

Press release 7 March 2013

Strong price rises for Dannemora Mineral in Q2

- The reference price for iron ore will increase from USD 113/tonne in Q1 to USD 147/tonne in Q2
- Projected increases for Dannemora Mineral's products are approx. 30% in Q2
- Dannemora Mineral has a market for the entire production volume

Dannemora Mineral's production consists of approx. 35% fines and 65% lump ore. Pricing of fines is strongly linked to the spot prices on Platts IODEX FE 62% CFR China (Qingdao). Lump prices are not as strongly linked, and are to some extent dependent on price movements for pellets in Europe.

Fines price model

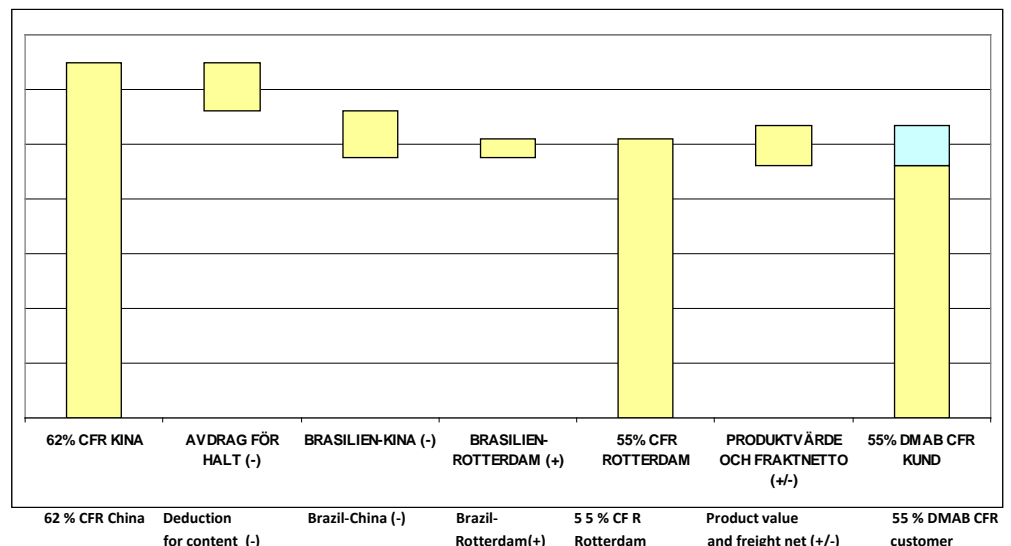
Dannemora Mineral's customer prices are normally set quarterly and are based on the previous quarter with a one-month lag. This means the Q1 price of fines is based on prices for September, October and November 2012. In that period, the prices were very low and gave an average price for the quarter of USD 113/tonne. Q2 prices are based on the average prices for December 2012 and January and February 2013, which gives a reference price of USD 147/tonne for Q2.

Dannemora Mineral encounters its competition in Rotterdam and it is from there that the price of the Company's products are set. The Rotterdam price is based on the cost of Brazilian iron ore delivered to China, adjusted for delivery to Rotterdam instead. This price is the starting point of our pricing.

The Company's supply contracts are unique to each customer. The price that the Company receives for fines can generally be described according to the following model (1-6):

- (1) Starting-point: Three-month reference price (62% Fe CFR China) Platts/IODEX (quoted) with:
- (2) Deduction (-) for lower iron content according to Platts (quoted)
- (3) Deduction (-) for freight from Brazil to China (quoted)
- (4) Addition (+) for freight FOB/Brazil CFR/Rotterdam (quoted)
- (5) Adjustment (+/-) for freight net Hargshamn compared with Rotterdam to client port (contract)
- (6) Adjustment (+ / -) for product value (negotiable acc. to contract)

The chart summarises the outcome of the pricing model and provides a general picture of the relative impact of the different price components. In other words it does not constitute a forecast.



In summary, this means that the price of fines will differ from customer to customer, with freight and product value being the major negotiating items. Product value is dependent on the ore composition and content, such as levels of manganese (Mn), phosphorus (P), sulphur (S), aluminium (Al), silicon (Si) etc., and how it affects the customer's process and end product.

Lump price model

In principle, lump pricing is, like fines pricing, based on quarters, but there is a marked difference. Here the pricing is linked to the global pellet premium which is set in the annual negotiations between Brazil and the steel companies. This year's published pellet premium between Vale (Brazil) and the Japanese steel companies is USD 25/tonne. Lump ore has historically had a premium of approx. 50% of the premium for pellets. In addition, there is also an adjustment for the lump ore's iron content and product value, as for fines.

Conclusion

Given the increase in the reference price of iron ore, and based on the fact that Dannemora is now perceived as a stable supplier and has left the testing period, the price of Dannemora's products in Q2 is expected to rise by an average of 30% compared with Q1.

Based on customers' forecasts and demand, Dannemora will have a market for its entire iron ore production in Q2.

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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 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 deposit in the Dannemora Mine, and activity is focused mainly on the mining of this deposit at present.

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.