
Press Release 31 March 2009

**STEEL DEMAND SITUATION DELAYS OPERATIONAL START-UP IN
DANNEMORA MINE**

Steel companies in Northern Europe have made considerable cut-backs in production, typically around 40-50%, in response to a sharp decline in demand for steel. Consequently, most steel companies have not ordered the iron tonnage agreed with iron ore producers for the contractual period ended 31 March 2009. For this reason, many of Dannemora Mineral's potential companies are anxious to postpone the previously discussed trial deliveries of iron ore.

The trial deliveries and subsequent long-term delivery agreements are a pre-requisite for completion of the loan financing planned for the mining project in Dannemora. The postponement of the trial deliveries and loan financing means that the large investment projects and the start-up of full-scale operations in the Dannemora mine have been delayed.

Based on what Dannemora Mineral's potential customers have indicated regarding the timing of trial deliveries, the delivery agreements and loan financing are now expected to be in place in the first half of 2010. This will make it possible to commence operations in the new plant in summer 2011, with full capacity achieved in autumn 2012. The schedule for operational start-up and full capacity utilisation is therefore slightly more than six months behind the previously communicated schedule.

The ongoing installation projects for pumping out the mine and rock work for ramp placement and development continue. The rock work is mainly focused on development work in the Ströms ore. The development at level -162 metres will be implemented in spring, giving access to approx. 250,000 tonnes of developed iron ore for caving until summer 2009. This quantity of ore is fully sufficient for the planned trial deliveries. When the trial deliveries begin, the ore will be processed into lump ore and fines in a temporary separation plant.

The above projects will continue to the extent they are time-critical to the start-up of operations in accordance with the new schedule. Investments and activities which are not time-critical will be postponed in order to maintain Dannemora Mineral's good liquidity and sound financial position. This will give the Group freedom of action even in a more long-drawn-out recession.

Staffan Bennerdt CEO and President of Dannemora Mineral: "The deep recession and crisis on the financial markets has hit the mining sector hard. For Dannemora Mineral, the crisis is not all bad news. Prices of all types of equipment are falling and delivery times are being cut. The lack of qualified personnel is not the problem it was, and a large number of competing projects have been delayed. With our short period to production start-up, Dannemora Mineral is perfectly positioned to benefit from an upturn in the economy when it arrives."

For further information, please contact:

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This document is a translation of the original press release in Swedish. In case of divergence, the Swedish version shall have precedence.

Dannemora Mineral AB is a mining and exploration company, with the main goal 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.