



Attachement:

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Mertainen is mothballed

LKAB's new open-pit mine Mertainen outside Svappavaara will not be taken into production. The prevailing situation in the market means that the mine will be mothballed until circumstances change.

Mertainen is one of three open-pit mines in the Svappavaara field which together were to increase LKAB's delivery capacity. The decision to invest was taken in 2010, a time of high prices for coarse iron ore fines – a product to which the deposits in Mertainen are well suited.

"The market has changed in recent years. The products from Mertainen cannot be made profitable at the moment. We are therefore focusing on the Leveäniemi and Gruvberget open-pit mines in Svappavaara and leaving Mertainen dormant until the market conditions change," says Jan Moström, LKAB's President and CEO.

LKAB's strategy to maximize pellet production remains and demand for processed iron ore products is strong. Prices for the processed products have also developed positively during the year.

"The facilities in Mertainen will be kept in a condition such that we are able to start production at just a few months' notice. We are thus ready for any change in the demand for coarse fines. The global need for steel, and therefore for iron ore, will basically continue for a long time to come," says Jan Moström.

As a consequence of the decision, LKAB's Board of Directors has also decided to write down the value of LKAB's assets by MSEK 1200, which will impact earnings for the fourth quarter.

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LKAB is an international and high-tech mining- and minerals group that mines and upgrades the unique iron ore of northern Sweden for the global steel market. Sustainability is core to our business and our ambition is to be one of the industry's most innovative, resource-efficient and responsible companies. The group had sales of more than SEK 16 billion in 2015 and employs about 4,500 people in 13 countries. Other group business include industrial minerals, drilling systems, rail transport rockwork services and property management.