

Interim Report

January – March 2010

EVENTS DURING THE PERIOD

- In the first quarter, Dannemora signed trial delivery agreements covering a total of 30,000 tonnes of iron ore products with the German steel companies Salzgitter, Rogesa and ThyssenKrupp.
- Production of iron ore products for trial deliveries began with underground work in January. Processing started in March.
- Draining of the Dannemora iron ore mine was completed during the quarter. This was earlier than planned and represents a major step towards making the mine operational again.
- This year's iron ore price negotiations resulted in large price increases. The spot price for high-quality iron ore rose sharply during the first quarter and is now more than 100% higher than the 2009 benchmark prices.
- A new share issue brought the Company SEK 165 million. The new capital will help bring forward time-critical investments in transport ramps and mine exploration.
- Profit/loss after net financial items for the period January – March 2010 amounted to SEK -13.9 (-5.7) million.
- The period's cash flow from operating activities was SEK -1.3 (-7.9) million.
- Investments in the period January – March 2010 amounted to SEK 3.4 (20.0) million.
- Cash & cash equivalents at 31 March 2010 amounted to SEK 216.4 (118.1) million.

EVENTS AFTER THE END OF THE REPORTING PERIOD

- After the new share issue, transport ramp placement and exploration drilling began in the mine.

PARENT COMPANY

Company presentation

On 21 January, the Company gave a presentation at the Dannemora mine area. The presentation was attended by some thirty invited representatives from the government, municipality, public bodies and agencies, state-owned credit institutions and the press. The purpose of the presentation was to report on the requirements for resumption of mining, preparations that have been made, future prospects and the importance of the mine to the municipality of Östhammar and the region in general.

New share issue

At an extraordinary general meeting held on 17 March, Dannemora Mineral AB decided to grant the Board a mandate to issue up to 4 million new class B shares on one or more occasions before the next annual general meeting, with or without preferential rights for shareholders. The aim of the mandate was to raise capital for the Company's continuing development of the Dannemora iron ore mine and to bring forward certain time-critical investments in transport ramps and mine exploration.

The reason for derogating from preferential rights for shareholders (private placement) was to give the Board flexibility to exploit the keen interest new investor groups are showing in investing capital in iron-ore mining companies.

On 25 March, Dannemora Mineral AB implemented a private placement targeting Norwegian and other foreign investors. The share issue generated SEK 165 million before issue expenses. A total of 2,750,000 class B shares were subscribed for at a price of SEK 60 per share. The subscription price was 7 percent higher than the average closing price for the Company's share in the previous 10 trading days on the Stockholm Stock Exchange.

Following the share issue, the number of shares in Dannemora Mineral was 10,510,000, with the newly issued shares representing 26.2 percent of capital and 12.9 of voting power. The Company's share capital increased from SEK 1,241,600 to SEK 1,681,600. The share issue covers a large proportion of Dannemora's remaining requirement for equity and strengthens the Company in the impending loan financing negotiations.

On 26 April, Dannemora Mineral applied for a listing of the Company's B shares on Oslo Axess. The Company will also retain its listing on OMX First North. If the Company's application is approved by the Oslo Stock Exchange, the intention is to implement a new share issue in the form of a public offering targeting the Norwegian public in order to fulfil the Oslo Stock Exchange's requirement for ownership diversification. An Oslo listing would give Dannemora exposure to new commodity investors, particularly in Norway, the USA and the UK. These investors will be important in tying up the financing of the Company's investments.

To facilitate trading in the share before the planned listing on Oslo Axess, the Company has registered for trading on the Norwegian OTC market. First Securities AS has acted as Dannemora Mineral's financial advisor during the private placement and listing process.

DANNEMORA IRON ORE MINE

Market conditions

There was a gradual improvement in the economic situation. The improvement appeared strongest in the USA and the BRIC countries. In Europe, a moderately positive trend is expected during 2010, which should accelerate in 2011 and 2012. The World Steel Association predicts that demand for steel will rise to 1,241 million tonnes this year, beating the record set in 2008. Steel consumption is expected to rise to a record 1.3 billion tonnes in 2011.

The 2008-2009 global crisis caused a decline in iron ore benchmark prices for contract deliveries in 2009, with fines falling by 30 percent and pellets by 50 percent. Iron ore spot prices into China have risen from 70 dollars per tonne in September 2009 to the current level of 188. The sharp rise in demand and the wide gulf between spot and benchmark prices have prompted the three largest producers of iron-ore, Vale, BHP and Rio Tinto, to sell at the spot price or sign quarterly pricing contracts. Vale has been able to raise its fines contract prices by 90 percent for the second quarter of 2010, while BHP has secured a 99.7 percent price increase from its customers.

Customers and trial deliveries

Increased global demand for iron ore was a contributory factor in Dannemora's success in signing trial delivery agreements. In the first quarter, Dannemora signed trial delivery agreements for a total of 30,000 tonnes of iron ore products with the German steel companies Salzgitter, Rogesa and ThyssenKrupp.

The first full-scale testing of the Dannemora ore was conducted by Voestalpine at the beginning of the year, and the results were in line with the customer's expectations. This will be followed by trial deliveries to Salzgitter, ThyssenKrupp and Rogesa in spring. Negotiations regarding regular supply contracts will be initiated when the steel producers have evaluated the full-scale testing.

Sea transport logistics

During the quarter, Dannemora entered into an agreement with Finnshipping aimed at optimising the quality, control, functionality and cost-effectiveness of the Company's deliveries by sea. The agreement with Finnshipping comes into force on 1 April and is confirmation of another important step towards the operational start-up at the Dannemora mine.

Plant & equipment investments

Rock work and processing

In January, production drilling to a level of 162 metres was commenced in the Ströms ore. This was the first stage of the sub-level caving which will bring the additional 160,000 tonnes of crude ore needed to cover production for the contracted trial deliveries. In February, the first blasting round went off and crude ore production began. Bergteamet AB has been engaged as the contractor for sub-level caving, loading and transportation of the crude ore from the mine.

Temporary plants for processing the crude ore into finished products have been established near the mine exit and in the industrial area. The crude ore undergoes crushing, screening and magnetic separation in these plants before being transported to the harbour for shipment to customers. The process has been progressing on a gradual basis since the middle of March, with Hallstavik Schakt AB engaged as the contractor.

Draining of the mine

The Dannemora mine draining project was completed in February 2010, with the water level down to the planned 470-metre level. The project was less costly than had been expected and was completed ahead of schedule. Approx. 3 million m³ of water was pumped out of the mine. The main levels at 350 and 460 metres are now accessible for inspection and preparatory plant and equipment work.

The associated draining control programme, which was established with the supervisory authority (the County Administrative Board), has also been concluded.

The pump system is now only used intermittently to pump out stormwater. Planning is in progress for the installation of a permanent water-pumping system.

Implementation agreement with the Swedish Rail Administration

The railway renovation project, which is being implemented by Dannemora, five other interested parties and the Swedish Rail Administration, is now in the tendering phase. During the quarter, tender documentation for connection to the main line and terminal was completed, and the entire work was put out for tender. Dannemora Mineral has also acquired an area of land next to the connection to the main line, as agreed with the Swedish Rail Administration.

Post-due diligence measures

The Dannemora iron ore project's due diligence process, which was conducted by Micon Ltd, concluded with their final report in December. Dannemora Mineral has continued to implement measures identified in the due diligence process as areas that may improve the mine project's NPV (net present value). In particular, exploration drilling will take place in the northern part of the ore field. The drilling programme is aimed at increasing existing ore reserves and providing deeper knowledge about previously inadequately drilled areas.

Exploration

The Dannemora field

Efforts during the quarter were concentrated on increasing knowledge about the processing properties of the Dannemora ore. A number of processing trials have been conducted at MinPro in Stråssa for the purpose of obtaining better data for optimising the processing of the different ores in the Dannemora field.

The Riddarhyttan field

To allow evaluation of the potential for iron ore mining in the Riddarhyttan field, geophysical surveys, reviews and analyses of old drill cores and digitalisation of mine maps and geological data from archives have been carried out.

Logging and analysis of the most interesting drill holes was carried out during the quarter. A total of 308 samples from 32 drill cores were analysed and a 3D model showing drifts, drill holes, iron ore and empty spaces, together with geology and available chemistry, has been produced. The intention is to produce data to support an application for an exploitation concession for the Riddarhyttan field.

Other exploration permits

In addition to its exploitation concession for the Dannemora field, Dannemora Mineral AB had 28 exploration permits at the end of the quarter, covering an area of 17,727 hectares. During the quarter, the Company applied for an extension of four of its exploration permits. Two exploration permits lapsed or expired without any application for an extension.

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

RISKS AND UNCERTAINTIES

Rebuilding the Dannemora mine will require the raising of capital. The ability to raise financing is largely governed by the price of iron ore, the USD/SEK exchange rate and financial markets.

The recently signed trial delivery agreements lead Dannemora Mineral to believe that long-term supply contracts can be signed in summer 2010. Conditions will then be in place for raising the final financing for resumption of mining.

However, with the financial markets still unstable, there may be some uncertainty regarding the final financing. Another consideration is that there are no guarantees that supply contracts will materialise under conditions that are acceptable to the Company.

Mining and exploration are regulated by strict environmental requirements. The Company has been awarded an environmental permit under the Environmental Code, although environmental impacts may still arise which could delay or add to the cost of mining.

FUTURE PROSPECTS

In view of the positive customer situation, the Company believes financing can be implemented during summer 2010, with operations up and running 12 months later.

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

RESULTS AND FINANCIAL POSITION

GROUP

Net sales and earnings

The Group's reported sales consist entirely of rental income. Sales in the period January – March 2010 amounted to SEK 0.8 (0.9) million. Profit/loss after net financial items during the same period amounted to SEK -13.9 (-5.7) million. Earnings for the period were charged SEK 8.3 million for mining and processing costs relating to production of trial delivery products. Impairment losses on exploration assets amounted to SEK 0.6 million. The figure related in its entirety to relinquished exploration licences.

Liquidity and cash flow

Cash flow from operations in the period January – March 2010 was SEK -1.3 (-7.9) million. After investing activities of SEK -1.2 (-18.0) million and financing activities of SEK 158.4 (0.0) million, cash flow for the period was SEK 155.9 (-26.0) million. The Group's cash & cash equivalents ended the period on SEK 216.4 (118.1) million. Cash flow from financing activities is attributable to a private placement completed during the reporting period. This is described in more detail in the section about the Parent Company below.

The Group did not have any interest-bearing liabilities at 31 March 2010.

Investments

Investments in the period January – March 2010 amounted to SEK 3.4 (20.0) million. SEK 0.6 (1.0) million of these investments was attributable to exploration activities and SEK 0.1 (0.2) million to investigation work relating to future planned mining operations. Investments in work in progress totalled SEK 2.6 (25.2) million.

Employees

The average number of employees in the period January – March 2010 was 12 (14). Three (3) of the employees were women.

PARENT COMPANY

Sales for the period January – March 2010 amounted to SEK 1.1 (0.6) million. Sales consisted entirely of group-wide services. The Parent Company's profit/loss after net financial items in the period January – March 2010 amounted to SEK 2.6 (-2.3) million. Impairment losses on exploration assets amounted to SEK 0.6 million. The figure related in its entirety to relinquished exploration licences.

The Parent Company's investments in the period January – March 2010 amounted to SEK 0.6 (1.0) million and comprised exploration-related investments.

The Parent Company Dannemora Mineral completed a private placement on 25 March 2010. The new share issue contributed capital of SEK 165 million before issue expenses. A total of 2,750,000 B shares were subscribed for at a price of SEK 60. After the issue, the Company's share capital amounted to SEK 1,681,600, which is an increase of SEK 440,000.

ACCOUNTING POLICIES

The Group

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting policies and methods of computation are followed in the interim financial statements as in the most recent annual financial statements, apart from the cases described below.

Preparation of financial statements in accordance with IFRS requires management to make critical judgements, accounting estimates and assumptions which affect the Group's earnings, financial position and other disclosures.

A number of standards, amendments and interpretations of existing standards have come into effect for

accounting periods commencing on or after 1 January 2010. Standards considered relevant to the Group are the revised IFRS 3 Business Combinations and the amended IAS 27 Consolidated and Separate Financial Statements. The revised and amended standards will only be applied prospectively.

Effects of the transition to IFRS

The 2009 annual financial statements were the first the Group had prepared in accordance with IFRS. Previously published information for the 2009 financial year, prepared in accordance with the Swedish Annual Accounts Act and the statements and general advice issued by the Swedish Accounting Standards Board, has been restated in accordance with IFRS.

Forthcoming financial information

- The annual general meeting will be held at 4 p.m. on 3 May 2010 at Wenströmsalen, IVA Conference Centre, Grev Turegatan 16, Stockholm
- The interim report for the period January – June 2010 will be published on 25 August 2010
- The interim report for the period January – September 2010 will be published on 27 October 2010
- The year-end report for the period January – December 2010 will be published in February 2011

Dannemora, 28 April 2010

Board of Directors of Dannemora Mineral AB (publ) reg. no. 55 66 78 – 33 29

Nils Bernhard, Chairman
Nils Sandstedt, Deputy Chairman
Lennart Falk
Christer Lindberg
Lars-Göran Ohlsson
Niklas Nordström

The geological data in the exploration section of this interim 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.

This report has not been reviewed by the Company's auditor.

For further information, please contact:

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Group

STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousands	Jan-Mar 2010	Jan-Mar 2009	Full year 2009
Net sales	769	913	5,957
Other external costs	-11,556	-4,500	-19,650
Personnel expenses	-2,490	-2,505	-9,874
Depreciation, amortisation and impairment of assets	-725	-125	-498
Operating profit/loss	-14,002	-6,217	-24,065
Other interest and similar income	78	478	689
Interest and similar expense	-10	-5	-37
Net financial items	68	473	652
Profit/loss after financial items	-13,934	-5,744	-23,413
Tax on profit/loss for the year	-	-	-
Profit/loss for the period	-13,934	-5,744	-23,413
Other comprehensive income for the period, net after tax	-	-	-
Total comprehensive income for the period	-13,934	-5,744	-23,413
Comprehensive income for the period attributable to:			
Owners of the parent	-13,934	-5,744	-23,413
EPS, based on profit/loss attributable to owners of the parent during the period			
Earnings per share before full dilution, SEK	-1.80	-0.74	-3.02
Earnings per share after full dilution, SEK	-1.75	-0.72	-2.95

STATEMENT OF FINANCIAL POSITION

Amounts in SEK thousands	31/03/2010	31/03/2009	31/12/2009
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Capitalised expenditure on exploration and evaluation assets	34,208	31,821	34,073
	34,208	31,821	34,073
<i>Property, plant & equipment</i>			
Land and buildings	15,773	15,189	15,831
Equipment, tools and fixtures & fittings	629	497	687
Work in progress	91,495	65,482	88,870
	107,897	81,168	105,388
<i>Financial assets</i>			
	2,120	2,620	2,131
	2,120	2,620	2,131
Total non-current assets	144,225	115,609	141,592
Current assets			
Trade receivables	119	76	79
Other current receivables	1,791	4,848	1,393
Prepayments and accrued income	484	740	258
Cash & cash equivalents	216,369	118,078	62,641
Total current assets	218,763	123,742	64,371
TOTAL ASSETS	362,988	239,351	205,963
EQUITY AND LIABILITIES			
Equity	329,411	202,614	184,945
Non-current liabilities	13,242	13,000	13,242
Current liabilities			
Trade payables	5,134	13,868	3,470
Other current liabilities	542	590	845
Accruals and deferred income	14,659	9,279	3,461
Total current liabilities	20,336	23,737	7,776
TOTAL EQUITY AND LIABILITIES	362,988	239,351	205,963
Pledged assets	17,303	17,610	17,303
Contingent liabilities	None	None	None

STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousands	Attributable to owners of Parent			
	Share capital	Other paid-in capital	Retained earnings	Total equity
Opening balance 1 January 2009	1,242	242,715	-35,599	208,358
Total comprehensive income for the period			-5,744	-5,744
31 March 2009	1,242	242,715	-41,343	202,614
Opening balance 1 January 2010	1,242	242,715	-59,012	184,945
Total comprehensive income for the period			-13,934	-13,934
New share issue	440	164,560		165,000
Issue expenses		-6,600		-6,600
31 March 2010	1,682	400,675	-72,946	329,411

CASH FLOW STATEMENTS

Amounts in SEK thousands	Jan-Mar 2010	Jan-Mar 2009	Full year 2009
Operating activities			
Cash flow before changes in working capital	-13,209	-5,619	-22,936
Changes in working capital	11,892	-2,374	-7,796
Cash flow from operating activities	-1,317	-7,993	-30,732
Investments in intangible assets	-730	-1,558	-3,720
Investments in property, plant & equipment	-2,634	-18,485	-49,509
Increase in non-current receivables	2,204	2,000	295
Cash flow from investing activities	-1,160	-18,043	-52,934
New share issue	158,400	-	-
Cash flow from financing activities	158,400	-	-
Cash flow for the period	155,923	-26,036	-83,666
Cash & cash equivalents at beginning of period	60,448	144,114	144,114
Cash & cash equivalents at end of period	216,369	118,078	60,448

KEY FIGURES

	Jan-Mar 2010	Jan-Mar 2009	Full year 2009
Profit/loss after financial items, SEK thousands	-13,934	-5,744	-23,412
Return on total assets, %	-4.6	-2.4	-10.5
Return on equity, %	-5.2	-2.8	-11.9
Equity, SEK thousands	329,412	202,614	184,945
Equity/assets ratio, %	90.7	84.7	89.8
Gross investments in non-current assets	3,364	20,043	53,229
Earnings per share before full dilution, SEK	-1.80	-0.74	-3.02
Earnings per share after full dilution, SEK	-1.75	-0.72	-2.95
Outstanding shares on reporting date before full dilution	7,760,000	7,760,000	7,760,000
Outstanding shares on reporting date after full dilution	7,949,000	7,949 000	7,949,000
Average no. of shares before full dilution	7,760,000	7,760,000	7,760,000
Average no. of shares after full dilution	7,949,000	7,949 000	7,949,000

Parent

INCOME STATEMENT

Amounts in SEK thousands	Jan-Mar 2010	Jan-Mar 2009	Full year 2009
Net sales	1,062	597	2,388
Other external costs	-1,912	-2,225	-7,294
Personnel expenses	-1,203	-1,092	-4,371
Depreciation, amortisation and impairment of assets	-624	-13	-129
Operating profit/loss	-2,677	-2,733	-9,406
Other interest and similar income	66	460	1,053
Interest and similar expense	-	-	-5
Net financial items	66	460	1,048
Profit/loss after financial items	-2,611	-2,273	-8,358
Tax on profit/loss for the year	-	-	-
Profit/loss for the period	-2,611	-2,273	-8,358

BALANCE SHEET

Amounts in SEK thousands	31/03/2010	31/03/2009	31/12/2009
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Capitalised expenditure on exploration and evaluation assets	15,145	13,177	15,138
Property, plant & equipment	115	221	144
<i>Financial assets</i>			
Investments in Group companies	300	300	300
Other non-current receivables	120	120	131
	420	420	431
Total non-current assets	15,680	13,818	15,713
Current assets			
Current receivables	123,670	79,994	115,573
Cash and bank balances	209,466	114,367	55,982
Total current assets	333,136	194,361	171,555
TOTAL ASSETS	348,816	208,179	187,268

EQUITY AND LIABILITIES

Equity			
<i>Restricted equity</i>			
Share capital	1,682	1,242	1,242
Statutory reserve	1,078	1,078	1,078
Total restricted equity	2,760	2,320	2,320
Unrestricted equity	338,009	203,799	182,661
Total equity	340,769	206,119	184,981
Current liabilities	8,047	2,060	2,287
TOTAL EQUITY AND LIABILITIES	348,816	208,179	187,268

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.