

Lapland Goldminers AB (publ)

Interim report January-June 2008

August 29, 2008

Lapland Goldminers AB (publ)
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Second Quarter

- Result after financial items -8,392 TSEK (-3,388)
- Investments have been 47,221 TSEK (46,052)

First six month

- Result after financial items -12,537 TSEK (-5,718)
- Investments have been 54,582 TSEK (57,698)

Key ratio

	Jan- June 2008	Jan- June 2007	Full year 2007
Profit/loss after financial items	-12 537	-5 718	-10 861
Equity/Debt ratio	83,4%	95,6%	96,5%
Total Assets	292 266	273 221	265 516
Equity	243 742	261 221	256 224
Number of yearly employee at the end of period	47	12	15
Equity per share before dilution	4,04	4,46	4,24
Equity per share after dilution	3,96	4,46	4,24
P/L per share before dilution	-0,21	-0,10	-0,18
P/L per share after dilution	-0,20	-0,10	-0,18
Number of shares before dilution at the end of period, thousands	60 401	58 630	60 401
Number of shares after dilution at the end of period, thousands	61 531	58 630	60 401

P/L of fiscal period

The most important goal of an exploration company that is focused on becoming a producer is to transform funds raised through financing into increased ore reserves and mineral resources, and to develop the projects technically and economically. During the fiscal period the company has continued extensive exploration on several objects. The company capitalizes expenses on mature projects, and due to this the P/L reported depends both on the total expenditures and the relative distribution between mature and early projects. The Company will from production of gold, at some of its operations, generate cash before the end of this year.

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Significant events

- The Company made an agreement with the receiver for ScanMining Oy to acquire the Pahtavaara Gold Mine in Finnish Lapland. The agreement states that the Company, at a price of 3.1 Million Euros, acquires all of ScanMinings assets in Finland, including the mine, the process plant, claims and concessions.
- A bedrock chip sampling program in the area of Tjälmräsk showed very interesting elevations in gold grades. The following core drilling discovered visible gold. Tjälmräsk gold exploration project is situated on the Gold Line in Västerbotten, around 5 km south of Sorsele. The project was started a few years ago after the discovery of gold mineralized boulders in the area, of which one had an exceptional value of 350 g/t Au and several boulders with grades of 1 – 31 g/t.

Lapland Goldminers AB is an exploration company and a producing mining company. The Company is listed on the market place "First North" under the name GOLD, with Mangold Fondkommission AB as Certified Adviser, as well as on the Norwegian OTC list. Lapland Goldminers has secured a number of gold deposits along the so-called Gulddinjen ("The Gold Line") in Västerbotten. The Company's strategy is to develop a profitable, producing gold company, with centrally located processing plants in Fäboliden and Blaiken, Sweden, and in the Haveri area in southern Finland and Pahtavaara in Northern Finland. The plants will be supported by ore from one or several mines either through the Company's own exploration or alternatively through acquisitions. Lapland Goldminers is a member of SveMin, the trade association for mines, minerals and metal producers in Sweden (formerly called the Swedish Mining Association) and follows SveMin's reporting rules for public mining and exploration companies.

- A gold mineralized zone with a grade of 11 g Au/ton over 6 meters was discovered during drilling at Gubbräsk. Drilling was initiated after comprehensive and systematic exploration work, with bedrock chip and bottom till sampling, geophysical surveys, trenching and core drilling.
- The Company has presented a feasibility study for the Fäboliden gold project, addressing the construction and operation of a mine with a processing plant. The study is based on a conservative evaluation of the gold grades and tonnage based on an extensive core drilling program. The feasibility study indicates that production cost is equivalent to approximately 43 - 60% of the current gold price.
- A lead-silver mineralisation has been encountered in the bedrock at Lagbäcken, 4 km south-east of Gubbräsk, after completion of a drilling program. This mineralization is most probably the source rock for high grade lead-silver mineralized boulders, which were reported in August 2007.
- Mr. Kjell Larsson was recruited as new Senior Vice President. Mr. Larsson has many years of experience from senior positions in Swedish and International mining operations, among others within Lundin Mining, Boliden group, Inco Ltd and LKAB.
- The Supreme Environmental Court (Miljööverdomstolen) granted a go ahead decision regarding the permission to construct and operate a mine and process facility at Fäboliden.
- The Annual General Meeting and Extraordinary General Meeting of Lapland Goldminers AB, Lycksele on May 30, 2008. The Income Statement and Balance Sheet, as well as treating the net loss for the fiscal period according to the proposal of the Board of Directors and as recommended by the company's Auditor, were adopted at the Annual General Meeting. The members of the Board of Directors and the Managing Director were also discharged from liability for fiscal year 2007. The ordinary members of the Board of Directors, Torsten Börjemalm, Tomas Björklund, Leif Carlson, Ulf Ericsson and Tony Harwood were re-elected, and Svante Lundbrink was elected as a new Board Member. Jan-Åke Unée was re-elected as an alternate Board Member. Torsten Börjemalm was re-elected as the Chairman of the Board. Compensation to the Board of Directors in the amount of SEK 350,000 was approved. The Chairman shall receive SEK 100,000 and the other members SEK 50,000 each. Bruno Holmqvist were re-elected as auditor. The Board of Directors was authorized to, on one or several occasions before the next Annual General Meeting, issue a maximum of 10 million new shares, and to decide on a waiver of shareholders' rights of priority. The Extraordinary General Meeting resolved an option program for Kjell Larsson, Senior Vice President, including a maximum of 175,000 stock options. Each stock option entitles the holder to acquire a new share not later than 30 December, 2012. In order to secure the Company's undertakings to deliver shares and pay social security fees it was resolved to issue 235,000 warrants with corresponding terms and conditions.
- Gold is concentrated from low-grade material at the Pahtavaara gold mine - Finland. On June 4, beneficiation tests started on low-grade material. Preliminary results indicate a head gold grade of 0.4 to 1.2 g/ton. The beneficiation tests are carried out with low-grade material which has been deposited and previously classified as waste rock. Evaluation of the preliminary results, carried out during 7 working days, between 4 and 12 of June, showed that around 6 kg of gold had been produced. During the 17 days test period in June, 17 kg of gold was produced.
- The Company ceremonially broke ground at the Company's flagship Fäboliden Gold Project that is planned to become one of Europe's largest gold mines.

Events after the end of the reporting period

- The first assessment of mineral resources for Haveri Gold project in southern Finland, in compliance with NI 43-101 was presented. The Company has, together with independent consultants, analyzed and compiled the substantial amount of geological information present. The first assessment of the project's mineral resource in compliance with the Canadian NI 43-101 consisting of 6.9 million tonnes of measured and indicated mineral resources with an average grade of 1.37 g/t Au equivalent to 308,663 troy ounces of Au, for those parts of the project included in this study. The mineral resource is 24.7 Mtonne with 0.89 g/t Au at a cut off at 0.5 g/t Au, equivalent to 710,238 troy ounces of Au.
- Test run generated profits at the Pahtavaara processing plant in Finnish Lapland. After routinely replacing of wear parts in the mill, production resumed on July 15. During August, the operation has gradually increased up to a continuous three shifts, and is expected to produce approx. 25 Kg (800 oz) of gold per month. The production was based on material that previously had been classified as waste rock. The test run indicates that a relatively high percentage of previously mined waste rock holds gold grades at a level that makes them profitable when mined at a low cost. The Company estimates that the plant can be operated at full capacity for at least two years using exclusively such material. The cost of processing previously mined material is low, and the profits for processing this material alone is estimated at approx. SEK 2 million/month before depreciation and interest.
- The Company has from the receiver in bankruptcy for Scan Mining AB and its subsidiaries Blaikengruvan AB, acquired the processing plant and the mines at Blaiken for SEK 40 million. The acquisition will be paid in four segments for a period of three years. The Company calculates that the operations will resume during autumn 2008, and that the entire purchase sum will be earned back during 2009. Initially, the operation will focus on mining of the Ersmarksberget gold deposit. The acquisition was financed through a directed new share issue of SEK 26 million to a group of institutions.

Income statement - Group

SEK (,000)	3 month April-June 2008	3 month April-June 2007	6 month Jan-June 2007	6 month Jan-June 2008	Full year 2007
Income					
Changes in inventory	1 261	0	1 261	0	0
Capitalized work	1 072	481	1 953	1 637	3 671
Change in value of biological assets	0	0	0	0	5 752
	2 333	481	3 214	1 637	9 423
Other external costs	-5 980	-1 888	-8 187	-3 482	-9 096
Personnel costs	-4 575	-2 189	-7 549	-4 233	-9 061
Depreciation of tangible and intangible fixed assets	-140	-103	-254	-178	-418
Operating Profit/Loss	-8 363	-3 699	-12 776	-6 255	-9 151
P/L from financial investments:					
Financial income	119	324	422	588	1 797
Financial costs	-148	-13	-183	-51	-3 507
Profit/Loss after financial items	-8 392	-3 388	-12 537	-5 718	-10 861
Taxes	0	0	0	0	0
		0	0	0	0
Net Profit/Loss for fiscal period	-8 392	-3 388	-12 537	-5 718	-10 861
		0	0	0	0
Average number of shares before dilution, thousand	60 401	54 342	60 401	54 342	57 731
Average number of shares after dilution, thousand	61 371	54 342	61 350	54 342	57 731
P/L per share before dilution	-0,14	-0,03	-0,21	-0,11	-0,19
P/L per share after dilution	-0,14	-0,03	-0,20	-0,11	-0,19

Balance Sheet - Group

SEK (,000)	June 30 2008	June 30 2007	Dec 31 2007
Assets			
Fixed assets			
Intangible fixed assets	219 376	172 395	200 322
Tangible fixed assets	62 183	21 063	22 562
Financial fixed assets	3 028	1 567	3 028
	284 587	195 025	225 912
Current assets			
Inventory	1 274	0	0
Other receivables	5 997	4 171	2 702
Investments , cash and bank balances	408	74 025	36 902
Total Current assets	7 679	78 196	39 604
Total Assets	292 266	273 221	265 516
Equity and Liabilities			
Equity	243 742	261 221	256 224
Allocations	4 347	0	0
Long-term liabilities	29 938	2 000	2 000
Short-term liabilities	14 240	10 000	7 291
Total Equity and Liabilities	292 266	273 221	265 516
of which interest-bearing	29 473	0	0

Changes in Equity - Group

SEK (,000)	June 30 2008	June 30 2007	Full year 2007
Equity at the beginning of period	256 224	139 259	139 259
New issue	0	132 777	132 777
Issue cost	0	-5 632	-5 963
Currency effects/acquired equity	54	535	1 012
P/L of fiscal period	-12 537	-5 718	-10 861
Equity at the end of period	243 742	261 221	256 224

Cash Flow Analysis - Group

SEK (,000)	Jan-June 2008	Jan-June 2007	Full year 2007
Cash flow from operating activities before changes in working capital	-12 283	-5 540	-9 324
Changes in working capital	898	-6 789	-13 017
Cash flow from operating activities	-11 385	-12 329	-22 341
		0	0
Cash flow from investing activities	-54 582	-57 698	-84 478
Cash flow from financing activities	29 473	94 368	94 037
Changes in liquid assets	-36 494	24 341	-12 782
Liquid assets at the beginning of period	36 902	49 684	49 684
Liquid assets at the end of period	408	74 025	36 902
Unused line of credit	3 488	5 000	5 000
Disposable cash at the end of period	3 896	79 025	41 902

Personnel/consultants

The Company has 47 (last year 12) employees. In addition to this, the Company engages consultants and contractors for various projects on continuing basis. Altogether the Company engages the equivalent of 75 full time employees.

Reporting dates

Interim report January - September 2008
Notice of year-end statement 2008

November 28, 2008
February 27, 2009

Accounting principles

The accountings has been prepared according to (ÅRL- Annual Accounts Act), RFR 2.1 "Reporting for legal entities", International Financial Reporting Standards (IFRS) and interpretations by International Financial Reporting Interpretations Committee (IFRIC), as adopted by EU, and according to RFR 1.1 "Complementary reporting principles for groups". The parent company also applies to RFR 2.1 "Reporting for legal entities" and Årsredovisningslagen (ÅRL – Annual Accounts Act).

This report has been prepared in compliance with IAS 34 - Interim Financial Reporting. Same accounting principles have been applied as in the issued Annual Report for 2007. For detailed information regarding accounting principles, refer to Annual Report 2007.

The annual report and the group report have been approved for issue by the Board on April 11, 2008. The group Income statements and balance sheet and the parent company income statements and balance was adopted at the Annual General Meeting on May 30, 2008.

Lycksele August 29, 2008

Karl-Åke Johansson
CEO