

DANNEMORA SIGNS TRIAL DELIVERY AGREEMENTS WITH EUROPEAN STEEL GROUPS

- The global economy showed clear signs of recovery in the second half of the year. This resulted in higher iron ore spot prices, while the World Steel Association predicted that global steel consumption will rise by 9,2 percent in 2010.
- In the fourth quarter, the Austrian steel group Voestalpine signed an agreement with Dannemora Mineral for the trial delivery of 10,000 tonnes of iron ore products.
- In its due diligence report, the international consultant Micon Ltd reported that the Dannemora mine project is realistic and sound, with good financial viability.
- Geophysical surveys in the northern part of the Dannemora field indicate that the ore extends down to several hundred metres.
- As part of its efforts to expand the ore base, Dannemora Mineral applied for and was granted an exploration permit for the Riddarhyttan field.
- In autumn, the Swedish Rail Administration and Dannemora Mineral signed an agreement on the renovation of the railway line from the mine area to Hargshamn.
- Net sales for 2009 amounted to SEK 6.0 (2.9) million. Profit/loss after net financial items during the same period amounted to SEK -23.4 (-22.7) million. Net sales for the 4th quarter of 2009 amounted to SEK 3.6 (1.2) million, while profit after net financial items was SEK -6.1 (-9.4) million.
- Cash flow from operating activities in 2009 was SEK -22.4 (-20.5) million. Cash flow for the 4th quarter of 2009 was SEK -5.2 (-1.6) million.
- Investments in 2009 amounted to SEK 53.2 (65.7) million and in the 4th quarter of 2009 to SEK 3.8 (21.5) million.
- Cash & cash equivalents at 31 December 2009 were SEK 64.6 (148.6) million.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- The German steel group Salzgitter and Dannemora Mineral have signed an agreement for trial delivery of 13,000-18,000 tonnes of iron ore, to be delivered during the second quarter.
- The draining of the Dannemora mine was completed in February 2010. Installation work preparations can now begin.

OPERATIONS IN 2009

DANNEMORA IRON ORE MINE

Market conditions

The dramatic developments in the economy and the demand scenario in the latter part of 2008 dominated the first half of 2009. Capacity utilisation started the year on 50 percent and increased steadily, ending the year on 70 percent. Global demand for steel products was in total decline at the beginning of the year. However, we then saw demand in Asia recovering as the Chinese economy continued to grow and the country's GDP rose by 8.7 percent. Increased optimism and rising demand for steel was noted in the second half of the year, and even though the steelworks remained cautious, large numbers of blast furnaces were back in production.

Negotiations on iron ore prices for 2009 were conducted against a background of reduced steel production, and benchmark prices for iron ore were cut by 30 percent for fines and 50 percent for pellets. Demand from China was soon recovering and the spot price for sinter fines CFR China moved from USD 80 per tonne in January to USD 120 in December 2009.

Demand for iron ore recovered strongly in January 2010 and the spot price for sinter fines CFR China is at the USD 130 level, with analysts expecting the 2010 benchmark prices to rise significantly.

Letter of intent with steel companies

In February 2009, Dannemora Magnetit signed a letter of intent with three steel companies in Northern Europe. The letter of intent expresses the parties' intention to negotiate a long-term, binding contract for future iron ore deliveries from the Dannemora iron ore mine.

The three steel companies' total annual iron ore consumption is more than 25 million tonnes. Dannemora Magnetit is planning annual production of 1.5 million tonnes at full capacity.

Trial deliveries to Voestalpine

In December, the first trial delivery of 9,000 tonnes of lump ore was sent to Voestalpine AG in Austria. The ore is now being used in full-scale testing at Voestalpine's Linz plant. Following an evaluation of the testing, negotiations on a regular supply contract will be initiated.

Plant & equipment investments

Rock work and process

During the ramp placement and development campaign, in winter and spring 2009, 40,000 tonnes of crude ore was produced and then processed into finished products ready for transportation to potential customers.

The processing work started in early September with primary and secondary crushing. The crude ore is crushed to 100 mm in the primary crusher and to the two fractions minus 5 mm, fines, and 5-16 mm, lump ore, in the secondary crusher. The first trial delivery took place in December.

The end of the year also saw the start of plans for the caving of a further 160,000 tonnes of crude ore to cover production for trial deliveries to several potential customers. The first step in this production is the extended permit for test mining which was approved by the regulatory authority in December.

Draining of the mine

The project to drain the Dannemora mine began on 26 May. Approx. 3 million m³ was pumped out during the year. The project was completed in February 2010 when the water level was down to the planned 470-metre level. This means both main levels of 350 and 460 metres are available for inspection and preparatory plant and equipment work.

Other plant & equipment investments

Project design for works, infrastructure and the mine continued and was partly completed as procurement data during the year. Building permits for surface plant have been granted. High-voltage switchgear has been installed and distribution of power to the mine and draining project has been carried out. The route to the mine has been extended and the railway area near the main line has been acquired from the Swedish Rail Administration.

Mine exploration in the Dannemora field

During the year, much of the work was focused on increasing knowledge about the Dannemora field. Exploration was also conducted in the Film exploration permit in the northern part of the Dannemora field.

Dannemora exploitation concession

Towards the end of the year, the re-logging and sampling quality control programme which started in the latter part of 2008 was completed. The project gave in-depth geological knowledge about the deposit and new chemical data, particularly about waste rock and hanging wall/footwall rock types. A total of 81 drill cores were re-logged and 341 samples were taken for chemical analysis.

Interpretation of historical geophysical surveys in the form of three-component magnetometry has been carried out in the Norrnäs and Storrymning fields. The results show an extension of the Norrnäs and Svea ore at depth and ore potential near the Ströms, Bottenhäll and Norrnäs ore. A diamond drilling programme covering 4,750 m has been established in order to verify parts of the geophysical interpretations.

Film exploration permit

In autumn detailed ground magnetic surveys were carried out at Kulbolsmossen north of Dannemora mine. These covered a total of 59 profile kilometres, and their purpose is to explore any extension of the Dannemora field's mineralisation to the north. 24.7 profile kilometres were surveyed during the period.

Financing and implementation agreement with Swedish Rail Administration

The declaration of intent signed by Dannemora and five interested parties with the Swedish Rail Administration on 13 January 2009 has now been formalised into an implementation and financing agreement.

The agreement relates to the renovation of the railway line on the Örbyhus-Dannemora-Hargshamn-Hallstavik section. The renovation of the line will allow goods traffic at speeds of up to 70 kph and an axle load of up to 22.5 tonnes. The traffic control system will also be upgraded to allow efficient management of the increase in traffic. Under the agreement, renovation will be carried out on the railway line to allow the Dannemora ore to be transported by rail – a form of transport which is cost-efficient and offers environmental advantages.

Due Diligence

The technical, environmental, legal and financial due diligence processes for the Dannemora iron ore project, conducted by Micon Ltd, were completed in December. The results largely confirm the conclusions from the previous feasibility study, and indicate that the current project plan for the Dannemora mine is considered viable from a technical, environmental and legal perspective and that the project rests on a sound financial base and has the potential to give an attractive return on invested capital.

The plans for the mining project in Dannemora have been gradually refined and certain key figures have therefore been changed. Total investments are now expected to be SEK 832 million (previously 838 million). Production costs now include lease costs for mobile machinery, which was not previously the case, and are expected to be SEK 193 per tonne of finished product (previously 179).

The mine project's discounted cash flow NPV (Net Present Value) is estimated at around SEK 2 billion, based on the updated investment and operating expenses and new forecasts regarding iron ore prices and the dollar rate.

Dannemora Mineral is working on a number of initiatives aimed at improving the mine project's NPV. There is thought to be good potential for increasing the iron ore reserves, which would prolong the life of the mine. Annual production is also likely to be higher than expected as the iron ore processing plant is projected for an annual capacity of 2 million tonnes, while the NPV is cautiously based on annual production of 1.5 million tonnes.

OTHER OPERATIONS

Riddarhyttan field

To allow evaluation of the potential for iron ore mining in the Riddarhyttan field, geophysical surveys, reviewing and analysis of old drill cores and digitalisation of mine maps and geological data from archives have been carried out. Ground magnetic surveys and their interpretation now cover the entire field apart from the part in the north which lies under Övre Skärsjön. At the end of the year, 23 of the drill cores for the remaining iron ore, which are stored in the national drill core archive in Malå had been mapped and the analysis results for 12 of these had come in.

Further work was carried out in January 2010, which means that 95% of the most interesting cores will have been analysed in March. A 3-D model in Surpac, showing drifts, drill holes, iron ore and empty spaces, together with geology and available chemistry has been produced.

Other exploration permits

In addition to an exploitation concession for the Dannemora field, Dannemora Mineral AB had 27 exploration permits at the end of the year, covering an area of 22,539 hectares. During the year, the Company applied for an extension of 7 of its exploration permits and permits for 4 new areas. Five exploration permits lapsed or expired in 2009 without any applications for an extension.

All the exploration permits and the exploitation concession for the Dannemora field are wholly owned by the Parent Company.

Property management

In addition to industrial property, Dannemora also owns and manages 15 multi-family houses. The occupancy rate was high during 2009, standing at 100% at the end of the year. Dannemora made investments during the year, aimed at reducing operating costs in the portfolio.

FUTURE PROSPECTS

With a positive customer situation and ongoing negotiations for trial deliveries, it Dannemora Mineral's view that financing can be implemented during summer 2010 and operations can be up and running 12 months later.

If the signing of off take agreements is significantly delayed, this will also mean a delay to the financing. In this case Dannemora Mineral will adapt investments and costs in order to safeguard the Company's financial position.

The brighter economic picture and China's strong economic growth have boosted global demand for iron ore, and significantly higher annual benchmark prices are expected in 2010. If, for example, the benchmark price for fines rose by 30%, this would mean a price in line with the average price during the life of the Dannemora mine, as forecast in Micon's due diligence report.

RESULTS AND FINANCIAL POSITION

GROUP

Sales and earnings

Sales for the 2009 financial year amounted to SEK 6.0 (2.9) million, and were attributable to trial deliveries of iron ore and rental income. Profit/loss after net financial items during the year amounted to SEK -23.4 (-22.7) million.

Sales in the 4th quarter, October - December 2009, were SEK 3.6 (1.2) million. Profit/loss after net financial items during the same period amounted to SEK -6.1 (-9.4) million.

Liquidity and cash flow

Cash flow from operating activities in 2009 amounted to SEK -22.4 (-20.5) million. After investing activities of SEK -61.6 (-43.0) million and financing activities of SEK 0.0 (148.4) million, cash flow for the financial year was SEK -84.0 (84.9) million. The Company's cash & cash equivalents at the end of the financial year were SEK 64.6 (148.6) million.

Cash flow from operating activities in the 4th quarter, October – December 2009, was SEK -5.2 (-1.6) million. After investing activities of SEK -3.0 (-17.6) million and financing activities of SEK 0.0 (-0.1) million, cash flow for the period was SEK -8.2 (-19.2) million.

The Group did not have any interest-bearing liabilities at 31/12/2009.

Investments

Investments during the 2009 financial year totalled SEK 53.2 (65.7) million. This figure includes investments in work in progress of SEK 48.6 (40.2) million, investments in exploration and evaluation assets of SEK 3.7 (9.4) million and investments in land and buildings of SEK 0.8 (15.5) million.

Investments in the 4th quarter, October - December 2009, amounted to SEK 3.8 (21.5) million. This figure includes investments in work in progress of SEK 2.9 (19.5) million and investments in exploration and evaluation assets of SEK 0.8 (1.7) million.

Employees

The average number of employees in 2009 was 13 (14). Three (3) of the employees were women. The average number of employees in the 4th quarter was 12 (14). Three (3) of the employees were women.

PARENT COMPANY

The parent company's sales for the 2009 financial year are entirely made up of income for group-wide services invoiced to subsidiaries.

Sales for the 2009 financial year amounted to SEK 2.4 (2.4) million. Profit/loss after net financial items during the year amounted to SEK -8.4 (-4.3) million.

Sales in the 4th quarter, October - December 2009, were SEK 0.6 (0.9) million. Profit/loss after net financial items during the same period amounted to SEK -2.1 (-1.0) million.

The parent company's investments during the 2009 financial year totalled SEK 3.0 (6.9) million. SEK 2.9 (6.7) million of this figure was attributable to exploration and evaluation activities.

Investments in the 4th quarter, October - December 2009, totalled SEK 0.5 (2.5) million, and were entirely attributable to exploration activities.

Dividend

The Board recommends that no dividend be paid for the 2009 financial year.

Accounting policies

This year-end report has been prepared in accordance with the Swedish Annual Accounts Act and the general advice issued by the Swedish Accounting Standards Board, apart from reporting of exploration for and evaluation of assets, which is accounted for in accordance with IFRS 6. The accounting policies applied are unchanged from those in Dannemora Mineral's last annual report.

Forthcoming financial information

- The Annual Report for 2009 will be available on the Company's website and can also be ordered from the Company from 16 April 2010.
- The annual general meeting will take place at 4 p.m. on 3 May 2010 at Wenströmsalen, IVA Conference Centre, Grev Turegatan 16, Stockholm.
- Interim report for the period January – March 2010 will be published on 28 April 2010.
- Interim report for the period January – June 2010 will be published on 25 August 2010.
- Interim report for the period January – September 2010 will be published on 27 October 2010.

Dannemora, 19 February 2010

Board of Directors of Dannemora Mineral AB (publ) reg. no. 55 66 78 – 33 29
Nils Bernhard, Chairman
Nils Sandstedt, Deputy Chairman
Lars-Göran Ohlsson
Christer Lindberg
Lennart Falk
Niklas Nordström

The geological data in the exploration section of this year-end report has been approved by Peter Svensson (Dannemora Magnetit AB's Prospecting & Planning Manager) who is a registered qualified person (QP) and MAIG (Member of Australian Institute of Geoscientists). The data has also been approved by Lennart Falk and Lars-Göran Ohlsson (Board Members of Dannemora Mineral AB) who are registered by SveMin (Swedish Association of Mines, Mineral and Metal Producers) as Qualified Persons (QP). Lennart Falk is one of the principal shareholders of the Company.

For further information, please contact:

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Review report

We have reviewed the year-end report for Dannemora Mineral AB (publ) for the period 1 January to 31 December 2009. The board of directors and CEO are responsible for the preparation and presentation of this report in accordance with the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this year-end report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, conclusions based on a review do not have the level of assurance of conclusions based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the year-end report is not prepared, in all material respects, in accordance with the Swedish Annual Accounts Act.

Gävle, 19 February 2010

Öhrlings PricewaterhouseCoopers AB

Annika Wedin
Authorised Public Accountant

This document is a translation of the original year end report in swedish. In case of divergence the Swedish version shall have precedence.

Consolidated financial statements

KEY FIGURES

	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Profit/loss after financial items, SEK 000	-6 116	-9 388	-23 412	-22 698
Return on total assets, %	-2.9	-3.9	-10.5	-13.8
Return on equity, %	-3.3	-4.4	-11.9	-15.6
Equity, SEK 000	184 945	208 358	184 945	208 358
Equity/assets ratio, %	89.8	86.7	89.8	86.7
Gross investments in non-current assets	3 816	21 467	53 225	65 664
Earnings per share before full dilution, SEK	-0.79	-1.21	-3.02	-3.66
Earnings per share after full dilution, SEK	-0.77	-1.17	-2.95	-3.56
Outstanding shares on balance sheet date before full dilution	7 760 000	7 760 000	7 760 000	7 760 000
Outstanding shares on balance sheet date after full dilution	7 949 000	8 009 000	7 949 000	8 009 000
Average no. of shares before full dilution	7 760 000	7 760 000	7 760 000	6 210 000
Average no. of shares after full dilution	7 949 000	8 009 000	7 949 000	6 377 250

INCOME STATEMENTS

Amounts in SEK thousands	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Net sales	3 620	1 178	5 957	2 866
Other external costs	-6 950	-7 616	-19 650	-18 652
Personnel expenses	-2 743	-2 879	-9 874	-9 562
Depreciation, amortisation and impairment of assets	-76	-1 662	-498	-1 914
Operating profit/loss	-6 149	-10 979	-24 065	-27 262
Interest and similar income	38	1 603	689	4 583
Interest and similar expense	-5	-12	-37	-19
Profit/loss after financial items	-6 116	-9 388	-23 413	-22 698
Profit/loss for the period	-6 116	-9 388	-23 413	-22 698
Earnings per share before full dilution, SEK	-0.79	-1.21	-3.02	-3.66
Earnings per share after full dilution, SEK	-0.77	-1.17	-2.95	-3.56

BALANCE SHEETS

Amounts in SEK thousands	31/12/2009	31/12/2008
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ASSETS

Exploration and evaluation assets	34 335	30 602
Land and buildings	15 831	15 266
Equipment, tools and fixtures & fittings	425	625
Construction in progress	88 870	40 238
Cash deposits	131	119
Trade receivables	79	153
Other current receivables	1 393	4 478
Prepayments and accrued income	258	284
Cash and bank balances	64 641	148 614

TOTAL ASSETS	205 963	240 379
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EQUITY AND LIABILITIES

Equity	184 945	208 358
Other provisions	242	-
Non-current liabilities	13 000	13 000
Trade payables	3 470	12 440
Other current liabilities	845	704
Accruals and deferred income	3 461	5 877

TOTAL EQUITY AND LIABILITIES	205 963	240 379
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Pledged assets	17 303	17 609
Contingent liabilities	None	None

CHANGE IN EQUITY

Amounts in SEK thousands	Full year 2009	Full year 2008
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Restricted equity

Opening balance at start of period	2 320	1 824
New share issue	-	496
Closing balance at end of period	2 320	2 320

Unrestricted equity

Opening balance at start of period	206 038	80 844
New share issue	-	154 504
Issue expenses	-	-7 037
Issue of warrants	-	425
Profit/loss for the period	-23 413	-22 698
Closing balance at end of period	182 625	206 038
Total equity at end of period	184 945	208 358

CASH FLOW STATEMENTS

	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Cash flow from operating activities	-5 191	-1 577	-22 366	-20 497
Cash flow from investing activities	-3 027	-17 598	-61 607	-42 983
Cash flow from financing activities	-	-62	-	148 388
Cash flow for the period	-8 218	-19 237	-83 973	84 908
Cash & cash equivalents at beginning of period	72 859	167 851	148 614	63 706
Cash & cash equivalents at end of period	64 641	148 614	64 641	148 614

Dannemora Mineral AB is a mining and exploration company. The Company's primary goal is to recommence mining operations in the Dannemora iron ore mine. The Company also engages in exploration activities to increase the iron ore base locally and regionally, and to explore base and precious metals in several areas in Uppland where the potential for finding mineable deposits is considered good.

Dannemora Mineral 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 the Group's exploration activities, and Dannemora Förvaltnings AB, which is responsible for the property portfolio.

The Company's most important asset is the iron ore deposit at Dannemora, and activities will initially focus mainly on the planned mining of this deposit.

The Company's Certified Advisor on First North is E. Öhman J:or Fondkommission AB.