
Press release 21 February 2012

Dannemora reduces need for additional financing

In Dannemora Mineral's interim report for the third quarter of 2011, the Company announced that additional investments of SEK 120 million in new, safer and more efficient ramp systems in the Dannemora iron ore mine had been approved. The report also announced increased costs of SEK 22 million related to consulting support in the Company's investment project and an increase in tied-up working capital of SEK 20-30 million due to the construction of a quality assurance store over in Hargshamn.

Since then the Company has been actively working to reduce the need for additional financing. This has led to shifts in non-time-critical investments and various measures to free up working capital. The fact that Dannemora's investment project has progressed without disruption or cost overruns and the production start-up date will be met also means the Company will quickly arrive at a situation of positive cash flows.

It is Dannemora Mineral's assessment that the Company's additional capital requirement for financing the Dannemora iron ore mine in the period until a positive cash flow is achieved amounts to approx. SEK 100 million. The Company does not expect this need for additional financing to arise until some time after commercial operation has started at the Dannemora iron ore mine.

Dannemora Mineral also believes that the capital requirement should be funded by equity. Consequently, Dannemora Mineral plans to implement a new share issue of approx. SEK 100 million sometime during the next 6-month period, when the capital market is considered beneficial. The new share issue is likely to be implemented without preferential rights for existing shareholders

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Dannemora Mineral AB is a mining and exploration company which has as its primary goal the resumption of 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 for 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 (responsible for operation of the Dannemora mine and the Group's exploration activities) and Dannemora Förvaltnings AB (responsible for the property portfolio).

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

The Company is listed on NASDAQ OMX First North, Stockholm, and Oslo Axess. The Company's Certified Adviser on First North is Remium AB.

The Company's independent qualified person is mining engineer Thomas Lindholm, Geovista AB, Luleå. Thomas Lindholm is qualified as a Competent Person as defined in the JORC Code based on education and experience in exploration, mining and estimation of mineral resources of iron, base and precious metals.