing. In addition, shipping costs are positively affected and environmental impacts are minimised. The company wants to ensure that its recovery rate is high enough to secure long-term sustainable profitability. It is therefore planning to expand its dry process to include additional crushing and a wet process stage that includes grinding. This expansion will increase recovery levels and maximise the dry product, providing the market with greater flexibility in the iron content of its finished products.

Crushing is currently carried out above the ground, which is not an optimal solution neither in terms of costs nor the environmental impact. Preparations have been underway for a long time to relocate the crushing process below the ground. More preparations are needed below the ground to complete this project. An estimated SEK 50 million could be saved every year by moving the crushing process below the ground.

DEVELOPMENTS IN 2013

In 2013 the pace of Dannemora Mineral's operations went up a notch. This was due to the extensive review of the company that was carried out, as well as all the measures that were implemented during the year. The entire business was reviewed in order to reduce costs and increase efficiency. This work has been a success. At the beginning of the year the cost savings target, which was set at an annual rate of SEK 65 million (based on 1.2 million tonnes of finished product every year), was not only met but was exceeded by a further SEK 11 million at SEK 76 million. Examples of changes include services that were previously hired or bought in from external suppliers at a higher cost now being carried out by the company's own staff; shifts and working methods in the mine were changed and adapted to achieve higher productivity; while production costs, measured per tonne of iron ore, fell. The company increased and broadened its knowledge of the mine and its mineralisation; processes and techniques were improved and fine-tuned; and efficiency and productivity increased.

Products, customers and pricing

PRODUCTS

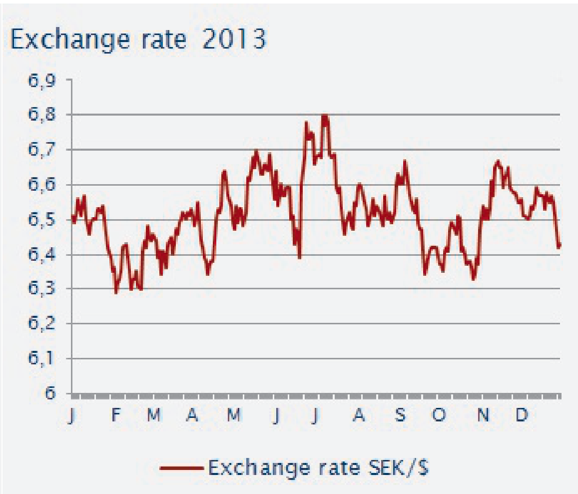
Dannemora's products comprise up to approximately 60 percent of lump ore (grain size 5-16 mm) grading 50 percent iron, while the remainder is fines (grain size <5 mm) grading 55 percent iron. Lump ore goes to blast furnace customers, while fines go to sintering plants. Sintering is a process for agglomerating iron ore fines at high temperatures to prepare them for use in blast furnaces.

Lump ore can be shipped directly to blast furnaces, so it generally commands a higher price than fines. Dannemora Mineral is the only supplier of lump ore in Europe. The iron ore from the Dannemora Mine has a high level of purity with low levels of phosphorous and vanadium. This is extremely beneficial for customers as any kind of pollutant in the iron ore is negative for producing steel.

CUSTOMERS AND PRICING

Dannemora Mineral's customers are large steel companies that manufacture, for example, products for the automotive industry, pipes for the oil industry and heavy plate for the heavy machinery industry. Most of the steel companies in northern Europe that import their iron ore via ports in the Baltic Sea and North Sea are customers of the company. Dannemora Mineral's favourable location provides these customers with short lead times and low freight costs, while the company's small-scale operations provide flexibility and excellent customer service.

Customers include ArcelorMittal, Stemcor and Salzgitter Flachstal. Arcelor Mittal joined the list of customers in 2013. The customer contracts are long, often running over periods of several years, and sometimes up to five years. Its largest customer accounts for approximately 30 percent of sales, while the other customers, around a handful, are approximately the same size. The very high demand for Dannemora's entire production among its current customers means that there is no need to increase the number of customers at the moment.



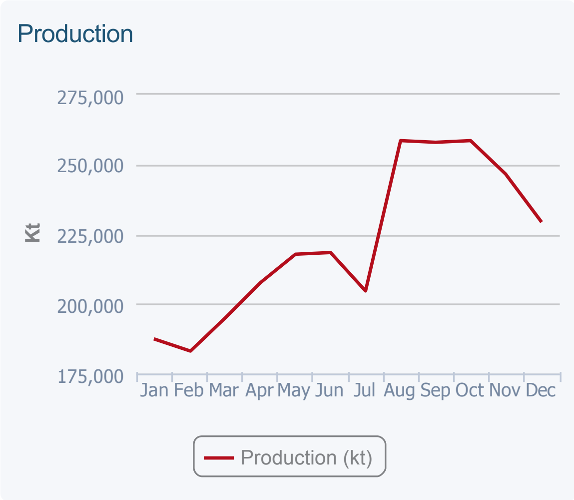
Dannemora Mineral's prices are affected by the world market price of iron ore, with a lag of between one and four months. The pricing of Dannemora Mineral's products has changed slightly; in the past its prices were mostly based on the world market price four months previously, whereas now they are generally based on the world market prices from the previous month. This change is due to the contracts that are now used for deliveries and means that changes to the world market prices have a quicker impact on Dannemora Mineral's revenue. All Dannemora Minerals revenues are in US dollar. The development of the exchange rate is hence an important factor for the company's profitability.

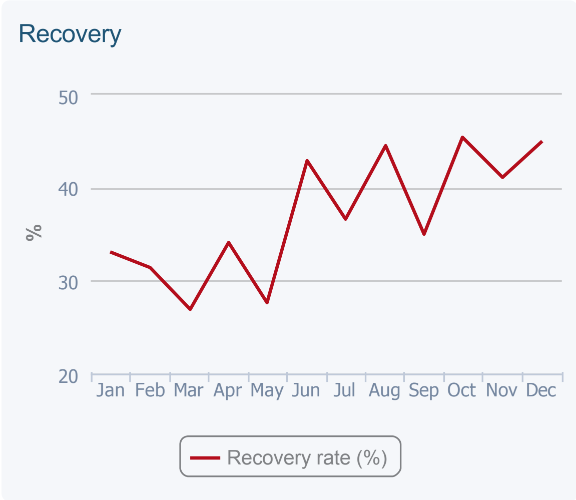
Production, recovery and shippings

PRODUCTION

Production of crude ore in 2013 amounted to 2,662 thousand tonnes, an increase of 183 percent from 2012. Operations in the mine continued to improve, with high levels of production - sometimes higher than expected, particularly towards the end of the year. The sorting plant managed these high volumes without any problems, while capacity utilisation was high. The investment that was made in June focused on increasing recovery; however, it also meant that waste could be separated earlier in the process, with the throughput at the sorting plant increasing by five percent.

When Dannemora submitted its application for an environmental permit, it stated that, after an introductory phase, its crushing would take place below the ground. At the end of December the County Administrative Board notified the company that it considered the introductory period to be over and that crushing below the ground was a requirement for the operations to continue. The County Administrative Board therefore ordered Dannemora Magnetit to stop crushing above the ground by 1 August 2015 or be fined SEK 20 million. In January 2014 this deadline was extended to 31 December 2015.





RECOVERY

Weight recovery is the ratio (relationship) between the volume of crude ore that enters the sorting plant and the volume of the finished product. The percentage recovery of the finished product from the sorting process varies strongly depending on the iron content of the crude ore, but it is also affected by the kind of mineralisation in the mine. The recovery level gradually improved and stabilised over the year. In the first quarter it stood at an average of 30 percent with major variations, while in the fourth quarter it had gone up to a stable level of around 44 percent.

Demand for the company's products from its customers was strong throughout the year, while capacity utilisation was very high at times. This meant that iron ore had to be mined in all ore bodies, particularly at the beginning of the year, including those with a lower iron content. This resulted in recovery being lower than planned. In the middle of May, unexpected waste rocks were discovered in two of the iron bodies being processed, bodies that were considered to be high-value otherwise. The waste rocks were in such a location that they had to be mined, which meant that recovery fell to its lowest level of 14 percent. Recovery returned to levels of around 40 percent towards the end of May.

In June the first investment stage of the action programme was carried out to increase recovery in the sorting plant. The installation was carried out both earlier (week 23 instead of week 27) and more cheaply (SEK 25 million instead of SEK 30 million) than expected. This investment resulted in recovery rising to a new high and stable level of just over 40 percent. In addition, the increase in knowledge of, for example, ore bodies and the mining process means that major variations in recovery, such as the fall in May, can be avoided in the future.

DELIVERIES

Throughout 2013 the demand for Dannemora's products was high, with 62 boats filled with 936 thousand tonnes (233) of finished products leaving the port of Hargshamn during the year. In April the new train unloading unit was opened at the port. The unit can empty six wagons at the same time quickly and effectively and is essential for the company to ship the higher production volumes that it plans. The process is almost completely automated and the products are loaded onto the boats on weather-resistant belts. Depending on the customer and order size, the boats can normally hold 20,000 tonnes, although sometimes they can only transport 10,000 tonnes. Vessels are chartered on the spot market.

The Environmental Court has approved the port's plans to deepen and widen the channel into the port. The port company estimates that this would lead to that vessels up to 40,000 tonnes will be able to be loaded at the port, compared with 20,000 tonnes at present. This will result in Dannemora's sea freight costs falling by 20-30 percent. It is still unclear if and when a deepening and widening of the channel will be done.

Investments and financing

INVESTMENTS

At the beginning of the year additional, but less extensive investments were planned to increase recovery. The option of adding an additional processing stage (stage two) was also studied. The first investment was estimated to increase recovery by at least 3 percentage units. When adding the second stage, this increase was estimated to be 10-15 percentage units. In June the first step of the investments was installed in the current plant and the results exceeded expectations.

Full-scale tests and evaluations were carried out for the second investment stage. These ended in the third quarter. They showed that the improvements in recovery would probably not be good enough to guarantee the improvement in profitability that the company would need with its own cash flow to finance the subsequent investment in a wet stage in the process. This meant that the company had to bring forward the investment in a wet stage and carry out a larger, joint investment programme. This wet stage is based on well-known and proven technology and a process that has historically been used at the Dannemora mine. The recovery from the mine remained steady at an average 58 percent.

An independent technical assessment of Dannemora Iron Ore Mine, moving crushing from above the ground to below the ground, and the planned investment in a wet stage were carried out alongside work to find a long-term financing solution. The assessment made in these reports is that the company's plans and the calculated results for them are realistic. Both of the reports are available at Dannemora's website, www.dannemoramineral.se.

FINANCING

The commercial production of iron ore products at the Dannemora mine began in April 2012. Production of iron ore products in 2012 was lower than planned, amounting to 271 thousand tonnes, rather than the planned 400 thousand tonnes. This lower production was largely due to a lower than expected recovery at the sorting plant. The lower production and an unfavourable dollar rate resulted in an unplanned liquidity decline of approximately SEK 100 million.

This led to a new share issue of SEK 211 million in 2013 to finance the company's operations and cover the investment costs for increasing the recovery rate. Once the investments were carried out, the company was expected to be able to finance its operations and continue investing with its own cash flow. The recovery figures continued to vary, falling below the expected level. This resulted in the company being forced to abandon its target of a positive EBITDA result in the second quarter. The effect of the first phase of the investments, which was carried out in June, was better than expected. However, the loss at the end of 2012 and the first half of 2013 meant that liquidity was severely strained. In June negotiations were started with the company's lenders and the company was granted a temporary waiver from interest payments of around SEK 60 million, as well as waivers from some of the covenants in its bond agreement.

Full-scale tests carried out in the late summer showed that the planned second stage of the investment programme would not be effective enough by itself. A combination solution with a wet stage was needed to achieve the recovery levels that the company required to ensure long-term sustainable profitability. The company therefore decided on a joint, larger investment package. Throughout the autumn 2013 and spring 2014 the company worked on finding a long-term financing solution, a work that is still underway when publishing this annual report, see more information in the section Events after the end of the period. At the end of December a number of investors granted the company bridge financing, which would cover its costs until a long-term solution is put into place.

Factors affecting the results

RECOVERY

Recovery is the single most important factor for Dannemora Mineral's results. Weight recovery is the ratio (relationship) between the volume of crude ore that enters the sorting plant and the volume of the finished product. Fluctuations in recovery levels are caused, for example, by the iron content, the character of the iron ore and the process used in the sorting plant. The Dannemora mine uses a dry process, which means that the iron ore cannot be too fine-grained.

IRON CONTENT

The iron content of the rock being mined is the single most important factor for weight recovery. The ore bodies in the Dannemora mine are mostly identified and charted through drilling, an analysis of the drill cores, and geological tests and modelling. It is never possible to predict the iron content with 100 percent accuracy, as it is impossible to chart the entire area in detail. Unexpected waste rocks can be discovered during the mining process, which reduces the recovery level.

WORLD MARKET PRICE OF IRON ORE

The reference prices on the world market for iron ore products are based on the spot price for fines with an iron content of 62 percent, CFR (Cost and Freight), in China. European suppliers of iron ore mainly compete with Brazilian producers and the prices that customers pay are based on the Brazilian iron ore shipped to the port in Rotterdam. The difference between the Chinese and Brazilian prices is mostly due to freight costs.

The price that Dannemora receives for fines is based on the reference price, but adjusted for freight costs, variations in the iron content and product value (the value that the product has in the manufacturing process of individual customers, including quality).

The price model for lump ore is very similar, but with one clear difference. This price is linked to the global pellet premium, which is set in the annual negotiations between Brazilian pellet producers and the steel companies. In addition, there is also an adjustment for the lump ore's iron content and product value, in the same way as for fines. Lump ore has historically had a premium of approximately 50 percent of the premium for pellets.

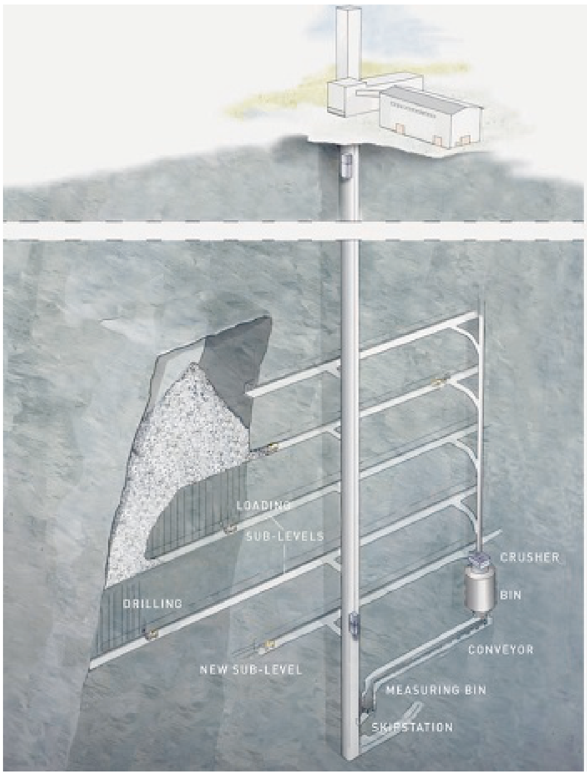
FREIGHT

The price that Dannemora Mineral receives per tonne of iron ore is based on a reference price, which includes shipping from Brazil. The cost per tonne is based on the freight price of the large vessels that travel between Brazil and Rotterdam in the Netherlands. The market price of this freight can fluctuate quite significantly. Dannemora's actual costs for freight from the port of Hargshamn to its customers in northern Europe are much more stable, but are also higher per tonne as the vessels are much smaller. The differences over time between the recorded market price and Dannemora's actual costs has an impact on Dannemora Mineral's bottom line.

CURRENCY

The world market price of iron ore and therefore Dannemora Mineral's reference price are quoted in dollars. All of Dannemora Mineral's sales revenue is in US dollars, while the vast majority of the company's costs are in Swedish krona. Variations in the relationship between the US dollar and the Swedish krona therefore play an important role in the company's earnings. A strong dollar has a positive effect on the results, whereas a weak dollar has a negative one. Dannemora Mineral does not hedge exchange rates, so changes in exchange rates have a direct impact on its results.

How the mine works



MINING

The ore is mined using the sub-level caving method. A tunnel is drilled right through the ore. A drilling machine starts from the inside and drills a number of holes, reverses two metres and drills new holes, reverses another two metres and drills new holes, and so on. Starting from the inside, a blast hole ring is filled with explosives and blasted. Each blasting round can release up to 3,000 tonnes of ore. The ore is transported away and the next ring is loaded.

CRUSHING

The ore is loaded onto trucks and transported up to the mine yard using the new straight ramp connection, which is 1,800 m long. The ore is coarsely crushed in a temporary crushing station in the mine yard next to the sorting plant. Work is in progress to move the crushing underground.

SORTING

At the sorting plant, the ore is separated from the waste rock. As Dannemora's ore consists of magnetite, it is magnetic, which means that magnetic separation can be carried out in a dry process. The ore is separated into several steps, with crushing and screening between the different steps. Waste product from sorting is returned to the mine. The final iron ore products are fines and lump ore. The iron ore products are loaded onto a train from two silos in the mine yard - one for fines and one for lump ore - and transported along the 35 km line to Hargshamn. The ore is stored there until the arrival of the next ore cargo ship.

SHIPPING TO CUSTOMERS

The ore is loaded onto cargo ships via a 200 metre long conveyor. The ships' maximum cargo is 20,000 tonnes of ore. The ore arrives at the receiving port in the Baltic Sea or North Sea and is transloaded onto train or barge for transportation to the various steel companies in northern Europe.

Mineral reserve

Dannemora Mineral's mineral reserve as of 31 December 2013 shows a probable mineral reserve of 29.1 million tonnes with an average grade of 34.2 percent Fe. This is a decline in tonnage compared with the previous estimate in December 2012, which was 34.0 million tonnes and 34.5 percent Fe.

The main reasons for the reduction in the reserve are that 2.6 million tonnes were mined in 2013 and that a temporary cut-off level of 30 percent Fe has been used. This means that areas in the mine with grades of between 20 and 30 percent Fe have been left and will continue to be left until the end of 2015. Thereafter a cut-off level of 20 percent Fe will be reintroduced.

This means a total reduction in the probable mineral reserve of 4.9 million tonnes and a reduction in the Fe grade of 0.3 percent Fe.

Probable mineral reserve

	Mt	Fe %
2012	34.0	34.5
2013	29.1	34.2

Only measured and indicated mineral resources are used to estimate the mineral reserve.

The company continuously performs diamond drilling for ore boundary determination and improved mine planning data. Most of the diamond drilling has been carried out in areas that have previously been classed as having indicated mineral resources. The aim is to improve the decision-making data to enable the company to run efficient mining and production planning.

The Dannemora mine is considered to have good potential for increasing its mineral reserve and the exploration work is scheduled to be resumed in the second half of 2014, provided the financing problems are solved. The exploration drilling to increase mineral resources and, in the long term the mineral reserve, will focus on the deeper parts of Dannemora's exploitation concession.

The mineral resources and mineral reserve for 2013 were estimated by Dannemora Magnetit's geology and planning staff in collaboration with Thomas Lindholm, Geovista AB, Luleå. The mineral resource estimate was produced by Gunnar Rauseus (Geologist), Peter Svensson (Geologist) and Thomas Lindholm (Mining Engineer). The mineral reserve was then estimated by Daniel Eklund (Mining Planner), Peter Svensson (Geologist), Mats Larsson (Planning Manager) and Thomas Lindholm (Mining Engineer). All work was carried out under the supervision of the company's independent qualified person Thomas Lindholm, GeoVista AB, Luleå. Thomas Lindholm is a Fellow of AusIMM (Australasian Institute of Mining and Metallurgy) and has the required knowledge and experience in reporting this type of deposit.

Exploration

The main purpose of exploration is to find mineral resources. Exploration can be divided into field exploration, i.e. searching in new areas, and mine-site exploration, which is carried out at existing mines and aims to increase or maintain their value.

Field exploration normally starts in a widespread area that has historically proven potential, or in areas where the bedrock and geological conditions would indicate the possible presence of iron ore. This is an expensive and time-consuming process. It requires extensive preliminary studies of all aspects of mining planning, such as the character, extent, form and content of the mineralised material, the possibility of mining and blanket sluicing the deposit, the sales opportunities for the product, environmental protection measures, legal and social aspects, and estimates of capital and financing costs.

If the preliminary study is positive, a profitability study is carried out. This is an extensive summary of the mineral deposit's geological, technical and financial factors. The company uses the results to decide whether to continue investing in developing the deposit. A profitability study often includes the preliminary underground work, using shaft sinking and tunnelling to access the mineral deposit and to enable further detailed studies to be carried out.

For mine-site exploration, the time from the discovery to production can be shortened as several parts of the exploration chain have already been carried out. The existing infrastructure can also be used, reducing the need for capital.

EXPLORATION AT THE DANNEMORA MINE

The current priority for Dannemora Mineral is mine-site exploration. The Dannemora mine is assessed as having good potential to increase its mineral resources. As it is a mine that has been reopened, the company has access to extensive and good-quality documentation from the last time it was in operation, and the exploration work is based on this existing data. New interpretations and modellings are carried out, and the results are then used to determine where to go ahead and drill. Diamond drilling is used to determine the ore boundary, mine planning data is improving and production planning is becoming more efficient. Most of the diamond drilling has been carried out in areas that have previously been classed as having indicated mineral resources.

The drill cores and any other samples are analysed and mineralisation calculations are carried out to determine whether the quantity and content of the mineralisation are high enough for them to be extracted in a financially-viable way. Areas that have not been extensively drilled and historic data are updated with more regular drilling and new analyses from these drillings.

Provided that the financing is received, there is a plan to start increasing the exploration drillings in new, interesting parts of the Dannemora mine's exploitation concession in the second half of 2014. The exploration drilling to increase mineral resources and, in the long term the mineral reserves, will focus on the deeper parts of Dannemora's exploitation concession.

EXPLORATION PERMIT

As of 31 December 2013 Dannemora Mineral had seven granted exploration permits with a total area of 4,228 hectares and one exploitation concession of 176.8 hectares.

Dannemora - a mine with a thousand-year pedigree

There is written evidence of the Dannemora mine from back i1481. However, discoveries have been made from the 1200s and 1300s, and the mine is probably over a thousand years old. The large Storrymningen open cast is of medieval origin.

In a deed of gift from 1481 Sten Sture the Elder gave "the silver mine in the parish of Film" to Councillor of State Jakob Ulfsson, who was also Archbishop of Uppsala. In 1532, Gustav Vasa issued a charter to Joakim Piper for the "Dannemora Mine" and in 1545, the King established a company that would mine ore on the site. The iron ore supplied about 30 ironworks and became world-renowned for its quality. The area around Dannemora has a very large number of old mines and pits, which indicates large-scale mining activity. In the 1600s, the Dannemora mine was Europe's largest iron ore mine and the iron obtained from mining there helped make Sweden an important industrial nation. Much of the iron ore was exported to England - particularly Sheffield, where steel was used for weaponmaking.

The Dannemora mine was the main artery of Swedish prosperity for more than 300 years, right up to the beginning of the 1900s. In 1992, SSAB closed the mine due to a fall in demand and low iron ore prices. On 17 March 2005, Dannemora Mineral AB was founded for the purpose of resuming production at the mine. On 13 June 2012, the Dannemora mine was reopened by King Carl XVI Gustaf and is back in operation again. This means that the wheel has turned full circle and a thousand-year-old tradition continues.

The market

IRON ORE

In principle all of the iron ore production in the world is used for steel production. Demand for iron ore is expected to increase in the long term in line with increasing demand for steel for infrastructure projects and production in the world's emerging economies. The trend since 1980 in terms of both iron ore prices and crude steel production shows a steady increase with occasional declines. There is nothing to indicate that this long-term trend will be broken.

The supply of iron ore is in the hands of three very large companies - Vale, Rio Tinto and BHP Billiton. Together, they control almost 70 percent of seaborne iron ore and also dominate the price negotiations.

The different products from iron ore mines are:

- Fines - grain size 0.1-8 mm. Fines are ground or crushed iron ore that is first agglomerated (sintered) into larger pieces before they are used in blast furnaces.
- Lump ore - grain size 5-30 mm. This product is in demand as lump ore can be used directly in blast furnaces and does not need to go through a process in the sintering plant first.
- Concentrate - the iron ore is crushed and ground to a powder that is less than 0.08 mm, after which the iron ore is separated.
- Pellets - the iron ore is crushed and ground to a powder and the iron ore is separated. Afterwards the iron ore is rolled together to form 8-15 mm round balls with different additives to improve the product's properties. These balls are sintered at 1,100-1,200 degrees to form a solid product. The product is then used directly in the blast furnaces.

Dannemora Mineral produces lump ore and fines. Dannemora is the only supplier of lump ore in Europe. There is some competition from South African and South American suppliers in the lump ore market. The market for fines is much more competitive, with many competing suppliers of different fine-grained products from Canada, South America and Africa.

- LKAB (Sweden) - mostly pellets, but also some concentrate and fines
- Northland Resources (Sweden) - concentrate for pellet works
- Northern Iron (Norway) - concentrate for pellet works
- Rana Gruber (Norway) - concentrate for pellet works

STEEL

Iron ore is mostly used for steel production. The global iron ore industry is completely dependent on the development of crude steel production and ultimately the economic growth that drives the demand for steel. Over the last five years, the strong growth in industrial production and the construction industry has increased the demand for steel and therefore the activities in iron ore mines.

In 2013 steel production in the world increased by 3.5 percent to 1,607 million tonnes of crude steel (World Steel Association). Asia, the Middle East and Africa accounted for most of this increase, while other areas decreased their production. China is still the largest steel producer in the world, with 48 percent of the world market (World Steel Association). However, emerging economies in South-East Asia, such as India, South Korea, the Philippines and others are expected to invest heavily in infrastructure and production and will be countries to be reckoned with in the future. According to Eurofer (the European Steel

Association), steel consumption is predicted to increase by 3.2 percent in 2014 and 2.9 percent in 2015. The automotive industry is one of the industries that is expected to increase its demand.

The steel industry is fragmented with a lot of small manufacturers. The world's largest steel producer, ArcelorMittal, accounts for around 6 percent of the global production capacity, while the top 10 steel producers in the world account for only 26 percent or almost 430 million tonnes (World Steel Association). ArcelorMittal is the only European company among the ten largest steel producers. Most of the others are Asian.

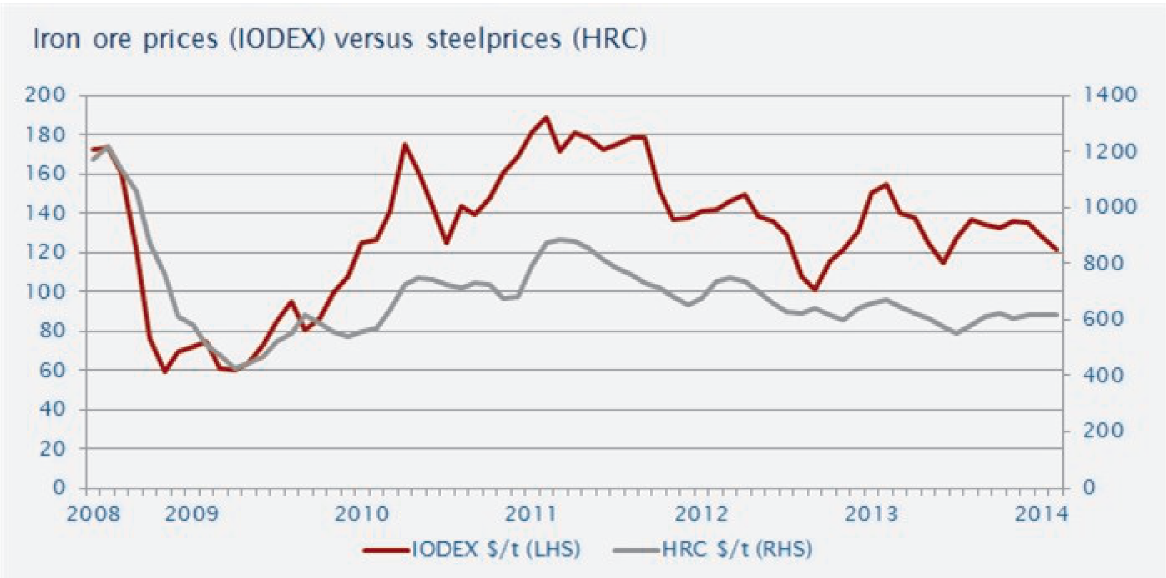
PRICE

The reference price for iron ore products is based on the spot price for fines with an iron content of 62 percent, CFR, in China. The prices of iron ore products are quoted in US dollars. The marginal cost for the production of iron ore is estimated at around USD 110-120 per tonne. Due to the long-term increase in demand, prices will not fall below this level for some considerable time. The average price of iron ore over the last five years has been approximately USD 132 per tonne.

The price development of iron ore in 2013 started with a peak at the beginning of the year, followed by a strong decline, reaching its lowest level in May. It then remained stable at around USD 130 per tonne. The highest price of USD 160 per tonne was reported on 20 February, while the lowest was on 31 May at USD 109 per tonne. At the end of the year the price was USD 135 per tonne.

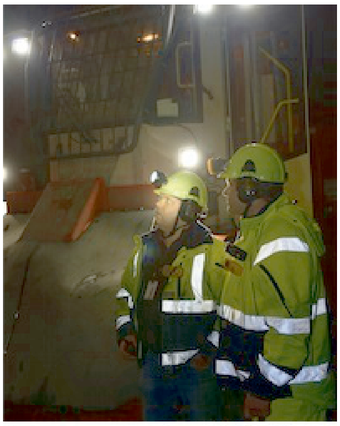
The prices of iron ore in Europe are based on Brazilian iron ore delivered to the port in Rotterdam. Quarterly prices are still the dominant model in the market, which is controlled by the index applicable for the current quarter. There is a variety of price models, with everything from annual and semi-annual prices to monthly prices and prices per load (spot prices).

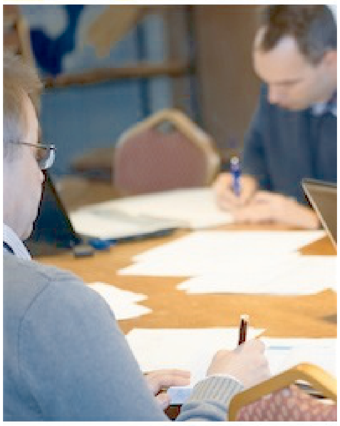
Iron ore prices (IODEX) and steel prices (HRC, hot-rolled coil) are highly correlated, but the price of iron ore is more volatile.



Source: Platt's McGraw Hill

Personnel





Dannemora Mineral's future development is highly dependent on its ability to recruit and retain experienced and highly-qualified staff. The company is to be seen as an attractive and stimulating workplace with a clearly delegated approach to its work. Trust and confidence, openness and dialogue, personal commitment and personal responsibility are at the heart of the company's culture.

Dannemora Mineral endeavours to create a working environment which enthuses and stimulates employees, and allows a balance between work and private life. The employees must feel that the company takes their idea seriously. The company works closely with the employees' trade union organisation, both in informal consultations and information sessions, in accordance with the relevant laws and agreements.

At the end of 2013 Dannemora Mineral AB had 105 employees, of whom 26 were women. The age range for employees is between 20 and 66 years old. Only seven employees are expected to retire over the next five years. In the same period approximately 50 employees will need to be recruited, including people to take over the work that is currently carried out by contractors. The aim is for the company's staff to carry out all core operations in Dannemora.

EQUALITY AND DIVERSITY

Equality and diversity are important in achieving a dynamic and open organisation. As the mining industry is traditionally male-dominated, it is difficult to achieve a neutral gender distribution. Nevertheless, this is the company's stated goal and it will be taken into consideration during future recruitment. The target is for at least one-third to be women.

The company works to promote a diversity of backgrounds among its employees. All ages need to be represented. Discrimination on the grounds of gender, religion, ethnicity or sexual orientation is not tolerated.

HEALTH AND FITNESS

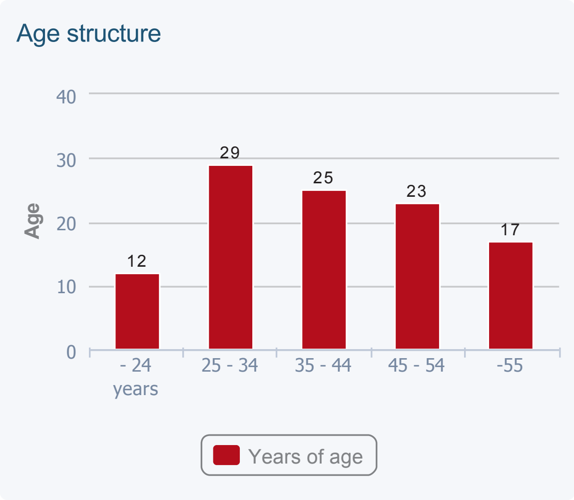
The company had a low level of sick leave in 2013 at 3.7 percent of total working hours. During the year, all new employees had a health examination in accordance with the company's health policy. Employees who work below the ground and in the sorting plant are given additional checks of their lung function; examinations are also carried out to check for any effects from thermosets. An ergonomic review of all the company's offices was also conducted.

As part of the health and safety work, the company carries out random alcohol and drug tests through an independent company. Out of 253 checks in 2013, only one showed evidence of alcohol. Before the start of the tests, all of the employees were given training on alcohol and drugs and the effect they have on the body and health.

SOCIAL ASPECTS

The resumption of mining in Dannemora brings back a time-honoured industry to an area with a long tradition in iron. This has led to the creation of more than 200 new jobs so far. 45 percent of the employees live in the municipality.

The company works with other companies in the municipality on schools and housing issues as part of the municipality's labour market council. The company also works actively with Teknikcollege Uppland to increase the interest in technical courses and therefore secure long-term recruitment.



Working environment and safety

Safety work is a top priority in the company, which has a zero vision for accidents throughout its operations. The company aims to have the industry's safest facilities and ensure that no-one is harmed by any of Dannemora Mineral's activities. This will be achieved by systematic preventive safety and working environment measures, with the risk of accidents being reported, analysed and actioned. The company works proactively to prevent incidents and works with other mining companies to share experiences. The focus in 2013 was on safety underground. Everyone who has access to the industrial area has undergone safety training.

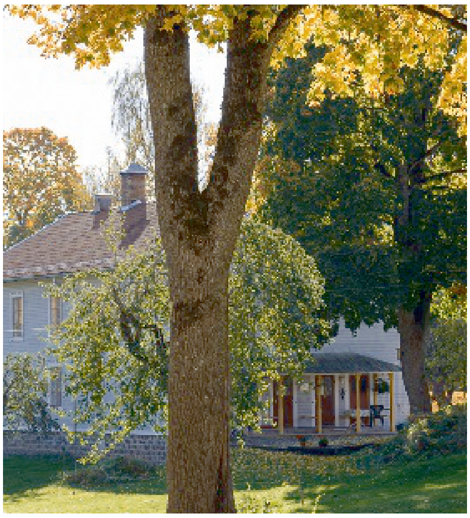
The zero vision also refers to sick leave related to the work environment. This is followed up by working closely with the occupational health service to identify early signs of an absence being related to work.

RISK ANALYSIS

Dannemora Mineral has performed an overall risk analysis of its existing operations. A Risk Mapping process has been carried out to identify and rank the company's key risks. Based on the results of the analysis, Dannemora works hard to eliminate or minimise any risks that it can influence. Awareness of the risk picture has increased in the company, as has the preparedness for managing the individual key risks. Barriers and warning signs have been placed where needed. There are procedures in place for the continuous reporting of incidents and they are given priority. Personal responsibility for the work environment and safety is one of the criteria in the company's salary system.

The accident rate in 2013 was 15.2 per million hours worked, including contractors. The average rate for the industry in 2013 was 8 accidents per million hours worked. None of the accidents were serious. The company works extremely hard to systematically prevent accidents as the operations become more established.

Environment



Mining operations have an impact on the surrounding environment. Dannemora Mineral has a stated environment policy of limiting the environmental impact of its activities as far as possible. It is in regular contact with the people living close by, the municipality and county administrative board as part of this work.

Vibration equipment has been installed in four private homes in the neighbouring area to control the impact on the surroundings. All houses in the area have been inspected for future monitoring of any formation of cracks. A certified chimney sweep has pressure-tested the chimneys in use in the area. This enables the company to effectively follow up and take action against any negative impact on the area close by.

Residual mining products are returned to the mine, which avoids any lasting impact on the countryside. These residual mining products are used to stabilise the stopes in the mine.

A sedimentation plant manages the natural inflow of water into the mine, which is approximately 10 litres per minute. The company has an IT-based chemical system where all of the chemicals that are present in its facilities are registered as well as the quantities in which they occur. Dannemora Mineral has developed a programme for self-monitoring noise, vibration, dust and water. All measures under the monitoring programme have been implemented and reported to the county administrative board. The company is also a member of a water committee, which is an association of representatives from industry, the Swedish Environment Protection Agency and private individuals, with the aim of protecting the water environment in the area.

There is a new approach road to the industrial area and this takes heavy traffic away from the local community and the residents. The collaboration between the Swedish Transport Administration, the municipality and the company to renovate the railway line from Dannemora to the port of Hargshamn has resulted in all iron ore being transported on this route, avoiding heavy iron ore transport on public roads.

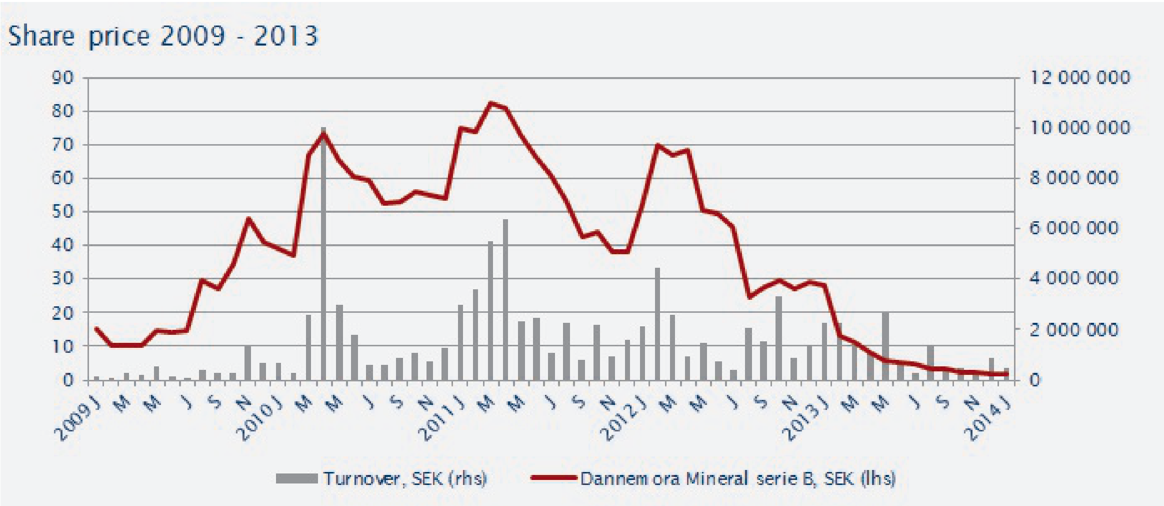
It has always been the intention of the company to move crushing below the ground, but this process has had to be delayed for financial reasons. The temporary solution of crushing above the ground has been in place longer than stated in the original permit. The county administrative board has granted the company an extension to the end of 2015. The operations have had some negative effects on the surrounding environment in the form of dust and noise. The company works continually to find solutions that reduce these problems, including watering, tented roofs and walls, and noise reduction. Noise both inside and close to the site is monitored continually to ensure that the maximum values are not exceeded.

ENERGY CONSUMPTION

Mining and processing iron ore in Dannemora expend considerable amounts of energy. In order to minimise the environmental impact and reduce energy costs, a focused programme to create energy-efficient solutions is in progress. The company is committed to improving the competitiveness of its iron ore operations and minimising its environmental impact by rationalising the use of energy in its mining and processing work. The choice of transport is also important. Dannemora mostly transports its products by rail and by ship. When it transports its products by ship, it is in areas where shipping is regulated; this also means that sulphur emissions are regulated. Rationalisation of the use of energy is an ongoing process which must be pursued systematically based on technical and scientifically sound principles and taking into account economic and environmental factors. The energy that is used in Dannemora must always be environmentally-certified.

The Share

Dannemora Mineral AB's class B shares have been listed on First North since 25 May 2007. At 30 December 2013, the share was quoted at SEK 1.73, which was a decline of 94 percent since the beginning of the year. The highest closing price in 2013 was SEK 38.60 (8 January) and the lowest was SEK 1.05 (9 December). 49.7 (11.4) million shares were traded in 2013. This corresponds to a turnover rate of 147 (75) percent based on the average number of class B shares during the year. The total value of shares traded was SEK 297.5 million, compared with SEK 461.6 million the previous year.



Dannemora Mineral's class B shares have been listed on Oslo Axess since 17 June 2010. Turnover on Oslo Axess is low and only a small number of transactions were conducted in 2013. The low turnover is explained by the low number of shares registered in the Norwegian Central Securities Depository system (VPS). At the beginning of 2013, the number of registered shares was 232,164 while at the end of the year, the number was just 218,366.

ANALYSES

Swedbank First Securities regularly publishes analyses of Dannemora Mineral.

SHARE CAPITAL

Dannemora Mineral's total share capital at 31 December 2013 was SEK 5,529,744, divided into 1,200,000 class A shares and 33,360,900 class B shares. Each share has a par value of SEK 0.16. Class A shares carry 10 votes per share, while B shares carry one vote per share. All shares carry equal entitlement to a share of the company's assets and earnings. The Company's share capital must not be less than SEK 4,800,000 and must not exceed SEK 19,200,000. This corresponds to a minimum of 30,000,000 and a maximum of 120,000,000 shares.

New share issue April 2013

An extraordinary general meeting on 13 March 2013 adopted a new issue of B shares, with preferential rights for existing shareholders to subscribe for new B shares in relation to the number of shares (both A and B shares) they hold on the record date. One (1) subscription right will be allotted for each A or B share. Four (4) subscription rights entitle the holder to subscribe for five (5) new B shares at a subscription price of SEK 11.00 per B share. The rights issue has increased the Company's share capital by SEK 3,072,080 and the number of shares by 19,200,500 B shares.

Shareholder structure	Number of shareholders	Number of A shares	Number of B shares	Holding (%)
1 - 500	2,679		545,516	1.6
501 - 1 000	880		742,151	2.1
1001 - 5 000	1,539		3,847,510	11.1
5 001 - 10 000	358		2,816,144	8.1
10 001 - 15 000	117		1,452,863	4.2
15 001 -20 000	89		1,623,581	4.7
20 001 -	201	1,200,000	22,333,135	68.1
TOTAL	**5,863**	**1,200,000**	**33,360,900**	**100.0**

Convertible bonds

A private placement of convertible bonds was conducted in November 2012. The issue targeted a small number of investors. In total, 3.4 million convertible bonds were subscribed for, each with a nominal value of SEK 40.00. The convertible bonds expire on 30 November 2015 and carry an annual interest rate of 11.75 percent. The conversion price is SEK 40.00. Upon full conversion, Dannemora will issue 3,400,000 class B shares. The newly issued shares will increase share capital by SEK 544,000 and constitute 9 percent of the equity and 7 percent of votes based on the number of shares outstanding as per 31 December 2013.

NUMBER OF SHAREHOLDERS

The number of shareholders at 31 December 2013 was 5,863 (5,445). The table below shows the ownership structure of Dannemora Mineral at 31 December 2013, based on an extract from Euroclear and VPS.

Name	Number of A shares	Number of B shares	Share of capital, %	Share of voice (%)
Lennart Falk, own and via family	600,000	411,750	2.9	14.1
Nils Bernhard	600,000		1.7	13.2
Försäkringsaktiebolaget Avanza Pension		2,206,342	6.4	4.9
Pohjola Bank Plc Client A/C		2,081,720	6.0	4.6
JP Morgan Bank		1,470,014	4.3	3.2
Per-Uno Sandberg		1,001,250	2.9	2.2
Euroclear Bank S.A/N.V		891,490	2.6	2.0
Aktiebolaget Tristan Förvaltning		651,630	1.9	1.4
Nordnet Pensionförsäkring AB		635,143	1.8	1.4
Robur Försäkring		569,294	1.6	1.3
Invus Investment AB		497,050	1.4	1.1
Mikaros AB		464,000	1.3	1.0
Mikaros Invest AB		449,244	1.3	1.0
Tamt AB		374,650	1.1	0.8
Veritas		289,145	0.8	0.6
Johan Markensten		226,419	0.7	0.5
Åke Huss AB		225,000	0.7	0.5
Anders Söderstedt		222,127	0.6	0.5
VPS Kunder DnB Bank		218,366	0.6	0.5
Netfonds ASA		218,134	0.6	0.5
Övriga		*20,258,132*	*58.6*	*44.7*
TOTALT	**1,200,000**	**33,360,900**	**100.0**	**100.0**

5 year summary

SEK thousands	2013-01-01 - 2013-12-31	2012-01-01 - 2012-12-31	2011-01-01 - 2011-12-31	2010-01-01 - 2010-12-31	2009-01-01 - 2009-12-31
INCOME STATEMENT					
Net sales	475,666	137,293	3,131	44,863	5,957
Operating expenses	-748,819	-365,603	-56,128	-96,801	-30,022
Net financial items	-127,511	-12,527	-65,163	999	652
Profit/loss after financial items	-400,664	-240,837	-118,160	-50,939	-23,413
Income taxes	-	-18	-16	-	-
PROFIT/LOSS FOR THE YEAR	**-400,664**	**-240,855**	**-118,176**	**-50,939**	**-23,413**
BALANCE SHEET					
Intangible assets	36,985	42,238	42,322	38,166	34,073
Property, plant and equipment	1,108,329	1,124,734	625,639	146,428	105,388
Financial assets	3,998	2,324	2,123	2,121	2,131
Inventories	31,018	20,242	8,130	-	-
Current receivables	37,921	34,897	30,322	20,631	1,730
Cash & cash equivalents	22,664	152,049	628,836	212,134	62,641
TOTAL ASSETS	**1,240,915**	**1,376,484**	**1,337,372**	**419,480**	**205,963**
EQUITY AND LIABILITIES					
Equity	60,185	273,719	406,210	379,687	184,945
Non-current liabilities	954,389	941,929	800,039	13,000	13,242
Trade payables	76,769	89,242	69,833	17,909	3,470
Other current liabilities	149,572	71,594	61,290	8,884	4,306
TOTAL EQUITY AND LIABILITIES	**1,240,915**	**1,376,484**	**1,337,372**	**419,480**	**205,963**
CASH FLOW STATEMENT					
Cash flow from operating activities	-212,587	-262,698	-22,901	-61,387	-30,732
Cash flow from investing activities	-102,705	-439,008	-430,261	-32,608	-52,934
Cash flow from financing activities	187,130	230,625	859,739	245,681	-
TOTAL CASH FLOW	**-128,162**	**-471,081**	**406,577**	**151,686**	**-83,666**

Key ratios

	2013-01-01 - 2013-12-31	2012-01-01 - 2012-12-31	2011-01-01 - 2011-12-31	2010-01-01 - 2010-12-31	2009-01-01 - 2009-12-31
KEY RATIOS					
EBITDA	-154,896	-194,586	-49,916	-50,808	-23,567
EBITDA adjusted for extraordinary costs	-129,074	-194,586	-49,916	-50,808	-23,567
Profit/loss after financial items, SEK thousands	-400,664	-240,837	-118,160	-50,939	-23,413
Return on total assets, %	-20.7	-12.9	-3.8	-16.3	-10.5
Return on equity, %	-240.0	-70.8	-30.1	-18.0	-11.9
Equity, SEK thousands	60,185	273,719	406,210	379,687	184,945
Equity/assets ratio, %	4.9	19.9	30.4	90.5	89.8
Cash & cash equivalents, SEK thousands	22,664	152,049	628,836	212,134	62,641
Gross investments in intangible assets, SEK thousands	478	2,575	6,668	4,688	3,720
Gross investments in property, plant & equipment. SEK thousands	88,525	433,164	479,781	41,575	49,509
Gross investments in financial assets, SEK thousands	1	1	2	-	-
Outstanding shares on reporting date before full dilution (thousands)	34,560.9	15,360.4	13,860.4	11,860.4	7,760.0
Outstanding shares on reporting date after full dilution (thousands)	37,960.9	18,760.4	14,049.4	12,049.4	7,949.0
Average number of shares before full dilution, thousands	34,560.9	14,935.4	13,393.7	10,701.8	7,760.0
Average number of shares after full dilution, thousands	37,960.9	15,387.2	13,582.7	10,890.8	7,949.0
Earnings per share before and after dilution, SEK	-14.07	-16.13	-8.82	-4.76	-3.02
Equity per share, SEK	1.74	17.82	29.31	32.01	23.83
Share price, SEK	1.73	29.00	38.40	54.00	41.00
Average number of employees	96	63	20	14	13

DEFINITIONS OF KEY RATIOS

EBITDA	Earnings before interest, taxes, depreciation and amortisation.
Return on total assets:	Profit/loss after financial items plus finance costs as a % of average total assets.
Return on equity:	Profit/loss after financial items as a % of average equity.
Equity:	Equity at year-end.
Equity/assets ratio:	Equity in % of total assets.
Outstanding shares on reporting date before full dilution:	Number of shares at year-end.
Outstanding shares on reporting date after full dilution:	Number of shares at year-end adjusted by the number of shares that can be subscribed for under outstanding incentive schemes and convertible bonds.
Average number of shares before full dilution:	Average number of shares during the financial year.
Average number of shares after full dilution:	Average number of shares during the financial year adjusted by the number of shares that can be subscribed for under outstanding incentive schemes and convertible bonds.
Earnings per share before and after dilution:	Profit/loss after financial items divided by the average number of shares before full dilution. As the dilution improves earnings per share, EPS after dilution is the same as before dilution.
Equity per share:	Equity at year-end divided by outstanding shares before full dilution. Equity at year-end divided by outstanding shares before full dilution.
Share price:	Share price at year-end.
Average number of employees:	Average number of employees during the year converted to full-time equivalents.

Administration Report

The Board and CEO of Dannemora Mineral AB (publ), reg. no. 556678-3329, herewith submit the annual report for the financial year 1 January - 31 December 2013.

Operations in 2013

Dannemora Mineral AB is a mining and exploration company whose goal is to operate and develop the Dannemora iron ore mine, and to do so with good long-term profitability and under environmentally sustainable conditions. The Dannemora Mineral Group comprises the parent company Dannemora Mineral AB and its wholly-owned subsidiaries Dannemora Magnetit AB, which is responsible for operations at the Dannemora mine and the Group's exploration activities, and Dannemora Förvaltnings AB, which is responsible for the property portfolio. The Group also includes the dormant company Dannemora Iron Ore Development AB. Dannemora Mineral AB's class B shares are listed on OMX First North Stockholm and Oslo Axess.

GENERAL

This financial year was characterised by liquidity problems, major operational improvements and a strong and rising demand for the company's products.

Dannemora has worked extensively in collaboration with the holders of the company's senior bonds to secure substantial long-term financing that will allow the investments required for good and sustainable profitability. Since September the company has been dependent on concessions from its lenders on interest payments and other loan conditions. The company's suppliers have helped the company to carry on its business without any disruptions, for example by giving the company favourable supplier credit. It was not possible to conclude the financing work during the financial year and in December the company was granted a bridging loan, enabling it to work hard on finding long-term financing. However, this was not enough to solve the company's need for liquidity, so the company applied for reconstruction in May 2014. The application was approved and the reconstruction process will initially be carried out over the three-month period following the approval, i.e. until 13 August 2014, with a possible extension for a further three months.

During the year many changes were developed and installed, reducing costs considerably, increasing production and improving recovery. The efficiency measures had a major impact on the company's liquidity in the second half of the year and thereby on the prospects of finding a long-term financing solution.

PRODUCTION OF CRUDE ORE AND FINISHED PRODUCTS

Production of crude ore in 2013 amounted to 2,662 thousand tonnes, an increase of 183 percent from 2012. Operations in the mine continued to be developed and streamlined, particularly towards the end of the year. Improved mining planning meant that crude ore of an even and predictable quality was delivered to the sorting plant.

The sorting plant managed these high volumes without any problems, while capacity utilisation was high. The investment that was made in June focused primarily on increasing recovery; however, it also meant that waste could be separated earlier in the process, with the throughput at the sorting plant increasing by five percent. The recovery level gradually improved and stabilised over the year. In the first quarter it stood at an average of 30 percent with major variations, while in the fourth quarter it had gone up to a stable level of around 44 percent.

When Dannemora submitted its application for an environmental permit, it stated that, after an introductory phase, its crushing would take place below the ground. The County Administrative Board ordered Dannemora Magnetit to stop crushing above the ground by 31 December 2015 or be fined SEK 20 million.

Production	Jan-Mar 2013	Apr-Jun 2013	Jul-Sep 2013	Okt-Dec 2013	Full-year 2013	Full-year 2012
Produced crude or, mine (kt)	564	643	721	734	2,662	939
ROM crude or, sorting plant (kt)	564	578	710	704	2,556	887
ROM crude or, sorting plant (Fe %)	33	32	34	35	33	32
Outcome of finished product (kt)	171	196	274	308	949	271
Recovery of finished product, plant (wt %)	30	34	39	44	37	31
Finished product shipped to customers (kt)	189	158	274	315	936	233

MARKET AND SALES

The price development of iron ore in 2013 started with a peak at the beginning of the year, followed by a strong decline, reaching its lowest level in May. It then remained stable at around USD 130 per tonne. The highest price of USD 160 per tonne was reported on 20 February, while the lowest was on 31 May at USD 109 per tonne. At the end of the year the price was USD 135 per tonne. The pricing of Dannemora Mineral's products has changed slightly; in the past its prices were mostly based on the world market price four months previously, whereas now they are generally based on the world market prices from the previous month.

Demand for the company's products from its customers was strong throughout the year, while capacity utilisation was very high at times. Arcelor Mittal joined the list of customers in 2013. 62 boats filled with 936 (233) thousand tonnes of finished products left the port of Hargshamn during the year. The company's products are now well-known in the European market, and the quality and delivery reliability correspond to the requirements set by major European steel companies.

In April the new train unloading unit was opened at the port. The unit can empty six wagons at the same time quickly and effectively and is essential for the company to ship the higher production volumes that it plans.

EXPLORATION

The result of the updated mineral reserve for the Dannemora iron ore mine for 2013 was a reduction of 4.9 million tonnes to 29.1 (34.0) million tonnes. The iron content is 34.2 (34.5) percent. The entire mineral reserve is classified as probable.

The main reasons for the reduction in the reserve were that 2.6 million tonnes were mined in 2013 and a cut-off of 30 percent Fe has been put in place between 2013 and the end of 2015. This means that areas in the mine with grades of between 20 and 30 percent Fe have been left and will continue to be left for the time being. After 2015 a cut-off level of 20 percent Fe will be reintroduced.

The mineral reserve was calculated by Dannemora Magnetit's geology and planning staff under the supervision of Thomas Lindholm, GeoVista AB, who is an independent consultant and Qualified Person.

As of 31 December 2013 Dannemora Mineral had seven granted exploration permits with a total area of 4,228 hectares and one exploitation concession of 176.8 hectares.

In 2013 the development of the company's existing operations was prioritised over the exploration work. Mine exploration was limited in 2013 and must be increased in the near future. Provided that the financing is received, there is a plan to start increasing the exploration drillings in new, interesting parts of the Dannemora mine's exploitation concession in the second half of 2014.

SUSTAINABLE DEVELOPMENT

Dannemora conducts activities subject to permit under the Swedish Environmental Code. The main factors that have an impact on the environment are landscape changes resulting from mining, emissions to water and air from ore processing, dust, noise, vibrations and operational energy consumption. Dannemora Mineral's overall policy is to ensure safe, environmentally friendly and profitable development of the company's operations by constantly improving the work and external environments, energy consumption, HR policy and product quality. A total quality approach permeates all activities, including the company's health, safety and environment initiatives.

EMPLOYEES

The average number of employees during the year was 96 (63), of whom 28 (20) were women. At the end of the year, the number of employees was 105, of whom 26 were women.

PROPERTY MANAGEMENT

In addition to industrial property, the subsidiary Dannemora Förvaltnings also owns and manages 13 multi-family houses. The occupancy rate during the year was high.

Financial performance

NET SALES AND EARNINGS

Net sales for the financial year amounted to SEK 475.7 (137.3) million. This was mainly attributable to iron ore product sales of SEK 472.4 (134.2) million, while rental income accounted for the remainder. Profit/loss after net financial items during the year amounted to SEK -400.7 (-240.8) million. Net financial items for the year were SEK -127.5 (-12.5) million, including a loan revaluation of SEK 0.9 (48.9) million and interest expenses of SEK -113.7 (-98.4) million.

During the year the Group's operating results developed in a positive direction. This is reflected in the following table for operating profit/loss before depreciation/amortisation.

MSEK	Jan-Mar	Apr-Jun	Jul-Sep	Okt-Dec
Operating profit/loss before depreciation/amortisation	-78.6	-52.0	-27.0	2.7

INVESTMENTS

Investments during the year amounted to SEK 89.0 (435.7) million. These were distributed as follows: work in progress SEK 86.1 (428.7) million, plant & machinery SEK 2.5 (4.1) million, exploration & evaluation SEK 0.3 (0.1) million, licences SEK 0.1 (2.4) million, and land and buildings SEK 0.0 (0.4) million.

At the beginning of the year additional, but less extensive investments were planned to increase recovery. The option of adding an additional processing stage (stage two) was also studied. The first investment was estimated to increase recovery by at least 3 percentage units. When adding the second stage, this increase was estimated to be 10-15 percentage units. In June the first step of the investments was installed in the current plant and the results exceeded expectations.

Full-scale tests and evaluations were carried out for the second investment stage. These ended in the third quarter. They showed that the improvements in recovery would probably not be good enough to guarantee the improvement in profitability that the company would need with its own cash flow to finance the subsequent investment in a wet stage in the process. This meant that the company had to bring forward the investment in a wet stage and carry out a larger, joint investment programme.

An independent technical assessment of Dannemora Iron Ore Mine, moving crushing from above the ground to below the ground, and the planned investment in a wet stage were carried out alongside work to find a long-term financing solution. The assessment made in these reports is that the company's plans and the calculated results for them are realistic. Both of the reports are available on Dannemora's website, www.dannemoramineral.se.

LIQUIDITY

The Group's cash & cash equivalents at the end of the year were SEK 22.7 (152.0) million, while the parent company's cash & cash equivalents ended the year on SEK 4.2 (72.7) million.

Cash flow from operating activities during the financial year amounted to SEK -212.6 (-262.7) million. Cash flow from investing activities was SEK -102.7 (-439.0) million and cash flow from financing activities was SEK 187.1 (230.6) million, which meant that cash flow for the year ended on SEK -128.2 (-471.1) million. Cash flow from financing activities related to the new share issue.

Cash flow from the extraordinary costs of the financing work accounted for SEK -31.1 (-) million of the cash flow for the year. Cash flow from operating activities adjusted for these costs amounted to SEK -181.5 (-262.7) million.

FINANCING

The Group's interest-bearing liabilities amounted to SEK 991.9 (917.9) million as at 31 December 2013, of which SEK 781.0 (781.9) million, corresponding to USD 120 (120) million, relates to the bond; SEK 136.0 (136.0) million relates to the convertible bond; and SEK 13 (-) million relates to property loans. Past-due interest relating to the bond and convertible bonds is classified under current interest-bearing liabilities, and amounted to USD 7.1 (-) million as at 31 December 2013, corresponding to SEK 45.9 (-) million, and SEK 16.0 (-) million respectively.

At an extraordinary general meeting held on 21 January 2013, it was decided to amend the conditions of the outstanding convertible bonds approved at the EGM on 13 November 2012. The amendment involves the introduction of a provision allowing recalculation of the conversion rate, which will be appropriate for private placements in certain cases. The proposed amendment, which was adopted with a minor change proposed by the Board, is in line with international standards on convertibles.

An extraordinary general meeting on 13 March approved the Board's proposal to conduct a fully guaranteed rights of issue of up to SEK 211 million before issue costs. The issue is fully covered by subscription undertakings and guarantee commitments. Four existing A or B shares entitled the holder to subscribe for five new B shares at a rate of SEK 11.

The reason for this issue was that production in 2012 was lower than expected; this was mostly due to recovery in the sorting plant being lower than expected. This, coupled with the unfavourable dollar, had a negative impact on the Group's liquidity. The issue also intended to cover the investments required to increase recovery. Once the investments were carried out, the company was expected to be able to finance its operations and continue investing with its own cash flow.

In the spring the recovery figures continued to vary, falling below the expected level. This resulted in the company being forced to abandon its target of a positive EBITDA result in the second quarter. The effect of the first phase of the investments, which was carried out in June, was better than expected. However, the loss at the end of 2012 and the first half of 2013 meant that liquidity was severely strained. In June negotiations were started with the company's lenders and the company was granted a temporary waiver from interest payments, as well as waivers from some of the covenants in its bond agreement in October.

Full-scale tests carried out in the late summer showed that the planned second stage of the investment programme would not be effective enough by itself. A combination solution with a wet stage was needed to achieve the recovery levels that the company required to ensure long-term sustainable profitability. The company therefore decided on a joint, larger investment package in October. Throughout the autumn the company worked on finding a long-term financing solution, a work that is still underway, see Events after the end of the period.

On 3 October Dannemora Mineral received a waiver from two covenants in the bond agreement. This included the interest payment of approximately USD 7 million (SEK 45.9 million) as of 22 September 2013 and the agreement covenant regarding a minimum cash liquidity requirement of SEK 50 million. Holders of about 90 percent of the convertible loan approved the deferral of the interest payment of approximately SEK 16 million that was due on 30 November 2013.

On 30 December, the majority of the senior bondholders agreed on terms for bridge financing in the form of a super senior bond issue of SEK 21 million. The bridge financing finances the Dannemora Group's working capital requirement while it continues to explore long-term financing solutions. Some of this money was given on 9 January and the due date of the loan was originally 19 February 2014. The due date has since been extended, which is reported under Events after the end of the period.

EQUITY

At the end of the financial year the Group's equity amounted to SEK 60.2 (273.7) million, corresponding to SEK 1.74 (17.82) per share. The equity ratio was SEK 4.9 (19.9) million.

FUTURE PROSPECTS

The company's operational activities developed extremely well in the second half of 2013 and this has continued to be in the case in 2014. However, the need for financing remains. Throughout the autumn of 2013 and in the first half of 2014, the company and its advisors have worked extensively to acquire the capital needed to implement the investment programme, including moving crushing below the ground, and to cover the company's short-term need for working capital until the investments produce the expected increase in cash flow and profitability. The lenders have granted a deferral of the interest payments on the long-term loans.

The scale of the investment programme is a major challenge and work on finding a financing solution could not be completed in time to avoid the company reconstruction process, which is currently underway. The company hopes and aims to solve the company's short-term and long-term financing needs during the three-month reconstruction period.

The production of finished products achieved an annual rate of approximately 1.2 million tonnes. Agreements have been entered into for virtually the entire production volumes expected in 2014 and the price received by the company relative to the reference price has improved for 2014. Work continues on reviewing the costs and opportunities to improve efficiency and productivity.

Risks and uncertainties

The company is currently undergoing a company reconstruction process as its current financing is insufficient and continued operations are not possible without the injection of further capital. Since August 2013 the company has actively tried to find new financing in the markets for equity and debt. Since September it has been possible to continue the company's daily operations only because the creditors granted deferrals of the interest payments and by the bridge financing of SEK 21 million, which was granted late in December. The operating activities were rationalised and developed to a significant extent in the second half of the year. These activities are effective and function well within the technical limitations, which can only be addressed through investments.

There are uncertainties as to whether the company can secure sufficient financing, but the Board believes that sufficient financing can be raised and that this work can be completed during the reconstruction period that runs until 13 August 2014, with a possible extension for a further three months.

Other general risks are reported below.

IRON ORE PRICES AND EXCHANGE RATES

Developments in the world economy, particularly in global industrial production, affect iron ore demand and prices. Iron ore prices are quoted daily in different marketplaces and are always traded in US dollars. Dannemora's revenues are essentially in dollars, but the reporting currency is the Swedish krona. Consequently, changes in iron ore prices and the dollar exchange rate have a significant impact on Dannemora's earnings trend. Dannemora does not hedge iron ore prices or US dollars; instead, changes in market prices are reflected directly in earnings.

CUSTOMERS

Dannemora Mineral's customers are primarily steel companies in Europe, which in turn sell to the global automotive, construction and electronics industries. Long-term contracts with industrial customers increase predictability in terms of sales and pricing conditions and sales stability. When selling to the majority of its customers, Dannemora obtains a price in line with the relevant market price, but with a lag of a few months. To increase sales stability, Dannemora focuses on long-term cooperation with financially sound customers and works to deepen customer relationships through flexibility, customised solutions and a high level of service.

ENERGY PRICES

Mining is energy-intensive. As production increases, energy will represent a major part of Dannemora's costs, which means that changes in energy prices may have a significant impact on the Company's profitability. Energy price development is difficult to predict in both the short and long term. In order to reduce the Company's energy needs, Dannemora is continuously working on energy efficiency measures.

PERMITS AND LICENCES

Mining activity is regulated by a number of provisions in mining and environmental legislation and requires the granting of permits by the authorities. Exploration permits, which confer the right to explore and conduct sampling of certain mineral deposits, are often given for specific periods and can be extended in certain circumstances. Dannemora is engaged in continuous open and constructive dialogue with the relevant authorities and works to minimise delays and costs.

STOPPAGES

Mining operations consist of a series of continuous processes, and unplanned stoppages can affect production and financial performance. The operations are also affected by periodic scheduled shutdowns for tuning and maintenance of equipment. If the planned maintenance does not progress according to schedule, this may have an adverse effect on Dannemora's business. The length of a stoppage may be affected by a number of factors beyond the Company's control.

PRODUCTION COSTS

A variety of factors could cause the mine production and ore processing to be more expensive than the Company anticipated. The properties of the rock may make the costs of mining and processing the ore higher than expected. If the content and recovery differ from expectations, the processing and mineral dressing become more expensive.

ESTIMATES OF MINERAL RESOURCES AND MINERAL RESERVE

Estimates of mineral resources and the mineral reserve are based on factors such as diamond drilling results and modelling.

The mineral reserve may change in the future due to changes in production costs, processes or product prices, which may mean that the future mineral reserve is lower than previously estimated.

EXPLORATION

Apart from the Dannemora mine, the Company has a number of additional permits for exploration of deposits. Exploration is a capital-intensive activity associated with high risk, particularly in relation to projects at an early stage. It is not a foregone conclusion that Dannemora will achieve commercialisation in most of the Company's project areas.

SUPPLIERS

Dannemora Mineral is largely dependent on suppliers and third parties for certain supplies, services, access to equipment, machinery and contracts. If delivery or completion of such services is delayed or impaired, Dannemora's operations are adversely affected.

ENVIRONMENTAL IMPACTS

Dannemora handles natural resources and physical material flows. This results in environmental impacts, which take the form of emissions to air and pollution of water. Mining operations typically cause a major physical intervention in nature and landscape. The Dannemora mine conducts activities subject to permit requirements and is regulated by comprehensive legislation. In addition, Dannemora has its own environmental goals and policies.

WORKING ENVIRONMENT

All mining operations require a high level of safety. Serious accidents leading to personal injury, handling of explosives and chemicals, prolonged exposure to dust and noise are examples of working environment problems that could result in an erosion of confidence in the Company, production standstills and payment of damages. Alongside its investments in equipment and machinery, Dannemora works on safety training with regard to attitudes, practices and behaviour.

SKILLS SUPPLY

Dannemora's operations require specific expertise in mining and geology, which places high demands on the Company to be an attractive employer and ensure good planning in skills supply.

FINANCIAL RISKS

Financial risks are described in note 3, see Financial reports.

Corporate Governance

Dannemora Mineral AB is a Swedish public limited company that is listed on NASDAQ OMX First North. In 2010, the Board of Dannemora Mineral decided to report the company's corporate governance in accordance with the Swedish Code of Corporate Governance (the Code). At the AGM of 30 May 2013, the meeting adopted the rules for appointing the nomination committee. A nomination committee has not been appointed at the time of this annual report, because of the negotiations with the company's lenders on long-term financing that have been underway since the autumn of 2013 and the uncertainty that this has caused on the future ownership of the company. The company therefore reports a derogation from Section 2.1 of the Code. There are no other derogations from the Code.

The corporate governance report has been reviewed by the company's auditors. Their opinions are an integral part of the audit report.

SHAREHOLDERS

Dannemora Mineral's share has been listed on NASDAQ OMX First North since 25 May 2007 and on Oslo Axess since 17 June 2010. Dannemora Mineral's total share capital as at 31 December 2013 was SEK 5,529,744, divided into 1,200,000 class A shares and 33,360,900 class B shares. Each share has a par value of SEK 0.16. Class A shares carry ten votes per share, while B shares carry one vote per share. The number of shareholders as at 31 December 2013 was 5,863 (5,445). For more information on the share and shareholders, refer to the pages in the section on the Dannemora Share in the chapter on Operations and on Dannemora Mineral's website.

ANNUAL GENERAL MEETING

The Annual General Meeting must be held no later than six months following the end of the financial year. The shareholders who are registered in the share register and who have given notice of their participation in time are entitled to take part in the meeting. The 2013 Annual General Meeting was held on 30 May in Stockholm. At the meeting there were approximately 30 shareholders, together representing 30 percent of the votes in the company. Decisions were made on the following items:

- The adoption of the statement of comprehensive income and the statement of financial position for 2012 and on discharging the Board and the CEO of liability.
- The re-election of Lennart Falk, Christer Lindberg and Stefan Månsson, and the election of Åke Roos and Michael Rosenlew. Lennart Falk was elected as Chair of the Board. Nils Bernhard, Nils Sandstedt, Robert Eek and Jarmo Tonteri left the Board.
- A fee of SEK 300,000 is paid to the Chair of the Board; SEK 150,000 is paid to each of the other members who are elected by the AGM but are not employed by the company; and a further SEK 300,000 is given to the Board to use for the fee for the Deputy Chair and for committee work.
- Audit fees are paid on approved account.
- Guidelines for the remuneration of key management personnel.
- Guidelines for the appointment of the nomination committee and its work.
- Amendment to the share capital boundaries to a minimum of SEK 4,800,000 and a maximum of SEK 19,20,000; and the number of shares to a minimum of 30,000,000 and a maximum of 120,000,000.
- Mandate for the Board to to issue shares for payment in cash and/or or in kind or by set-off in order to enable company acquisitions and for company operations.

The minutes from the Annual General Meeting are available on Dannmora Mineral's website.

Nomination process

The AGM decides on principles for the appointment of the nomination committee and its work. In accordance with the nomination committee instructions adopted by the Annual General Meeting, the committee must consist of one representative from each of the four largest shareholders (in votes) and the Chair, who acts as the convener. If the Chair is one of the four principal shareholders, the nomination committee shall consist of a representative from each of the five largest shareholders (in votes), including the Chair.

The nomination committee prepares recommendations on the following for the Annual General Meeting:

- Recommendation for the election of the Chair of the AGM
- Recommendation for the election of Board Members
- Recommendation for the election of the Chair of the Board
- Recommendation for the fees for the Board, distributed between the Chair and the other members, and remuneration for committee work
- Recommendation for auditor fees
- Recommendation for the principles for the nomination process for the 2014 AGM

A nomination committee has still not been appointed, because of the negotiations with the company's lenders on long-term financing that have been underway since the autumn of 2013 and the uncertainty that this has caused on the future ownership of the company.

THE BOARD OF DIRECTORS AND ITS WORK

Composition of the Board

The Board of Directors of Dannemora must consist of not less than three and not more than seven members in accordance with its articles of association. The Board Members are appointed for a maximum of one year at a time. From May until 5 July 2013 the Board of Dannemora Mineral comprised five members. On 5 July 2013 Stefan Månsson resigned and on 22 October Michael Rosenlew resigned. The Board of Directors then had three members. Two Board Members are independent of the company, the company management team and the company's major shareholders; two Board Members are independent of the major shareholders/stakeholders.

Rules of procedure

The work of the Board is governed by the rules of procedure that are established annually. The Board supervises the work of the CEO by continually monitoring the business activities. The Board monitors that the company's organisation and management are appropriately structured and that internal control is adequate. The Board sets strategies and goals, takes decisions on major investments, acquisitions and divestments of operations and assets. The Board also appoints the company's CEO and sets the salary and other remuneration of the CEO.

The Chair directs the work of the Board and is responsible for it being well-organised and efficiently performed. This includes the ongoing monitoring of the company's operations through dialogue with the CEO and responsibility for making sure that other Board Members receive information and supporting documentation that ensure high-quality discussions, as well as adequate supporting documentation for Board decisions The Chair leads the evaluation of the work of the Board and the CEO and represents the company in ownership issues.

According to the current rules of procedure, the Board must meet on four planned occasions during the financial year, after the inaugural Board meeting following the AGM.

The Board's work in 2013

In 2013 the Board held 6 regular meetings and 19 extraordinary meetings.

The Board's attendance:

Name	Independent company/major owner	Meetings attended	Fee decided at the AGM, SEK*	Holding, number of shares, 31 Dec -13
Lennart Falk	No/No	23/25	300,000	600,000 A
				411,750 B
Christer Lindberg	Yes/Yes	25/25	150,000	26,000 B
Åke Roos	Yes/Yes	18/19	150,000	Inga
Michael Rosenlew	Yes/Yes	13/13	150,000	914,594 B
Stefan Månsson	Yes/Yes	6/11	150,000	None
Nils Bernhard	Yes/No	6/6	300,000	600,000 A
Nils Sandstedt	Yes/Yes	6/6	200,000	180,000 B
Robert Eek	Yes/Yes	6/6	100,000	None
Jarmo Tonteri	Yes/Yes	4/6	100,000	None

*Board fees are paid monthly in arrears. Members who resigned early did not receive the full fee that was determined at the AGM.

Meetings and business in 2013

February	1 regular Board meeting (year-end report 2012), 2 extraordinary Board meetings
March	1 extraordinary Board meeting
April	1 regular Board meeting (interim report Q1), 1 extraordinary Board meeting
May	1 regular Board meeting (inaugural)
June	4 extraordinary Board meetings
July	3 extraordinary Board meetings
August	1 regular Board meeting (interim report Q2)
September	3 extraordinary Board meetings
October	1 regular Board meeting (interim report Q3), 2 extraordinary Board meetings
November	2 extraordinary Board meetings
December	1 regular Board meeting (budget 2014), 1 extraordinary Board meeting

Evaluation of the Board's work

Extraordinary Board meetings from February to April dealt with issues on the new issue that was implemented in the spring. At the extraordinary Board meetings from June to December, the issues were about the company's future investment needs, long-term financing and the bridge financing received in December.

The Chair of the Board is responsible for evaluating the work of the Board. This evaluation is carried out on an annual basis. This assessment focuses on, for example, the the Board's working method, the number of meetings and its efficiency, preparation time, specific knowledge available, and the opportunities for individual Board members to influence the work of the Board. The nomination committee is given the results, which form part of the work to prepare recommendations for Board members.

Auditor

Dannemora Mineral's auditor is Öhrlings PricewaterhouseCoopers AB (PwC). The Chief Auditor is the authorised public accountant, Annika Wedin. At the AGM in 2013 PwC was selected for a period of one year.

CEO AND MANAGEMENT TEAM

The management team in Dannemora Mineral comprises the CEO and Group President, the CFO, the MD of the subsidiary Dannemora Magnetit, the Market Manager, and the HR and Information Manager.

The Board has adopted instructions for the CEO, which clarify the responsibilities and authority of the CEO. According to these instructions, the CEO must provide the Board with supporting documentation so that it can make well-founded decisions, as well as supporting documentation so that it can follow the operations over the year. The CEO must make the decisions required for developing the company's operations within the framework of the Swedish Companies' Act, the business plan, the budget and the CEO Instructions adopted by the Board, as well as the other guidelines and instructions given by the Board.

Remuneration for the Board and the key management personnel

The CEO and other key management personnel only receive fixed pay. No termination benefits have been agreed over and above the normal period of notice of six months. Salaries and remuneration for the 2013 financial year are reported in note 8. Key management personnel covered by the proposal comprise the CEO and other members of Group management. Remuneration for the executive management includes four main components:

a. Basic salary
b. Pension conditions
c. Annual variable pay
d. Other benefits

Basic salary

The fixed salary, which is individual and differentiated on the basis of the individual's responsibility and performance, is determined according to market principles and is reviewed on an annual basis.

Variable pay

There must also be an opportunity to receive variable pay. This will be conditional on the individuals meeting annually defined targets relating to the company's results and measurable goals in the individual's area of responsibility. Variable pay shall amount to a maximum of 30 percent of the fixed annual salary. In 2013 no variable pay was agreed for the members of the Group Management Team. The Group Management Team's other benefits must correspond to what is considered reasonable in the context of market practice.

Pension conditions

The pension conditions include a defined plan for premium provisions based on the entire basic salary.

Termination benefits

The period of notice is a maximum of six months. No termination benefits are paid on termination of employment.

The Board are entitled to derogate from the guidelines adopted by the AGM in an individual case if there are special reasons to do so.

Remuneration to the Group Management Team

SEK thousand	Basic salary	Variable remuneration	Other benefits	Pension expenses	Total 2013	Total 2012
CEO*	1,078	-	22	291	1,391	2,633
Group management	4,023	-	46	606	4,675	5,090

* CEO refers to the period 16 June-31 December. Between 1 January and 15 June the CEO received remuneration pursuant to the consultancy agreement, totalling SEK 1,957 thousand.

Remuneration to the Board in 2013

In 2013 the fee that was determined for the Board amounted to SEK 1,200 thousand, distributed among the Board as set out in the table below. The AGM in 2013 decided that the fee for the Chair of the Board would be SEK 300 thousand per year, while the other Board members who are not employed by the company would receive SEK 150 thousand per member per year. The AGM also decided to give the Board SEK 300 thousand which it uses to pay the fee for the Deputy Chair, for committee work and for other work. The Board decided that this should be distributed as follows: SEK 50 thousand to the Deputy Chair (Christer Lindberg), SEK 50 thousand to the Board member Åke Roos, and SEK 200 thousand to the Board member Christer Lindberg.

SEK	2013	2012
Total fees decided	1,200,000	1,500,000
Chair of the Board	300,000	300,000
Deputy chair	200,000	200,000
Board member	150,000	100,000
Specific work	250,000	500,000

The fee for the Board does not include Board assignments in subsidiaries.

Fees to auditors

The remuneration to Dannemora Mineral's auditors is paid on approved account. In 2013 remuneration of SEK 0.6 million was paid to Öhrlings PricewaterhouseCoopers AB.

FINANCIAL REPORTING AND MONITORING

The Board endeavours to provide correct, reliable and up-to-date financial information in accordance with the applicable legislation, stock exchange rules, and any other regulations at any given time. The Board of Dannemora Mineral has adopted an information policy in accordance with the requirements for information policies set out in the issuer rules from NASDAQ OMX First North. This policy applies to the Board and the Group Management Team. The financial information is published regularly in the form of interim reports and annual reports, as well as press releases about news and significant events that may affect the share price.

INTERNAL CONTROLS

The Board has overall responsibility for ensuring Dannemora Mineral has effective internal controls. The CEO is responsible for ensuring there are good internal controls and formalised procedures which guarantee that external financial reporting is reliable and conducted in accordance with generally accepted accounting principles, applicable laws and other requirements for listed companies.

The company has a simple legal and operational structure in which the Board continually monitors the company's internal controls in connection with external and internal financial reporting. Consequently, the Board has chosen not to establish a special function for internal control.

The finance function at the parent company is responsible for risk analysis with regard to financial reporting and, in this context, carries out regular control activities for the purpose of managing known risks and identifying and correcting any errors in the financial reporting.

Events after the end of the period

On 9 January the company received SEK 21 million, the first payment from its bridge financing. This was used to finance the Group's need for short-term working capital. The due date for the bridge financing was originally 19 February, but this has gradually been extended. The condition for the bridge financing that stated that the lease agreements for some of the machinery should be transferred from Dannemora Mineral to its subsidiary Dannemora Magnetit could not be met, as the lessor did not give its approval for the transfer. Despite this, the bond holders approved the continued payments, even though there were grounds for termination, and the second payment was made on 19 March.

On 31 January the County Administrative Board decided to amend its injunction to move crushing below the ground. The time to complete this was extended to 31 December 2015.

On 26 March Dannemora Mineral received a temporary waiver from the interest payment of USD 7.05 million as of 22 March, and an extension of the waiver that it had previously received for the interest payment that should have been made on 22 September 2013 and the minimum cash liquidity requirement of SEK 50 million in accordance with the covenant of the bond loan. This waiver has gradually been extended.

An update of the mineral reserve was reported in April, showing a reduction in the tonnage from 34.0 million tonnes to 29.1 million tonnes.

The interim report for the first quarter of 2014 was published on 28 April 2014 and showed higher net sales, better EBITDA and cash flow, as well as higher production and increased average recovery, while the financial situation continued to be very strained.

In April the plans were published to issue a new bond with the accompanying warrants. However, these plans were shelved as the company did not obtain sufficient commitments to the bond loan. The company therefore decided to continue discussions with with its investors about alternative solutions.

In May Dannemora Mineral applied for reconstruction from the Uppsala District Court, as the company's work to reach a long-term financing solution could not be completed in time to avoid a liquidity shortfall. This application was approved and the company is undergoing reconstruction until August 2014.

Proposed distribution of earnings

The Board proposes to the annual general meeting that no dividend be paid for the 2013 financial year.

The following amounts are at the disposal of the annual general meeting (amounts in SEK)

Share premium reserve	923,183,831
Retained earnings	-584,631,318
Profit/loss for the year	-149,319,442
	189,233,072

The Board proposes that the profit of SEK 189,233,072 be carried forward.

The Board and CEO confirm that the consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and provide a true and fair view of the Group's financial performance and position.The Parent Company's annual financial statements have been prepared in accordance with generally accepted accounting principles in Sweden and provide a true and fair view of the Company's financial performance and position.

The Board of Directors' report for the Group and Parent Company provides a true and fair view of the development of their operations, financial position and performance, and describes material risks and uncertainties to which the Parent Company and its subsidiaries are exposed.

The income statements and balance sheets for the Parent Company and Group will be submitted to the annual general meeting 2014.

Dannemora, 4 June 2014

Lennart Falk

Chairman of the Board

Christer Lindberg

Deputy Chairman

Åke Roos

Ralf Nordén

President and CEO

Our audit report was submitted on 4 June 2014 and deviates from the standard form as it containes emphasis of matter.

Öhrlings PricewaterhouseCoopers AB

Annika Wedin

Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of Dannemora Mineral AB (publ), corporate identity number 556678-3329

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Dannemora Mineral AB (publ) AB for the year 2013. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 27-77.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Emphasis of Matter

Without qualifying our opinion above, we draw attention to the section Risk and uncertainties on page 31 in the annual report, which shows that the company is currently undergoing a company reorganisation process and continued operations are not possible without the injection of further capital. It also shows there is uncertainty about the company's possibility to secure sufficient financing, but the Board believes that sufficient financing can be raised and that this work can be completed during the reorganisation period that runs until 13 August 2014.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Dannemora Mineral AB (publ) AB for the year 2013.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Gävle 4 June 2014

Öhrlings PricewaterhouseCoopers AB

Annika Wedin

Authorized Public Accountant

Consolidated report of comprehensive income - Group

Tkr	Note	2013	2012
Net sales	5	475,666	137,293
Changes in inventories	20	10,776	12,112
Other external costs	7, 9	-570,164	-295,568
Personnel expenses	8	-71,174	-48,423
Depreciation, amortisation and impairment of assets	15, 16	-118,257	-33,724
OPERATING PROFIT/LOSS		**-273,153**	**-228,310**
Finance income	10	2,695	53,155
Finance costs	10	-130,206	-65,682
Net financial items		**-127,511**	**-12,527**
PROFIT/LOSS BEFORE TAX		**-400,664**	**-240,837**
Income tax	12	-	-18
PROFIT/LOSS FOR THE YEAR		**-400,664**	**-240,855**
Other comprehensive income			
Items not to be reversed in the income statement		-	-
Items to be reversed later in the income statement		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-400,664**	**-240,855**
Profit/loss for the year and total comprehensive income attributable to:			
Owners of the parent		-400,664	-240,855
Earnings per share, besed on profit/loss attributable to owners of the Parent during the year (in SEK)			
Earnings per share before and after full dilution	13	-14.07	-16.13

Consolidated statement of financial position - Group

SEK thousands	Note	31 Dec 13	31 Dec 12
ASSETS			
Non-current assets			
Intangible assets	15		
Exploration and evaluation assets, Dannemora		32,228	34,999
Other exploration and evaluation assets		1,271	3,486
Licences		3,486	3,753
Total intangible assets		36,985	42,238
Property, plant and equipment	16		
Land and buildings		672,767	432,973
Plant and machinery		277,415	328,294
Equipment, tools and fixtures & fittings		15,165	9,828
Work in progress		142,982	353,639
Total property, plant & equipment		1,108,329	1,124,734
Financial assets	17	3,998	2,324
Total financial assets		3,998	2,324
Total non-current assets		**1,149,312**	**1,169,296**
Current assets			
Inventories	20	31,018	20,242
Trade receivables	21	16,505	8,071
Other receivables	22	12,124	16,434
Prepayments and accrued income	23	9,292	10,392
Cash & cash equivalents	24	22,664	152,049
Total current assets		**91,603**	**207,188**
TOTAL ASSETS		**1,240,915**	**1,376,484**

SEK thousands	Note	31 Dec 13	31 Dec 12
EQUITY			
Equity attributable to owners of Parent	25		
Share capital		5,530	2,458
Other paid-in capital		924,261	740,203
Retained earnings, incl. Comprehensive income from the year		-869,606	-468,942
TOTAL EQUITY		**60,185**	**273,719**
LIABILITIES			
Non-current liabilities			
Borrowings	27	954,389	941,929
Total non-current liabilities		**954,389**	**941,929**
Current liabilities			
Trade payables		76,769	89,242
Other liabilities	29	17,001	28,573
Other provisions	28	242	242
Accruals and deferred income	30	132,329	42,779
Total current liabilities		**226,341**	**160,836**
TOTAL EQUITY AND LIABILITIES		**1,240,915**	**1,376,484**

Consolidated statement of changes in equity - Group

		Attributable to owners of Parent			
SEK thousands	Note	Share capital	Other paid-in capital	Retained earnings	Total equity
OPENING BALANCE, 1 JAN 2012		2,218	632,111	-228,087	406,242
Comprehensive income					
Profit/loss for the year				-240,855	-240,855
Total comprehensive income		**-**	**-**	**-240,855**	**-240,855**
Owner transactions					
Private placement	25	240	103,260		103,500
Issue expenses	25		-4,766		-4,766
Convertible loan, option portion	25		9,598		9,598
Total owner transactions		**240**	**108,092**	**-**	**108,332**
CLOSING BALANCE, 31 DEC 2012		**2,458**	**740,203**	**-468,942**	**273,719**
OPENING BALANCE, 1 JAN 2013		2,458	740,203	-468,942	273,719
Comprehensive income					
Profit/loss for the year				-400,664	-400,664
Total comprehensive income		**-**	**-**	**-400,664**	**-400,664**
Owner transactions					
Private placement	25	3,072	208,133		211,205
Issue expenses	25		-24,075		-24,075
Total owner transactions		**3,072**	**184,058**	**-**	**187,130**
CLOSING BALANCE, 31 DEC 2013		**5,530**	**924,261**	**-869,606**	**60,185**

Consolidated cash flow statement - Group

SEK thousands	Note	2013	2012
Operating activities			
Operating profit/loss before financial items		-273,153	-228,310
Depreciation of property, plant & equipment	16	115,770	33,697
Impairment of intangible assets	15	2,486	27
Interest received		766	4,888
Interest paid		-57,918	-99,305
Other non-cash items		-	-4
Cash flow from operating activities		-212,049	-289,007
Cash flow from changes in working capital			
Increase/decrease in inventories		-10,776	-12,112
Increase/decrease in current receivables		-3,024	-4,603
Increase/decrease in trade payables		-12,473	47,999
Increase/decrease in othe current liabilities		25,735	-4,975
Total changes in working capital		-538	26,309
Cash flow from operating activities		**-212,587**	**-262,698**
Investing activities			
Investments in intangible asses		-479	-3,019
Investments in property, plant & equipment		-100,552	-435,788
Changes investments in financial assets		-1,674	-201
Cash flow from investing activities		**-102,705**	**-439,008**
Financing activities			
Privat placement		187,130	98,735
Proceeds from borrowings		-	131,890
Cash flow from financing activities		**187,130**	**230,625**
CASH FLOW FOR THE YEAR		**-128,162**	**-471,081**
Cash & cash equivalents at beginning of year		152,049	628,836
Exchange differences		-1,223	-5,706
Cash & cash equivalents at end of year		22,664	152,049

Income statement - Parent

SEK thousands	Note	2013	2012
Net sales	5, 6	27,822	19,834
Other external costs	7, 9	-54,960	-29,711
Personnel expenses	8	-14,230	-13,002
Depreciation, amortisation and impairment of assets	15, 16	-4,301	-1,812
OPERATING PROFIT/LOSS		**-45,669**	**-24,691**
Other interest and similar income	11	28,498	63,825
Interest and similar expense	11	-132,148	-106,255
Net financial items		**-103,650**	**-42,430**
PROFIT/LOSS AFTER FINANCIAL ITEMS		**-149,319**	**-67,121**
Tax on profit/loss for the year	12	-	-
PROFIT/LOSS FOR THE YEAR		**-149,319**	**-67,121**
STATEMENT OF COMPREHENSIVE INCOME, PARENT			
Other comprehensive income for the year, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-149,319**	**-67,121**

Balance sheet - Parent

SEK thousands	Note	31 Dec 13	31 Dec 12
ASSETS			
Non-current assets			
Intangible assets			
Capitalised expenditure on exploration and evaluation assets	15	16,376	19,817
Licences	15	2,909	3,262
Total intangible assets		19,285	23,079
Property, plant & equipment			
Plant and machinery	16	35	54
Equipment, tools and fixtures & fittings	16	100	258
Total property, plant & equipment		135	312
Financial assets			
Shares in Group companies	18	245,726	300
Other non-current receivables	17	125	124
Total financial assets		245,851	424
Total non-current assets		**265,271**	**23,815**
Current assets			
Current receivables			
Receivables from Group companies	22	903,098	963,574
Other receivables	22	290	166
Prepayments and accrued income	23	15,787	19,010
Total current receivables		919,175	982,750
Cash & cash equivalents	24	4,159	72,662
Total current assets		**923,334**	**1,055,412**
TOTAL ASSETS		**1,188,605**	**1,079,227**

SEK thousands	Note	31 Dec 13	31 Dec 12
EQUITY, PROVISIONS AND LIABILITIES			
Equity			
Restricted equity			
Share capital		5,530	2,458
Statutory reserve		1,078	1,078
Total restricted equity		6,608	3,536
Unrestricted equity			
Share premium reserve		923,184	739,125
Retained earnings		-584,632	-517,511
Profit/loss for the year		-149,319	-67,121
Total unrestricted equity		189,233	154,493
Total equity		195,841	158,029
Non-current liabilities			
Borrowing	27	892,398	881,190
Total non-current liabilities		892,398	881,190
Current liabilities			
Trade payables		3,033	9,105
Liabilities to Group companies	29	95	93
Other liabilities	29	1,804	1,690
Accruals and deffered income	30	95,434	29,120
Total current liabilities		100,366	40,008
TOTAL EQUITY, PROVISIONS AND LIABILITIES		**1,188,605**	**1,079,227**
Pledged assets	31	250,658	4,088
Contingent liabilities	32	13,000	13,000

Statement pf changes in equity - Parent

	Restricted equity		Unrestricted equity			
SEK thousands	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
OPENING BALANCE, 1 JAN 2012	2,218	1,078	631,033	-156,533	-156,201	321,595
Distribution of earnings as adopted by the annual general meeting						
Carried forward				-156,201	156,201	0
Private placement	240		103,260			103,500
Issue expenses			-4,766			-4,766
Group contributions paid				-204,777		-204,777
Convertible loan, option portion			9,598			9,598
Profit/loss for the year					-67,121	-67,121
CLOSING BALANCE, 31 DEC 2012	**2,458**	**1,078**	**739,125**	**-517,511**	**-67,121**	**158,029**
OPENING BALANCE, 1 JAN 2013	2,458	1,078	739,125	-517,511	-67,121	158,029
Distribution of earnings as adopted by the annual general meeting						
Carried forward				-67,121	67,121	0
Private placement	3,072		208,133			211,205
Issue expenses			-24,074			-24,074
Profit/loss for the year					-149,319	-149,319
CLOSING BALANCE, 31 DEC 2013	**5,530**	**1,078**	**923,184**	**-584,632**	**-149,319**	**195,841**

Cash flow statement - parent

SEK thousands	Note	2013	2012
Operating activities			
Operating profit/loss before financial items		-45,669	-24,691
Depreciation of property, plant & equipment	16	1,815	1,804
Impairment of intangible assets	15	2,486	8
Dividend received		-	1
Interest received		26,569	3,511
Interest paid		-54,892	-97,652
Other non-cash items		-	77
Cash flow from operating activities before changes in working capital		-69,691	-116,942
Cash flow from changes in working capital			
Increase/decrease in current receivables		63,575	-271,966
Increase/decrease in trade payables		-6,072	7,233
Increase/decrease in othe current liabilities		2,236	1,839
Total changes in working capital		59,739	-262,894
Cash flow from operating activities		**-9,952**	**-379,836**
Investing activities			
Investments in intangible asses		-330	-2,437
Investments in property, plant & equipment		-	-68
Changes investments in financial assets		-245,768	3,858
Cash flow from investing activities		**-246,098**	**1,353**
Financing activities			
Privat placement		187,130	98,735
Proceeds from borrowings		-	131,890
Group contributions received/paid		-	-204,777
Cash flow from financing activities		**187,130**	**25,848**
CASH FLOW FOR THE YEAR		**-68,920**	**-352,635**
Cash & cash equivalents at beginning of year		72,662	429,748
Exchange differences		417	-4,451
Cash & cash equivalents at end of year		4,159	72,662

Note 1 - General information

Dannemora Mineral AB is a mining and exploration company of which the primary activity is mining operations in the Dannemora iron ore mine. The Company also aims to engage in exploration activities to increase the iron ore base locally and regionally.

Dannemora Mineral Group comprises the Parent Company Dannemora Mineral AB and the wholly-owned subsidiaries Dannemora Magnetit AB, which is responsible for operation of the Dannemora mine, and Dannemora Förvaltnings AB, which is responsible for the property portfolio. Until the end of 2008, the Group's exploration activities were conducted in the wholly-owned subsidiary Dannemora Iron Ore Development AB. The company has been dormant with effect since then.

The Parent Company is a Swedish public limited liability company with its registered office in the municipality of Östhammar. The visiting address of the Head Office is Svärdvägen 13,182 33 Danderyd.

On 4 June 2014, the Board approved the consolidated annual financial statements and Parent Company's annual financial statements for publication.

All amounts are reported in SEK thousands unless otherwise stated. Information in parentheses relates to the previous year.

Note 2 - Summary of the Group's significant accounting and measurement principles

BASIS OF PREPARATION

Dannemora Mineral AB Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act.

The consolidated annual financial statements have been prepared in accordance with the cost method. The most important accounting policies applied in preparing the consolidated financial statements are described below. These policies have been applied consistently for all presented years unless otherwise stated.

The Parent Company's annual financial statements have been prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. A description of cases where the Parent Company applies different accounting policies from those applied by the Group can be found at the end of this note.

Preparation of reports in accordance with IFRS requires use of a number of significant accounting estimates. In addition, management is required to make certain judgements when applying the Group's accounting policies. Information about areas which are complex or involve a high proportion of assumptions and estimates, or areas where accounting estimates are of key significance to the consolidated financial statements, can be found in Note 4.

None of the IFRS or IFRIC interpretations that are mandatory for financial periods beginning on or after 1 January 2013 has had a significant impact on the Group. During preparation of the consolidated annual financial statements at 31 December 2013, there were a number of standards, amendments and interpretations of existing standards which had not yet come into force.

Dannemora Mineral decided against early application of these standards, amendments and interpretations. Here follows a preliminary assessment of the effects of the standards considered relevant to Dannemora Mineral:

- IFRS 9 "Financial instruments " deals with the classification, measurement and recognition of financial assets and liabilities. IFRS 9 was issued in November 2009 for financial assets and in October 2010 for financial liabilities and supersedes the parts of IAS 39 related to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two categories: measurement at fair value and measurement at amortised cost. Classification is determined at initial recognition based on the Company's business model and the characteristics of contractual cash flows. For financial liabilities, there are no major changes compared with IAS 39. The biggest change relates to liabilities that are designated at fair value. For these liabilities, the portion of the fair value change that is attributable to an entity's own credit risk shall be recognised in other comprehensive income rather than profit or loss, unless this causes an accounting mismatch. The Group has not yet evaluated its effects. The Group will evaluate the effects of the remaining phases of IFRS 9 when they are completed by the IASB.
- IFRS 12 "Disclosure of interests in other entities" includes disclosure requirements for subsidiaries, associates, joint arrangements and unconsolidated structured entities. The Group intends to apply IFRS 12 for the financial year starting 1 January 2014 and has not yet evaluated its full impact on the financial statements.

None of the other IFRS or IFRIC interpretations not yet in force, is expected to have a material impact on the Group.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the Parent Company and all companies over which it has direct or

indirect control. Control is the power to govern the financial and operating policies of an enterprise, normally by owning more than 50 percent of the shares or votes. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.
The Group's acquisitions of subsidiaries are accounted for in accordance with the acquisition method. The purchase consideration for the acquisition of a subsidiary comprises the fair value of the assets acquired, liabilities assumed and shares issued by the Group. It also includes the fair value of all assets or liabilities under a contingent consideration arrangement. Acquisition-related costs are recognised as an expense when incurred. Identifiable acquired assets and assumed liabilities in a business acquisition are measured initially at their fair value on the acquisition date. The Group decides, on an acquisition-by-acquisition basis, whether to measure the non-controlling interest in the entity acquired at fair value or at the non-controlling interest's proportionate share of the net assets of the entity acquired.
Goodwill is measured as the difference between: a. the aggregate of the purchase consideration transferred, the amount of any NCI and the acquisition-date fair value of the previously-held equity interest; and b. the fair value of the identifiable assets acquired and liabilities assumed. If the difference above is negative, the resulting gain is recognised as a bargain purchase in the statement of comprehensive income.
Intra-group transactions and balances, and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated, although these are often an indication of impairment. The accounting policies for subsidiaries have been amended where necessary, in order to ensure consistent application of the Group's policies.

SEGMENT REPORTING

Dannemora Mineral is mainly active in one operating segment, namely the production and processing of iron ore products. Consequently, Dannemora Mineral's identified operating segment is the same as the reporting to the Board for the Group as a whole.

FOREIGN CURRENCY TRANSLATION

Functional currency and reporting currency

The Swedish krona (SEK) is the functional currency and reporting currency of the Group's companies.

Transactions and balance sheet items

Transactions in foreign currency are translated into the functional currency according to the exchange rates prevailing at the date of the transaction. Exchange gains and losses arising on settlement of these transactions and on translation of foreign currency trade receivables and payables using the closing rate are recognised in operating profit/loss in the income statement. Exchange gains and losses arising from loans and cash & cash equivalents are recognised in the income statement under finance income and finance costs.

INTANGIBLE ASSETS

Capitalised expenditure on exploration and evaluation assets

Expenditure on exploration for and evaluation of mineral resources is accounted for in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources. Exploration and evaluation assets are measured at cost, and expenses relate to all expenditure directly attributable to those activities.
Capitalised exploration and evaluation expenses include expenditure on geological and technical studies, exploratory drilling and laboratory analyses. From the start of commercial mining operations, capitalised development expenditure attributable to the Dannemora mine is reported in accordance with IAS 38 Intangible Assets. Amortisation of development expenditure attributable to the Dannemora mine has been applied from April 2012, as commercial operation started, and is applied over the life of the mine, which at the reporting date was estimated at 11 years, and is based on the amount of ore produced in relation to the amount remaining to be mined. There is no amortisation of exploration and evaluation assets that have not been taken into commercial operation.
Impairment losses on exploration and evaluation assets are recognised when facts and circumstances indicate that the carrying amount of the assets may exceed their recoverable amount. Impairment losses are recognised in the income statement.

Licences

Licences acquired separately are reported at cost. The item licences in the balance sheet includes licence fees and implementation costs for business, maintenance and payroll systems. Licences have a finite useful life and are recognised at cost. Since their implementation in April 2012, they are recognised at cost less accumulated amortisation.
Amortisation is applied on a straight-line basis over their estimated useful life, which is 10 years.

PROPERTY, PLANT & EQUIPMENT

Items of property, plant & equipment are recognised at cost less depreciation, apart from work in progress for which depreciation has not yet commenced. Cost includes expenses directly attributable to the acquisition of an asset. Work in progress comprises expenditure on ramp placement, shaft work and other plant & equipment investments.
Subsequent expenditure is added to the asset's carrying amount or reported as a separate asset (whichever is more suitable) only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced component is derecognised. All other types of repair and maintenance are recognised as an expense in the income statement in the period in which they arise.
Land is not depreciated. Depreciation of building inventories and construction directly attributable to the mine, such as underground ramps and the sorting plant building, has been applied from April 2012, as commercial operation started, and is applied over the life of the mine, which at the reporting date was estimated at 11 years, and is based on the amount of ore produced in relation to the amount remaining to be mined. Other assets are systematically depreciated down to the estimated residual value over their estimated useful life. Depreciation is applied on a straight-line basis as follows:

Computers: 3 years
Plant and machinery: 5-10 years
Equipment, tools and fixture & fittings: 5 years
Buildings: 10-50 years

The residual values and useful lives of the assets are reviewed on each reporting date and adjusted as required. If an asset's carrying amount exceeds its estimated recoverable amount, an impairment loss is recognised and the asset's carrying amount is written down to its estimated recoverable amount.
Gains and losses on the disposal of assets are determined by comparing sales income and the carrying amount, and are reported under other operating income or other external costs in the income statement. The Group did not report any gains on disposal of assets in 2013 or 2012.

IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT

Items of property, plant & equipment are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For impairment testing, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash generating units). Impairment losses are recognised in the income statement. Items of property, plant & equipment for which impairment losses have previously been recognised are tested for possible reversal of impairment at the end of each reporting period.

INVENTORIES

Products in progress consist of direct production costs for the production of crude ore and are measured at cost. Finished products are measured at the production cost including a reasonable proportion of indirect costs of production. The spare parts inventory is valued using the first-in-first-out method at the lower of cost and fair value at the reporting date.

FINANCIAL INSTRUMENTS

The Group classifies its financial assets and liabilities in the following categories: loans and receivables and other financial liabilities. The classification depends on the purpose for which the financial asset or liability was acquired.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets unless the settlement date is more than 12 months after the balance sheet date, in which case they are classified as non-current assets. Loans and receivables are reported in the balance sheet under trade receivables, other receivables and financial assets. This category also includes cash & cash equivalents. The Group assesses at each reporting date whether there is any objective evidence that a financial asset may be impaired. Impairment of trade receivables is reported in the income statement under Other external costs.

Other financial liabilities

Other financial liabilities relate to the bond issue and the convertible loan, which are classified as non-current liabilities in the balance sheet, financial leases, including both the non-current and current portion, trade payables and other current liabilities that are financial liabilities. Other financial liabilities do not include prepaid liabilities.

General principles

Purchases and sales of financial assets and liabilities are recognised on the trade date (the commitment date). Initial recognition of financial assets and liabilities is at fair value plus transaction costs. Financial assets are derecognised when the right to receive cash flows from the instruments has expired or been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the contractual obligation has been settled or extinguished in some other way.
Loans and receivables and other financial assets are recognised after the acquisition date at amortised cost using the effective interest method.

TRADE RECEIVABLES

Trade receivables are amounts to be paid by customers for iron ore deliveries and renting houses, leasehold property and other premises in the Company's current operations. If payment is expected within one year, they are classified as current assets. The normal operating cycle is less than one year.
Trade receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

CASH & CASH EQUIVALENTS

In the balance sheet as well as in the cash flow statement, cash & cash equivalents include cash and demand deposits. On the closing date there are no short-term investments included in cash and cash equivalents.

SHARE CAPITAL

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are recognised in other paid-in capital, net of tax, as a deduction from the issue proceeds.

TRADE PAYABLES

Trade payables are undertakings to pay for costs and capitalised expenditure. They are classified as current liabilities if they are due for settlement within one year. The normal operating cycle is less than one year. Trade payables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

BORROWING

Borrowing is initially recognised at fair value, net of transaction costs. Borrowing costs are subsequently measured at amortised cost, and any difference between the amount received (net of transaction costs) and the repayment amount is recognised in profit or loss over the term of the loan using the effective interest method. Borrowing in the form of convertible bonds is initially recognised at the fair value of a similar liability that does not carry a right of conversion into shares. The equity portion is initially recognised as the difference between the fair value of the compound financial instrument and the value of the liability portion. Any directly attributable transaction costs are allocated to the liability and equity portions in proportion to their initial carrying amounts. After the date of acquisition, the liability portion is measured at amortised cost using the effective interest method. The equity component is not remeasured after the date of acquisition apart from during conversion or redemption.

BORROWING COSTS

Borrowing costs are capitalised as part of the cost of qualifying assets. The mine is a qualifying asset which necessarily takes a substantial time to be prepared for its intended use. Capitalisation of interest expenses ceased on 30 June 2013 when all the activities required to prepare the asset for its intended use were essentially completed. From 1 July all borrowing costs are recognised as an expense when incurred.

CURRENT AND DEFERRED TAX

Tax expense for the period consists of current tax and deferred tax. Tax is recognised in the income statement,unless it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax effect is also recognised in other comprehensive income or equity. Current tax expense is calculated on the basis of the tax rules that have been enacted or substantively enacted by the reporting date.
Deferred tax is accounted for using the balance-sheet liability method. Adeferred tax liability is recognised for temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. However, a saction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit or loss is not recognised. Deferred tax is measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.
Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the

temporary differences can be utilised.

EMPLOYEE BENEFITS

Retirement benefit obligations

Dannemora Mineral's pension plans are all defined contribution plans. For these pension plans, Dannemora Mineral pays contributions into publicly or privately managed pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no additional payment obligations once the contributions have been paid. The contributions are recognised as personnel expenses when they are due for payment. Prepaid contributions are recognised as an asset to the extent that cash repayment or a reduction in future payments may benefit the Group.

PROVISIONS

Provisions for restoration measures, restructuring costs and legal requirements are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
Provisions are measured at the present value of the amount that is expected to be required to settle the obligation. A pre-tax discount rate is used that reflects current market assessments of the time value of money and the risks specific to the asset. An increase in a provision due to the passing of time is recognised under interest costs.
Dannemora Mineral's provisions consist of estimated costs of land restoration. Provisions are not recognised for future operating losses.

REVENUE RECOGNITION

The Group's principal business is the mining industry. In 2013, net sales were largely deliveries of iron ore products, and were reported in the subsidiary Dannemora Magnetit. Sales of iron ore products are recognised, in accordance with the terms of sale, when the risk has been transferred to the customer.
Exchange gains and losses on operating receivables are reported as other external costs. A small portion of sales in the Group consists of rental income from houses, leasehold property and premises in Dannemora, which is reported in the subsidiary Dannemora Förvaltnings AB. This income is recognis in the income statement on a straight-line basis over the rental or lease term, and net of VAT. Interest income is recognized as revenue over the lease term using the effective interest rate method.

LEASES

A lease is classified as an operating lease when it does not transfer substantially all the risks and rewards incidental to ownership. Lease payments (less any incentives from the lessor) are recognised as an expense in the income statement on a straight-line basis over the lease term.
The Group leases certain items of property, plant and equipment. As these leases transfer to the Group substantially all the risks and rewards incident to ownership of the asset, they are classified as finance leases. Assets held under finance leases are recognised at their fair value at the inception of the lease, or, if lower, at the present value of the minimum lease payments.
Lease payments are apportioned between reduction of the lease obligation and finance charges. The corresponding payment obligations, net of finance costs, are reported as long-term borrowing and short-term borrowing. The finance charge should be allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets held under finance leases are depreciated over the asset's useful life when there is reasonable certainty that the Group will obtain ownership by the end of the lease term.

DIVIDENDS

Dividends to the Parent Company's shareholders are recognised as a liability in the consolidated accounts for the period in which the dividend is adopted by the Parent Company's shareholders. The Board will not propose a dividend to the 2014 annual general meeting.

ACCOUNTING POLICIES - PARENT

The Parent Company applies RFR 2 Accounting for Legal Entities.

Income statement and balance sheet presentation

The income statement and balance sheet follow the presentation defined in the Swedish Annual Accounts Act. The main differences from the consolidated financial statements relate to finance income and expense, provisions and the statement of changes in equity.

Shares in subsidiaries

Shares in subsidiaries are recognised at cost less any impairment losses. If there is an indication that shares in a subsidiary may be impaired, the recoverable amount is calculated. If it is lower than the carrying amount, an impairment loss is recognised. Impairment losses are reported under Profit/loss from investments in Group companies.

Borrowing costs

All borrowing costs are recognised as an expense when incurred.

Classification and measurement of financial instruments

IAS 39 Financial Instruments: Recognition and Measurement is applied, apart from financial guarantees, for which the Group has used the exemption allowed under RFR 2. Financial guarantees are reported under Contingent liabilities.

Group contributions and shareholder contributions

Group contributions received and paid are recognised in equity until the end of 2012. Group contributions received and paid will be reported as an appropriation from 2013. No group contributions have been made during 2013.

Shareholder contributions are recognised directly in shareholders' equity of the recipient and reported as an increase under Shares in Group companies of the contributor.

Note 3 - Financial risk management

FINANCIAL RISK FACTORS

In the course of its operations, the Group is exposed to various financial risks. These comprise market risk (including currency, price and interest rate risk),credit risk and liquidity risk.
The risk management policies are common to all the Group's entities. Consequently, the description in this note also applies to the Parent Company. Risk management is handled by the Parent Company's finance department according to the policies defined by the Board.

Market risk

(i) Currency risk
There are no foreign subsidiaries in the Group. The Group operates internationally and is exposed to currency risk arising from various currency exposures, in particular the US dollar. Currency risk arises from future commercial transactions, as all iron ore sales are conducted in US dollars, and from reported liabilities in the form of a bond issue of USD 120 million. At the closing date, the loan was valued at SEK 781,008 (781,872) thousand less capitalised transaction costs. See Note 27. A 5 percent decline or increase in the US dollar rate would reduce or increase the liability by SEK 39,050 thousand. In order to reduce foreign exchange risk arising from repayment and interest charges relating to the bond issue, the Group will gradually build up U.S. dollar assets from the revenue generated from mining activities.
Exchange gains and losses recognised in the income statement are presented in Note 10 and are largely associated with the bond issue of USD 120 million. The Group's bank accounts in US dollars are revalued monthly at the closing rate.

(ii) Interest rate risk
The Group does not have any significant interest-bearing financial assets. See Note 17. At 31 December 2013, the Group has three interest-bearing financial liabilities in the form of a bond issue of USD 120 (120) million and a convertible loan of SEK 136 (136) million, and a loan for the purchase of real property of 13 (-). See Note 27. The bond issue and the convertible loan carry a fixed coupon rate of 11.75 percent and mature in March 2016 and November 2015, respectively. The loan for the purchase of real property carries an interest rate of 2.5 percent and mature in December 2015. The Group's earnings and cash flow from operations are essentially independent of changes in market interest rates. For a specification of the Group's interest income and expenses, see Note 11.

(iii) Price risk
The Group is exposed to price risk in respect of its sales of iron ore. Pricing of fines is strongly linked to the spot prices on Platts IODEX FE 62 percent CFR China (Qingdao). Lump prices are not as strongly linked and are to some extent dependent on price movements for pellets in Europe.
Pricing in Dannemora Mineral's products has changed from mainly being based on previous quarter's global market price, to previous month's market price. In addition, the final price is governed by shipping development and product value, which is based on the ore's composition and content (manganese, phosphorus, sulphur etc.).
Consequently, price risk is not for the most part something over which the Group has control, as most of the price adjustments are based on external conditions. The large negotiable items for customers are therefore the product value and how that

relates to their total cost. Customers evaluate suppliers based on total cost picture for delivery of the material, combined with the added value that the products creates from their use.

Credit risk

Credit risk or counterparty risk is the risk that a counterparty in a financial transaction will fail to discharge its obligations. Credit risk is managed at Group level and is associated with bank deposits (including restricted bank deposits) and trade receivables. To protect its trade receivables, Dannemora makes it a priority to secure long-term customer relationships with well established clients in the steel industry. In 2013, the five largest customers accounted for 95 (98) percent of the Group's sales. The Group has not had any major customer losses in the last five years. See Note 21 for trade receivables and doubtful debts.
Under Dannemora Mineral's investment policy, short-term investments may only be made in the securities of issuers who have been awarded a high credit rating in a rating system. There were no derogations from the investment policy during 2013. See Note 17 for information about the Group's financial assets. The Group has not had any losses in short-term investments over the last five years.

Liquidity risk

Liquidity risk is the risk that the Group will lack the funds to settle its financial liabilities. Liquidity risk is managed by adopting a prudent approach and ensuring the Group always has sufficient cash and cash equivalents. This is done by means of rolling liquidity forecasts prepared by the finance department.
At 31 December 2013, the Group's cash & cash equivalents stood at SEK 22 664 (152,049) thousand. The Group does not have any credit facilities. The table below analyses the Group's financial liabilities by the remaining term to maturity after the reporting date. The amounts shown in the table are the contractual undiscounted cash flows.

At 31 December 2013	Within 1 year	1-5 years	After 5 years
Long-term borrowing rate	108,073	127,390	-
Repayment of long-term loans	-	930,008	-
Trade payables and other current liabilities	81,319	-	-
Finance leases	12,451	48,991	-
Operating leases	540	-	-

At 31 December 2012	Within 1 year	1-5 years	After 5 years
Long-term borrowing rate	107,470	232,967	-
Repayment of long-term loans	-	917,872	-
Repayment of short-term loans	13,000	-	-
Trade payables and other current liabilities	106,088	-	-
Finance leases	11,727	60,740	-
Operating leases	492	-	-

Borrowing relates to a bond issue of USD 120 million, a convertible loan of SEK 136 million and a loan of SEK 13 million for the purchase of real estate carrying an interest rate of 2.5 percent from 1 January 2013. The bond loan is due for full repayment in March 2016, and has call options after two, three or four years at prices of 106, 104 and 102. In the table above, it has been assumed that the loan will be repaid in full in March 2016. The convertible loan will be repaid in full in November 2015, as assumed in the table above, unless it is converted before then. The loan for the purchase of real property will be repaid in full in December 2015.

CAPITAL RISK MANAGEMENT

The Group's goal regarding capital structure is to safeguard its capacity to operate as a going concern and maintain an optimal capital structure in order to reduce the cost of capital.
Total capital is reported as equity in the consolidated balance sheet, and amounted to SEK 60,185 (273,719) thousand at 31 December 2013.

MEASUREMENT OF FAIR VALUE

The carrying amount (after any impairment) of trade receivables and payables is the same as their fair value, as these items have short settlement periods. The fair value of non-current financial liabilities is measured, for disclosure purposes, as the quoted market price in an active market. In the absence of a quoted market price, the fair value is calculated by discounting future cash flows to the market interest rates available to the Group for similar financial instruments. The Group does not have any financial instruments measured at fair value in the statement of financial position.

Note 4 - Significant accounting estimates

Accounting estimates and assessments are evaluated regularly. They are largely based on historical experience and other factors, including expectations about future events which are considered reasonable in the present circumstances.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes judgements and assumptions concerning the future. These result in accounting estimates, which, by definition, rarely correspond with the actual outcome. Estimates and assumptions which involve considerable risk of material adjustments to the carrying amounts of assets and liabilities during the next financial year are described below.

Impairment testing of exploration and evaluation assets

In accordance with IFRS 6, exploration and evaluation assets are tested for impairment when facts and circumstances indicate that the carrying amount of these assets may exceed their recoverable amount. If there is an indication of impairment, recognition, classification and disclosure are carried out in accordance with IAS 36, Impairment. The value of capitalised exploration and evaluation expenses was SEK 33,499 (38,485) thousand at 31 December 2013. The value is largely based on potential and resources for developing the capitalised expenses into mineable deposits.
In 2013, the Group recognised an impairment loss of SEK 2,486 (27) thousand attributable to exploration permit expenses. See Note 15.
The impairment was due to the Group's decision to relinquish 10 exploration permits that were not considered to be profitable in the future. If there is any change in the underlying assessments on which the fair value of the present intangible assets is based, and facts and circumstances indicate that impairment testing is required, their value may need to be written down. No facts or circumstances to indicate a further need for impairment testing have arisen.

Note 5 - Distribution of net sales

Net sales are divided into the following categories:

	Group		Parent	
SEK thousands	2013	2012	2013	2012
Iron ore	472,381	134,209	-	-
Rental income	2,980	3,001	-	-
Other income	305	83	-	25
Group-wide services	-	-	27,822	19,809
TOTAL	**475,666**	**137,293**	**27,822**	**19,834**

The Group's revenue of approx. SEK 475,666 (137,293) thousand comprises SEK 472,381 (134,209) thousand for the supply of iron ore to seven (five) customers and SEK 2,980 (3,001) thousand in rental income from 64 (64) apartments and 12 (12) premises owned by the subsidiary Dannemora Förvaltnings AB.

The Group has four iron ore customers accounting for 36 (68), 18 (10), 16 (6) and 15 (9) percent of the Group's total external revenue. Other customers represent less than 10 percent of the total external revenue.

GEOGRAPHIC MARKET

The sales figures are based on the country where the customer is located. All investments have been made in Sweden.

	Group	
SEK thousands	2013	2012
Sweden	3,285	3,388
Germany	408,007	127,517
Other Europe	64,374	6,388
TOTAL, GROUP	**475,666**	**137,293**

OPERATING LEASES WHERE A GROUP COMPANY IS LESSOR

The Group leases out premises and apartments in Dannemora under different contracts with a period of notice of 3 months. The contracts have a renewal option. Future minimum lease payments under cancellable operating leases relating to premises and apartments are as follows:

	Group	
	2013	2012
Within one year	2,905	2,919
TOTAL, GROUP	**2,905**	**2,919**

Contingent rents recognised in income for the period were SEK 0 (0).

Note 6 - Parent Company's intra-Group sales and purchases

The Parent Company invoiced subsidiaries SEK 27,822 (19,809) thousand for Groupwide services during the year. All services are invoiced on market terms and conditions. The Parent Company did not purchase any services from Group companies.

Note 7 - Remuneration of auditors

The items 'annual audit' and 'other auditing services' comprise examination of the annual financial statements, accounting records and administration of the business by the CEO and Board, other procedures required to be carried out by the Company's auditors and advice or other assistance relating to observations made during the performance of these other procedures. Anything else is classified as other services.

	Group		Parent	
SEK thousands	2013	2012	2013	2012
ÖHRLINGS PRICEWATERHOUSECOOPERS				
Annual audit	315	403	315	403
Other auditing services	283	70	283	70
Tax advice	-	-	-	-
Other services	17	43	17	43
TOTAL	**615**	**516**	**615**	**516**

Note 8 - Employee benfits

	Group		Parent	
SEK thousands	2013	2012	2013	2012
Remuneration of Board and CEO	2,263	3,421	2,263	3,421
Remuneration of other key management personnel	4,069	4,362	2,860	2,758
Remuneration of other employees	42,717	25,531	3,563	2,733
Social security contributions	15,126	10,684	2,622	2,947
Pension expenses for Board and CEO - defined contribution plans	291	633	291	633
Pension expenses for other key management personnel - defined contribution plans	606	728	360	444
Pension expenses for other employees - defined contribution plans	3,019	2,276	515	263
TOTAL SALARIES, EMPLOYEE BENEFITS AND PENSIONS	**68,091**	**47,635**	**12,474**	**13,199**
AVERAGE NUMBER OF EMPLOYEES (ALL EMPLOYEES IN SWEDEN)				
Men	68	43	5	5
Women	28	20	4	4
TOTAL EMPLOYEES	**96**	**63**	**9**	**9**

Until the AGM in May the Board consisted of seven members. Following the meeting and until 5 July, the Board consisted of five members. From 6 July to 22 October, the Board consisted of four members. From 23 October, the Board consists of three members. Throughout 2012 the Board consisted of seven members. The Board consists of 100 (100) percent of men. Group management consists of five (five) individuals, of whom 80 (80) percent are male.

Remuneration of the Board and CEO

The following Board fees were paid: SEK 300 (300) thousand to the chairman, SEK 200 (200) thousand to the deputy chairman and SEK 150 (100) thousand to each of the other Board members. In addition to the Board fees, compensation of SEK 304 (421) thousand was paid to Board members for committee work. There are no pension, bonus or other benefit arrangements in place for the Board.
The company's CEO has received compensation under a consulting agreement until June 15. These consulting expenses are included under personnel expenses, but have not been included in the above table showing remuneration of Board and CEO. During 2013, the consulting expenses for the CEO totalled SEK 1,957 (117) thousand. As of June 16, the CEO received a fixed salary excluding pension of SEK 1,100 (2,000) thousand. Paid pension premiums amounted to SEK 291 (633) thousand. No termination benefit have been agreed for the CEO over and above the normal period of notice of six months.

Remuneration of key management personnel

Key management personnel (four individuals) received salaries and other benefits totalling SEK 4,069 (4,362) thousand during the year. Pension premiums paid for key management personnel amounted to SEK 606 (728) thousand. No termination benefits have been agreed for key management personnel over and above the normal period of notice of six months.
In 2014, the pension contributions for all employees of the Group are expected to amount to a total of SEK 5,996 thousand.

Incentive Schemes

The Group has not had any incentive program in 2013.

Note 9 - Other external costs

	Group		Parent	
SEK thousands	2013	2012	2013	2012
Direct costs mining	524,188	260,979	-	-
Property costs	4,824	6,548	753	556
Adminstration/management costs	4,612	5,742	4,006	5,707
Extraordinary costs, financing	25,822	-	25,822	-
Other services	10,718	22,299	24,379	23,448
TOTAL	**570,164**	**295,568**	**54,960**	**29,711**

Note 10 - Finance income and costs

	Group	
SEK thousands	2013	2012
Interest expenses:		
Bond issue	-91,147	-59,953
Convertible bonds	-19,424	-2,504
Finance lease liabilities	-2,410	-1,474
Other interest expenses	-1,181	-264
Financial costs:		
Exchange losses	-1,640	-1,254
Other finance costs	-14,404	-233
FINANCE COSTS	**-130,206**	**-65,682**
FINANCE INCOME:		
Interest income on short-term bank deposits	681	4,360
Interest income on restricted cash equivalents	84	500
Dividend	-	1
Exchange gains	1,930	48,294
FINANCE INCOME	**2,695**	**53,155**
NET FINANCIAL ITEMS, GROUP	**-127,511**	**-12,527**

Note 11 - Interest and similar income and expense

	Parent	
SEK thousands	2013	2012
Interest expenses:		
Bond issue	-93,987	-95,939
Convertible bonds	-19,424	-2,504
Group companies	-2	-1
Other interest expenses	-5	-75
Financial costs:		
Exchange losses	-	-
Other finance costs	-18,730	-7,736
FINANCE COSTS	**-132,148**	**-106,255**
Finance income:		
Interest income on short-term bank deposits	285	3,483
Interest income from Group companies	26,283	12,047
Dividend	-	1
Exchange gains	1,930	48,294
FINANCE INCOME	**28,498**	**63,825**
NET FINANCIAL ITEMS, PARENT	**-103,650**	**-42,430**

Note 12 - Income taxes and tax on profit/loss for the year

	Group		Parent	
SEK thousand	2013	2012	2013	2012
Current Tax:				
Current tax on profit/loss for the year	-	-18	-	-
TOTAL CURRENT TAX	**-**	**-18**	**-**	**-**

The differences between the recognised tax expense and the estimated tax expense based of the applicable tax rate are as follows:

	Group		Parent	
SEK thousand	2013	2012	2013	2012
Profit/loss before tax	-400,664	-240,837	-149,319	-67,121
Income tax calculated using the Group's applicable tax rate 22.0 (26.3) %	88,146	63,340	32,850	17,653
Non-taxable income	2	7	0	1
Non-deductible expenses	-18	-42	-13	-27
Group contributions paid to subsidiaries	-	-	-	53,856
Tax losses for which no deferred tax assets is recognised	-88,130	-63,324	-32,837	-71,483
TOTAL TAX EXPENSE	**-**	**-18**	**-**	**-**

The weighted average tax rate for the Group and Parent Company is 22.0% (26.3%).

Deferred tax assets are recognised for tax loss carryforwards to the extent that they can be utilised against future taxable profit. The Group's accumulated tax loss carryforwards amount to SEK 977,356 (584,191) thousand, which corresponds to a deferred tax asset of SEK 215,018 (128,522) thousand.
The Group also has accumulated deferred tax liabilities on temporary differences, which mainly relate to interest rates

activated as course of construction, amounting to SEK 25,071 (25,936) thousand and netted against the deferred tax assets. At the end of the year the Group's deferred tax assets amounted to SEK 189,947 (102,586) thousand.
Deferred tax assets have not been recognised for these tax losses, as there is at present no clear indication that taxable profit will be available against which the tax losses can be utilised.

Note 13 - Earnings per share

SEK thousands	2013	2012
Profit/loss attributable to owners of the Parent	-400,664	-240,855
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING BEFORE DILUTION (THOUSANDS)	28,481	14,935
Adjusted for:		
Warrants outstanding	3,400	452
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING AFTER DILUTION (THOUSANDS)	**31,881**	**15,387**
Earnings per share before dilution	-14.07	-16.13
Earnings per share after dilution	-14.07	-16.13

Note 14 - Dividend per share

No dividends were paid in 2013 and 2012. It will be proposed to the AGM in 2014 that no dividend be paid.

Note 15 - Intangible assets

SEK thousands	Group			
2012 financial year	Exploration and evaluation assets, Dannemora	Other exploration and evaluation assets	Licences	Total
Opening balance	37,327	3,374	1,621	42 322
Purchase/processing	-	139	2,436	2,575
Amortisation	-2,328	-	-304	-2,632
Impairment	-	-27	-	-27
CLOSING BALANCE	**34,999**	**3,486**	**3,753**	**42,238**
AT 31 DECEMBER 2012				
Cost of acquisition	37,538	8,372	4,057	49,967
Accumulated amortisation	-2,539	-	-304	-2,843
Accumulated impairment	-	-4,886	-	-4,886
CARRYING AMOUNT	**34,999**	**3,486**	**3,753**	**42,238**
2013 FINANCIAL YEAR				
Opening balance	34,999	3,486	3,753	42,238
Purchase/processing	-	330	148	478
Amortisation	-2,771	-59	-415	-3,245
Impairment	-	-2,486	-	-2,486
CLOSING BALANCE	**32,228**	**1,271**	**3,486**	**36,985**
AT 31 DECEMBER 2013				
Cost of acquisition	37,538	8,643	4,205	50,386
Accumulated amortisation	-5,310	-	-719	-6,029
Accumulated impairment	-	-7,372	-	-7,372
CARRYING AMOUNT	**32,228**	**1,271**	**3,486**	**36,985**

SEK thousands	Parent		
2012 financial year	Exploration and evaluation assets	Licences	Total
Opening balance	21,014	1,232	22,246
Purchase/processing	139	2,297	2,436
Amortisation	-1,329	-267	-1,596
Impairment	-7	-	-7
CLOSING BALANCE	**19,817**	**3,262**	**23,079**
AT 31 DECEMBER 2012			
Cost of acquisition	26,012	3,529	29,541
Accumulated amortisation	-1,329	-267	-1,596
Accumulated impairment	-4,866	-	-4,866
CARRYING AMOUNT	**19,817**	**3,262**	**23,079**
2013 FINANCIAL YEAR			
Opening balance	19,817	3,262	23,079
Purchase/processing	330	-	330
Amortisation	-1,285	-353	-1,638
Impairment	-2,486	-	-2,486
CLOSING BALANCE	**16,376**	**2,909**	**19,285**
AT 31 DECEMBER 2013			
Cost of acquisition	26,342	3,529	29,871
Accumulated amortisation	-2,614	-620	-3,234
Accumulated impairment	-7,352	-	-7,352
CARRYING AMOUNT	**16,376**	**2,909**	**19,285**

Note 16 - Property, plant & equipment

	Group				
Tkr	Land and buildings	Equipment, tools, fixtures & fittings	Plant & machinery	Work in progress	Total
2012 FINANCIAL YEAR					
Opening balance	17,156	1,125	1,129	606,229	625,639
Purchases	459	4,047	97,079	385,206	486,791
Capitalisation of interest and finance costs	-	-	-	43,484	43,484
Reclassifications	421,803	6,012	253,465	-681,280	0
Disposals	-	-	-99	-	-99
Depreciation	-6,445	-1,356	-23,280	-	-31,081
CLOSING BALANCE	**432,973**	**9,828**	**328,294**	**353,639**	**1,124,734**
At 31 December 2012					
Cost of acquisition	440,299	12,326	351,633	353,639	1,157,897
Accumulated depreciation	-7,326	-2,498	-23,339	-	-33,163
CARRYING AMOUNT	**432,973**	**9,828**	**328,294**	**353,639**	**1,124,734**
2013 FINANCIAL YEAR					
Opening balance	432,973	9,828	328,294	353,639	1,124,734
Purchases	-	2,352	1,107	86,070	89,529
Capitalisation of interest and finance costs	-	-	-	6,592	6,592
Reclassifications	289,663	5,923	7,733	-303,319	0
Disposals	-	-	-	-	0
Depreciation	-49,869	-2,938	-59,719	-	-112,526
CLOSING BALANCE	**672,767**	**15,165**	**277,415**	**142,982**	**1,108,329**
At 31 December 2013					
Cost of acquisition	729,962	20,601	360,473	142,982	1,254,018
Accumulated depreciation	-57,195	-5,436	-83,058	-	-145,689
CARRYING AMOUNT	**672,767**	**15,165**	**277,415**	**142,982**	**1,108,329**

During the year, the Group capitalised borrowing costs of SEK 6,591 (43,484) thousand that were attributable to qualifying assets.

	Group	
	2013	2012
Cost - capitalised finance leases	99,171	98,168
Accumulated depreciation	-30,333	-10,548
CARRYING AMOUNT	**68,838**	**87,620**

The Group accounts for 18 cars and 19 items of machinery under non-cancellable finance leases. The lease terms are 3 years for cars and 5 years för machinery.

Future lease payments under non-cancellable finance leases fall due as follows:

	Group	
	2013	2012
Within one year	12,451	11,727
1-5 years	48,991	60,740
After 5 years	-	-
GROUP TOTAL	**61,442**	**72,467**

	Parent			
	Plant & machinery		Equipment, tools, fixtures & fittings	
	2013	2012	2013	2012
Opening cost of acquisition	169	268	901	832
Purchases	-	-	-	69
Disposals	-	-99	-	-
CLOSING ACCUMULATED COST	**169**	**169**	**901**	**901**
Opening depreciation	-115	-94	-643	-477
Depreciation for the year	-19	-21	-158	-166
Closing accumulated depreciation	-134	-115	-801	-643
CLOSING BALANCE	**35**	**54**	**100**	**258**

Note 17 - Financial assets

	Group		Parent	
SEK thousands	2013	2012	2013	2012
At beginning of year	2,324	2,123	124	123
Additions	1,674	201	1	1
Disposals	-	-	-	-
AT END OF YEAR	**3,998**	**2,324**	**125**	**124**
Cash deposits	125	124	125	124
Restricted bank deposits	3,873	2,200	-	-
TOTAL	**3,998**	**2,324**	**125**	**124**

SEK 2,000 (2,000) thousand of the restricted bank deposits are funds that are restricted in accordance with a decision by the Swedish Environmental Court and SEK 200 (200) thousand relate to a guarantee for the exploitation concession. Both amounts are restricted for the duration of mining production in Dannemora.
The remaining restricted bank deposits, SEK 1,673 thousand, represent funds that are blocked for commitments in connection with the financing work.

Note 18 - Shares and interests in Group companies

SEK thousands		
Parent	2013	2012
Opening cost	300	300
Shareholder contribution	245,767	-
Impairment	-341	-
CLOSING BALANCE	**245,726**	**300**

					Carrying amount	
Name	Reg.no.	Reg'd office	Share of capital	Share of equity	2013	2012
Dannemora Magnetit AB	556709-1664	Östhammar	100%	100,000	245,526	100
Dannemora Förvaltnings AB	556750-3627	Östhammar	100%	100,000	100	100
Dannemora Prospektering AB	556708-1988	Östhammar	100%	100,000	100	100

The share of voting power is the same as the share of capital.

Note 19 - Financial instruments by category

Group	Loans and receivables	Total
AT 31 DECEMBER 2013		
Assets in balance sheet		
Deposits and restricted bank funds	3,998	3,998
Trade and other receivables, excl accrued receivables	28,629	28,629
Cash & cash equivalents	22,664	22,664
TOTAL	**55,291**	**55,291**

	Other financial liabilities	Total
Liabilities in balance sheet		
Borrowings (excluding finance lease liabilities)	905,398	905,398
Finance lease liabilities	61,442	61,442
Trade and other payables, excl non-financial liabilities	81,319	81,319
TOTAL	**1,048,159**	**1,048,159**

	Loans and receivables	Total
AT 31 DECEMBER 2012		
Assets in balance sheet		
Deposits and restricted bank funds	2,324	2,324
Trade and other receivables, excl accrued receivables	24,505	24,505
Cash & cash equivalents	152,049	152,049
TOTAL	**178,878**	**178,878**

	Other financial liabilities	Total
Liabilities in balance sheet		
Borrowings (excluding finance lease liabilities)	894,190	894,190
Finance lease liabilities	72,467	72,467
Trade and other payables, excl non-financial liabilities	106,088	106,088
TOTAL	**1,072,745**	**1,072,745**

Parent	Loans and receivables	Total
AT 31 DECEMBER 2013		
Assets in balance sheet		
Other non-current receivables	125	125
Current receivables from Group companies	903,098	903,098
Other current receivables	290	290
Cash & cash equivalents	4,159	4,159
TOTAL	**907,672**	**907,672**

	Other financial liabilities	Total
Liabilities in balance sheet		
Long-term loans	892,398	892,398
Liabilities to Group companies	95	95
Other liabilities	4,837	4,837
TOTAL	**897,330**	**897,330**

	Loans and receivables	Total
AT 31 DECEMBER 2012		
Assets in balance sheet		
Other non-current receivables	124	124
Current receivables from Group companies	963,574	963,574
Other current receivables	166	166
Cash & cash equivalents	72,662	72,662
TOTAL	**1,036,526**	**1,036,526**

	Other financial liabilities	Total
Liabilities in balance sheet		
Long-term loans	881,190	881,190
Liabilities to Group companies	93	93
Other liabilities	10,795	10,795
TOTAL	**892,078**	**892,078**

Note 20 - Inventories

Group		
SEK thousands	2013	2012
Products in progress	16,346	7,498
Finished products	12,041	8,316
Parts	2,631	4,428
TOTAL	**31,018**	**20,242**

The cost of inventories recognised as an expense is included in changes in inventories and amounts to SEK 10,776 (12,112) thousand.
The Parent company does not have any inventories.

Note 21 - Trade receivables

SEK thousands		
Group	2013	2012
Trade receivables	16,534	8,162
Provision for doubtful debts	-29	-91
TRADE RECEIVABLES - NET	**16,505**	**8,071**

At 31 December 2013, trade receivables (non-doubtful) amounted to SEK 16,505 (8,071) thousand. At 31 December 2013, past due trade receivables totalled SEK 2 (4) thousand. However, no impairment losses were recognised for them. The age analysis of these past due trade receivables is as follows:

	2013	2012
Less than 3 months	2	4
3-6 months	-	-
More than 6 months	-	-
TOTAL PAST DUE TRADE RECEIVABLES	**2**	**4**

At 31 December 2013, the provision för doubtful debts amounted to SEK -29 (-91) thousand. The age analysis is as follows:

	2013	2012
3-6 months	-	-
More than 6 months	-29	-91
	-29	**-91**

Changes in the provision for doubtful debts are as follows:

	2013	2012
AT 1 JANUARY	-91	-40
Reversal of previous provisions	62	30
Provision for doubtful debts	-	-81
AT 31 DECEMBER	**-29**	**-91**

Provisions for doubtful debts and their reversals are reported in the income statement under Other external costs.
The maximum exposure to credit risk at the reporting date is the carrying amount of the trade receivables reported above.
The Group does not have any assets pledged as collateral.

Note 22 - Other receivables

	Group		Parent	
SEK thousands	2013	2012	2013	2012
Receivables from Group companies	-	-	903,098	963,574
Recoverable VAT	11,391	13,315	-	-
Tax asset	690	858	287	164
Other current receivables	43	2,261	3	2
TOTAL	**12,124**	**16,434**	**903,388**	**963,740**

Note 23 - Prepayments and accrued income

	Group		Parent	
SEK thousands	2013	2012	2013	2012
Prepaid rent	135	174	135	166
Prepaid lease payments	1,158	1,238	1,158	1,238
Prepaid insurance costs	714	548	687	73
Advances, leased machinery	-	-	13,429	17,350
Accrued income	6,698	7,131	-	-
Other items	587	1,301	378	183
TOTAL	**9,292**	**10,392**	**15,787**	**19,010**

Note 24 - Cash & cash equivalents

Cash & cash equivalents in the balance sheet and cash flow statement are as follows:

SEK thousands	2013	2012
GROUP		
Balance sheet		
Cash & cash equivalents	22,664	152,049
GROUP TOTAL	**22,664**	**154,249**
Cash flow statement		
Cash & cash equivalents	22,664	152,049
GROUP TOTAL	**22,664**	**152,049**
PARENT		
Balance sheet		
Cash & cash equivalents	4,159	72,662
PARENT TOTAL	**4,159**	**72,662**
Cash flow statement		
Cash & cash equivalents	4,159	72,662
PARENT TOTAL	**4,159**	**72,662**

Note 25 - Share capital and other paid-in capital

	Number of shares (thousands)	Share capital	Other paid-in capital	Total
At 1 January 2012	13,860	2,218	632,111	634,329
Private placement	1,500	240	103,260	103,500
Issue expenses			-4,766	-4,766
Convertible loan, option portion			9,598	9,598
AT 31 DECEMBER 2012	**15,360**	**2,458**	**740,203**	**742,661**

	Number of shares (thousands)	Share capital	Other paid-in capital	Total
At 1 January 2013	15,360	2,458	740,203	742,661
Private placement	19,201	3,072	208,133	211,205
Issue expenses			-24,075	-24,075
AT 31 DECEMBER 2013	**34,561**	**5,530**	**924,261**	**929,791**

Note 26 - Equity compensation benefits

Changes in the number of warrants and share options outstanding and their exercise price are as follows:

Group	2013				2012			
	Ex. price SEK/share	Warrants (000)	Ex. proce SEK/share	Employee share options (000)	Ex. price SEK/share	Warrants (000)	Ex. price SEK/share	Employee share options (000)
At 1 January	-	-	-	-	80	75	57	85
At 31 December	-	-	-	-	-	-	-	-

There are no share options outstanding at the beginning, nor at the end of the year. Share options outstanding at the beginning of 2012 matured on 15 January 2012 without any employee having chosen to redeem them.

Note 27 - Non-current liabilities

SEK thousands	2013	2012
Group		
Long-term liability to Östhammar municipality for purchase of land and buildings	13,000	-
Bond issue	764,940	758,301
Convertible debt	127,458	122,888
Non-current liability, cars under finance leases	48,991	60,740
TOTAL NON-CURRENT LIABILITIES	**954,389**	**941,929**
Parent		
Bond issue	764,940	758,301
Convertible debt	127,458	122,889
TOTAL NON-CURRENT LIABILITIES	**892,398**	**881,190**

The bond issue, with a nominal value of USD 120 (120) million, had a carrying amount of SEK 781,008 (781,872) thousand at the closing date and is stated net, with capitalised transaction costs of SEK -16,068 (-23,571) thousand. The fair value at the reporting date, measured on the basis of a quoted market price in an active market, was SEK 359,264 (699,775) thousand. The loan is due for full repayment in March 2016, and has call options after two, three or four years at prices of 106, 104 and 102. The coupon rate is 11.75% and the remaining interest cost until the end of March 2016, using the closing exchange rate, is SEK 204,185 (296,281) thousand. The loan does not allow any dividends. Other significant conditions include a minimum liquidity of SEK 50 million and a limitation in the net interest bearing debt/EBITDA ratio. In addition, the Company has pledged assets totalling SEK 929,184 (924,349) thousand and shares in subsidiaries of SEK 245,626 (200) thousand. See also Note 31. However, during the year the Company received a waiver from two covenants in the bond agreement. This included the interest payment of approximately USD 7 million as of 22 September 2013 and the agreement covenant regarding a minimum cash liquidity requirement of SEK 50 million.
Dannemora Mineral AB issued 100 percent convertible bonds with a nominal value of SEK 136 million on 13 November 2012. The bonds mature three years from the date of issue at their nominal value of SEK 136 million or can be converted into shares at the request of the holder at a price of SEK 38.85 per share. The values of the liability portion and the equity portion (the conversion right) were determined on issuance. The fair value of the liability portion of the convertible bonds at 31 December 2013 was SEK 130,020 (126,821) thousand, which is reported net in the table above with capitalised transaction costs of SEK -2,561 (-3,932). The fair value was calculated using cash flows discounted at a borrowing rate of interest of 15 percent.

Note 28 - Other provisions

SEK thousands		
Group	2013	2012
Restoration of the environment		
At 1 January	242	242
Recognised in income statement		
– reversals of provisions	-	-
At 31 December	242	242
The provisions consist of:		
Short-term portion	242	242
GROUP TOTAL	**242**	**242**

In note 2 in the section provisions, there is a despriction of what constitutes Restoration of the environment.

Note 29 - Other liabilities

	Group		Parent	
SEK thousands	2013	2012	2013	2012
Tax liabilities	-	78	-	-
VAT liabilities	991	795	913	722
Emplyee-related liabilities	3,468	2,958	885	968
Liabilities to Group companies	-	-	95	93
Current liability, cars under finance leases	12,451	11,727	-	-
Current liability to Östhammar for acquisition of land and buildings	-	13,000	-	-
Other current liabilities	91	15	6	-
TOTAL	**17,001**	**28,573**	**1,899**	**1,783**

Note 30 - Accruals and deferred income

	Group		Parent	
SEK thousands	2013	2012	2013	2012
Accrued expenditure on construction in progress	5,510	10,445	-	-
Accured audit fees	388	263	388	263
Accrued Board fees	66	278	66	278
Accrued pension expenses	712	551	38	-
Accrued holiday pay	4,142	2,468	868	927
Accrued social security contributions	1,301	775	273	291
Deferred income	185	224	-	-
Accrued interest	91,870	27,351	91,545	27,351
Other items	28,155	424	2,256	9
TOTAL	**132,329**	**42,779**	**95,434**	**29,119**

Note 31 - Pledged assets

	Group		Parent	
SEK thousands	2013	2012	2013	2012
Pledged assets				
Property mortgages	13,000	13,000	-	-
Pledged non-current assets	998,022	1,011,969	3,044	3,574
Pledged shares in subsidiaries	-	-	245,626	200
Pledged bank funds	3,873	7,200	1,873	200
Deposit in accordance with Minerals Act, to Mining Inspectorate of Sweden	115	114	115	114
TOTAL PLEDGED ASSETS	**1,015,010**	**1,032,283**	**250,658**	**4,088**

Note 32 - Contingent liabilities

SEK thousands

Parent	2013	2012
Contingent liabilities for Group companies' commitments	13,000	13,000
PARENT TOTAL	**13,000**	**13,000**

NOT 33 - Obligations

Investment obligations

At the end of the period, contracted investments not yet recognised in the financial statements were as follows:

Investment obligations		
Group	2013	2012
Work in progress	-	15,800

The Parent Company did not have any investment obligations at 31 December 2013 or 2012.

Obligations under operating leases

The Group leases premises in Mörby under an operating lease.
Future lease payments under this non-cancellable lease fall due as follows:

Group	2013	2012
Within one year	540	492
1-5 years	-	-
After 5 years	-	-
GROUP TOTAL	**540**	**492**

Operating lease costs for the financial year amounted to SEK 613 (461) thousand.

Note 34 - Events after the end of the period

On 9 January the company received SEK 21 million, the first payment from its bridge financing. This was used to finance the Group's need for short-term working capital. The due date for the bridge financing was originally 19 February, but this has gradually been extended. The condition for the bridge financing that stated that the lease agreements for some of the machinery should be transferred from Dannemora Mineral to its subsidiary Dannemora Magnetit could not be met, as the lessor did not give its approval for the transfer. Despite this, the bond holders approved the continued payments, even though there were grounds for termination, and the second payment was made on 19 March.

On 31 January the County Administrative Board decided to amend its injunction to move crushing below the ground. The time to complete this was extended to 31 December 2015.

On 26 March Dannemora Mineral received a temporary waiver from the interest payment of USD 7.05 million as of 22 March, and an extension of the waiver that it had previously received for the interest payment that should have been made on 22 September 2013 and the minimum cash liquidity requirement of SEK 50 million in accordance with the covenant of the bond loan. This waiver has gradually been extended.

An update of the mineral reserve was reported in April, showing a reduction in the tonnage from 34.0 million tonnes to 29.1 million tonnes.

The interim report for the first quarter of 2014 was published on 28 April 2014 and showed higher net sales, better EBITDA and cash flow, as well as higher production and increased average recovery, while the financial situation continued to be very strained.

In April the plans were published to issue a new bond with the accompanying warrants. However, these plans were shelved as the company did not obtain sufficient commitments to the bond loan. The company therefore decided to continue discussions with with its investors about alternative solutions.

In May Dannemora Mineral applied for reconstruction from the Uppsala District Court, as the company's work to reach a long-term financing solution could not be completed in time to avoid a liquidity shortfall. This application was approved and the company is undergoing reconstruction until August 2014.

Board of Directors

LENNART FALK

Born 1941
Education: M.Sc Ph.D and Geologist
Elected: 2005
Other directorships: ledamot i Slite Stenhuggeri AB, Pajeb Kvarts AB
No. of shares as per 31 Dec 2013: 600,000 class A shares and 411,750 class B shares (directly and through related parties)

CHRISTER LINDBERG

Född: 1948
Education: B.Sc (Econ.)
Elected: 2006
Other directorships: Chairman of Anordica AB and Scandinavian Energy Efficiency Co. SEEC AB. Director of S.E.G. Resistor AB, Barnmorskegruppen MAMA MIA AB, Noxon AB, LightLab Sweden AB and Tyrlin AB.
No. of shares as per 31 Dec 2013: 26 000 class B shares

ÅKE ROOS

Född: 1964
Education: M.Sc Machinery and Tech. Lic Material Science
Elected: 2013
Other directorships: -
No. of shares as per 31 Dec 2013: -

Management

RALF NORDÉN

Group President and CEO
Education:M.Sc. (Eng.)
Born: 1958
Appointed: 2012
Number of shares as per 31 Dec 2013: -

NIKLAS KIHL

CFO
Education: B.Sc. (Econ.)
Born: 1964
Appointed: 2007
Number of shares as per 31 Dec 2013: 225 class B shares

JAN VESTLUND

Marketing and Logistics Manager
Education: M.A. (Political Science), B.Sc.
Born: 1947
Appointed: 2007
Number of shares: -

YVONNE GILLE

HR and Communications Manager
Education: Journalist
Born: 1950
Appointed: 2010
Number of shares as per 31 Dec 2013: 200 class B shares

PÄR GÖTING

MD Dannemora Magnetit
Education: Mining Engineer
Born: 1976
Appointed: 2012
Number of shares as per 31 Dec 2013: -

Annual General Meeting 2014

The Annual General Meeting in Dannemora Mineral AB will be held at 1 pm on Friday 27 June 2014 in the Stora Salen Hall, Jernkontoret, Kungsträdgårdsgatan 10, Stockholm.

RIGHT TO PARTICIPATE IN THE MEETING

In order to participate in the meeting, shareholders must be registered in Euroclear Sweden AB's register of shareholders as at Friday 20 June 2014, and must notify the Company of their intention to participate. This can be done by post to Dannemora Mineral AB; Svärdvägen 13, 182 33 Danderyd, by fax 08-753 43 90, by phone 0295-24 44 20 or by e-mail to bolagsstamma@dannemoramineral.se. Notification must be received by the Company no later than Monday 23 June 2014.

In order to be entitled to participate in the meeting, shareholders with nominee-registered shares must temporarily register the shares in their own name through their nominee well in advance of 20 June 2014.

OTHER

More information can be found in the Notice that is available on the Company's website under About us / General Meeting. A proxy form for printing is also available.

Glossary

Amphibole
Group of skarn minerals with the general composition (A,B)7-8 C8O22(OH)2 where A is Ca, K, B is Mg, Fe, Al, Mn and C are Si, Al.

Anticline
A fold structure in a sequence of rock layers that are progressively older towards the centre of the fold.

Base metals
Metals such as copper, zinc and lead.

Blast furnace
Furnace in which the iron oxide in the ore is reduced to raw iron.

Breccia
Rock formed by fragments from explosive volcanic eruptions.

Carbonate rock
Rock consisting mainly of carbonate minerals such as calcite or dolomite.

Core drilling
The same as diamond drilling.

Crude ore
Ore that has been mined, but not yet undergone processing.

Cut-off
Lowest acceptable grade to be included in an estimate of tonnage and average grade.

Dannemorite
Skarn mineral with the chemical composition (Fe,Mn,Mg)7Si8O22(OH)2.

Demolition
The rock is made secure manually or mechanically by loosening the stones in the drift wall and removing the roof.

Diamond drilling
A variety of rotary drilling with which a core (drill core) of bedrock is obtained.

Dolomite
Mineral with the chemical composition CaMg(CO3)2.

Drift
Virtually horizontal tunnel in an underground mine entrance.

Environmental permit
Permission to carry out mining and ore processing activities. Issued under the Swedish Environmental Code.

Eruption
Volcanic eruption.

Exploitation Concession
Licence to mine a deposit.

Exploration
Searching for ore.

Exploration permit
Permit issued by Mining Inspectorate of Sweden to engage in exploration in a particular area.

Fault
Crack or fracture zone along which the bedrock has shifted.

Feasibility study
Analysis and evaluation of the viability of a proposed project.

Fines
In this annual report, a product measuring less than 5 mm and containing approx. 55 percent iron.

Folding phase
One of several periods in which the earth's crust is compressed and folds.

Footwall
Mass of rock underlying a more or less inclined ore body.

Garnet
Group of skarn minerals with the chemical composition $A_3B_2(SiO_4)_3$.

Geophysical survey
Survey with instruments which show the physical properties of rocks, ore or tectonic structures.

Granitoid
Silicon-rich igneous rock (cooled at depth in the earth's crust).

Hanging wall
Mass of rock overlying a more or less inclined ore body.

Head frame
Tower for bringing up ore from the mine. One of the purposes of the tower is to obtain a drop for the hoisted up ore.

Inclined drift
Drift for descending into/ascending from a mine. Often in a spiral. Also called a ramp.

Indicated mineral resource
A mineralised tonnage with a stated grade, estimated from reliable information, which clearly shows the continuity of the grade and the form and extent of the mineralisation.

JORC
Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Knebelite
Skarn mineral with the chemical composition $(FeMn)_2SiO_4$.

Limestone
Rock consisting mainly of the mineral calcite, with the chemical composition $CaCO_3$.

Lump ore
In this annual report, a product measuring between 5 and 16 mm and containing approx. 50 percent iron.

Magnetic separation
Method of separating minerals from waste rock magnetically.

Magnetite
Mineral with the chemical composition Fe_3O_4. Mined for extraction of iron.

Magnetometry
Method of mapping magnetic variations in the bedrock.

Main level
Drift system at a certain level where the ore transport mainly takes place.

Measured mineral resource
A mineralised tonnage with a stated grade estimated from very reliable information from observations in outcrops, drill holes, trenches and mining activities which clearly show the continuity of the grade and the form and extent of the mineralisation.

Mineralisation
Concentration of potential economically interesting minerals in the bedrock.

Mining
Extraction of rock or ore. Can be surface or underground mining.

Open at depth
Ore bodies for which the possible downward extension is unknown. Can be verified by diamond drilling.

Ore
Mineralisation which can be exploited with economic benefits.

Ore chute
A chute into which the ore is tipped before being unloaded at a main level.

Pitting
Small mining attempt.

Precious metals
Metals such as gold, silver and platinum.

Probable mineral reserve
The estimated quantity and grade of the mineral resource for which economic profitability has been shown (by means of adequate technical, economic and legal studies) with sufficient reliability to justify investment.

Production drilling
Drilling of upward holes in a fan-shaped pattern in a development drift where ore will be mined. Explosives are then introduced into the drill holes.

Proven mineral reserve
The part of the measured mineral resources for which quantity, grade, and technical, legal and economic factors are known with the highest grade of certainty.

Pyroxene
Group of skarn minerals with the general composition (A,B)2C2O6 where A is Ca, B is Mg, Fe, Mn and C are Si, Al.

Ramp
Tunnel for descending into/ascending from a mine. Often in a spiral. Also called an inclined drift.

Screening
Separation of grain size fractions.

Shaft
Vertical or near-vertical passage.

Silicate
Mineral containing silicon (Si) and oxygen (O).

Skarn
Silicate minerals which often accompany iron and sulphide mineralisations.

Skip
Lift cage for transporting ore in the shaft.

Sorting
Dry ore processing method which includes magnetic separation and screening.

Sub-level caving
Mining method often used for steeply positioned ores.

Supracrustal rock
Rocks formed on the earth's surface.

Surface
The part of the mining area that is not underground.

Syncline
A fold structure in a sequence of rock layers that are progressively younger towards the centre of the fold.

Tectonics
Branch of geology dealing with deformation of the bedrock.

Waste rock
Valueless non-metalliferous rock in the mine.

About the Annual Report

Strating this year, the Annual Report is only published and distributed in an online version, at our website. However, you can download all or part of the annual report as a pdf document.

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The English version of the Annual Report 2013 is a translation. In the event of any differences between this translation and the Swedish original, the Swedish version shall govern.

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