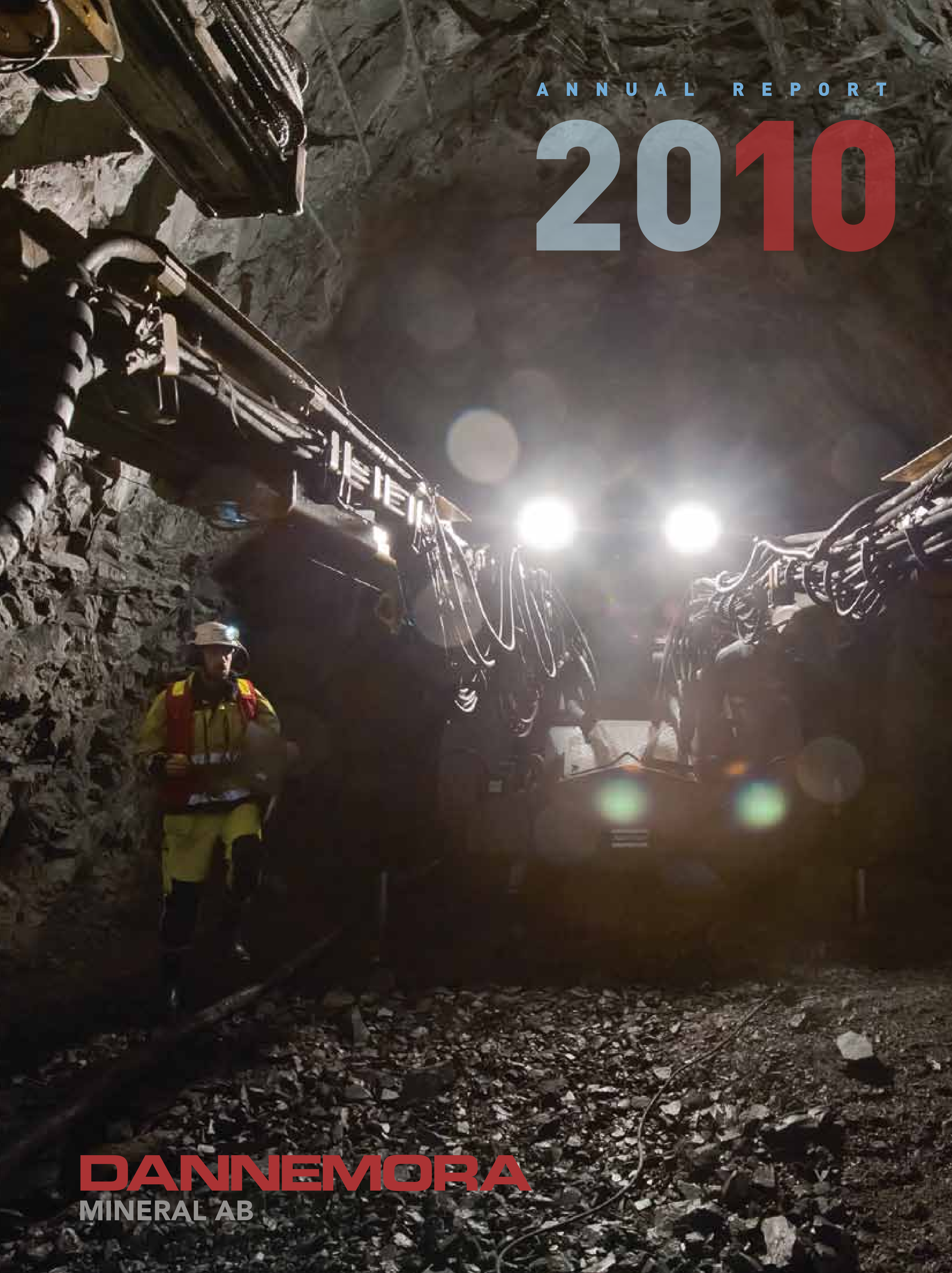
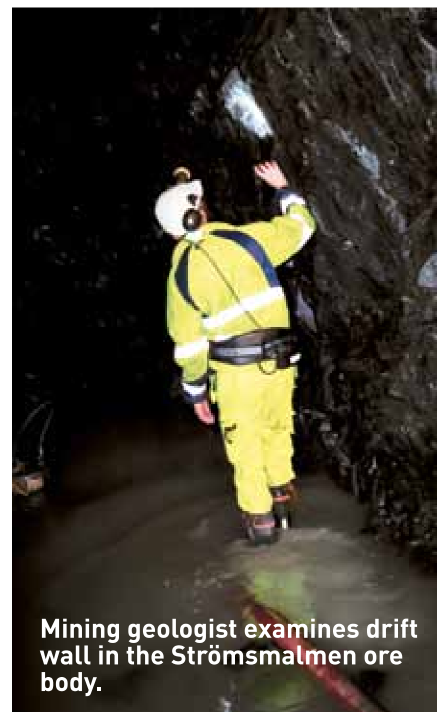
ANNUAL REPORT
2010



DANNEMORA
MINERAL AB

The seventh and final trial delivery left Hargshamn in December.

Model of the new sorting plant to be constructed next to the head frame.



Mining geologist examines drift wall in the Strömsmalmen ore body.

Crushing of crude ore for further processing into final iron ore products.

Drilling for ventilation shaft

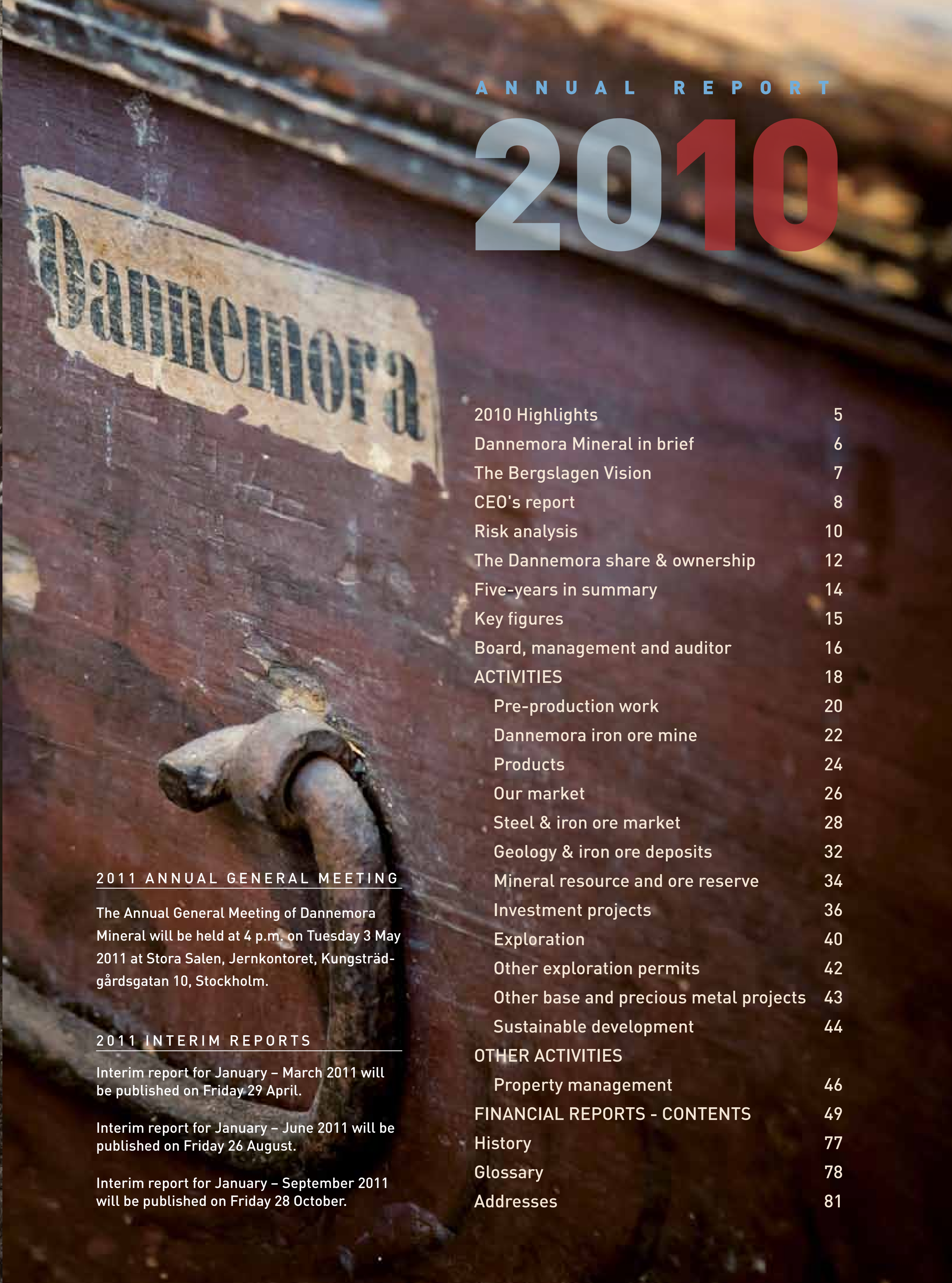
Loader for use in underground mining.

Geologist Gunnar Rauséus logs the ramp down to the 350 metre level.

Drained mine water passes through sedimentation basins.

Photo: Tommy Persson

Geologist Elisabet Alm logs drill cores from the ongoing exploration drilling underground.



ANNUAL REPORT 2010

2011 ANNUAL GENERAL MEETING

The Annual General Meeting of Dannemora Mineral will be held at 4 p.m. on Tuesday 3 May 2011 at Stora Salen, Jernkontoret, Kungsträdgårdsgatan 10, Stockholm.

2011 INTERIM REPORTS

Interim report for January – March 2011 will be published on Friday 29 April.

Interim report for January – June 2011 will be published on Friday 26 August.

Interim report for January – September 2011 will be published on Friday 28 October.

Highlights

Draining the Dannemora mine

The draining of the Dannemora iron ore mine was completed in the first quarter of 2010. By then, 3 million cubic metres of water had been pumped up from the mine and the main levels at 350 and 460 metres were dry and accessible.

Trial deliveries to five European steel-works

Dannemora Mineral signed trial delivery agreements with five European steel companies during the year and delivered 77,000 tonnes of iron ore products, comprising both lump ore and fines. This means that trial deliveries have been shipped to a total of six steel companies. During the year, several of the steel companies conducted full-scale tests. The results were in line with expectations and they represent a basis for negotiations regarding long-term supply contracts.

Trial deliveries generated revenue of SEK 45 million

Net sales for 2010 amounted to SEK 44.9 (6.0) million. Profit/loss after net financial items was SEK -50.9 (-23.4) million.

Renovation of the railway line to Hargs-hamn

The Swedish Transport Administration has virtually completed the renovation of the railway between Örbyhus and Hargshamn. The final stage will be completed during summer.

Recruitment of management team

An HR and Communications Manager was recruited in autumn. The management team that will be responsible for operations in Dannemora was also recruited.

Three new share issues generated 258 million

Three new share issues mainly targeting Norwegian investors generated SEK 258 million during spring. The Company's share was admitted to trading on the Oslo Stock Exchange's Axess list on 17 June.

Events after the end of the financial year:

Agreement with Skanska on new sorting plant

At the end of January 2011, the Company concluded an agreement with Skanska IME for the detailed design of a new permanent processing plant at the Dannemora Mine.

Bond issue ensures production start-up

At the end of February 2011, Dannemora Mineral decided to secure funding for the Dannemora iron ore project by means of a five-year bond issue totalling USD 120 million. The bond was fully subscribed in a few days. The project is now entering the next phase and all time-critical investment work has been started. This means the mine is expected to be ready for operation in the second quarter of 2012.

Listing on the Stockholm Stock Exchange's Main List

Dannemora Mineral has decided to apply for its Class B shares to be listed on the Stockholm Stock Exchange main list, which means a a move from First North where the shares have been listed for four years.

Long-term supply agreement with Salzgitter

The Company has entered into a five-year off-take agreement with Salzgitter Flachstahl for annual deliveries of up to 300,000 tonnes of iron ore. The deliveries are scheduled to start in the second quarter of 2012.

New share issue

A private placement in March 2011, mainly targeting Norwegian and other foreign investors, brought Dannemora a further SEK 150 million before issue expenses. The issue was completed with a subscription of 126 percent.

Business concept, vision, goals and strategy

Business concept

Dannemora Mineral's business concept is:

- **to resume operation of the Dannemora iron ore mine, and to do so with good long-term profitability and under environmentally sustainable conditions**
- **to identify other iron mineralisations and develop them into workable ore deposits which create good synergies with the Dannemora operations**
- **to explore for base and precious metal mineralisations in and around Dannemora and develop these into workable deposits**

Vision

Dannemora Mineral's vision is to maximise shareholder value by becoming an established and valued niche supplier of iron ore to a a number of European steel companies within five years of production start-up.

Goals

Dannemora Mineral's goals are to resume operations in the Dannemora iron ore mine, establish long-term supply contracts with two to five steel companies for the majority of its production and gradually increase the ore reserve in the Dannemora field by continuous exploration. It is also the company's goal to gradually develop measured or new deposits of iron ore in other parts of Sweden.

The Board has defined the following financial goals for the business:

- to achieve a positive operating profit within two years of the operational start-up
- to achieve profitability at least in line with the industry average within three years of the operational start-up

The operational goals can be summarised as follows:

- to resume operation of the Dannemora iron ore mine within 12 months of the completion of financing.
- to achieve full production within 18 months of the production start-up
- to substantially increase iron ore reserves by means of exploration in the mine and its vicinity
- to locate and develop known or new iron ore deposits in other parts of Sweden

Strategy

The key elements of Dannemora Mineral's strategy for achieving its defined goals are as follows:

Organisation

The company has established a well adapted and effective organisation which will be developed in line with growth of the company's operations.

Personnel

Experienced and highly qualified personnel are vital to the company's success. With this in mind, the Board and management work actively to ensure the company stands out as an attractive and stimulating workplace. In order to ensure future provision of personnel, the company is engaged in regular dialogue with representatives of the municipal council and other parties.

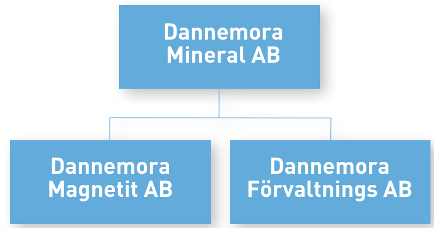
Market

Dannemora will establish a stable, long-term market for iron ore products by focusing on customers and creating added value by providing geographical and transport-related advantages. The market development will be aimed at early establishment of long-term relationships and multi-year supply contracts with a large number of European steel companies. Customers with steel production which is particularly suited to Dannemora's localisation and product properties are prioritised in terms of time and resources.

Exploration for new and measured deposits of iron ore mineralisations is focused on geographical and transport-related advantages and on finding ore with similar product properties to the Dannemora ore, as this brings considerable market synergies from a customer perspective. New or known mineralisations of base or precious metals may either be processed into workable deposits or sold, if this is considered profitable.

Structure

Dannemora will be established as a central platform for future mining activity in eastern Bergslagen. The initially broad exploration permits will gradually be concentrated on a smaller number of interesting prospects. It is expected that the Dannemora site will eventually represent the centre of the mining industry in eastern Bergslagen, not only from a technical and production perspective but also in terms of knowledge and administration.



Permits

Official permits and other legal regulations are critical components of the company's activities. The company will endeavour to minimise time and cost risks with regard to permits and trials, and its operations will be characterised by open and constructive cooperation with the relevant authorities.

Environment

The exploration and mining industry is regulated by extensive and mission-critical environmental legislation. The company has therefore organised its business in such a way as to enable it to closely monitor developments in environmental legislation and take any action required in order to comply with current legislation.

Group structure

Dannemora Mineral AB is a mining and exploration company. The Company's primary goal is to recommence mining operations in Dannemora. 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.

The Dannemora Group comprises the Parent Company Dannemora Mineral AB and its wholly-owned subsidiaries Dannemora Magnetit AB, which is responsible for operations in Dannemora and the Group's exploration activities, and Dannemora Förvaltnings AB, which is responsible for the property portfolio.

The Group's most important asset is the iron ore at Dannemora, and activities will initially focus mainly on the planned processing of this iron ore.

The Bergslagen vision

Dannemora Mineral's vision is to make Dannemora the centre of a more extensive mining industry in Bergslagen, with the stated objective of developing several mining projects, mainly locally, but also elsewhere in Sweden. Top priority is given to production in the Dannemora mine. The next step is to develop other deposits and next on the agenda is Riddarhyttan.

The Company's Board runs a development programme with the working title DMAB 5.0, called the Bergslagen vision, which is aimed at planning for the Company's future development and creating a sustainable mining company, able to conduct profitable operations for many years to come. DMAB 5.0 illustrates the vision of ultimately reaching an annual production of 5 million tonnes of iron ore products.

"We have good prospects for developing the Company into a sustainable and profitable mining company delivering significant value to shareholders."

Nils Sandstedt, Deputy Chairman of the Board of Dannemora Mineral AB

All set for production start-up in 2012

2010 was a pivotal year for Dannemora Mineral. All the key personnel have been recruited. There have been more trial delivery agreements than expected. The products have made the grade in full-scale testing, the financing has been resolved after the end of the financial year, investment projects have begun and the first long-term supply contract has been signed. The project is now entering the construction phase.

This has been the year of truth for Dannemora and there now remain no obstacles to a production start-up in the second quarter of 2012. Everything is well prepared and investment projects have been initiated. First up is the new permanent sorting plant, which is scheduled for completion in March 2012.

At the start of production, we shall have proved our ability to launch a mining project and create the conditions for starting viable new projects.

More trial deliveries than expected

During the year, trial deliveries for testing in full-scale production were sent to five North European steelworks. The deliveries generated SEK 45 million in revenue.

The unexpectedly large number of trial deliveries is a confirmation that our production system and logistics are working well, that the products make the grade in the full-scale tests and that there is keen market interest.

Off-take agreement concluded

After the end of the financial year, a five-year supply contract was signed with the German company Salzgitter. This is testimony that Dannemora's products are in demand and have a place with steel companies in Europe, where there is frustration about being over-dependent on the large suppliers. Chinese interest in Dannemora's products is also very keen.

The Company's planned production is 60 percent lump and 40 percent fines, which is a reflection of demand in our market in Northern Europe. Dannemora is also the only European supplier of lump ore, which is an attractive iron ore product with limited supply in the world.

Strong market increases demand

It can be observed that the market is very strong, with steel production increasing by 15 percent in 2010 and reaching a record 1,414 million tons of crude steel. There is exceptional demand for iron ore products from Asia, and China in particular. They are driving demand, which has created a shortage of iron ore.

The price level is again at all-time high, having reached USD 190 per ton of iron ore in December, which is higher than the record year of 2008. Everything points to a continuing shortage of iron ore and very strong demand. All the assessments also mention a strong market over the next two to three years.

The upswing is highly likely to persist, in view of the fact that the increased demand is structural, rather than cyclical. In addition, analysts have underestimated demand each year for the last 5-6 years. The tragic tsunami disaster in Japan has had little impact on the world economy so far, but we are, of course , monitoring developments at the Fukushima nuclear power plant, among other things. Developments in the Arab countries may also affect the world market situation.

"Everything is well prepared and the financing has been resolved. Now it's up to us to deliver."

Several new mining projects are expected to be launched in different parts of the world within the next few years. In all likelihood, it will take them much longer than planned to get into production, as the difficulties involved in starting new mines are often underestimated. Most of the projects in question are located in remote areas, primarily in Canada, Russia, South America and Australia, which will present significant challenges, particularly in terms of resolving logistics issues. Environmental issues also have a tendency to delay the projects. Other projects – in Africa, for example – may involve political risks. This is combination of factors that makes the banks extra cautious.

Management recruited

During the year we recruited all the operational managers. An HR and Communications Manager, Service Manager and Environment Manager were recruited in 2010. Professionals in the sector have shown very keen interest in employment with the Company. This has allowed us to recruit distinguished and experienced individuals onto the operational management team. Now that the Company is entering the production phase, it is our common task to ensure employees assume their roles and take up their challenges.

The recruitment of other personnel is continuing in 2011. For the Dannemora iron ore project, the Company will appoint about 120 people, which will make us an important employer in the region. Bearing in mind the multiplier effect, a number of additional jobs will be created in the local area.

As a responsible employer, we place extra emphasis on the environment and soft values and development of employees. We are also keen to establish good trade union relations and the aim is to establish ongoing and active dialogue.

The Company will have a small, modern and flexible organisation with employees at the centre and will have a target of at least one-third of its employees being female.

Centre for the mining industry in Bergslagen

Dannemora's vision is to make Dannemora the centre of a more extensive mining industry in Bergslagen, and the stated objective is to develop several mining projects, mainly locally, but also elsewhere in Sweden. The Company is no stranger to structural transactions.

Our main task now is to get production in Dannemora up and running. The next step is to develop other deposits and the project next on the agenda is Riddarhyttan. The field's iron ore is the same type as as the Dannemora ore and we expect to find logistical advantages with production in the Dannemora mine.

A drilling programme plan for the Riddarhyttan area has been produced and the Company plans to apply for an exploitation concession as soon as possible.

Financing in place

After the end of the financial year, the Company took the decision to finalise the financing by means of a bond issue of USD 120 million. With this different financing solution, we can now move quickly to a production start-up. This will create increased value for shareholders, with rapid cash flows that enable us to ease the debt burden in a shorter time.

At the same time as the bond issue, the Company also implemented a new share issue primarily targeting Norwegian and foreign investors. The share issue brought the company SEK 150 million.

With the funding issue resolved and an off-take agreement in place, we have peace of mind and can continue the ongoing negotiations on long-term contracts with several European steel companies without any time pressure .

Photo: Labe Allwin

Favourable position and good timing

Thanks to an unusually good logistics solution which means we have very low transport costs (approx. 15 percent of total production costs), an infrastructure that is already in place and low process costs, we have an advantageous starting position.

The global shortage of iron ore, our relatively good cost position and demand for Dannemora's products give us the best possible timing for the production start-up in the second quarter of 2012.

Now it's up to us to deliver.

Stockholm, April 2011

Staffan Bennerdt
President and CEO

Risks and factors which may affect Dannemora Mineral AB

All entrepreneurial activity and share ownership involves risks, and a shareholding in Dannemora Mineral is no exception. Certain factors the Company considers to be of major significance are described below.

Ore prices and currencies

Key risks, which may also represent opportunities, are associated with the price of iron ore and movements in the USD/SEK exchange rate. The price of iron ore, which is set in dollars per percentage of iron content, is largely governed by supply and demand, and can vary widely in both the short and long term. In 2010, the price of iron ore reached record levels mainly due to the current excess demand. If a balance between supply and demand occurs, this will drive down the price of iron ore.

Customers

Dannemora Mineral has successfully conducted trial deliveries and the Company has also signed a long-term supply contract. It is the Company belief that there will be further supply contracts, which will ensure there is a market for the mine's full production. However, there is a risk that the steel companies may not be ready to enter into a contract, or that they will be willing to do so but under conditions that are not acceptable to Dannemora Mineral.

Plant & equipment investments

During the first quarter of 2011, Dannemora Mineral secured financing for necessary plant & equipment investments. However, problems may arise which could cause both delays and rising costs for these investments.

Personnel

Like many other small and medium-sized enterprises, Dannemora Mineral is dependent on its personnel. Recruitment of personnel has been successful to date, although the resumption of operations at Dannemora will require a significant increase in the workforce, with a considerable need for expertise and specialist knowledge in certain cases.

Environmental requirements

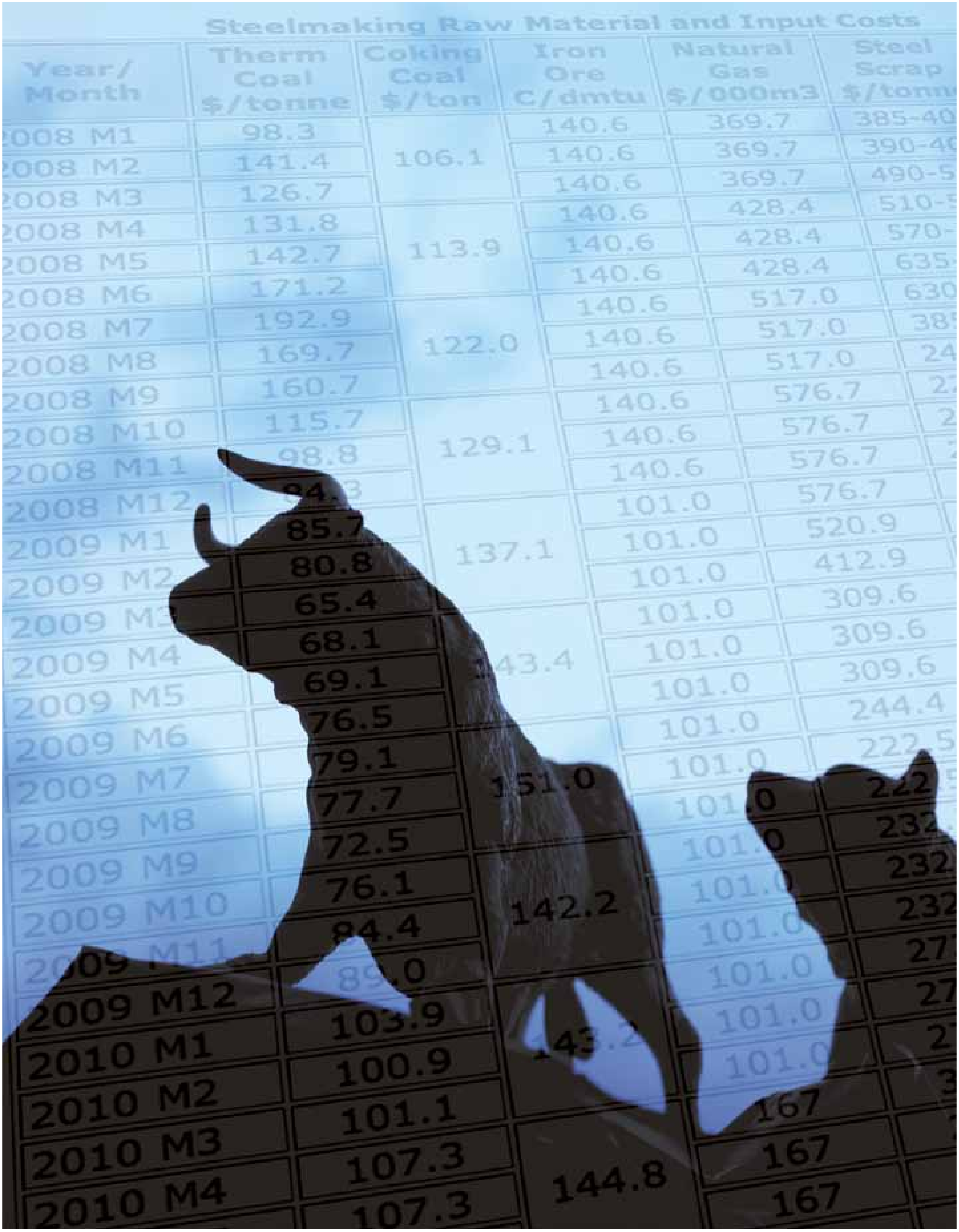
Exploration and mining activities are subject to stringent environmental requirements which can cause considerable delays and additional expenditure, even to the point of making mining impossible. However, Dannemora Mineral has been granted an environmental permit under the Swedish environmental code to conduct mining operations at the Dannemora iron ore mine. The Company already pursues environmental protection activities aimed at meeting different stakeholder requirements.

Exploration

Exploration activities are aimed at increasing the Group's iron ore reserves, particularly in the vicinity of Dannemora. Consequently, the Group must have the technology, expertise and financial resources to find and explore new mineralisations.

Production technology

The geology of the deposits must be well understood and mining technology and process technology properties fully tested. Nevertheless, problems may arise which can change the project's technical or commercial outcome.



Istockphoto

Price development

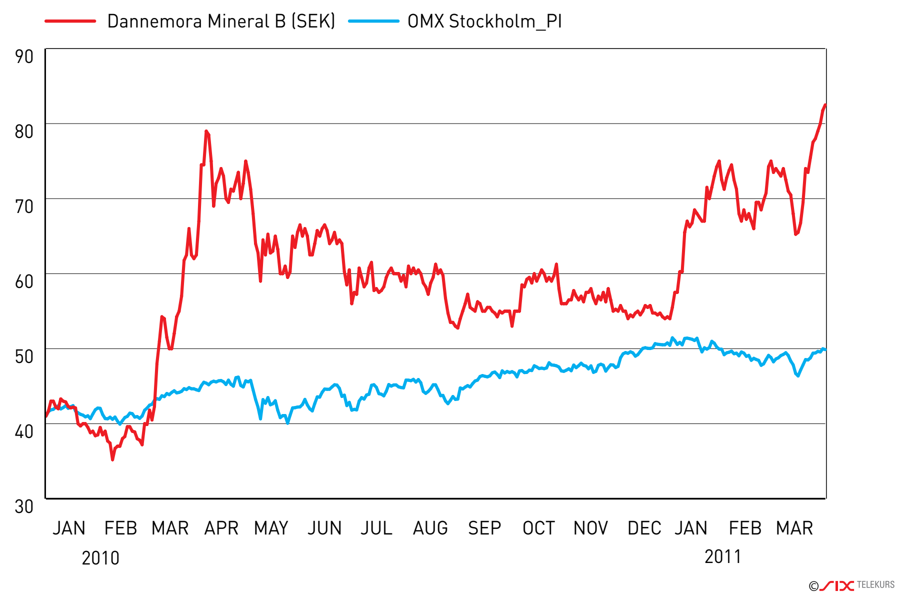
Price development OMX Stockholm First North

Dannemora Mineral's class B shares have been listed on First North since 25 May 2007.

On the first trading day of the year (04 January 2010), the share was quoted at SEK 41.70. Its highest listing during 2010 was SEK 79.00 on 7 April. On the last trading day of the year (30 December 2010), the share was quoted at SEK 54.00, which corresponds to an increase of 29 percent during the year. In the same period, the First North All-Share index rose by 1 percent, while the OMX Stockholm PI index increased by 21 percent.

At 31 March 2011, the Dannemora share was quoted at SEK 82.50, which is a year-to-date increase of 53 percent. In the same period, the First North All-Share index fell by 4 percent, while the OMX Stockholm PI index fell by 1 percent.

Price development 02/01/2010 – 31/03/2011 First North.



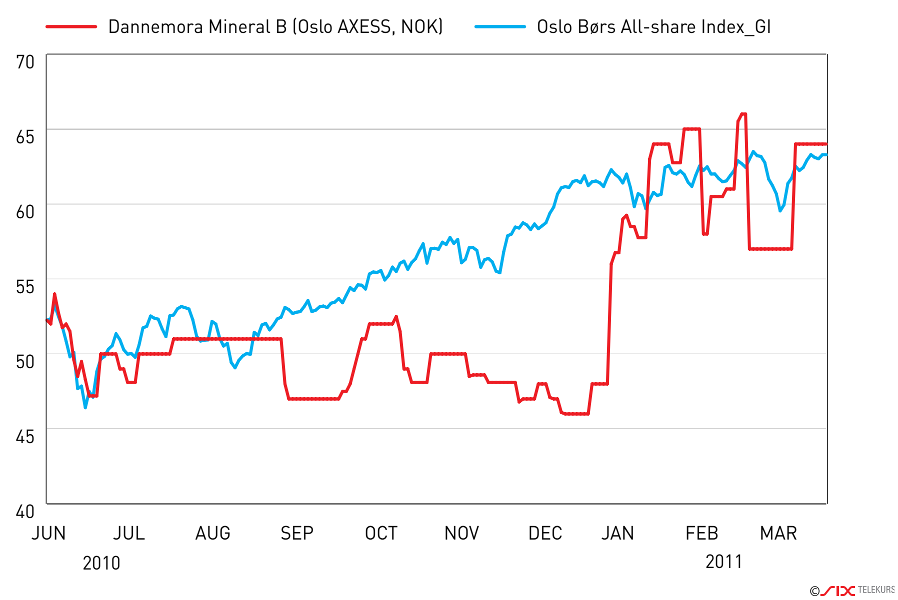
Price development Oslo Axess

Dannemora Mineral's class B shares have been listed on Oslo Axess since 17 June 2010.

On the first trading day (17 June 2010), the share was quoted at NOK 52.25. Its highest listing during 2010 was NOK 54.00 on 21 June. On the year's last day of trading, 30 December 2010, the share was quoted at NOK 46.00, a decline of 12 percent since the first trading day. The Oslo Stock Exchange All-share Index increased by 18 percent over the same period.

At 31 March 2011, the share was quoted at NOK 64.00, which is a year-to-date increase of 39 percent. The Oslo Stock Exchange All-share Index increased by 3 percent over the same period.

Price development 17/06/2010 – 31/03/2011 Oslo Axess.



Share capital

Dannemora Mineral's total share capital at 31 December 2010 was SEK 1,897,664, divided into 1,200,000 class A shares and 10,660,400 class B shares. Each share has a par value of SEK 0.16. Class A shares carry 10 votes per share, while B shares carry one vote per share. All shares carry equal entitlement to a share of the company's assets and earnings.

In March 2011, the Board of Dannemora Mineral AB exercised the mandate granted by the extraordinary general meeting to complete a private placement which brought the Company proceeds of SEK 150 million before issue expenses. A total of 2 million class B shares were subscribed for at a price of SEK 75. After the issue, the Company's share capital amounted to SEK 2,217,664, divided into 1,200,000 class A shares and 12,660,400 class B shares.

The Company must have a share capital of at least SEK 1,600,000 and no more than SEK 6,400,000, which means a minimum of 10,000,000 shares and a maximum of 40,000,000 shares.

Share capital development

Year	Transaction	Increase in share capital, SEK	Total share capital, SEK	Increase in number of shares	Total number of shares	Share issue price, SEK
Mar -05	Incorporation	100,000	100,000	-	100,000	1.00
Jan -06	New share issue	22,000	122,000	22,000	122,000	50.00
Jun -06	New share issue	41,000	163,000	41,000	163,000	369.00
Mar -07	Bonus issue	358,600	521,600	-	163,000	-
Mar -07	Share split 20:1	-	521,600	3,097,000	3,260,000	-
May -07	New share issue	224,000	745,600	1,400,000	4,660,000	61.00
Jun -08	New share issue	496,000	1,241,600	3,100,000	7,760,000	50.00
Mar -10	New share issue	440,000	1,681,600	2,750,000	10,510,000	60.00
April -10	New share issue	200,000	1,881,600	1,250,000	11,760,000	69.50
Jun -10	New share issue	16,064	1,897,664	100,400	11,860,400	63.06
Mar -11	New share issue	320,000	2,217,664	2,000,000	13,860,400	75.00

Ownership

The table below shows the ownership structure of Dannemora Mineral at 30 December 2010, based on an extract from Euroclear and VPS.

	A shares	B shares	Share of Capital, %	Share of Votes, %
Lennart Falk, directly and via family and companies	600,000	260,750	7.3	27.6
BERNHARD, NILS directly and via family	600,000	218,000	6.9	27.4
FRIENDS PROVIDENT INTERNATIONAL LTD *	0	568,973	4.8	2.5
AVANZA PENSION INSURANCE CO.	0	546,423	4.6	2.4
JP MORGAN BANK	0	504,000	4.2	2.2
VERITAS ELÄKEVAKUUTUSOSAKEYHTIÖ	0	447,100	3.8	2.0
SANDBERG, PER-UNO	0	432,043	3.6	1.9
MIKAROS AB	0	400,000	3.4	1.8
FRIENDS PROVIDENT INTERNATIONAL LTD *	0	351,500	3.0	1.6
J P MORGAN CLEARING CORP, W9	0	346,839	2.9	1.5
AWAKE SWEDISH EQUITY FUND	0	320,000	2.7	1.4
NORDNET PENSIONSFÖRSÄKRING AB	0	290,500	2.4	1.3
SKEIE CAPITAL INVESTMENT AS	0	179,000	1.5	0.8
CBLDN-POHJOLA BANK PLC CLIENT A/C	0	175,014	1.5	0.8
PKL E.ÖHMAN J:OR SUOMI OY	0	165,000	1.4	0.7
BARCLAYS CAP SEC CAYMAN CLIENT	0	158,800	1.3	0.7
AB HVALFISKEN	0	155,200	1.3	0.7
SANDSTEDT, NILS	0	152,000	1.3	0.7
HOLBERG NORGE	0	139,300	1.2	0.6
ARVARIUS AS	0	133,500	1.1	0.6
OTHER	0	4,716,458	39.8	20.8
Total shares	**1,200,000**	**10,660,400**	**100.0**	**100.0**

*) Different registration nos.

Incentive schemes

In 2008, an incentive scheme comprising a maximum of 85,000 warrants and 85,000 share options for the Parent Company's CEO and key management personnel in the Group was adopted. 75,000 warrants and 85,000 share options were allotted. The subscription period for the warrants is 1 July 2009 to 15 January 2012. The subscription period for the share options is 1 July 2011 to 15 January 2012.

The programme is described in more detail in note 8 on page 69.

Group

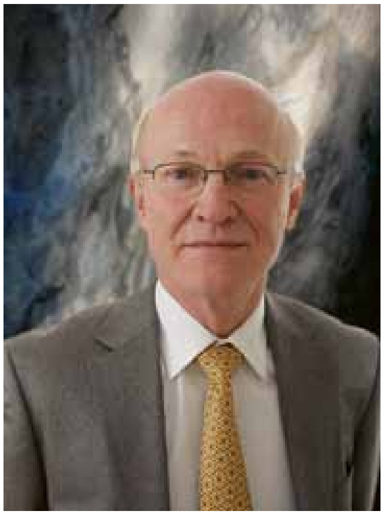
	01/01/2010-31/12/2010	01/01/2009-31/12/2009	01/01/2008-31/12/2008	01/01/2007-31/12/2007	01/01/2006-31/12/2006
Income statement (SEK thousands)					
Net sales	44,863	5,957	2,866	-	-
Operating expenses	-96,801	-30,022	-30,128	-11,835	-2,754
Net financial items	999	652	4,564	1,661	124
Profit/loss after financial items	-50,939	-23,413	-22,698	-10,174	-2,630
Profit/loss for the year	**-50,939**	**-23,413**	**-22,698**	**-10,174**	**-2,630**
Balance sheet (SEK thousands)					
Assets					
Intangible assets	38,166	34,073	30,602	22,722	5,659
Property, plant & equipment	146,428	105,388	56,129	257	102
Financial assets	2,121	2,131	2,619	115	100
Current receivables	20,631	1,730	4,915	1,013	500
Cash & cash equivalents	212,134	62,641	146,114	63,706	9,865
Total assets	**419,480**	**205,963**	**240,379**	**87,813**	**16,226**
Equity and liabilities					
Equity	379,687	184,945	208,358	82,668	13,103
Non-current liabilities	13,000	13,242	13,000	-	-
Trade payables	17,909	3,470	12,440	3,125	1,306
Other current liabilities	8,884	4,306	6,581	2,020	1,817
Total equity and liabilities	**419,480**	**205,963**	**240,379**	**87,813**	**16,226**
Cash flow statement (SEK thousands)					
Cash flow from operating activities	-61,387	-30,732	-20,497	-7,805	-2,104
Cash flow from investing activities	-32,608	-52,934	-47,483	-18,093	-3,762
Cash flow from financing activities	245,681	-	148,388	79,739	15,729
Total cash flow	**151,686**	**-83,666**	**80,408**	**53,841**	**9,863**

Key figures and financial ratios

	01/01/2010-31/12/2010	01/01/2009-31/12/2009	01/01/2008-31/12/2008	01/01/2007-31/12/2007	01/01/2006-31/12/2006
Profit/loss after financial items, SEK thousands	-50,939	-23,413	-22,698	-10,174	-2,630
Return on average total assets, %	-4.1	-10.5	-13.8	-19.6	-30.1
Return on average equity, %	-4.5	-11.9	-15.6	-21.2	-37.0
Equity, SEK thousands 379,687	184,945	208,358	82,668	13,103	
Equity/assets ratio, %	90.5	89.8	86.7	94.1	80.7
Cash & cash equivalents, SEK thousands	212,134	62,641	146,114	63,706	9,865
Gross investments in intangible assets, SEK thousands	4,688	3,720	9,399	17,363	5,534
Gross investments in property, plant & equipment, SEK thousands	41,575	49,509	56,267	225	118
Gross investments in financial assets, SEK thousands	-	-	2,504	15	300
Shares outstanding at reporting date before full dilution	11,860,400	7,760,000	7,760,000	4,660,000	163,000
Shares outstanding at reporting date after full dilution	12,049,400	7,949,000	8,009,000	4,720,000	163,000
Average number of shares before full dilution	10,701,809	7,760,000	6,210,000	3,470,347	140,666
Average number of shares after full dilution	10,890,809	7,949,000	6,377,250	3,530,347	140,666
Earnings per share before full dilution, SEK	-4.76	-3.02	-3.66	-2.93	-18.70
Earnings per share after full dilution, SEK	-4.68	-2.95	-3.56	-2.88	-18.70
Equity per share, SEK	32.01	23.83	26.85	17.74	80.39
Share price, SEK	54.00	41.00	8.60	31.00	-
Average number of employees	14	13	14	8	3

Definitions of key figures and financial ratios

Return on average total assets:	Profit/loss after financial items plus finance costs as a % of average total assets.
Return on average equity:	Profit/loss after financial items as a % of average equity.
Equity:	Equity at year-end.
Equity/assets ratio:	Equity as a % of total assets.
Outstanding shares on balance sheet date before full dilution:	Number of shares at year-end.
Outstanding shares on balance sheet date after full dilution:	Number of shares at year-end adjusted by the number of shares that can be subscribed for under outstanding incentive schemes.
Average number of shares before full dilution:	Average number of shares during the financial year.
Average number of shares after full dilution:	Average number of shares during the financial year adjusted by the number of shares that can be
subscribed for under outstanding incentive schemes.	
Earnings per share, after full dilution:	Profit/loss after financial items divided by the average number of shares before full dilution.
Earnings per share, after full dilution:	Profit/loss after financial items divided by the average number of shares after full dilution.
Equity per share:	Equity at year-end divided by outstanding shares before full dilution.
Share price:	Share price at year-end.
Average number of employees:	Average number of employees during the year converted to full-time equivalents.



Nils Bernhard
Founder. Elected to the Board 2005.

b. 1947.
M.Sc. (Eng.), B.Sc. (Econ).
Entrepreneur and private investor.
Other directorships: Chairman of Tobii Technology AB, Headweb AB, AB Grundstenen 1346456, Pajeb Kvarts AB, Mångubben AB and Director of Bioimics AB.
No. of shares and options*: 600,000 class A shares and 218,000 class B shares (directly and through related parties).

Lennart Falk
Founder. Elected to the Board 2005.

b. 1941.
Ph.D. and Geologist.
Entrepreneur and private investor.
CEO of Parent Company from 2005 to 2006 and Managing Director of Dannemora Prospektering until 2008.
Other directorships: Pajeb Kvarts AB, Svensk Prospekteringskonsult AB and Blackstone Nickel AB.
No. of shares and options*: 600,000 class A shares and 260,750 class B shares (directly and through related parties and companies).

Photo: Jappe Liljedahl

Christer Lindberg
Elected to the Board 2006.

b. 1948.
B.Sc. (Econ).
Advisor to companies and investors.
Other directorships: Chairman of Scandinavia Energy Efficiency AB and Director of S.E.G Resistor AB, Lightlab AB, Tyrlin AB and Mama Mia AB.
No. of shares and options*: 15,699 class B shares.

Niklas Nordström
Elected to the Board 2007.

b. 1968.
Senior Consultant at Prime PR AB.
Other directorships: Director of Egenmakt AB.
No. of shares and options*: 3,000 class B shares.

Nils Sandstedt
Deputy Chairman since 2007. Elected to the Board 2006.

b. 1964.
B.Sc. (Econ).
Corporate finance consultant and private investor.
Other directorships: Skebo Konferens AB and Rosa & Co AB.
No. of shares and options*: 152,000 class B shares.

Lars-Göran Ohlsson
Elected to the Board 2006.

b. 1944.
Mining Engineer.
CEO of Parent Company from 2006 to April 2008.
CEO of Geo Management AB.
Other directorships: Chairman of Geo Management AB and Director of Endomines AB and Lappland Goldminers AB.
No. of shares and options*: No holdings.

* Information on holdings of shares and warrants is correct as at 30 December 2010.

Staffan Bennerdt

Group President and CEO, Dannemora Mineral AB.
b. 1954.
B.Sc. (Econ).
Appointed 2008.
No. of shares and options*: 50,000 class B warrants (on full subscription 50,000 shares) and 50,000 class B share options (on full subscription 50,000 shares).

Kjell Klippmark

CEO, Dannemora Magnetit AB.
b. 1954.
Mining Engineer.
Appointed 2007.
No. of shares and options*: 15,000 class B warrants (on full subscription 15,000 shares) and 15,000 class B share options (on full subscription 15,000 shares).

Photo: Marcel van Helvoort

Jan Vestlund

Marketing and Logistics Manager, Dannemora Mineral AB.
b. 1947.
M.A. (Political Science), B.Sc.
Appointed 2007.
No. of shares and options*: 4,000 class B warrants (on full subscription 4,000 shares) and 10,000 class B share options (on full subscription 10,000 shares).

Niklas Kihl

CFO, Dannemora Mineral AB.
b. 1964.
B.Sc. (Econ).
Appointed 2007.
No. of shares and options*: 100 class B shares. 6,000 class B warrants (on full subscription 6,000 shares) and 10,000 class B share options (on full subscription 10,000 shares).

Peter Svensson

Exploration Manager, Dannemora Magnetit AB.
b. 1968.
M.Sc. (Geosciences).
Appointed 2007.
No. of shares and warrants: 1,200 class B shares (directly and through related parties).

Yvonne Gille

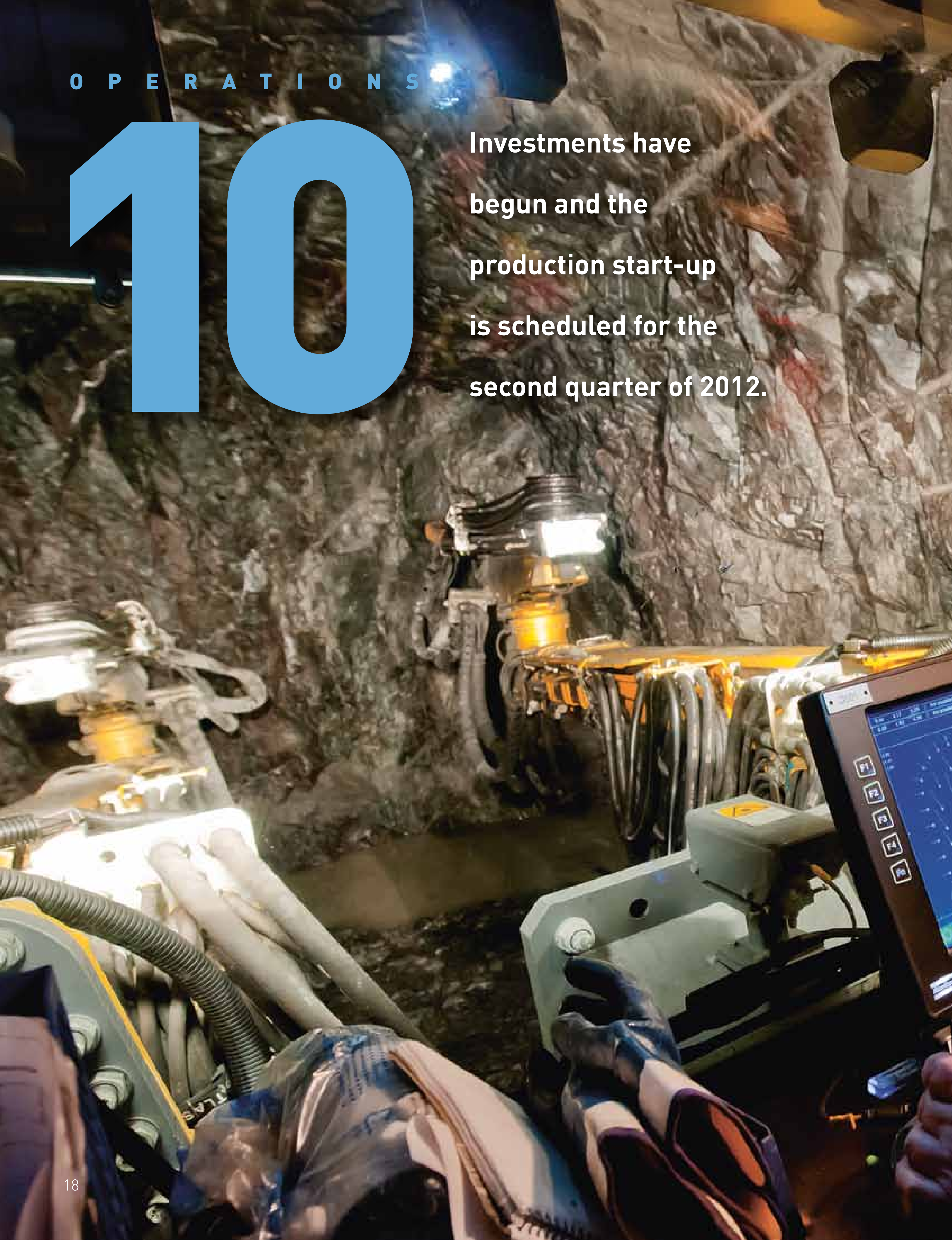
HR and Communications Manager, Dannemora Mineral AB, and Managing Director, Dannemora Förvaltnings AB.
b. 1950.
B.A. (Journalism).
Appointed 2010.
No. of shares and options*: 200 class B shares.

Öhrlings PricewaterhouseCoopers AB has been the Company's auditor since 2005. The Chief Auditor Annika Wedin (b. 1961) is an authorised public accountant (1993) and a member of FAR.

OPERATIONS

10

Investments have begun and the production start-up is scheduled for the second quarter of 2012.



Pre-production work in 2010

All preparatory work was carried as far as possible, pending a final funding solution. After the end of the financial year, it was decided to raise USD 120 million dollars through a five-year bond issue and SEK 150 million through a private placement, which means the final financing is now in place. The Company has now entered the final phase before the production start-up and the planned investments have commenced.

Dannemora's iron ore makes the grade in full-scale tests

Dannemora Mineral signed trial delivery agreements with five European steel companies during the year and delivered 77,000 tonnes of iron ore products, comprising both lump ore and fines. For these trial deliveries, 267,000 tonnes of crude ore was mined in the Strömsmalmen ore body, at the 162 and 179 metre levels. Mining began in January 2010 and was completed in October. A total of seven trial delivery agreements have been signed with six European steel companies. The first was signed in 2009 with the Austrian company Voestalpine and was followed in 2010 by agreements with Salzgitter, ThyssenKrupp, Rogesa, SSAB and finally two agreements with Arcelor Mittal. Five of the steel companies carried out full-scale testing of the delivered Dannemora ore in 2010, and the results were in line with the customers' expectations. In total, almost 300,000 tonnes of crude ore have been mined and approximately 90,000 tonnes of refined products have been produced for the test deliveries.

The draining of the mine was completed in February.

Photo: Tommy Persson

267,000 tonnes of crude ore were mined during the year. The mining took place in the Strömsmalmen ore body.

Long-term supply contracts

Negotiations on long-term contracts were conducted with several of the steel companies in 2010. After the end of the financial year, a five-year agreement was concluded with the German company Salzgitter. The agreement is for annual deliveries of up to 300,000 tonnes of iron ore. The deliveries are scheduled to start in the second quarter of 2012.

High level of expertise in the organisation

The work in the mine and the processing are organised through the subsidiary Dannemora Magnetit AB and led by its Managing Director Kjell Klippmark. In 2010, the Company started the recruitment process for its operational organisation and appointed the management team that will be responsible for operations in Dannemora. All members of management are highly-skilled in their respective areas of responsibility. The organisation now has a Planning Manager, Development Manager, Mining Manager, Processing Manager, Service Manager and a QEHS Manager The work of the organisation will be run in a process-oriented way, with keywords such as safety, quality and flexibility.

Draining of the mine completed

The draining of the Dannemora mine was completed in February 2010, when the planned water level of 470 metres was reached. This means 3 million cubic metres of water have been pumped from the mine and the main levels at 350 and 460 meters are accessible for preparatory work.

At the same time, the associated water quality control programme, established with the supervisory authority, the Uppsala County Administrative Board, was also concluded.

Ore for trial deliveries was processed in a temporary plant in the Dannemora industrial area.

The final trial delivery left Hargshamn in December.

Tunnelling.

Dumping and crushing crude ore.

Loading of final products in Hargshamn.

Dannemora iron ore production

Work is underway to finalise the organisation and infrastructure, with the aim of starting full production in the second quarter of 2012.

From trial deliveries to production

In 2009 and 2010, almost 300,000 tonnes of crude ore were mined in the Dannemora mine in order to supply iron ore products under the trial delivery agreements concluded with six European steel companies. Now the project enters the next step before the start of production.

The crude ore for trial deliveries was processed in a temporary plant, and part of this plant will be transferred to the permanent sorting plant which is part of the efforts to make the production system ready for operation.

Project organisation for investments

In order to achieve maximum efficiency in the ongoing investment work, a project organisation has been created, and the preparatory work has been divided into five sub-projects, infrastructure, sorting plant, mine, mine ventilation and hoisting equipment for the crude ore. Leasing of mobile machinery is a separate project. Read more on pages 36-39.

Modern mining for efficient production

Dannemora's iron ore production is based on a new modern structure with short lead times, new machine equipment and a modern flat organisation with different points of intersection between functions and with the target of at least one-third of employees being female.

The Dannemora mine was shut down by SSAB in 1992 because of reduced demand and falling iron ore prices. When mining operations are resumed at full production, this will generate 2.5 million tonnes of crude ore, which is almost three times the production level when the mine was last in use. Annual production will amount to 1.5 million tonnes of finished iron ore products. The probable ore reserves are 28.2 million tonnes, which is sufficient for the planned production over 13 years.

Operations are based on an annual production capacity of 2 million tonnes of processed products. The permits are also all based on 2 million tonnes of processed iron ore products.

Competent organisation

Work in the mine and processing are organised through the subsidiary Dannemora Magnetit AB and led by its Managing Director Kjell Klippmark. The Company is engaged in a recruitment process for its operational organisation and has appointed the management team that will be responsible for operations in Dannemora.

Business objective

The Group's business objective is to make Dannemora the centre of a more extensive mining industry in eastern Bergslagen, with production at the Dannemora mine having top priority. The vision is to be a valued niche supplier of iron ore products to a number of steel companies within five years.

Business development

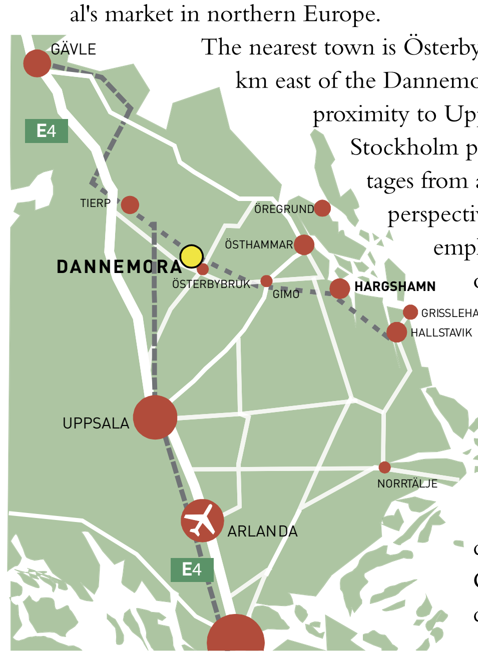
The Company will engage in continuous exploration in order to gradually increase the ore reserves and its own business capital, with the aim of becoming a sustainable mining company running profitable operations for many years to come.

The mining project's discounted cash flow (NPV) was almost SEK 2 billion in the due diligence report presented in December 2009 (see press release dated 10 Dec 2009).

The sharp increase in iron ore prices and steadily increasing demand since the report was presented will have a positive impact on the project's NPV.

Strategic location

The Dannemora iron ore mine is in Östhammar municipality, approximately 40 km north of Uppsala and 35 km west of Hargshamn from where ore shipment takes place. Iron ore products are taken there by rail, using the line that was renovated in 2010. The mine project's location in eastern Bergslagen provides the advantage of short distances to Dannemora Mineral's market in northern Europe.



The nearest town is Österbybruk, which is 2 km east of the Dannemora mine. The proximity to Uppsala and Stockholm provides advantages from a recruitment perspective and gives employees good opportunities to find work in the area. Proximity to Stockholm and Arlanda is also advantageous in terms of contacts with the Company's customers.

Iron ore products to suit the market

The aim is to produce 60 percent lump ore and 40 percent fines, which is a good reflection of demand in Dannemora's market in Northern Europe. The products have been shown to have the expected quality in full-scale tests at five North European steelworks.

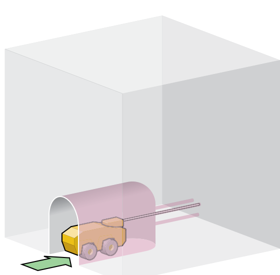
The interesting iron mineral in the Dannemora ore field is magnetite. Because the ore is magnetic, dressing is easy, which means processing is inexpensive. Another positive property is its release of energy on heating (exotherm).

Dannemora iron ore will be sold as two processed products, namely Dannemora Fines (DF 5), size 0–5 mm, and Dannemora Lump (DL 16), size 5–16 mm. Dannemora Fines grades 55 percent iron, while Dannemora Lump grades 50 percent iron. 2.45 million tonnes of crude ore will be required to cover full production of 1.5 million tonnes of processed products. Dannemora's products represent a good complement, and are well suited to the North European market. Dannemora is the only company in Europe that supplies lump ore.

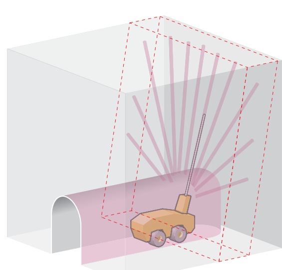
Dry processing results in low costs

The ore is crushed and then undergoes dry processing in the form of two-stage magnetic separation. The major advantage of dry processing is that it significantly reduces both investment and operating costs. The ore contains less moisture and does not need to be dewatered. This means it is not at risk of freezing. Products to be used for the trial deliveries are processed in a temporary processing plant which will eventually be part of the permanent ore processing plant.

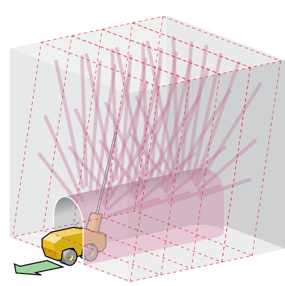
Mining of ore in Dannemora



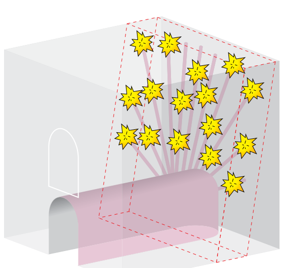
1. A tunnel is drilled across the ore to its farthest edge. The ore generated during tunnel drift is processed in the same way as the mined ore.



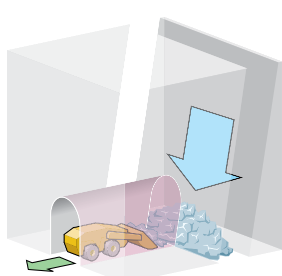
2. Production drilling. 11 blast holes are drilled upwards from a point in a fan-shaped ring.



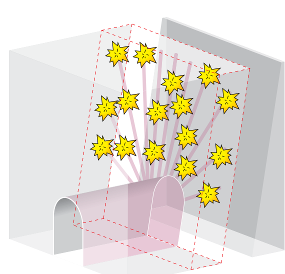
3. The machine reverses and drills a blast hole ring every other metre.



4. One ring at a time is filled with explosives and blasted. Each blasting round releases 2,000 tonnes of ore.



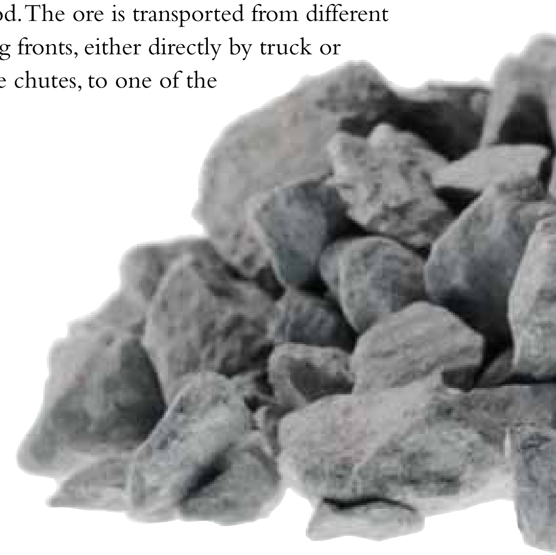
5. The ore falls into the tunnel and is transported away.



6. The subsequent blast hole rings are loaded and blasted until the machine has reversed through the entire ore body.

Sub-level caving

The ore is mined using the sub-level caving method. The ore is transported from different mining fronts, either directly by truck or via ore chutes, to one of the



emptying stations at the 350 and 460 metre levels. The ore is then placed in an ore bin and taken to the primary crusher at the 520 metre level. It is then placed in a storage bin before being hoisted by skip to the surface. However, in the first 18 months of operation, the ore will be brought up via a ramp and crushed at the surface.

Specialty Products

As an interesting supplement to its regular production, Dannemora also anticipates a certain market for iron ore products in the heavy concrete sector, e.g., for radiation protection purposes and as a stabiliser in machines. The products were tested by potential buyers and there is a high level of interest.

Lump, fraction 5-16 mm

Fines, fraction 0-5 mm

Dannemora's market

Loading of ore in Hargshamn.

The Dannemora iron ore deposit is in eastern Bergslagen, close to the shipment port and close to the markets of Northern Europe, which means short lead times and low shipping costs.

Dannemora's primary market comprises steelworks in Northern Europe. This means that the products will primarily be offered to steel companies which import iron ore in the Baltic and North Sea area. The seven trial deliveries also went to North European steel mills.

The proximity to customers – Dannemora is approx. 1,000 km closer to the market than its nearest competitor – gives the Company competitive advantages in the form of faster delivery times and lower freight costs. Dannemora's customers will also be offered attractive logistics solutions.

The EU wants more European iron ore suppliers

At full production, steelworks in Northern Europe have an annual requirement of between 70 and 100 million tonnes of iron ore. With an expected annual production of 1.5 Mt of iron ore, the Dannemora mine will be the third largest iron ore producer in the Nordic region. The European steel companies have expressed a wish for a complement to the three mining giants Vale, Rio Tinto and BHP Billiton, while the EU has responded positively to the prospect of more European iron ore suppliers.

Products that reflect demand

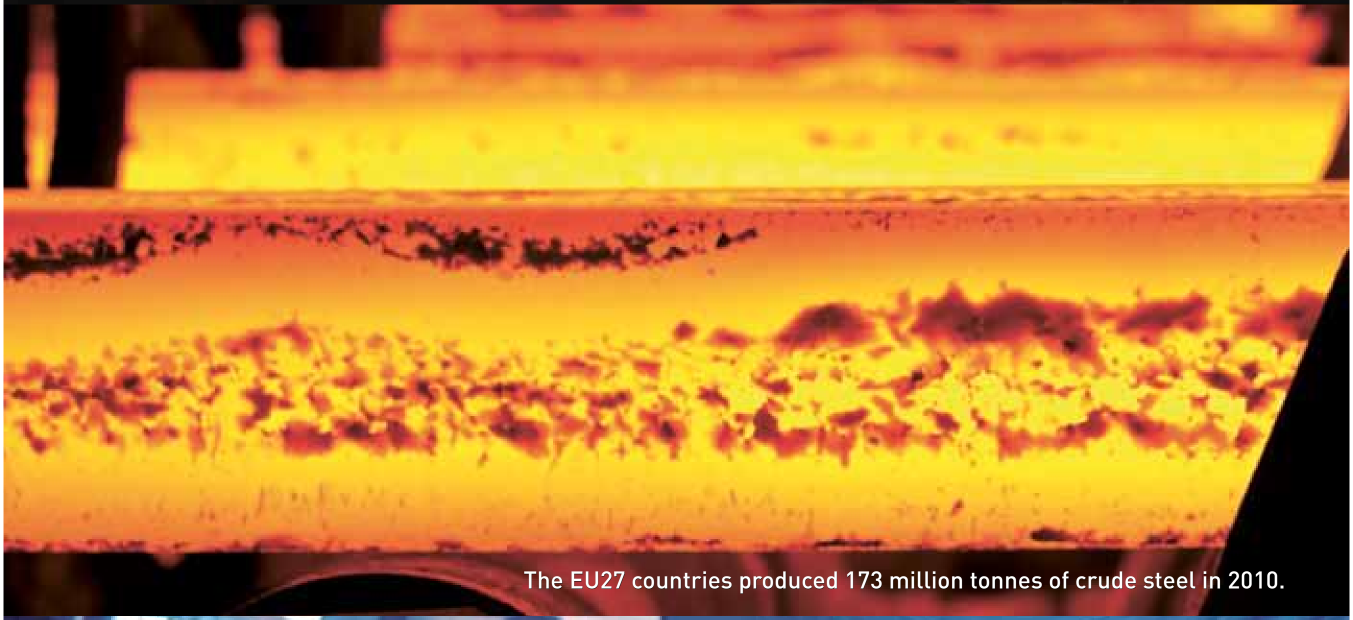
At the end of the year, Dannemora's products had undergone full-scale tests in five North European steelworks and successfully met the established quality standards. The products represent a good reflection of demand in the Northern European market, while Chinese steel producers have also shown interest in Dannemora's iron ore products.

Production of crude steel in Northern Europe – Dannemora's Market, Mt

	2010	Change in % from 2009
Germany	43.8	+34.1
UK	9.7	-3.7
Belgium	8.1	+43.5
Austria	7.2	+27.3
Netherlands	6.7	+28.1
Switzerland	1.3	+42.5
Sweden	4.8	+72.8
EU27	172.9	+24.6

Source: World Steel Association


Dannemora's primary market comprises steelworks in Northern Europe.


The EU27 countries produced 173 million tonnes of crude steel in 2010.


The steel market continued its recovery during 2010.

Photo: iStockphoto

Steel & iron ore market

Global steel production rose by 15 percent in 2010, reaching a record 1.414 million tonnes. Iron ore prices also reached all-time high, with a spot price in December 2010 of USD 190 per tonne CFR China, which is higher than the record year of 2008.

Photo: iStockphoto

The world market - steel

The steel market continued its recovery during 2010. This was, to many, an unexpectedly major recovery, with world steel production at 1,414 million tonnes. This is an increase of 15 percent compared with 2009, when production was at 1,229 million tonnes.

The major steel-producing countries and regions showed double-digit growth in 2010. Europe and North America showed a larger increase, as they started from a lower level, which was an effect of the recession in 2009, while Asia and the CIS (former Soviet) countries experienced a relatively smaller increase. China still dominates, and accounts for 44.3 percent of world crude steel production.

Asia produces 65.5 percent of the world's crude steel

Crude steel production in Asia was 881 million tonnes in 2010, an increase of 12 percent, resulting in a global market share of 65.5 percent (63.5 percent in 2009).

China's dominance continues

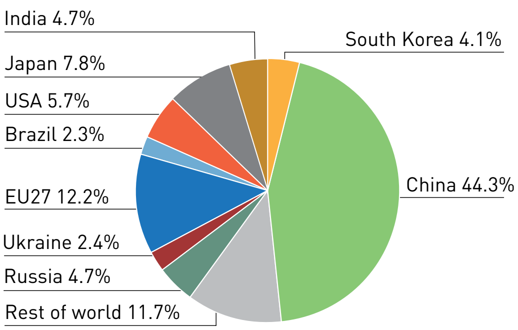
China's crude steel production reached 627 million tonnes, an increase of 9 percent from 2009. The country's share of the world market fell from 47 to 44 percent in 2010.

Despite a certain decline due to electricity shortages in 2010 and uncertainties regarding the impact of government regulations, planned steel investments in large infrastructure projects are included in upcoming state five-year plans. According to VTB Capital, investment needs are in the near future, which means high demand for commodities from a country that already imports 65 percent of the iron ore it needs and 20 percent of its coke requirement.

Apart from China, India and Latin America are key growth countries, with increasing demand for steel. India will need to import iron ore for its growing steel industry.

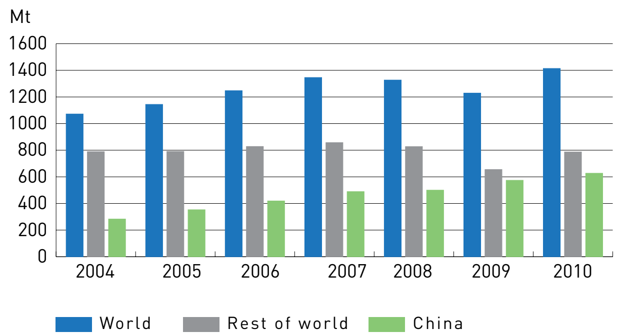
The floods in Brazil and Australia will affect steel production in 2011, as a result of reduced coke and iron ore production. Nevertheless, 2011 is expected to be another record year. By how much depends on the availability of coke and iron ore, and the effect of the disaster in Japan in March 2011.

Shares of world crude steel production in 2010

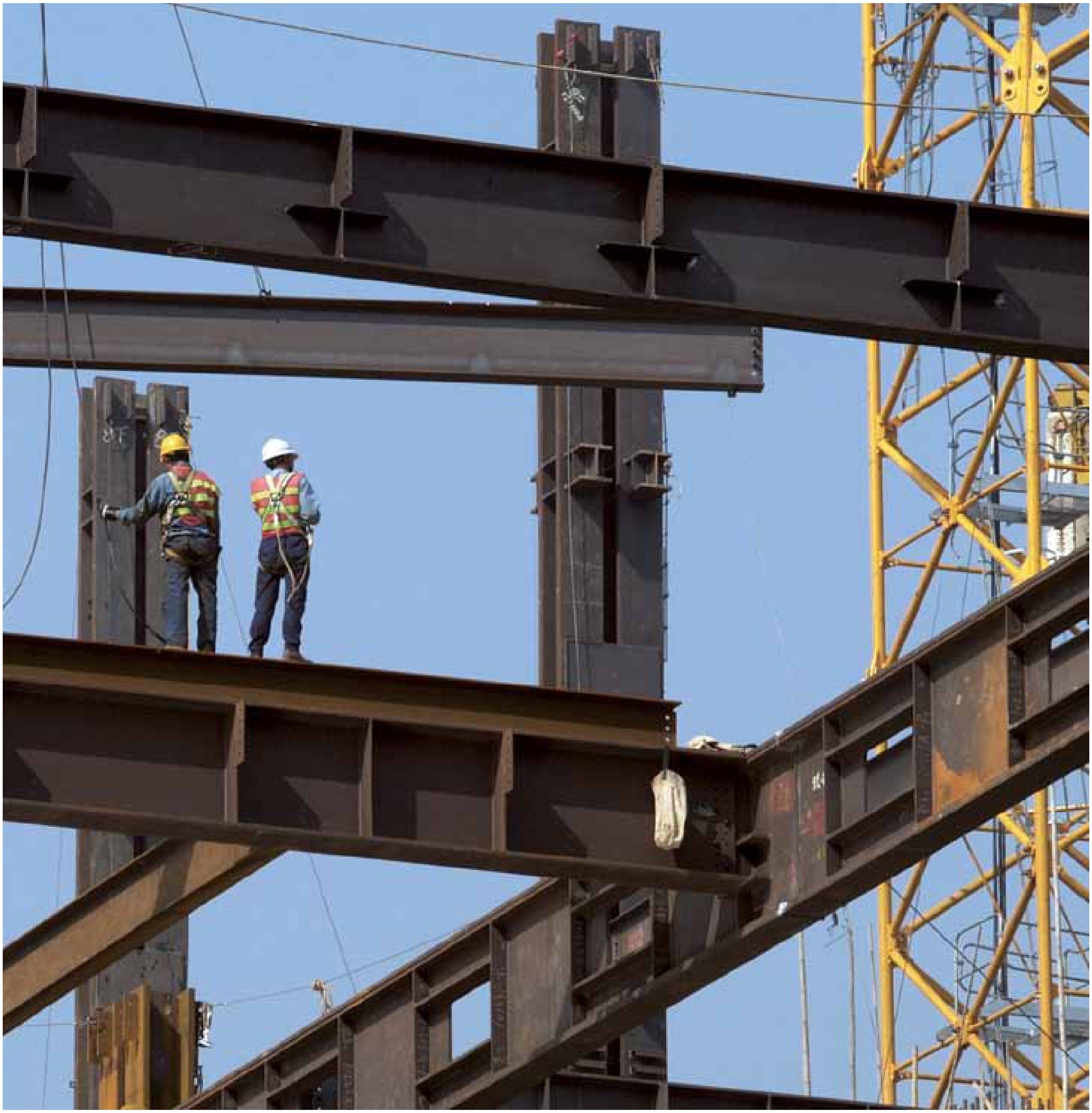


Source: World Steel Association

Annual production of crude steel, Mt

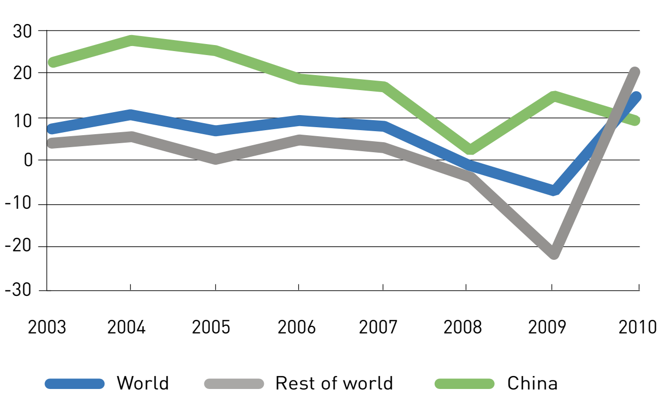


Source: World Steel Association



Apart from China, India and Latin America are key growth countries, with increasing demand for steel.

Production of crude steel - growth trend



Source: World Steel Association

Top 10 - of the world's steel producing countries

	Mt crude steel 2010	Change in % from 2009
China	626.7	9.3
Japan	109.6	25.2
USA	0.6	38.5
Russia	67.0	11.7
India	66.8	6.4
South Korea	58.5	20.3
Germany	43.8	34.1
Ukraine	3.6	12.4
Brazil	32.8	23.8
Turkey	29.0	14.6

Source: World Steel Association

25 percent increase for the EU

The recovery is now emphatic, even in the European market. The EU noted an increase of 25 percent compared with 2009. A total of 173 million tonnes of crude steel was produced in the EU27 countries in 2010, which is 12 percent of total world crude steel production. The EU's crude steel production is still 19 percent below the record year of 2007.

Crude steel production in North America rose by 36 percent to 112 million tonnes. 81 million tonnes of this figure was attributable to the USA, which is an increase of 39 percent compared with 2009.

"Never before have we seen such strong demand for iron ore."

Jan Vestlund, Marketing and Logistics Manager, Dannemora Mineral.

Iron ore market and joint ventures

The world market is still dominated by the big three mining companies Vale (Brazil), Rio Tinto (Australia) and BHP Billiton (Australia).

In Europe there was opposition to the planned production joint-venture between Rio Tinto and BHP Billiton, which was considered an unacceptable market concentration that would have the same anti-competitive impact as a full merger. Consequently, the production joint-venture between the companies was called off.

Australia and Brazil will once again dominate the production and export of iron ore, which is expected to reach 765 million tonnes in 2011.

Complex pricing structure

The system of annual benchmark pricing has been abandoned by the three mining giants BHP Billiton, Rio Tinto and Vale. Their pricing now follows an index-linked system based on the spot market in China.

The spot prices in China can be regarded as a benchmark today and represent reference prices for iron ore. There are various types of prices in the market at present. Annual prices, semi-annual prices, monthly prices and spot prices BHP Billiton has gone so far as to sell large parts of its iron ore at 30-day, 10-day and 5-day prices and even shorter terms.

Annual prices continue to be favoured in Europe. Arcelor Mittal, the world's largest steel producer, sees continuing value in annual reference prices for iron ore and does not see any need to change the pricing.

Shortage generates continuing high demand

Trading in seaborne iron ore is approx. 1 billion tonnes p.a. Industry analysts expect demand to remain high over the next five years due to a continuing shortage of iron ore.


Photo: iStockphoto

China is planning major infrastructure projects in its next five-year plan.

From 2013 onwards, the situation is more difficult to assess because a number of new iron ore projects are expected to appear on the market.

High iron ore prices over the next few years

Iron ore prices also reached a record level in 2010. The spot price in December 2010 was USD 190 per tonne CFR China, which is higher than the 2008 maximum price of USD 172 per tonne.

Most analysts predict that iron ore prices will remain high in the next 6-12 months, possibly with some adjustment in the latter part of 2011. It would not be a surprise if spot prices were to exceed USD 200 per tonne in 2011 as a result of the shortage of iron ore. The prices are also expected to remain at a high level in 2012.

Exports of iron ore, Mt

	2009	2010	2011
Australia	363	397	435
Brazil	266	306	330
India	116	114	112
Canada	31	34	34
South Africa	45	47	52
Sweden	16	14	15
Global	948	1,041	1,098

Source: ABARE

Imports of iron ore, Mt

	2009	2010	2011
EU	92	135	147
Japan	106	133	144
China	628	608	629
Korea	50	42	52
Taiwan	16	12	18
Global	948	1,041	1,098

Source: ABARE

Photo: iStockphoto

Australia and Brazil dominate the production and export of iron ore. Together, the Big Three exported 485 million tonnes in 2010.

Production of iron ore for "The Big Three", Mt

	2010	2011	2012	2013	2014	2015
Vale	315	320	330	370	402	417
Rio Tinto	220	205	230	283	283	333
BHP Billiton	150	205	205	205	240	240

Source: www.steelonthenet.com

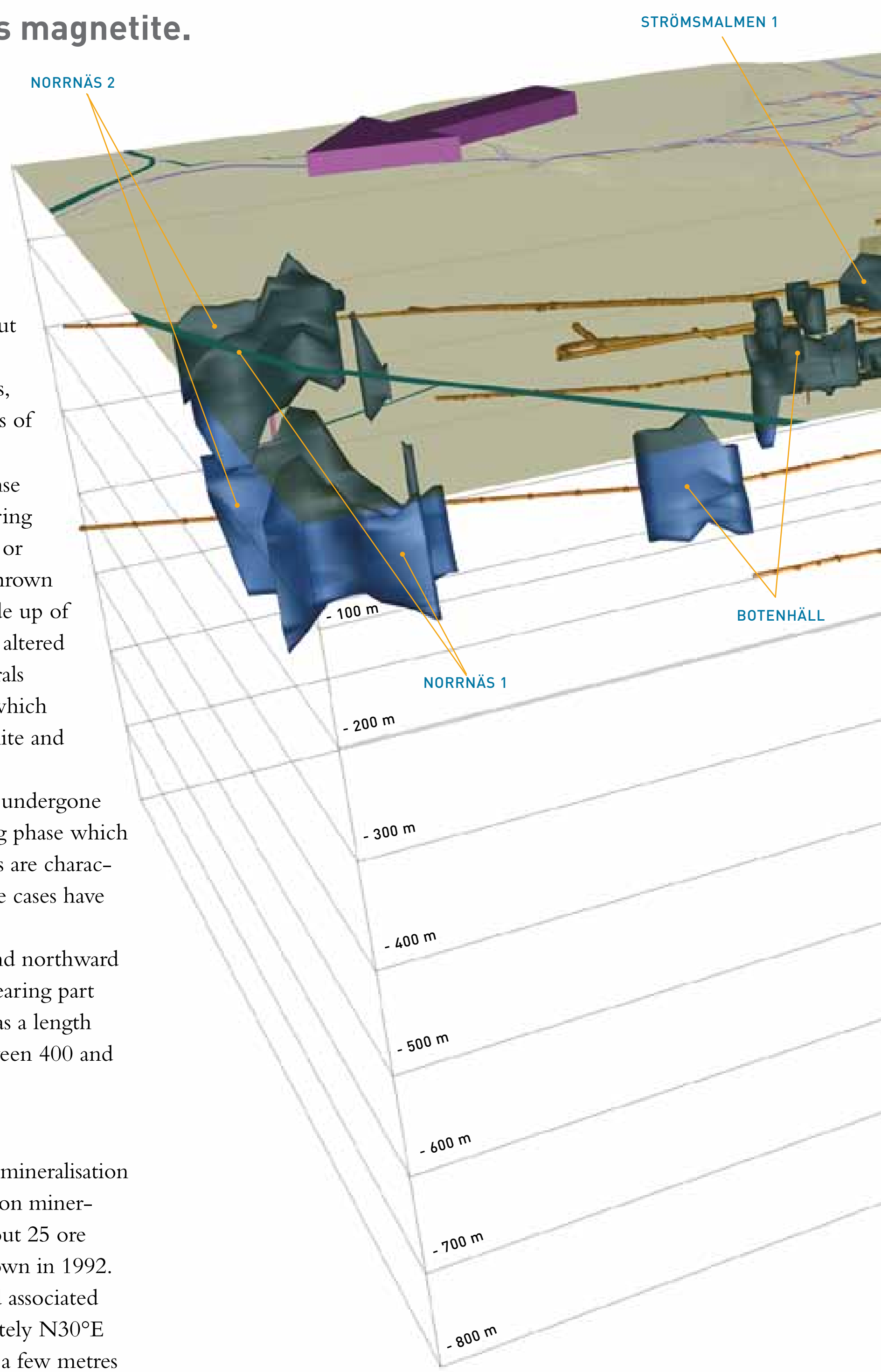
Production – iron ore , "The Big Three", Mt

	2010	Share in %
Vale, Brazil	417	18
Rio Tinto, Australia	274	13
BHP Billiton, Australia	189	9
Total, world	2,177	100

Source: www.steelonthenet.com

Geology of the Dannemora ore field

Dannemora's iron ore occurs in rocks formed in an active volcanic environment 1.9 billion years ago. The interesting iron mineral in the ore field is magnetite.



The bedrock in the Dannemora ore field mainly consists of steeply dipping layers of metamorphosed supracrustal rocks (originally formed on the earth's surface), which are assumed to be about 1.9 billion years old. They comprise mainly fragmented rocks of volcanic origin, carbonate rocks, iron mineralisations and metamorphosed varieties of these.

The volcanic rocks were formed during intense volcanic activity from gas-rich and fragment-bearing ash which flowed down the slope of the volcano, or from material falling down from the ash clouds thrown up by the eruptions. The carbonate rocks are made up of limestone and dolomite. The rocks are frequently altered to manganese-rich skarn, which consists of minerals such as dannemorite, or manganese-poor skarn, which is dominated by minerals such as diopside, actinolite and garnet.

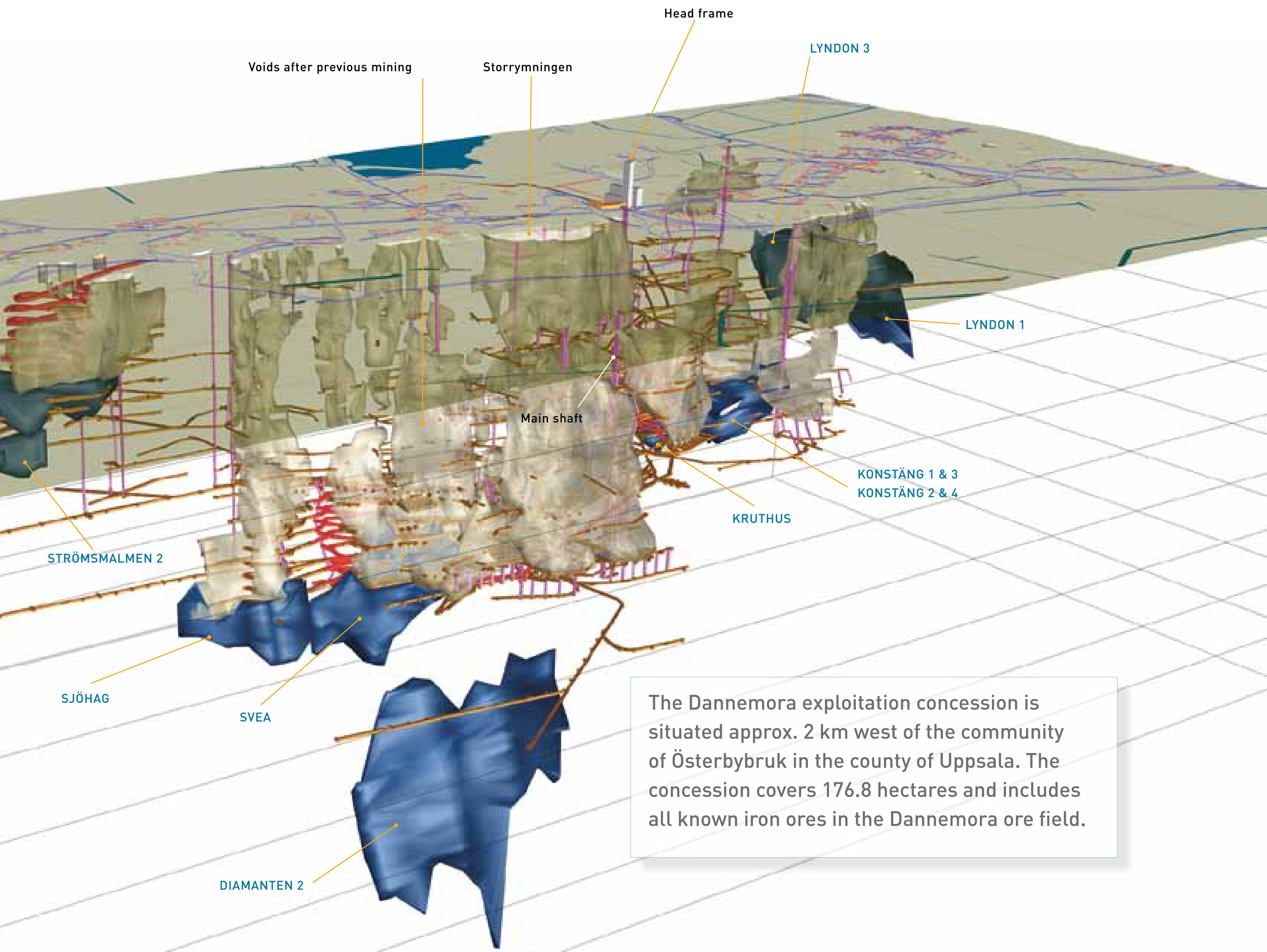
The bedrock in the Dannemora ore field has undergone relatively little folding apart from the early folding phase which raised the supracrustal rocks. Instead, the tectonics are characterised by a large number of faults, which in some cases have caused considerable displacement.

Dannemora's iron ore lies in a north-south and northward inclined fold structure (syncline). The iron-ore-bearing part of the fold structure (the Dannemora syncline) has a length of approximately 3 km and a width ranging between 400 and 800 metres.

Large numbers of ore bodies

Depending on the primary formation of the iron mineralisation and subsequent tectonisation, a large number of iron mineralisations occur along strike at various depths. About 25 ore bodies were mined before the mine was closed down in 1992.

The iron ore bodies are normally massive and associated with the carbonate rocks. The strike is approximately N30°E and the ore bodies have a thickness varying from a few metres



The Dannemora exploitation concession is situated approx. 2 km west of the community of Österbybruk in the county of Uppsala. The concession covers 176.8 hectares and includes all known iron ores in the Dannemora ore field.

to 60 metres. Close to the surface, the deposit dips steeply to the north west, while a less steep dip is encountered at depth (70° to 55°). Core drilling in the northern part of the field has indicated a potential for more iron ore there.

The iron mineral magnetite

The only economically interesting iron mineral in Dannemora is the field is magnetite, which is composed of iron and oxygen (Fe_3O_4). The magnetite is mostly fine-grained (0.04–0.1 millimetres). It often appears with skarn minerals, which also surround several of the iron mineralisations.

As manganese is found in some skarn minerals such as knebelite and dannemorite, several of the ore bodies in the Dannemora ore field have a relatively high manganese content, mainly silicate-bound. All ore bodies have a low phosphorous content (0.001 to 0.007 percent). The sulphur content varies but can amount to a few tenths of a percent in some bodies.

Mineral resource and ore reserve in the Dannemora ore field

In 2010, work was focused on obtaining more detailed knowledge about iron ores in the northern part of the Dannemora ore field, as these are at the top of the mining plan.

The calculation of mineral resource and ore reserve was carried out in cooperation with the consulting firms Panterra AB and Geovista AB. The work was approved by an independent qualified person (QP), Thomas Lindholm, from Geovista. The classification was made in accordance with international standards and was based on the Australian JORC Code.

With a modelled cut-off level of 30 percent iron:
(The modelled volume also includes a certain amount of waste rock).

	Mt	% iron (Fe)	% manganese (Mn)
Measured mineral resource	13.62	37.84	1.84
Indicated mineral resource	17.03	38.23	2.18
Measured and indicated	**30.65**	**38.06**	**2.03**
Probable ore reserve	**28.25**	**36.20**	**1.94**

Dannemora exploitation concession

During the year, much of the work was focused on increasing knowledge about the ore field. The first stage in a diamond drilling programme scheduled for a total of 4,750 metres began in May 2010. At the end of the year, 46 drill holes had been completed, with a total length of 3,832 metres. The drilling ended in February 2011.

The drilling programme is concentrated on the northern part of the ore field. The drilling is carried out mainly at the 145-metre level. Magnetometer surveys will be carried out in strategic drill holes, which are planned for March-April 2011. The aim is to obtain a more detailed picture of the Strömsmalmen, Botenhäll and Norrnäs ore and to increase the ore base in the area. The ores in the northern part of the field are at the top of the mining plan.

A diamond drilling programme is also planned for the Myrmalmen ore during 2011, as this is particularly suitable for an early mining.

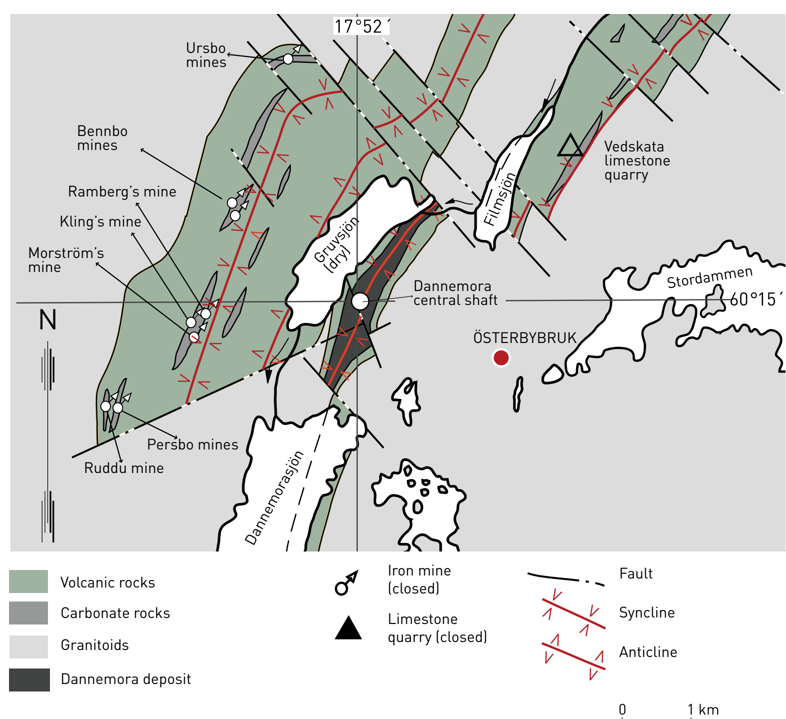
Ore bodies open at depth

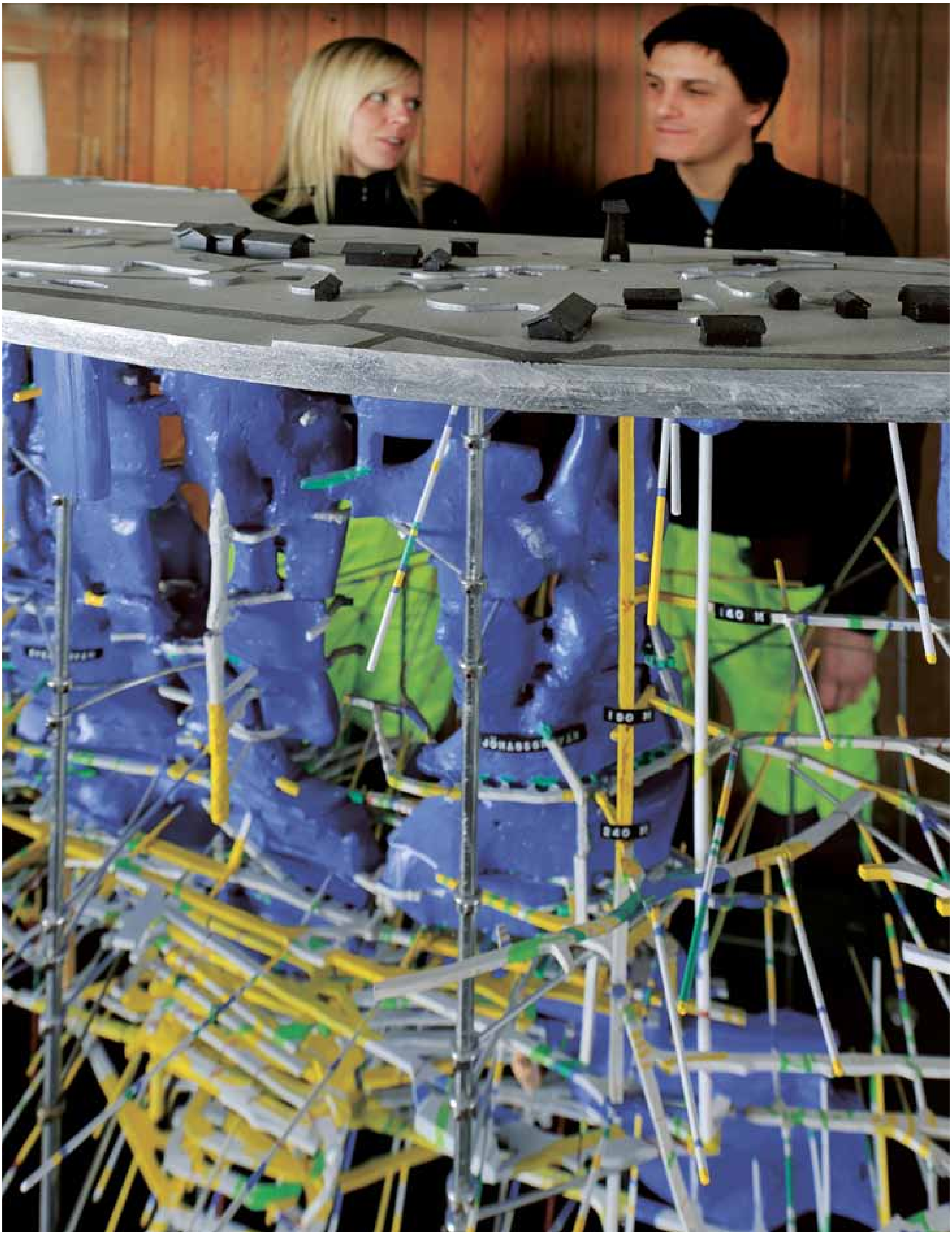
Most of the known ore bodies in the Dannemora ore field are open at depth. However, interpretations made from historical geophysical surveys using magnetometers indicate a possible continuation of the Norrnäs and Svea ore at depth. Ore potential relating to the Strömsmalmen, Botenhäll and Norrnäs ore is also indicated. A drilling programme aimed at the Norrnäs ore's deeper parts will be conducted in 2011.

Film exploration permit

Film is an interesting area north of the Dannemora mine, and exploration work has been carried out under the exploration permit for the area. Historical aeromagnetic surveys have been interpreted and processed by means of geophysical 3D modelling. In 2009, a detailed ground magnetic survey totalling 59 profile kilometres was carried out for the purpose of identifying the area's potential. The work will be completed in 2011, when information from the field work will be compiled and processed using 3D modelling.

Dannemora area - geological map





Geologists Lena Landersjö and Tommy Persson at the physical 3-D model of the Dannemora iron ore deposit. The model is kept in the mining office in Dannemora.

Investment projects prior to production start-up

The preparatory work has been divided into five sub-projects, which encompass work on the surface and work underground. All the sub-projects have been started and are in different phases. Some investment projects have been implemented, while others are at the enquiry stage. The production start-up is expected during the second quarter of 2012. Full production of 1.5 million tonnes of finished iron ore products is expected 18 months later.

During the fourth quarter of 2010, a project organisation was created, with Dannemora Magnetit AB as the purchaser. The aim is to establish a project management plan in order to streamline the planned investment projects prior to the start of operations. The investment projects, which are divided into five sub-projects, include work on the surface and work underground.

All the sub-projects have been started and are in different phases. Recruitment of seven key personnel in the operation of the Dannemora plant began in October. These individuals will be actively involved in the investment projects.

The five sub-projects encompass infrastructure, sorting plant, mine, mine ventilation and hoisting. A project for leasing mobile equipment is also in progress.

1. Infrastructure sub-project – surface and underground

SURFACE:

Industrial roads

A new access road for heavy traffic is being built and this will alleviate traffic and noise in the community. Work has begun and is scheduled for completion in the middle of 2011.

Railway and rail terminal

Renovation of the railway from Örbyhus to Hargshamn began in late June and was completed in December. The railway renovation is a collaboration between the Swedish Transport Administration and the railway line's stakeholders and is funded mainly by the Transport Administration.
Norsk Baneservice A/S has been contracted for the work.

Dannemora Mineral has acquired an area of land next to the main line, as agreed with the Swedish Transport Administration and as part of the co-financing.

There now remains the construction of a new railway terminal in the Dannemora mine area for loading iron ore products, and a rail connection to the mainline. The terminal and connection, which are expected to be completed at the mid-year point in 2011, will ensure environmentally-friendly transport from day one of the planned operational start-up.

An operator for the ore transportation on the Dannemora – Hargshamn line will be contracted in the second quarter of 2011.

The railway line between Örbyhus and Hargshamn is renovated.

High voltage

The grid owner Vattenfall is upgrading parallel power supply to the operational area to 20MW. The work will be completed at the end of the second quarter of 2011.

High-voltage switchgear has been installed and distribution of power to the mine is in place.

Ramp placement in the Strömsmalmen ore was resumed in January 2010.

UNDERGROUND:

Permanent pumping system underground

The installation of a permanent water supply system to deal with the natural supply of approximately 10 litres per second was started at the end of the year. The work involves the installation of new pumping stations at the 350 and 465 metre levels and power supply to the 460 metre level.

An industrial water system with basins underground and sedimentation basins for residual water on the surface will also be installed.

At the same time, the ramp between the 460 and 516 metre levels is being drained, which will give access to the ramp extending to the bottom of hoisting shaft at the 620 metre level.

The permanent system will be completed by the first quarter of 2013. Until then, the pumping system will be used for intermittently pumping out stormwater.

2. Sorting plant sub-project

The design and construction of the sorting plant was started in the fourth quarter, in cooperation with Skanska. This should be completed one year after the start of construction. The sorting plant has been designed for an annual capacity of two million tonnes of iron ore products.

3. Mine sub-project

Ramp placement

Development of the main ramp down to the 350 metre level is in progress. At the end of the year, approx. 900 metres remained to be developed. Development of the Ströms-malmen ore is also taking place, in parallel with the ramp placement. The work will continue during 2011.

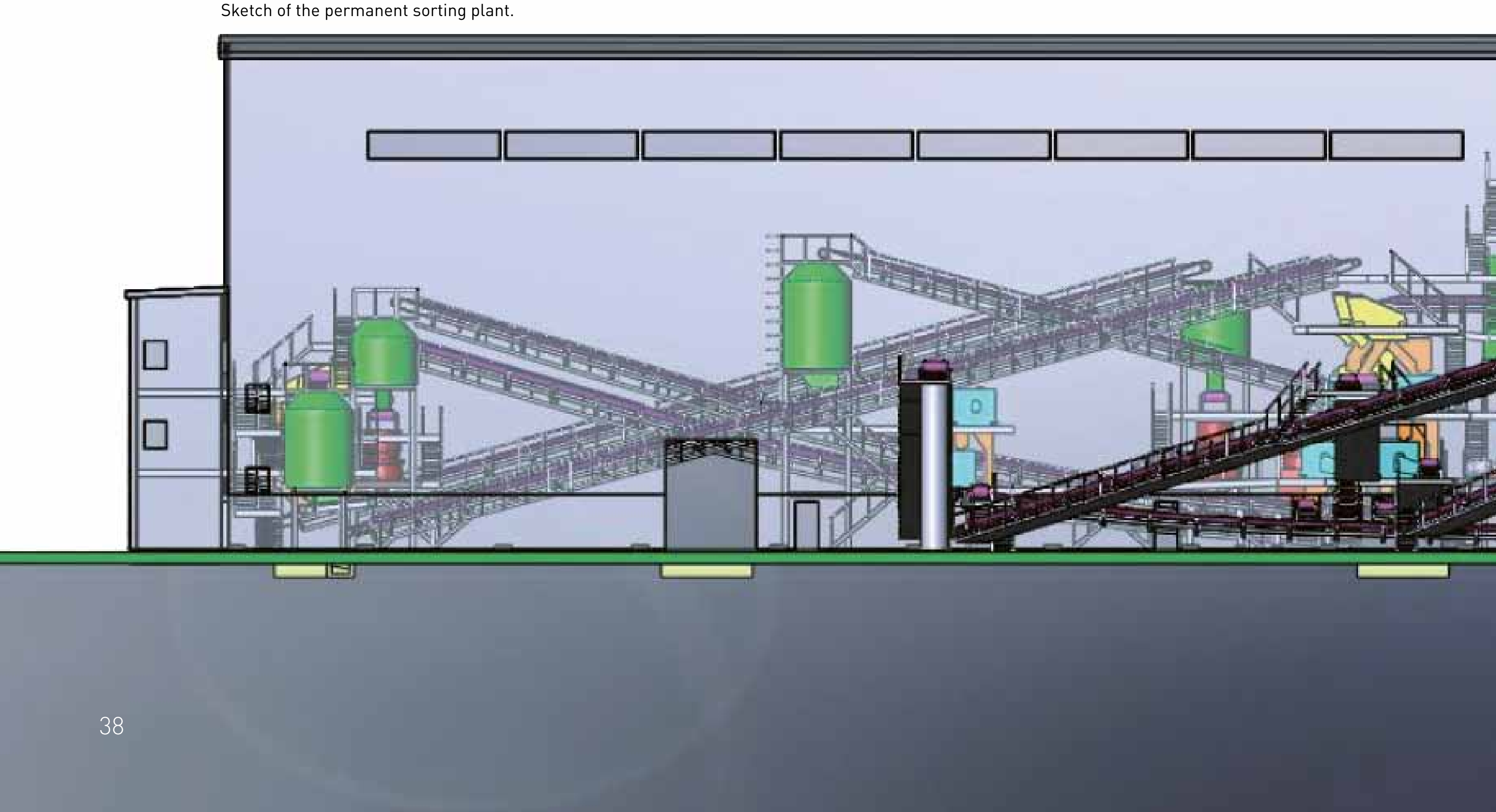
4. Mine ventilation sub-project

A major project has begun aimed at providing the mine with heated fresh air and sufficient exhaust air capacity to comply with the defined hygiene limits. An existing intake air shaft will be placed in order and three new ones will be drilled. Planning is in progress.

5. Hoisting sub-project

The old head frame stands as a memorial to previous production. The historic building will be home to the new lift that is needed for effective hoisting of the ore. This is a major investment and it will be 2013 before it is operational. Meanwhile, the ore is being brought up using the ramp.

Sketch of the permanent sorting plant.

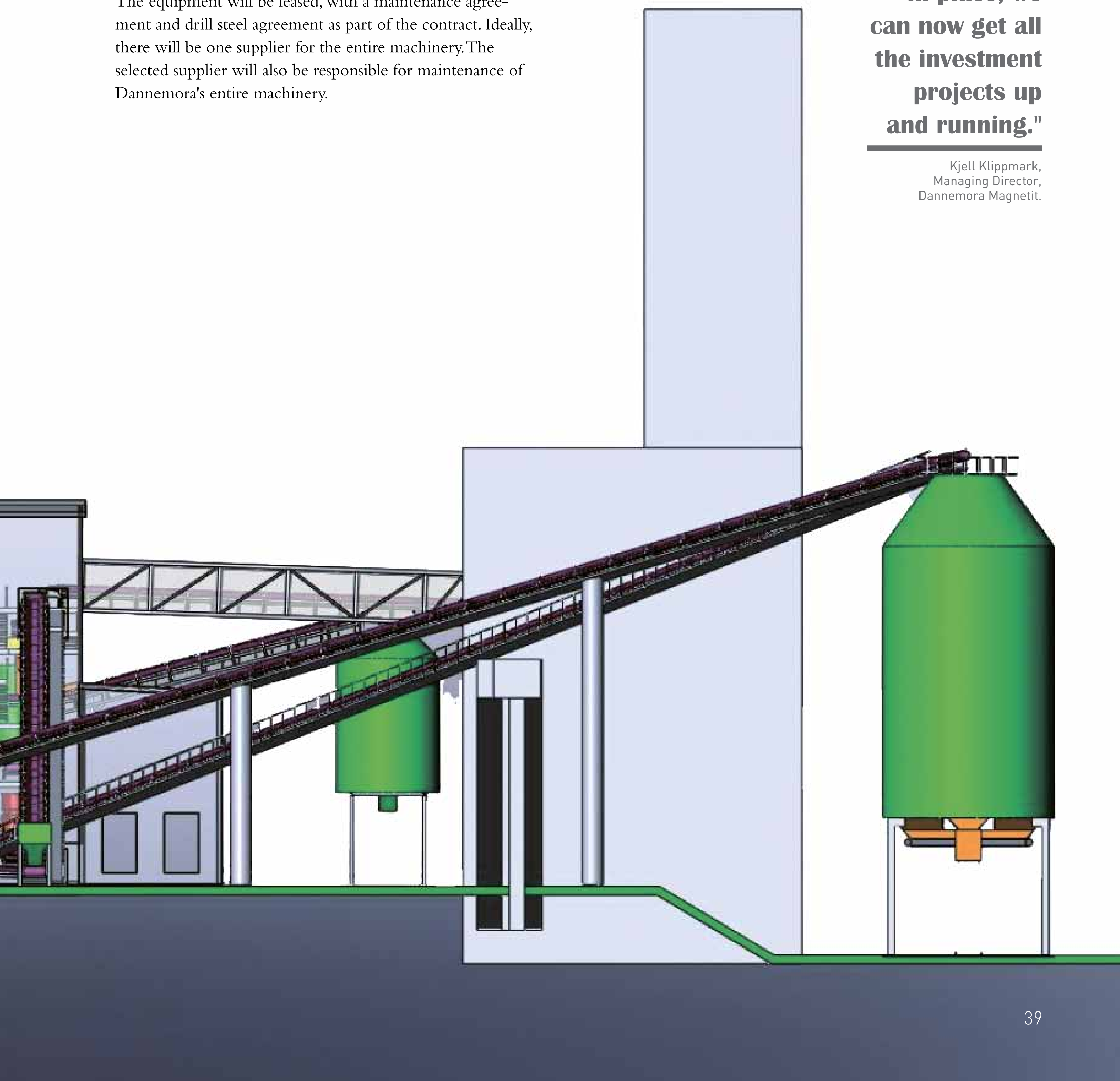


Separate project – Leasing of machinery equipment

A supplier of mobile production machinery will be selected. The equipment will be leased, with a maintenance agreement and drill steel agreement as part of the contract. Ideally, there will be one supplier for the entire machinery. The selected supplier will also be responsible for maintenance of Dannemora's entire machinery.

"With the funding now in place, we can now get all the investment projects up and running."

Kjell Klippmark,
Managing Director,
Dannemora Magnetit.



Continuous exploration increases life of mine

With continuous exploration, the Company will gradually increase the ore reserves. The goal is to become a sustainable mining company and operate mining operations for many years to come.

The Company will increase the ore reserve in the Dannemora ore field by continuous exploration and develop known and new iron ore deposits locally and elsewhere in Sweden, thereby creating good synergies with the Dannemora operations. The Company's exploration will also be aimed at identifying and developing mineable base and precious metal deposits in Dannemora and the vicinity.

digitalisation. Historical drill cores have been logged and analysed chemically. A 3D model showing drifts, drill holes, iron ore and mined-out cavities, together with geology and chemistry has been produced. The material underwent post-processing in 2010 and will be used to evaluate Riddarhyttan's iron ore potential in 2011.

"The expertise in the organisation is a guarantee that we shall be able to evaluate and develop profitable new mining projects."

Peter Svensson,
Exploration Manager
Dannemora Magnetit

Photo: Mikael Eriksson

In the background is the head frame at Bäckegruvan, Riddarhyttan ore field.

Riddarhyttan – an interesting iron ore project

The Riddarhyttan ore field is the most interesting iron ore project in addition to the main project in Dannemora. The iron ore is of the same type as the Dannemora ore, which provides commercial and logistical advantages.

Two exploration permits safeguard iron ore

The Riddarhyttan 1 and Riddarhyttan 3 exploration permits cover the iron ore resources in the Riddarhyttan ore field. The two exploration permits cover a historical ore reserve totalling just over 12 million tonnes. The majority of the ore field has now been covered by ground magnetic surveys, including

One of Sweden's oldest ore fields

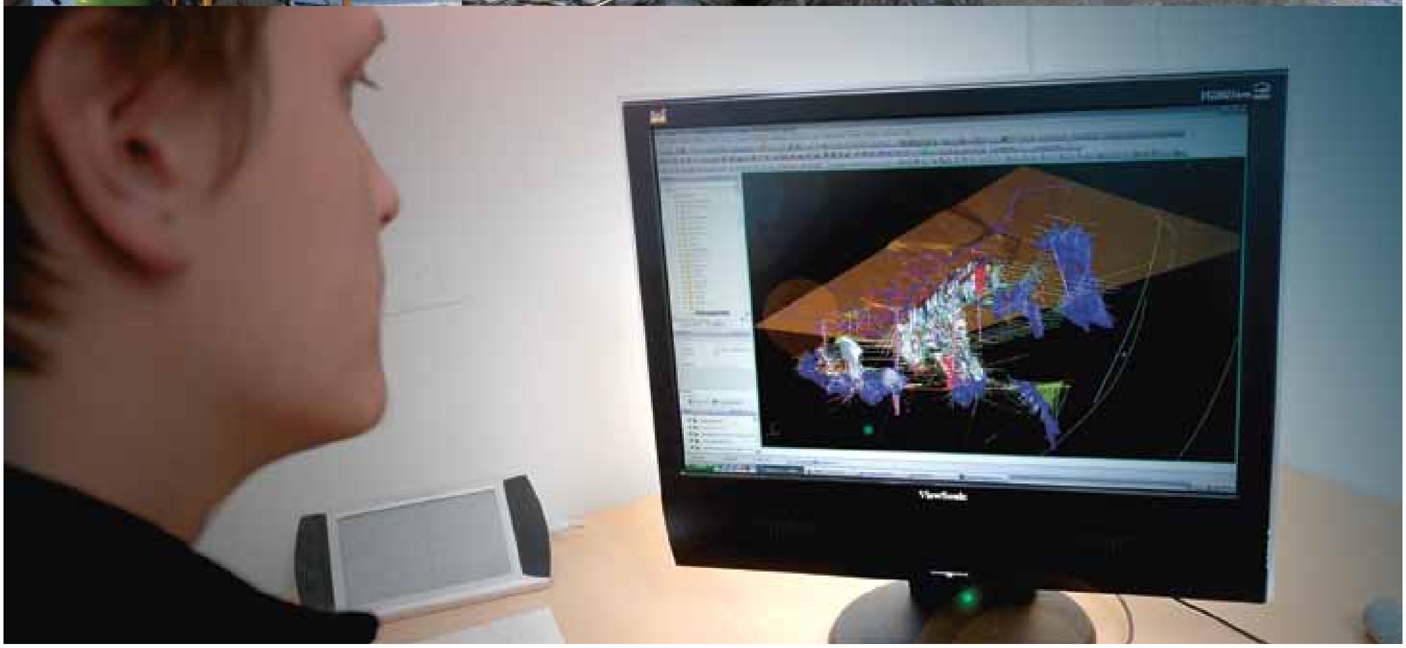
Riddarhyttan is one of the oldest iron ore fields in Sweden. The field contains a large number of mines, with Bäckegruvan having particular historical importance. The mine, which is mined for skarn magnetite ore, was operated by Fagersta AB until 1978 when all mining activity in the field ceased. Historical iron ore production from the entire Riddarhyttan ore field has been estimated at over 20 million tonnes.

Dannemora Mineral believes that many of the known mineralisations in the field continue at depth and there is good potential for finding new ore bodies.

Photo: Peter Svensson

Photo: Mikael Eriksson

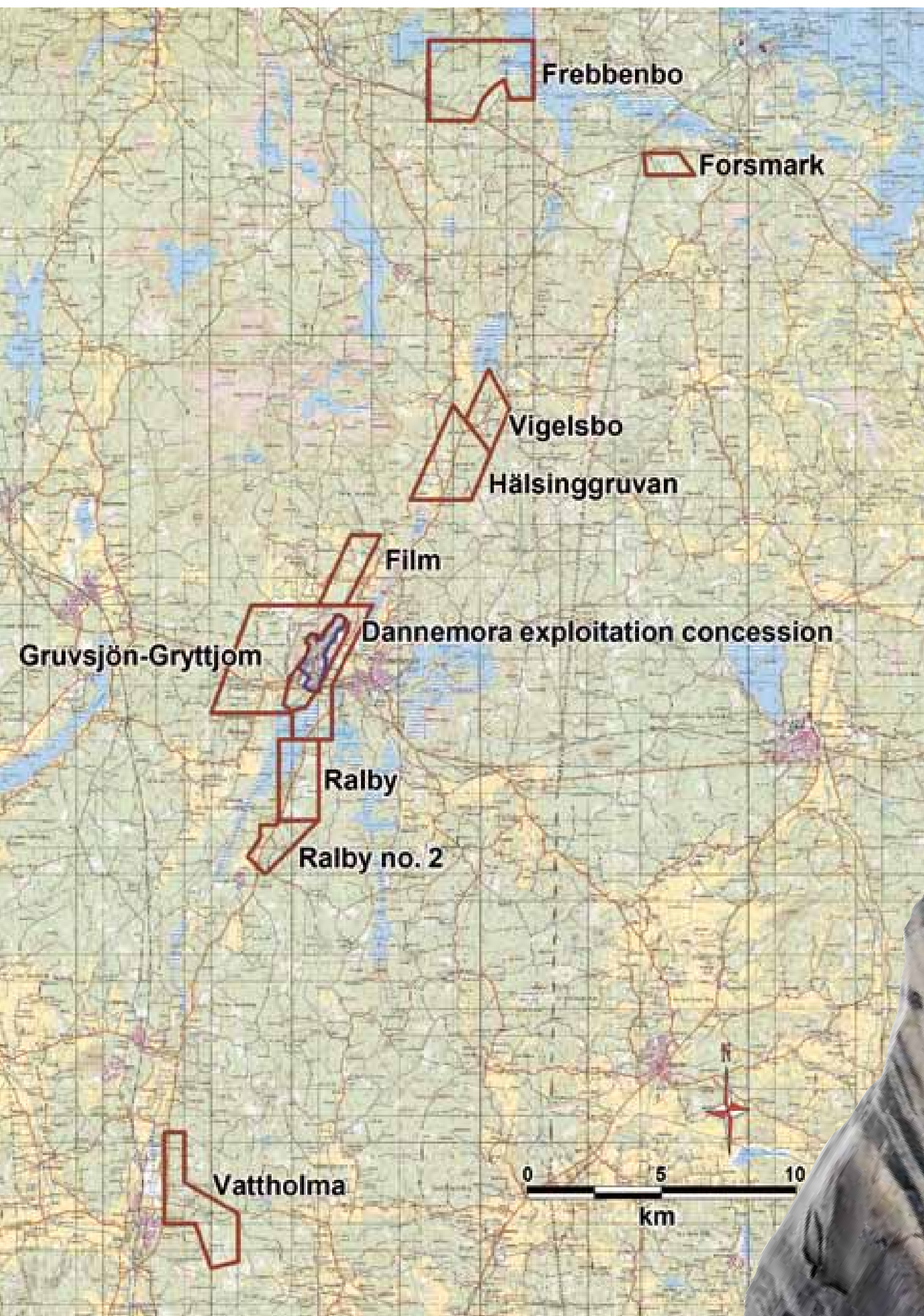
Photo: Peter Svensson



Different survey methods – aerial geophysical surveys (magnetometry and electromagnetic surveying), diamond drilling, bedrock mapping – are gradually resulting in 3-D models of ore bodies.

Other exploration permits

In addition to an exploitation concession for the Dannemora ore field, Dannemora Mineral AB had 24 exploration permits at the end of the year, covering an area of 13,352 hectares.

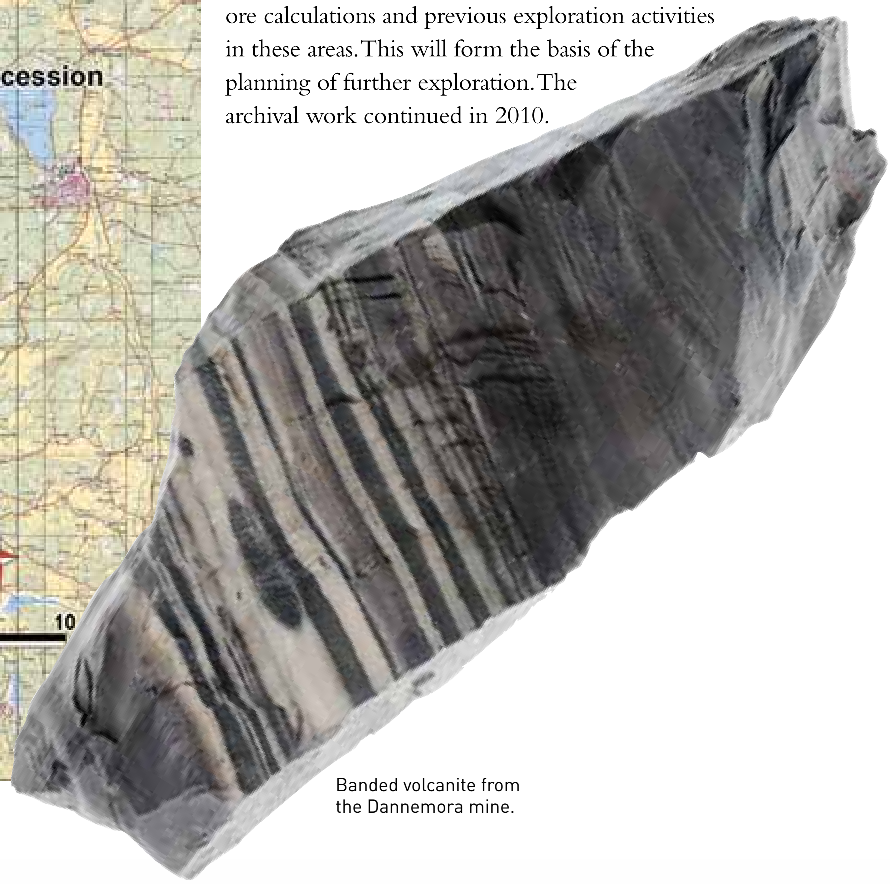


Map of exploration permits in and around Dannemora.

During the year, the Company applied for an extension for nine of its exploration permits and was awarded permits for three new areas. In 2010, six exploration permits expired without any applications for an extension. All the exploration permits and the exploitation concession for the Dannemora ore field are wholly owned by the Parent Company.

Other iron ore projects

Other interesting areas in Sweden where Dannemora Mineral has exploration permits include: County of Värmland: Persberg 1 & 2, Värmlandsberg 1 in the municipality of Filipstad. County of Västmanland: Klackberg 1 in the municipality of Norberg and Rudgruvan 1 in the municipality of Fagersta. In 2009, the Company made a preliminary evaluation of historical material, ore calculations and previous exploration activities in these areas. This will form the basis of the planning of further exploration. The archival work continued in 2010.



Banded volcanite from the Dannemora mine.

Other base and precious metal projects

Exploration associated with existing base and precious metal projects is continuing in 2011, and exploration for interesting new deposits is also in progress. At present, the main focus of exploration activity is centred on the Dannemora iron ore field.

Photo: Mikael Eriksson

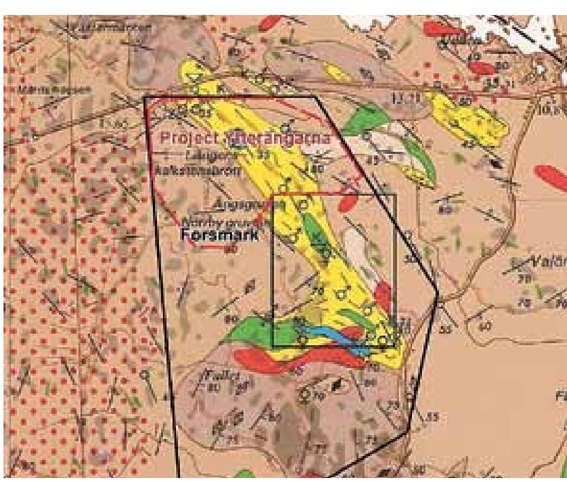
Exploration Manager Peter Svensson and Lena Landersjö at the drilling site.

Interesting base and precious metal projects have been identified by till sampling, bedrock mapping, dump heap sampling, diamond drilling and geophysical surveys.

In the Forsmark exploration permit, an area with a gold anomaly was identified by means of mapping and sampling. An initial drilling programme revealed a gold mineralisation close to a magnetic anomaly near Ytterängarna.

Project Södra fältet, which relates to exploration for sulphide mineralisations, is situated within Dannemora Mineral's exploitation concession. Diamond drilling has revealed a previously unknown zinc mineralisation, which was initially identified by means of drill hole geophysics.

Other interesting base and precious metal projects are described on Dannemora Mineral's website.



Geological map of the Forsmark exploration permit.

Photo: Peter Svensson

GPS is used for positioning of outcrop observations, for example.

Sustainable development

Dannemora Mineral shall operate with a high level of profitability, responsibility and expertise, thereby enabling it to be an attractive workplace and business partner. It is the Company's goal is to be a responsible and sustainable company in every way.

The Board has ultimate responsibility for Dannemora Mineral's sustainable development, while operational responsibility lies with Group management.

Overall policy

Dannemora Mineral's overall policy is to ensure safe, environmentally friendly and profitable development of the company's operations by constantly improving the working and external environments, energy consumption, personnel policy and product quality.

A total quality approach will permeate all activities, including the company's health, safety and environment initiatives. This policy does not apply exclusively to Dannemora Mineral and its employees, but also acts as a guiding principle for consultants, contractors and suppliers engaged by the company.

Environmental impacts

The mining industry makes a strong contribution to the industrial world's material needs and economic prosperity, and growth in mineral assets is a catalyst for economic growth.

Geological Survey of Sweden, SGU, has decided that the deposit in Dannemora is an area of national interest. This means that Dannemora is protected from other exploitation. SGU takes the view that the area has good potential for future mining, that the exploration is well documented and that the area is important for the supply of materials to Sweden and Europe.

Resumption of operations in Dannemora and the mining of other future deposits will have environmental impacts, mainly in the form of landscape changes, noise, and emissions into the air and water.

The Company has a stated environment policy of limiting the environmental impact of its activities as far as possible. This will be achieved by consistent environmental work which also enables the Company to meet existing and future legislation and requirements imposed by various stakeholders. The Company has established a number of self-monitoring programmes in order to closely monitor environmental impacts.

To minimise any lasting impact on the landscape, residual mining products will be returned to the mine. These will also be used as reinforcement material in the mine.

The pumping operation to drain the mine was completed in February 2010, when the mine had been drained from the 310 metre level to the 470 metre level. A sedimentation plant had been built to deal with the volume of water being pumped out of the mine.

A programme to ensure proper environmental control of the plant was approved by the County Administrative Board and an assessment has been made under the monitoring programme. A new sedimentation plant is now being planned for the continuous pumping.

Self-monitoring programme for noise, vibration, dust and water

On its own initiative, Dannemora has developed a programme for self-monitoring of noise, vibration, dust and water in connection with test mining. All measures under the self-monitoring programme have been implemented and reported to the County Administrative Board.

Continuous noise measurements have been made in the area of operation. A new access road to the industrial area is being built, which will reduce heavy traffic for the community and residents. An action programme has also been created together with the contractor to minimise dust.

Vibration equipment has been installed at four locations, including two private houses. All houses in the area have been inspected for future monitoring of any formation of cracks. A certified chimney sweep has pressure-tested the chimneys in use in the area.

The Company has produced a voluntary sampling program for monitoring water quality in watercourses around the production area. The sampling has been conducted continuously since 2005.

> **"Operations in Dannemora will be extremely important for Österbybruk and also for the rest of the region. This will also represent a boost for the railway and the port."**
>
> Jacob Spangenberg, Chairman of Östhammar Municipal Executive Board

The Company has also joined a water committee, which is an association of representatives from industry, the Swedish Environment Protection Agency and private individuals, with the aim of protecting the water environment in the area.


Sedimentation basin for the drained mine water

Photo: Tommy Persson


Photo: Mikael Eriksson

Vibration meters have been installed at some properties in order to check the size of tremors caused by underground blasts.


Photo: Mikael Eriksson

Preparation for blasting the shaft from the surface.

Energy consumption

Considerable amounts of energy will be expended in mining and processing the Dannemora ore bodies and the Company is giving serious consideration to future availability of energy. In order to minimise environmental impacts and reduce energy costs, a focused programme to create energy-efficient solutions is in progress. Dannemora Mineral has abandoned its original plans to transport the ore by truck. The ore will be transported to the port of shipment by rail instead. In 2010, the Swedish Transport Administration started renovation of the railway between Örbyhus and Hargshamn, which was completed in summer 2011.

Dannemora's iron ore consists of magnetite, which undergoes dry processing using magnetic separation. This consumes less energy than other processes.

Safe working environment

There was, unfortunately, a mining-related accident in October 2010, when an employee of the Company's contractor was hit by falling stones. The employee needed hospital treatment but, fortunately, the injuries were not considered serious. The accident was reported, according to standard procedures, to the police authorities and the Work Environment Authority.

Safety work is a top priority in the Company and a new employee has been appointed to coordinate QEHS (quality, environment, health & safety) work. The new employee has particular responsibility for external safety and working environment and will be part of the Dannemora Magnetit management group.

The Company's aim is to have the industry's safest facilities and ensure that no-one is harmed by any of Dannemora Mineral's activities. This will be achieved by systematic preventive safety and working environment measures, with the risk of accidents being reported, analysed and actioned.

Residential properties in Dannemora.

Property management

In addition to industrial property, Dannemora also owns and manages 13 multi-family houses. The occupancy rate was high during 2010 and ended the year on 98%. During the year, the Company installed geothermal heating in residential buildings. This is better from an environmental perspective and reduces operating costs.

In 2008, the Company purchased a 400-hectare area of land from the municipality of Östhammar for the resumption of operations at the Dannemora mine. The transfer included rental property and a number of buildings and installations (ore processing plant, the mine head frame, workshops, warehouses, office buildings and the mine office). Many of the buildings are heritage buildings. There is also a newer office annex/laboratory leading to the head frame, which will be used in the operations.

The transfer included 13 residential properties comprising 64 rental apartments and a youth hostel. The properties are so close to the mining area that the Company considered it reasonable to assume that it has control of them.

Geothermal heating in properties

In 2010, geothermal heat pumps were installed in the majority of the residential properties. This will result in lower energy costs in the long term and is a better alternative from an environmental perspective.

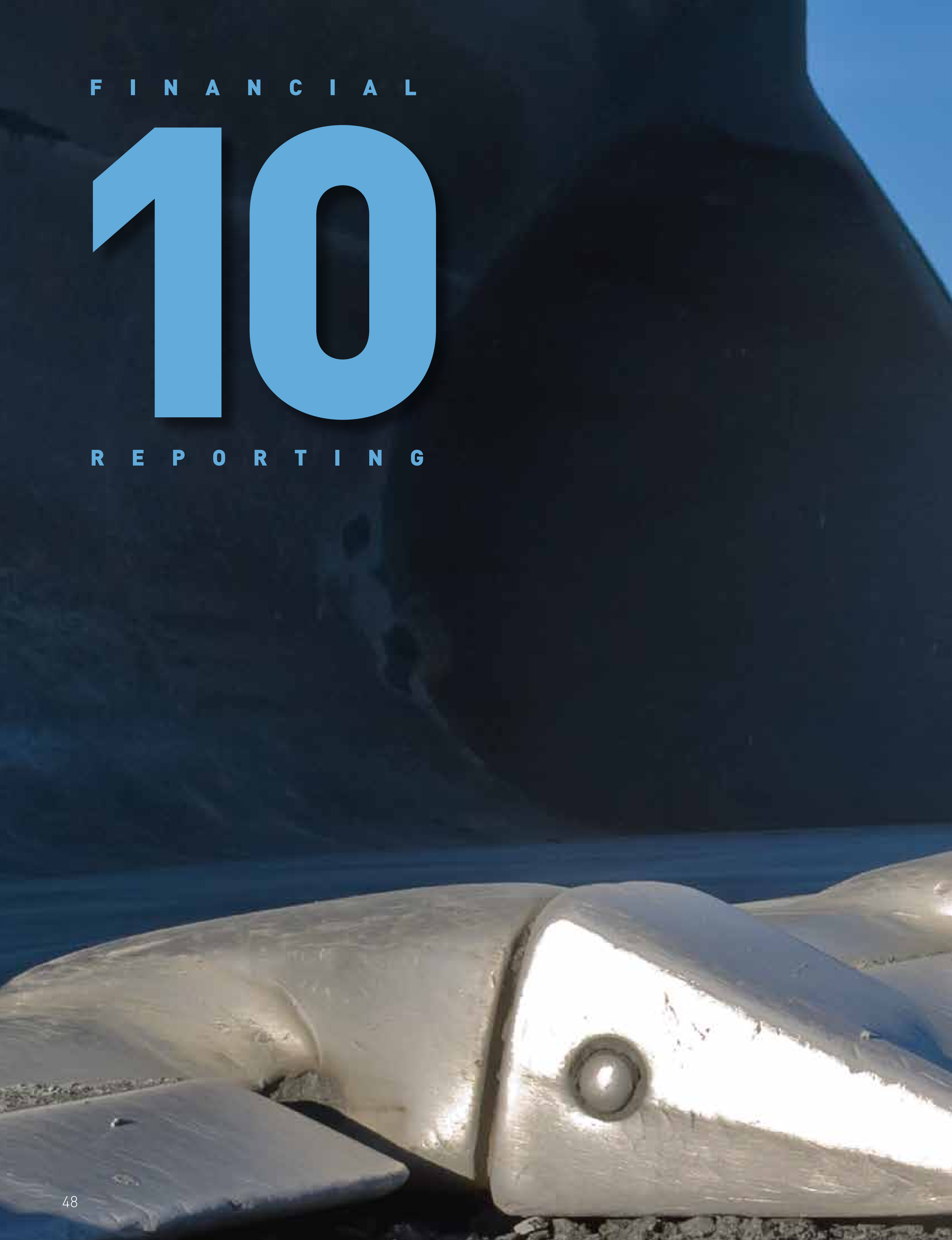
New Managing Director

The subsidiary Dannemora Förvaltnings AB manages the Group's land and properties. In December 2010 Yvonne Gille took up her position as new Managing Director of Dannemora Förvaltnings AB.

Local manager

Technical management of the property portfolio is by carried out by Eklöf Fastighetsförvaltning AB.

FINANCIAL 10 REPORTING



CONTENTS

Board of Directors' Report

The Board and CEO of Dannemora Mineral AB (publ), reg. no. 556678-3329, herewith submit the annual report for the financial year 1 January – 31 December 2010.

OPERATIONS – GENERAL INFORMATION

Dannemora Mineral AB is a mining and exploration company which is listed on Oslo Axess (primary) and First North (secondary). The Company's main goal is to resume mining operations in the Dannemora iron ore mine. The Company also intends to engage 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.

The Dannemora Mineral Group comprises the Parent Company Dannemora Mineral AB and its wholly-owned subsidiaries Dannemora Magnetit AB, which is responsible for operations at the Dannemora mine and the Group's exploration activities, and Dannemora Förvaltnings AB, which is responsible for the property portfolio. The Group also includes the dormant company Dannemora Prospektering AB.

OPERATIONS DURING THE FINANCIAL YEAR

Parent

Dannemora Mineral implemented two new share issues in March and April, mainly targeting Norwegian investors. The issues brought approx. SEK 251 million before issue expenses and considerably reduced the remaining equity requirement for the mining project in Dannemora.

In spring, Dannemora applied for admission of the Company's B shares to trading on the Oslo Stock Exchange (Oslo Axess). Prior to the listing, the Company implemented a share issue of SEK 6 million targeting the Norwegian general public in order to satisfy the Oslo Stock Exchange's ownership diversification rule.

After the share issues, the number of shares in Dannemora Mineral totalled 11,860,400.

The Company's class B share was admitted to trading on Oslo Axess on 17 June 2010. Oslo Axess is a regulated list, which means Dannemora Mineral AB must comply with the Swedish Code of Corporate Governance and its financial reporting must be in accordance with IFRS (International Financial Reporting Standards). Dannemora Mineral also retains its listing on Nasdaq OMX First North.

During the second quarter, Dannemora Mineral appointed Remium as its Certified Adviser and Market Maker on Nasdaq OMX First North.

The Dannemora iron ore mine

Customers and trial deliveries

Approx. 77,000 tonnes of iron ore products were processed and delivered to five European steel companies in 2010. These trial deliveries and full-scale tests at the steelworks represent the basis for the final negotiations for off-take agreements with European and Asian buyers which are now in progress.

Loan financing

Active efforts to arrange loan financing began in 2010 and ended in March 2011. This is described in more detail under Events after the end of the financial year.

Plant & equipment investments

Project organisation

In order to safeguard the Company's large-scale investments, an organisation has been established and is being staffed in pace with project design for the sub-projects. An agreement has been signed with Skanska for the design of the new processing plant.

Draining of the mine

The draining of the Dannemora mine was completed in February 2010 when the water level reached the planned 470-metre level. The project continued in the latter part of the year with the installation of the permanent water-pumping system.

Railway renovation implementation agreement with the Swedish Transport Administration

The railway renovation, which is being carried out together with the Swedish Transport Administration, is in progress. The majority of the Hargshamn - Örbyhus line has been renovated and the Dannemora terminal has been started. The work is expected to be completed in summer 2011.

Ramp development

Placement of the main ramp down to the main level at 350 metres is in progress.

Port

The Company is working with the port organisation to adapt and optimise unloading and port facilities for the handling of iron ore from Dannemora.

Mining exploration

Dannemora exploitation concession

In the second quarter of 2010, the Company began a diamond drilling programme for the purpose of exploring the northern part of the Dannemora field. The drilling has been mainly confined to the 145 metre level and is aimed at providing a more detailed picture of the Strömsmalmen, Botenhäll and Norrnäs ore, and increasing the ore base in the area. The operation is being concentrated on the northern part of the field in order to increase knowledge about the ores that are at the top of the mining plan. At the end of the financial year, 46 drill holes had been completed, with a total length of 3,832 metres.

Other activities

Riddarhyttan 1 and 3 exploration permits

Dannemora Magnetit AB has worked to verify some of the historical material relating to Bäckegruvan (Riddarhyttan no.1 and no. 3) and in doing so has been able to ascertain that this material is of a good standard and appears reliable. Riddarhyttan represents the most interesting iron ore project the Company controls in addition to the main project in Dannemora.

Exploration permits and exploitation concession

At the end of the year, Dannemora had 24 granted exploration permits, with a total area of 13,352 ha, and one exploitation concession of 176.8 ha. During the year, three new exploration permits were granted, nine were extended and six expired. All the exploration permits and the exploitation concession for the Dannemora field are wholly owned by the Parent Company.

Property management

In addition to its industrial properties, Dannemora also owns and manages 13 multi-family houses through the subsidiary Dannemora Förvaltnings AB. The occupancy rate was high during the year and ended the year on 98%. Dannemora made investments in geothermal heating during the year, with the aim of reducing operating costs in the portfolio.

Results and financial position

Net sales and earnings

The Group's net sales during the financial year amounted to SEK 44.9 (6.0) million. and its profit/loss after net financial items was SEK -50.9 (-23.4) million. The Parent Company's net sales for the year amounted to SEK 4.3 (2.4) million, and its profit/loss after net financial items was SEK -9.9 (-8.4) million.

Investments

The Group's investments during the year amounted to SEK 46.2 (53.2) million, while the Parent Company's investments were SEK 4.2 (3.0) million.

Liquidity and financing

The Group's cash & cash equivalents at the end of the year were SEK 212.1 (62.6) million, while the Parent Company's cash & cash equivalents ended the year on SEK 205.5 (56.0) million. The Group did not have any interest-bearing liabilities at 31/12/2010.

Employees

The average number of employees during the financial year was 14 (13) in the Group and 3 (3) in the Parent Company.

The Company has outstanding share option schemes for the Parent Company's CEO and other key personnel in the Group. The option scheme comprises 75,000 warrants and 85,000 share options. Each warrant entitles the holder to subscribe for one new B share, while each share option entitles the holder to acquire one new B share. At 31 December 2010 no shares had been subscribed for under the share option scheme.

CORPORATE GOVERNANCE

On 10 May 2010, the Board of Dannemora Mineral decided that the Company would comply with the Swedish Code of Corporate Governance (the Code).

Share information

The number of shares in Dannemora Mineral after the new share issue on 25 March 2011 was 13,860,400, divided into 1,200,000 class A shares and 12,660,400 class B shares. Each share has a par value of SEK 0.16. Class A shares carry 10 votes per share, while B shares carry one vote per share. All shares carry equal entitlement to a share of the company's assets and earnings. The company's share capital totals SEK 2,217,664.

Under the articles of association, the company must have a share capital of at least SEK 1,600,000 and no more than SEK 6,400,000. This corresponds to a minimum of 10,000,000 shares and a maximum of 40,000,000 shares.

At an extraordinary general meeting of Dannemora Mineral on 24 February 2011, it was decided to grant the Board a mandate to issue up to 3 million class B shares without preferential rights for shareholders. After the new share issue in March 2011, there are 1 million shares remaining under the mandate.

There are no rules in Swedish law or Dannemora Mineral's articles of association that would limit the ability to transfer shares in Dannemora. The Company is not aware of any agreements between shareholders which might result in restrictions on the right to transfer shares. There is no agreement to which the Company is a party that would be affected, amended or cease to apply if control of the Company changed as a result of a public offer.

Annual General Meeting

The general meeting of shareholders, which is the Company's highest decision-making body, gives shareholders the opportunity to exercise their influence.

Dannemora Mineral's general meeting is held annually and is open to all shareholders. The annual general meeting of shareholders makes decisions on the election of Board members, Chairman of the Board and auditor, the adoption of the income statement and balance sheet, allocation of the Company's profit or loss, discharge of Board members and the CEO from liability and fixing of Board and auditor fees.

The 2010 Annual General Meeting was held on 3 May in Stockholm. The meeting decided on the re-election of Nils Bernhard, Lennart Falk, Christer Lindberg, Niklas Nordström, Lars-Göran Ohlsson and Nils Sandstedt. Nils Bernhard was re-elected as Chairman of the Board.

The meeting's other decisions included:

- Board fees of SEK 300,000 to the Chairman, SEK 200,000 to the Deputy Chairman and SEK 100,000 to the other Board members
- Audit fees to be paid on approved account.
- A change to the Company's share capital boundaries, with the minimum amount being raised to SEK 1,600,000 and the maximum amount raised to SEK 6,400,000. The number of shares will then be amended to a minimum of 10,000,000 and a maximum of 40,000,000. The maximum number of A shares that can be issued will be 40,000,000, while the maximum number of B shares will also be 40,000,000.

Nomination Committee

At a Board meeting on 10 May 2010, the Board of Dannemora Mineral decided to comply with the Code's nomination committee rules. In the lead-up to the AGM on 3 May 2011, a proposal on principles for the nomination committee's appointment and work has been submitted. On adoption, this will be valid prior to the 2012 AGM. The proposal is presented below:

The Company shall have a nomination committee comprising one representative from each of the four largest shareholders (in votes) and the chairman (convener). If the chairman is one of the four principal shareholders, the nomination committee shall consist of a representative from each of the five largest shareholders (in votes), including the chairman . When constituting the nomination committee, the largest shareholders (in votes) shall be determined on the basis of data from Euroclear Sweden AB and Verdepapirsentralen ASA on the last banking business day of September 2011. Members of the committee shall be announced as soon as the committee has been appointed. The nomination committee shall appoint a chairman from among its members. The nomination committee's term of office extends until the next committee is appointed.

The nomination committee shall prepare and present recommendations on the following: chairman of the meeting, number of Board members, fees paid to individual Board members, composition of the Board and its Chairman, election of auditors (if applicable), auditors' fees, proposed rules for appointment of a nomination committee prior to the AGM 2013 and the committee's duties.

If a member leaves the committee before its work is completed, another representative may be appointed by the same shareholder if the committee so deems necessary. If a shareholder represented on the committee significantly reduces its shareholding in the Company, the member may resign and, if the nomination committee considers it appropriate, the shareholder next in line in terms of size shall appoint a representative. If there are any other substantial changes in the ownership structure before the nomination committee has completed its tasks, it shall, if the Committee so decides, be possible to change the composition of the committee in any way the committee finds appropriate.

Board of Directors

Under the Company's articles of association, the Dannemora Mineral Board shall consist of no fewer than three and no more than seven members elected by the Annual General Meeting to serve until the next AGM. The Chairman is appointed by the AGM.

Composition of the Board

After the 2010 AGM, the Board has consisted of six members with no deputies. The members of the Board are presented on page 16. Detailed information about attendance at meetings and independence/non-independence is shown in the table below.

Board – composition and attendance in 2010

Member	Elected	Fees	Meetings attended	Independent [1]	Independent [2]
Nils Bernhard, Chairman	2005	300,000	16/16	Yes	No[3]
Nils Sandstedt, Deputy Chairman	2006	200,000	16/16	Yes	Yes
Lennart Falk, Director	2005	100,000	16/16	No[4]	No[5]
Christer Lindberg, Director	2006	100,000	16/16	Yes	Yes
Niklas Nordström, Director	2007	100,000	10/16	Yes	Yes
Lars-Göran Ohlsson, Director	2006	100,000	11/16	No[6]	Yes

1 Independent of the company and its management as defined in the Swedish Code of Corporate Governance
2 Independent of major shareholders as defined in the Swedish Code of Corporate Governance
3 Controls 27% of the votes in the Company at 31/12/2010
4 Deputy CEO and Managing Director of subsidiary until 31/12/2008
5 Controls 27% of the votes in the Company at 31/12/2010
6 President and CEO until 31/12/2008

The Board of Dannemora Mineral has the expertise and experience required to support, monitor and control activities in a mining and exploration company. Board members' areas of expertise include geology, mining, mineral dressing, licence management, corporate development, PR and financing.

Responsibility of the Board and Chairman

The Board is appointed by Dannemora Mineral's owner to have ultimate responsibility for the organisation and management of the Company's affairs.

At the inaugural Board meeting following the AGM, the Board adopts rules of procedure which regulate in detail its work and responsibility, and specific duties of the Chairman. The division of work between the Board and the CEO is defined in the written set of instructions for the CEO which is adopted by the Board at the same meeting. The Board has not appointed a special remuneration or audit committee or any other permanent working committee.

The Chairman leads the Board's work and monitors the Company's operations by maintaining continuous dialogue with its CEO. The Board receives monthly reports and at Board meetings it is provided with information about the Company's economic and financial situation. Prior to each Board meeting, the Chairman and CEO go through the issues to be considered in the meeting. Support material is sent to Board members approx. one week before each Board meeting.

The Board's work in 2010

Prior to each calendar year, the Board plans a number of regular Board meetings. Before 2010, seven regular Board meetings were scheduled. In addition to reviewing the Company's operations, these meetings dealt with matters relating to financial reporting, strategy and budget. The Company's CEO and CFO (Board Secretary) attend the regular Board meetings. Other members of Group management attend meetings in a reporting capacity.

In addition to the seven regular Board meetings, nine additional meetings were held. These meetings dealt mainly with the Company's financing in the form of new share issue decisions and planned loan financing.

Evaluation of the Board's work

The Chairman ensures the Board and its work is evaluated annually.

Remuneration of key management personnel

The Board has not established a remuneration committee. The Board decides on the CEO's remuneration and other terms of employment. The Chairman approves proposals from the CEO regarding key management personnel's remuneration and other terms of employment.

The CEO and other key management personnel only receive fixed pay. No termination benefits have been agreed over and above the normal period of notice of six months.

Salaries and remuneration for the financial year 2010 are reported in note 8 on page 69.

A proposal for adoption of guidelines for remuneration of key management personnel has been submitted prior to the AGM on 3 May 2011. The proposal is presented below:

The Board proposes that the annual general meeting adopt the following guidelines for remuneration of key management personnel. The proposal is aimed at ensuring that the Dannemora Mineral AB Group is able to offer market-based and competitive remuneration that will attract and retain qualified employees. Remuneration of Group management should be a well-balanced compensation and benefits arrangement that reflects the individual's performance and responsibility and the Group's financial performance.

The fixed salary, which is individual and differentiated on the basis of the individual's responsibility and performance, is determined according to market principles and is revised annually.

There shall also be an opportunity to receive variable pay. This will be conditional individuals meeting annually defined targets relating to the Company's results and measurable goals in the individual's area of responsibility. Variable pay shall amount to a maximum of 30 percent of the fixed annual salary.

Group management's other benefits shall correspond to what is considered reasonable in the context of market practice. The period of notice shall be a maximum of six months. No termination benefits shall be paid on termination of employment. The Board shall be entitled to derogate from the guidelines adopted by the AGM in an individual case if there are special reasons to do so. Key management personnel covered by the proposal comprise the CEO and other members of Group management.

Group management

The CEO is responsible for the day-to-day management ofthe Company and Group in accordance with a set of CEO instructions and guidelines drawn up by the Board. The CEO leads Group management's work. In addition to the CEO, Group management comprises the Managing Director of the subsidiary Dannemora Magnetit, who is responsible for mining operations, the Exploration Manager, the Marketing and Logistics Manager, the CFO and the HR and Communications Manager. A presentation of Group management can be found on page 17.

Group management is preparing proposals for a business plan and budget which the CEO will present to the Board for approval. Group Management holds regular meetings which include a review of operations.

Internal controls

The Board has overall responsibility for ensuring Dannemora Mineral has effective internal controls. The CEO is responsible for ensuring there are good internal controls and formalised procedures which guarantee that external financial reporting is reliable and conducted in accordance with generally accepted accounting principles, applicable laws and other requirements for listed companies.

The Company has a simple legal and operational structure in which the Board continually monitors the Company's internal controls in connection with external and internal financial reporting. Consequently, the Board has chosen not to establish a special function for internal control.

The finance function at the Parent Company is responsible for risk analysis with regard to financial reporting and, in this context, carries out regular control activities for the purpose of managing known risks and identifying and correcting any errors in the financial reporting.

Auditors

The auditor's task is to examine the Company's annual financial statements and accounting and to review the management of the Company by the Board and CEO. After each financial year, the auditors submit an audit report to the annual general meeting. Dannemora Mineral's auditor is Öhrlings Pricewaterhouse-Coopers AB. The Chief Auditor is Annika Wedin, who is an authorised public accountant.

ENVIRONMENT

Dannemora Mineral has been granted an environmental permit for its planned mining operations. Dannemora Mineral's overall policy is to ensure safe, environmentally friendly and profitable development of the company's operations by constantly improving the working and external environments, energy consumption, personnel policy and product quality.

A total quality approach will permeate all activities, including the company's health, safety and environment initiatives.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

Dannemora Mineral held an extraordinary general meeting in February 2011, at which the Board was granted a mandate to issue up to 3 million class B shares, without preferential rights for present shareholders.

In February 2011 Dannemora raised USD 120 million from a senior secured five-year bond issue with an annual coupon rate of 11.75%. The bond issue is contingent on the Company also increasing its equity by at least SEK 100 million.

In March 2011, Dannemora Mineral completed a private placement. The new share issue contributed capital of SEK 150 million before issue expenses. A total of 2 million class B shares were subscribed for at a price of SEK 75. After the new share issue, the number of shares in Dannemora Mineral totalled 13,860,400. The Company's share capital increased from SEK 1,897,664 to SEK 2,217,664. The new share issue means that the financing of the Dannemora iron ore project is assured.

In March 2011, the Board of Dannemora Mineral decided to apply for admission of the Company's Class B shares to trading on the Stockholm Stock Exchange's main list.

In March 2011, the subsidiary Dannemora Magnetit signed a five-year agreement with the German steel group Salzgitter for annual deliveries of up to 300,000 tonnes of iron ore.

FUTURE PROSPECTS

With funding now secured and positive customer development, it is Dannemora's assessment that operations in the Dannemora iron ore mine will commence in spring 2012.

RISKS AND UNCERTAINTIES

The Company has been successful in financing the resumption of operations in the Dannemora mine. However, a delay to the remaining plant and equipment work may result in a delay to the operational start-up.

In order to find a market for the planned annual production of iron ore products, further supply contracts will be needed.

The present shortage of personnel with expertise in mining production may have consequences for the Company in view of its large recruitment needs.

Mining and exploration are regulated by strict environmental requirements. The Company has been awarded an environmental permit under the Environmental Code, although environmental impacts may still arise which could delay or add to the cost of mining.

PROPOSED DISTRIBUTION OF EARNINGS

The following amounts are at the disposal of the annual general meeting (amounts in SEK):

Share premium reserve	486,662,239
Retained earnings	-99,968,721
Loss for the year	-9,920,452
	376,773,066

The Board proposes that SEK 376,773,066 be carried forward.

RESULTS AND FINANCIAL POSITION

The results of the Company's and the Group's operations their financial position at the end of the year can be found in the income statements, balance sheets, additional information and notes which follow.

SEK thousands

	Note	2010	2009
Net sales	5	**44,863**	5,957
Other external costs	7	**-83,314**	-19,650
Personnel expenses	8	**-12,357**	-9,874
Depreciation, amortisation and impairment of assets	14, 15	**-1,130**	-498
Operating profit/loss		**-51,938**	**-24,065**
Finance income	9	**1,026**	689
Finance costs	9	**-27**	-37
Net financial items	9	**999**	652
Profit/loss before tax		**-50,939**	-23,413
Income tax	11	-	-
Profit/loss for the year		**-50,939**	-23,413
Other comprehensive income			
Other comprehensive income for the year, net after tax		-	-
Total comprehensive income for the year		**-50,939**	-23,413
Profit/loss for the year and total comprehensive income attributable to:			
Owners of the Parent		**-50,939**	-23,413
		-50,939	-23,413
Earnings per share, based on profit/loss attributable to owners of the parent during the year (expressed in SEK)			
Earnings per share before dilution	12	**-4.76**	-3.02
Earnings per share after dilution		**-4.68**	-2.95

The notes on pages 65 to 74 are an integral part of these consolidated financial statements.

SEK thousands

	Note	**2010**	2009
ASSETS			
Non-current assets			
Intangible assets	14		
Capitalised expenditure on exploration and evaluation assets		**38,166**	34,073
Total intangible assets		**38,166**	34,073
Property, plant & equipment	15		
Land and buildings		**16,285**	15,831
Equipment, tools and fixtures & fittings		**719**	687
Work in progress		**129,424**	88,870
Total property, plant & equipment		**146,428**	105,388
Financial assets	16	**2,121**	2,131
Total non-current assets		**186,715**	141,592
Current assets			
Trade receivables	19	**10,857**	79
Other receivables	20	**9,514**	1,393
Prepayments and accrued income	21	**260**	258
Cash & cash equivalents	22	**212,134**	62,641
Total current assets		**232,765**	**64,371**
TOTAL ASSETS		**419 480**	205 963

The notes on pages 65 to 74 are an integral part of these consolidated financial statements.

SEK thousands

	Note	2010	2009
EQUITY			
Equity attributable to owners of parent			
Share capital	23	**1,898**	1,242
Other paid-in capital		**487,740**	242,715
Retained earnings, incl. comprehensive income for the year		**-109,951**	-59,012
Total equity		**379,687**	184,945
LIABILITIES			
Non-current liabilities			
Non-current liabilities	25	**13,000**	13,000
Other provisions	26	**-**	242
Total non-current liabilities		**13,000**	13,242
Current liabilities			
Trade payables		**17,909**	3,470
Other liabilities	27	**633**	845
Other provisions	26	**242**	-
Accruals and deferred income	28	**8,009**	3,461
Total current liabilities		**26,793**	7,776
TOTAL EQUITY AND LIABILITIES		**419,480**	205,963

The notes on pages 65 to 74 are an integral part of these consolidated financial statements.

SEK thousands		Attributable to owners of Parent			
	Not	**Share capital**	**Other paid-in capital**	**Retained earnings**	**Total equity**
Opening balance, 1 Jan 2009		1,242	242,715	-35,599	208,358
Comprehensive income					
Profit/loss for the year				-23,413	-23,413
Other comprehensive income				-	-
Total comprehensive income		–	–	**-23,413**	**-23,413**
Closing balance, 31 Dec 2009		**1,242**	**242,715**	**-59,012**	184,945
Opening balance, 1 Jan 2010		**1,242**	**242,715**	**-59,012**	**184,945**
Comprehensive income					
Profit/loss for the year				-50,939	-50,939
Other comprehensive income				-	
Total comprehensive income		**-**	**-**	**-50,939**	**-50,939**
Owner transactions					
New share issue	23	656	257,087	–	257,743
Issue expenses	23	–	-12,062	–	-12,062
Total owner transactions		**656**	**245,025**	**-**	**245,681**
Closing balance, 31 Dec 2010		**1,898**	**487,740**	**-109,951**	**379,687**

The notes on pages 65 to 74 are an integral part of these consolidated financial statements.

SEK thousands

	Note	**2010**	2009
Operating activities			
Operating profit/loss before financial items		**-51,938**	-24,065
Depreciation of property, plant & equipment		**535**	498
Impairment of intangible assets	14	**595**	0
Interest received		**1,026**	689
Interest paid		**-27**	-37
Other non-cash items		**-3**	-21
Cash flow from operating activities before changes in working capital		**-49,812**	-22,936
Cash flow from changes in working capital			
Increase/decrease in current receivables		**-18,901**	3,192
Increase/decrease in trade payables		**6,811**	- 8,960
Increase/decrease in other current liabilities		**515**	-2,028
Total change in working capital		**-11,575**	-7,796
Cash flow from operating activities		**-61,387**	-30,732
Investing activities			
Investments in intangible assets		**-4,326**	-3,720
Investments in property, plant & equipment		**-30,485**	-49,509
Change in investments in financial assets		**2,203**	295
Cash flow from investing activities		**-32,608**	- 52,934
Financing activities			
New share issue		**245,681**	-
Cash flow from financing activities		**245,681**	-
CASH FLOW FOR THE YEAR		**151,686**	- 83,666
Cash & cash equivalents at beginning of year		**60,448**	144,114
Cash & cash equivalents at end of year		**212,134**	60,448

The notes on pages 65 to 74 are an integral part of these consolidated financial statements.

SEK thousands

	Note	**2010**	2009
Net sales	5, 6	**4,293**	2,388
Other external costs	7	**-9,473**	-7,294
Personnel expenses	8	**-5,741**	-4,371
Depreciation, amortisation and impairment of assets	14, 15	**-688**	-129
Operating profit/loss		**-11,609**	**-9,406**
Other interest and similar income	10	**1,690**	1,053
Interest and similar expense	10	**-1**	-5
Net financial items	10	**1,689**	1,048
Profit/loss after financial items		**-9,920**	-8,358
Tax on profit/loss for the year	11	**-**	-
Profit/loss for the year		**-9,920**	**-8,358**
Statement of Comprehensive Income, Parent			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**-9,920**	**-8,358**

The notes on pages 65 to 74 are an integral part of these consolidated financial statements.

SEK thousands

	Note	2010	2009
ASSETS			
Non-current assets			
Intangible assets			
Capitalised expenditure on exploration and evaluation assets	14	**18,545**	15,138
Total intangible assets		**18,545**	15,138
Property, plant & equipment			
Equipment, tools and fixtures & fittings	15	**251**	144
Total property, plant & equipment		**251**	144
Financial assets			
Shares in Group companies	17	**300**	300
Other non-current receivables	16	**121**	131
Total non-current assets		**19,217**	15,713
Current assets			
Current receivables			
Receivables from Group companies	20	**157,084**	114,910
Other receivables	20	**695**	449
Prepayments and accrued income	21	**232**	214
Total current receivables		**158,011**	115,573
Cash & cash equivalents	22	**205,471**	55,982
Total current assets		**363,482**	171,555
TOTAL ASSETS		**382,699**	187,268

The notes on pages 65 to 74 are an integral part of these consolidated financial statements.

SEK thousands

	Note	2010	2009
EQUITY, PROVISIONS AND LIABILITIES			
Equity			
Restricted equity			
Share capital		**1,898**	1,242
Statutory reserve		**1,078**	1,078
Total restricted equity		**2,976**	2,320
Unrestricted equity			
Share premium reserve		**486,662**	241,637
Retained earnings		**-99,969**	-50,618
Profit/loss for the year		**-9,920**	-8,358
Total unrestricted equity		**376,773**	182,661
Total equity		**379,749**	184,981
Current liabilities			
Trade payables		**1,599**	1,237
Liabilities to Group companies		**164**	222
Other liabilities	27	**212**	237
Accruals and deferred income	28	**975**	591
Total current liabilities		**2,950**	2,287
TOTAL EQUITY, PROVISIONS AND LIABILITIES		**382,699**	187,268
Pledged assets	29	**120**	110
Contingent liabilities	30	**13,000**	13,000

The notes on pages 65 to 74 are an integral part of these consolidated financial statements.

SEK thousands	Restricted equity		Unrestricted equity			
	Share capital	**Statutory reserve**	**Share premium reserve**	**Retained earnings**	**Profit/loss for the year**	**Total equity**
Opening balance, 1 Jan 2009	1,242	1,078	241,637	-31,289	-4,276	208,392
Distribution of earnings as adopted by the annual general meeting:						
Carried forward				-4,276	4,276	-
Group contribution received				1,336		1,336
Group contribution paid				-16,389		-16,389
Profit/loss for the year					-8,358	-8,368
Closing balance, 31 Dec 2009	**1,242**	**1,078**	**241,637**	**-50,618**	**-8,358**	**184,981**
Opening balance, 1 Jan 2010	**1,242**	**1,078**	**241,637**	**-50,618**	**-8,358**	**184,981**
Distribution of earnings as adopted by the annual general meeting:						
Carried forward				-8,358	8,358	-
New share issue	656		257,087			257,743
Issue expenses			-12,062			-12,062
Group contribution received				586		586
Group contribution paid				-41,579		-41,579
Profit/loss for the year					-9,920	-9,920
Closing balance, 31 Dec 2010	**1,898**	**1,078**	**486,662**	**-99,969**	**-9,920**	**379,749**

The notes on pages 65 to 74 are an integral part of these consolidated financial statements.

SEK thousands

	Note	2010	2009
Operating activities			
Operating profit/loss before financial items		**-11,609**	-9,407
Depreciation of property, plant & equipment		**93**	129
Impairment of intangible assets	14	**595**	0
Interest received		**1,690**	645
Interest paid		**-1**	-5
Other non-cash items		**-4**	-22
Cash flow from operating activities before changes in working capital		**-9,236**	-8,660
Cash flow from changes in working capital			
Increase/decrease in current receivables		**-42,438**	-72,654
Increase/decrease in trade payables		**364**	-1,354
Increase/decrease in other current liabilities		**94**	10
Total change in working capital		**-41,980**	-73,998
Cash flow from operating activities		**-51,216**	-82,658
Investing activities			
Investments in intangible assets		**- 3,795**	-2,936
Investments in property, plant & equipment		**-199**	-18
Change in investments in financial assets		**10**	-12
Cash flow from investing activities		**-3,984**	- 2,966
Financing activities			
New share issue		**245,681**	-
Group contributions paid/received		**-40,992**	
Cash flow from financing activities		**204,689**	-
CASH FLOW FOR THE YEAR		**149,489**	-85,624
Cash & cash equivalents at beginning of year		**55,982**	141,606
Cash & cash equivalents at end of year		**205,471**	55,982

The notes on pages 65 to 74 are an integral part of these consolidated financial statements.

NOTE 1 GENERAL INFORMATION

Dannemora Mineral AB is a mining and exploration company. The Company's primary goal is to recommence mining operations in the Dannemora iron ore mine. The Company also intends to engage 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 Group 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 Dannemora Förvaltnings AB, which is responsible for the property portfolio. Until the end of 2008, the group's exploration activities were conducted in the wholly-owned subsidiary Dannemora Prospektering AB. The company has been dormant with effect from that date,

The Parent Company is a Swedish public limited liability company with its registered office in the municipality of Östhammar. The visiting address of the Head Office is Svärdvägen 13, 182 33 Danderyd.

The Board approved the consolidated annual financial statements and the Parent Company's annual financial statements for publication on 8 April 2011.

All amounts are reported in SEK thousands unless otherwise stated. Information in parentheses relates to the previous year.

NOTE 2 SUMMARY OF THE GROUP'S SIGNIFICANT ACCOUNTING AND MEASUREMENT POLICIES

BASIS OF PREPARATION

Dannemora Mineral AB Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act.

The consolidated annual financial statements have been prepared in accordance with the cost method. The most important accounting policies applied in preparing the consolidated financial statements are described below. These policies have been applied consistently for all presented years unless otherwise stated.

The Parent Company's annual financial statements have been prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. A description of cases where the Parent Company applies different accounting policies from those applied by the Group can be found at the end of this note.

Preparation of reports in accordance with IFRS requires use of a number of significant accounting estimates. In addition, management is required to make certain judgements when applying the Group's accounting policies. Information about areas which are complex or involve a high proportion of assumptions and estimates, or areas where accounting estimates are of key significanceto the consolidated financial statements, can be found in note 4.

When preparing the consolidated annual financial statements at 31 December 2010, there were a number of standards, amendments and interpretations of existing standards which had not yet come into force. Dannemora Mineral did not opt for early adoption of these standards, amendments and interpretations. There follows a preliminary assessment of the effects of the standards considered relevant to Dannemora Mineral:

- IFRS 9 Financial instruments (published on 31 December 2010). This is the first stage of a process which will provide a complete replacement for IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces two new requirements for the measurement and classification of financial assets, and is likely to affect the Group's reporting of financial assets. The provisions relating to financial liabilities have essentially been transferred from IAS 39, with the exception of the fair value option. The standard is effective for annual periods beginning on or after 1 January 2013, although early adoption is permitted. However, this standard has not yet been adopted by the EU.
- IAS 24 Related Party Disclosures (Revised), issued in November 2009. The revised standard supersedes IAS 24 Related Party Disclosures (issued in 2003). IAS 24 (Revised) is effective for annual periods beginning on or after 1 January 2011. Early adoption of all or parts of the standard is permitted.

The revised standard simplifies the definition of a related party, clarifying its intended meaning, and introduces modified disclosure requirements for government-related entities to enable them to limit the details for disclosures about related party transactions with government or other government-related entities. The Group will apply the revised standard with effect from 1 January 2011.

The Group has yet to assess the full implications of the revised standards on its financial reporting.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the Parent Company and all companies over which it has direct or indirect control. Control is the power to govern the financial and operating policies of an enterprise, normally by owning more than 50% of the shares or votes. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The Group's business combinations are accounted for in accordance with the acquisition method. The purchase consideration for the acquisition of a subsidiary includes the fair value of the assets acquired, liabilities assumed and shares issued by the Group. It also includes the fair values of all assets or liabilities under a contingent consideration arrangement. Acquisition-related costs are recognised as an expense immediately. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair value. The Group decides, on an acquisition-by-acquisition basis, whether to measure the non-controlling interest in the entity acquired at fair value or at the non-controlling interest's proportionate share of the net assets of the entity acquired.

Goodwill is measured as the difference between: a. the aggregate of the purchase consideration transferred, the amount of any NCI and the acquisition-date fair value of the previously-held equity interest; and b. the fair value of the identifiable assets acquired and liabilities assumed. If the difference above is negative, the resulting gain is recognised as a bargain purchase in the statement of comprehensive income.

Intra-group transactions and balances, and unrealised gains on intragroup transactions are eliminated. Unrealised losses are also eliminated, although these are often an indication of impairment. The accounting policies for subsidiaries have been amended where necessary, in order to ensure consistent application of the Group's policies.

SEGMENT REPORTING

Dannemora Mineral is active in one operating segment, namely exploration and evaluation of mineral resources. Its operations are conducted in Sweden. Consequently, Dannemora Mineral's identified operating segment is the same as the reporting for the Group as a whole.

NOTE 2 cont'd

NOTE 2 cont'd

FOREIGN CURRENCY TRANSLATION

Functional currency and reporting currency
The Swedish krona (SEK) is the functional currency and reporting currency of the Group's companies.

Transactions and balances
Transactions in foreign currency are translated into the functional currency according to the exchange rates prevailing on the transaction date. Exchange gains and losses on settlement of these transactions and on translation of foreign currency monetary assets and liabilities using the closing rate are recognised in operating profit/loss in the income statement.

INTANGIBLE ASSETS

Capitalised expenditure on exploration and evaluation assets
Expenditure on exploration for and evaluation of mineral resources is accounted for in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources. Exploration and evaluation assets are measured at cost, and expenses relate to all expenditure directly attributable to those activities. Capitalised exploration and evaluation expenses include expenditure on geological and technical studies, exploratory drilling and laboratory analyses. Capitalised development expenses are not classified as exploration and evaluation assets after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Reclassification is carried out in accordance with IAS 16 Property, Plant & Equipment or IAS 38 Intangible Assets.

Impairment losses on exploration and evaluation assets are recognised when facts and circumstances indicate that the carrying amount of the assets may exceed their recoverable amount. Impairment losses are recognised in the income statement. In 2010, the Group recognised impairment losses relating to relinquished exploration permits and exploration permits with a higher carrying amount than recoverable amount. No impairment of exploration and evaluation assets was recognised in 2009.

PROPERTY, PLANT & EQUIPMENT

Items of property, plant & equipment are recognised at cost less depreciation, apart from work in progress for which depreciation has not yet commenced. Cost includes expenses directly attributable to the acquisition of an asset. Work in progress comprises expenditure on ramp placement, shaft work and other plant & equipment investments.

Subsequent expenditure is added to the asset's carrying amount or reported as a separate asset (whichever is more suitable) only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced component is derecognised. All other types of repair and maintenance are recognised as an expense in the income statement in the period in which they arise.

Land is not depreciated. Other assets are systematically depreciated down to the estimated residual value over their estimated useful life. Depreciation is applied on a straight-line basis as follows:

Computers	3 years
Equipment, tools and fixtures & fittings	5 years
Buildings	50 years

The residual values and useful lives of the assets are reviewed on each reporting date and adjusted as required. If an asset's carrying amount exceeds its estimated recoverable amount, an impairment loss is recognised and the asset's carrying amount is written down to its estimated recoverable amount.

Gains and losses on the disposal of assets are determined by comparing sales income and the carrying amount, and are reported under other operating income or other operating expenses in the income statement.

IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT
Items of property, plant & equipment are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For impairment testing, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash generating units). Impairment losses are recognised in the income statement. Items of property, plant & equipment for which impairment losses have previously been recognised are tested for possible reversal of impairment at the end of each reporting period.

FINANCIAL INSTRUMENTS
The Group classifies its financial assets and liabilities in the following categories - loans and receivables and other financial liabilities. The classification depends on the purpose for which the financial asset or liability was acquired.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets unless the settlement date is more than 12 months after the balance sheet date, in which case they are classified as non-current assets. Loans and receivables are reported in the balance sheet under trade receivables, other receivables and financial assets. This category also includes cash & cash equivalents. The Group assesses at each reporting date whether there is any objective evidence that a financial asset may be impaired. Impairment of trade receivables is reported in the income statement under Other external costs.

Other financial liabilities
The Group's non-current liabilities associated with the acquisition of properties and its trade payables and other current liabilities are classified as other financial liabilities.

General principles
Purchases and sales of financial assets and liabilities are recognised on the trade date (the commitment date). Initial recognition of financial assets and liabilities is at fair value plus transaction costs. Financial assets are derecognised when the right to receive cash flows from the instruments has expired or been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the contractual obligation has been settled or extinguished in some other way.

Loans and receivables and other financial assets are recognised after the acquisition date at amortised cost using the effective interest method.

TRADE RECEIVABLES
Trade receivables are amounts to be paid by customers for trial deliveries of iron ore and for renting houses, leasehold property and other premises in the Company's current operations. If payment is expected within one year, they are classified as current assets. The normal operating cycle is less than one year.

Trade receivables are recognised at nominal amounts less any provision for impairment. The carrying amount (after any impairment) of trade receivables is the same as their fair value, as these items have short settlement periods.

CASH & CASH EQUIVALENTS

This category comprises cash and demand deposits and restricted bank deposits which are expected to be settled within 12 months of the end of the reporting period. Cash and demand deposits are included in cash & cash equivalents in the cash flow statement.

SHARE CAPITAL

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are recognised in equity, net of tax, as a deduction from the issue proceeds.

TRADE PAYABLES

Trade payables are undertakings to pay for costs and capitalised expenditure. They are classified as current liabilities if they are due for settlement within one year. The operating cycle is normally less than one year.

Trade payables are recognised at nominal amounts. The carrying amount of trade payables is the same as their fair value, as these items have short settlement periods.

CURRENT AND DEFERRED TAX

Tax expense for the period consists of current tax and deferred tax. Tax is recognised in the income statement,unless it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax effect is also recognised in other comprehensive income or equity. Current tax expense is calculated on the basis of the tax rules that have been enacted or substantively enacted by the reporting date.

Deferred tax is accounted for using the balance-sheet liability method. A deferred tax liability is recognised for temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. However, a deferred tax liability arising from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit or loss is not recognised. Deferred tax is measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

EMPLOYEE BENEFITS

Retirement benefit obligations

Dannemora Mineral's pension plans are all defined contribution plans. For these pension plans, Dannemora Mineral pays contributions into publicly or privately managed pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no additional payment obligations once the contributions have been paid. The contributions are recognised as personnel expenses when they are due for payment. Prepaid contributions are recognised as an asset to the extent that cash repayment or a reduction in future payments may benefit the Group.

PROVISIONS

Provisions for restoration measures, restructuring costs and legal requirements are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the amount that is expected to be required to settle the obligation. A pre-tax discount rate is used that reflects current market assessments of the time value of money and the risks specific to the asset. An increase in a provision due to the passing of time is recognised under interest costs.

Dannemora Mineral's provisions consist of estimated costs of land restoration. Provisions are not recognised for future operating losses.

REVENUE RECOGNITION

Dannemora Mineral's main business activity will consist of mining. The Group's net sales in 2010 consisted primarily of revenue from trial deliveries of iron ore products, and rental income from letting houses, leasehold property and premises in Dannemora. In 2009, net sales consisted of rental income.

Revenue is recognised as follows:

Rental income

Rental income from letting houses, leasehold property and premises in Dannemora is recognised in the income statement on a straight-line basis over the rental or lease term.

Revenue from trial deliveries of iron ore products

Revenue from trial deliveries of iron ore products is recognised when the significant risks and rewards of ownership have been transferred to the buyer. This is the date on which the iron ore products are delivered to the customer. Revenue is the fair value of the consideration received or receivable from the iron ore products sold.

Interest income

Interest income is recognised over the relevant period using the effective interest method.

LEASES

A lease is classified as an operating lease when it does not transfer substantially all the risks and rewards incidental to ownership. Lease payments (less any incentives from the lessor) are recognised as an expense in the income statement on a straight-line basis over the lease term.

The Group does not have any finance leases.

DIVIDENDS

Dividends to the Parent Company's shareholders are recognised as a liability in the consolidated accounts for the period in which the dividend is adopted by the Parent Company's shareholders. The Board will not propose a dividend to the 2011 annual general meeting.

ACCOUNTING POLICIES – PARENT

The Parent Company applies RFR 2 Accounting for Legal Entities.

Income statement and balance sheet presentation

The income statement and balance sheet follow the presentation defined in the Swedish Annual Accounts Act. The main differences from the consolidated financial statements relate to finance income and expense, the statement of comprehensive income, provisions and the statement of changes in equity.

Shares in subsidiaries

Shares in subsidiaries are recognised at cost less any impairment losses. Dividends received are reported under finance income. If dividends exceed the subsidiary's comprehensive income for the period or result in the carrying amount of the holding's net assets in the consolidated accounts being less than the carrying amount of the shares, this is an indication of impairment.

If there is an indication that shares in a subsidiary may be impaired, the recoverable amount is calculated. If it is lower than the carrying amount, an impairment loss is recognised. Impairment losses are reported under Profit/loss from investments in Group companies.

NOTE 2 cont'd

NOTE 2 cont'd

Group contributions and shareholder contributions
The Parent Company applies the Swedish Financial Reporting Board's statement UFR 2 Group contributions and shareholder contributions. Shareholder contributions are reported as an increase in the value of shares and participating interests. An assessment is then made as to whether any of the shares or participating interests are impaired.

Group contributions are recognised on the basis of their economic substance. This means that Group contributions that are paid or received for the purpose of reducing the Group's total tax are recognised directly in retained earnings, net of the current tax effect of the transaction. Group contributions (received) which are comparable with a dividend are reported under Dividends from Group companies in the income statement. Group contributions (paid) which are comparable with a shareholder contribution are accounted for in the same way as shareholder contributions, taking into account the current tax effect.

NOTE 3 FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS
In the course of its operations, the Group is exposed to various financial risks. These comprise market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The risk management policies are common to all the Group's entities. Consequently, the description in this note also applies to the Parent Company. Risk management is handled by the Parent Company's finance department according to the policies defined by the Board.

Market risk

(i) Currency risk
As the Group is only active in Sweden and does not have any foreign companies, its currency risk is minimal. There were only a few foreign currency transactions in 2009 and 2010. Exchange differences recognised in the income statement amounted to SEK -207 (-31) thousand in 2010.

(ii) Interest rate risk
As the Group does not have any significant interest-bearing financial assets or liabilities, its earnings and cash flow from operating activities are essentially unaffected by changes in market rates.

Credit risk
Credit risk or counterparty risk is the risk that a counterparty in a financial transaction will fail to discharge its obligations. Credit risk is managed at Group level and is associated with bank deposits (including restricted bank deposits) and trade receivables. The Group only accepts banks and financial institutions with a high credit rating.

The Group also has procedures for assessing the creditworthiness of customers and has established credit limits in order to minimise credit risk associated with individual customers.

Liquidity risk
Liquidity risk is the risk that the Group will lack the funds to settle its financial liabilities. Liquidity risk is managed by adopting a prudent approach and ensuring the Group always has sufficient cash and cash equivalents. At 31 December 2010, the Group's liquidity was SEK 212,134 (62,641) thousand. The Group does not have any credit facilities. The Group's financial liabilities amounted to SEK 30,909 (16,470) thousand at 31 December 2010. These compromised non-current liabilities of SEK 13,000 (13,000) thousand, due for settlement in 2012, and trade payables of SEK 17,909 (3,470) thousand, due for settlement within 12 months of the reporting date.

CAPITAL RISK MANAGEMENT
The Group's goal regarding capital structure is to safeguard its capacity to operate as a going concern and maintain an optimal capital structure in order to reduce the cost of capital.

Total capital is reported as Equity in the consolidated balance sheet, and amounted to SEK 379,687 (184,945) thousand at 31 December 2010.

MEASUREMENT OF FAIR VALUE
The carrying amount (after any impairment) of trade receivables and payables is the same as their fair value, as these items have short settlement periods. The fair value of non-current financial assets is calculated for disclosure purposes by discounting future contractual cash flows to the present by reference to the market interest rates available to the Group for similar financial instruments.

The Group does not have any financial instruments measured at fair value in the balance sheet.

NOTE 4 SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates and assessments are evaluated regularly. They are largely based on historical experience and other factors, including expectations about future events which are considered reasonable in the present circumstances.

Significant accounting estimates and assumptions
The Group makes judgements and assumptions concerning the future. These result in accounting estimates, which, by definition, rarely correspond with the actual outcome. Estimates and assumptions which involve considerable risk of material adjustments to the carrying amounts of assets and liabilities during the next financial year are described below.

(a) Impairment testing of exploration and evaluation assets
In accordance with IFRS 6, exploration and evaluation assets are tested for impairment when facts and circumstances indicate that the carrying amount of these assets may exceed their recoverable amount. If there is an indication of impairment, recognition, classification and disclosure are carried out in accordance with IAS 36 Impairment. The value of the intangible assets Capitalised exploration and evaluation expenses amounted to SEK 38,166 (34,073) thousand at 31 December 2010. The value is largely based on potential and resources for developing the capitalised expenses into mineable deposits.

No impairment of exploration and evaluation assets was recognised in 2009. In 2010, the Group recognised an impairment loss of SEK 595 attributable to exploration permit expenses. If there is any change in the underlying assessments on which the fair value of intangible assets is based, and facts and circumstances indicate that impairment testing is required, their value may need to be written down. No facts or circumstances to indicate a need for impairment testing have arisen.

(b) Provision for costs of land restoration
At 31 December 2010, the Group had an obligation amounting to SEK 242 (242) thousand for land restoration. A provision of SEK 242 (242) thousand was recognised in 2010.

NOTE 5 DISTRIBUTION OF NET SALES

Net sales are divided into the following categories:

SEK thousands	Group 2010	Group 2009	Parent 2010	Parent 2009
Trial deliveries of iron ore	**41,659**	2,917	-	-
Rental income	**3,159**	3,040	-	-
Other income	**45**	-	**45**	-
Group-wide services	-	-	**4,248**	2,388
Total	**44,863**	5,957	**4,293**	2,388

Revenue of approximately SEK 41,659 (2,917) thousand for the Group relates to five (one) individual external customers. This revenue is attributable to trial deliveries of iron ore.

Operating leases where a Group company is lessor.
The Group leases out property in Dannemora under different agreements, with a 3-month period of notice. The agreements have a renewal option. Future minimum lease payments under non-cancellable operating leases relating to properties are as follows:

Group	**2010**	2009
Within one year	**2,807**	2,947
Total, Group	**2,807**	2,947

Contingent rents recognised in income for the period were SEK 0 (0) thousand.

NOTE 6 PARENT COMPANY'S INTRA-GROUP SALES AND PURCHASES

The Parent Company invoiced subsidiaries SEK 4,248 thousand for group-wide services. The Parent Company purchased services amounting to SEK 1,718 thousand from Group companies relating to work invested in exploration permits. These have been capitalised as exploration assets.

NOTE 7 AUDITORS' FEES

Audit services comprise examination of the annual financial statements, accounting records and administration of the business by the CEO and Board, other procedures required to be carried out by the Company's auditors and advice or other assistance relating to observations made during the performance of such other procedures. Anything else is classified as other services.

SEK thousands	Group 2010	Group 2009	Parent 2010	Parent 2009
Öhrlings PricewaterhouseCoopers				
Auditing services	**165**	188	**-**	81
Other assistance arising from audit	**170**	-	**170**	-
Tax advice	**19**	-	**19**	-
Other services	**169**	30	**169**	10
Total	**523**	218	**358**	91

NOTE 8 EMPLOYEE BENEFITS

SEK thousands	Group 2010	Group 2009	Parent 2010	Parent 2009
Remuneration of the Board and CEO	**2,449**	1,890	**2,449**	1,890
Remuneration of other key management personnel	**4,447**	3,780	**1,829**	1,438
Remuneration of other employees	**2,994**	2,740	**-**	-
Social security contributions	**3,424**	2,906	**1,498**	1,164
Pension expenses for Board and CEO – defined contribution plans	**337**	269	**337**	269
Pension expenses for other key management personnel – defined contribution plans	**749**	743	**335**	272
Pension expenses for other employees – defined contribution plans	**-**	117	**-**	-
Total salaries, employee benefits and pensions	**14,400**	12,445	**6,448**	5,033
Average number of employees (all employed in Sweden)				
Male	**10**	10	**3**	3
Female	**4**	3	**-**	-
Total employees	**14**	13	**3**	3
Sick leave				
Total sick leave	**0.4%**	0.5%	-	-
– sick leave, male	**0.5%**	0.4%	-	-

The Board consists of six members (2009: six members), 100% (2009: 100%) of whom are male. Group management consists of six individuals (2009: six individuals), 100% (100%) of whom are male. From September 2010, the management group includes one female.

Remuneration of the Board and CEO
The following Board fees were paid: SEK 300 thousand to the chairman, SEK 200 thousand to the deputy chairman and SEK 100 thousand (each) to the other four Board members. There are no pension, bonus or other benefit arrangements for the board.

The Company's CEO receives a fixed salary. His total salary, excluding pension, amounted to SEK 1,643 thousand. Pension premiums paid amounted to SEK 337 thousand. No termination benefits have been agreed over and above the normal period of notice of six months.

Remuneration of key management personnel
Key management personnel (6 individuals) received salaries totalling SEK 4,447 thousand during the year. Pension premiums paid for key management personnel amounted to SEK 749 thousand. No termination benefits have been agreed for key management personnel over and above the normal period of notice of six months.

Incentive schemes
In 2006, an incentive scheme comprising a maximum of 3,000 warrants for employees, key management personnel and Board members was adopted. A total of 2,500 warrants were allotted. The subscription period was 15 March 2007 to 31 December 2008. At 31 December 2008, no shares had been subscribed for under the share option scheme.

An extraordinary general meeting in April 2008 adopted an option scheme comprising 50,000 warrants and 50,000 share options for the Company's CEO.

The warrants were transferred at a market price determined using the Black & Scholes option pricing formula. Each warrant gives entitlement to subscribe for one new class B share during the period 1 July 2009 to 15 January 2012. The subscription price per share is SEK 75. The share options were allotted without charge. Each share option gives entitlement to subscribe for one new class B share during the period 1 July 2011 to 15 January 2012. The subscription price per share is SEK 50.

The extraordinary general meeting in June 2008 adopted a proposal to extend the above option scheme by issuing 35,000 warrants and 35,000 share options to key management personnel in the group. 25,000 warrants and 35,000 share options were allotted.

NOTE 8 cont'd ▶

NOTE 8 cont'd

The warrants were transferred at a market price determined using the Black & Scholes option pricing formula. Each warrant entitles the holder to subscribe for one new class B share during the period 1 July 2009 to 15 January 2012. The subscription price per share is SEK 91. The share options were allotted without charge. Each share option entitles the holder to subscribe for one new class B share during the period 1 July 2011 to 15 January 2012. The subscription price per share is SEK 68.

At 31 December 2010, no shares had been subscribed for under the share option scheme.

NOTE 9 FINANCE INCOME AND COSTS

SEK thousands	Group 2010	2009
Finance income:		
Interest income on short-term bank deposits	**1,016**	678
Interest income on restricted cash equivalents	**10**	11
Finance income	**1,026**	689
Finance costs:		
Other finance costs	**-27**	-37
Finance costs	**-27**	-37
Net financial items, Group	**999**	652

NOTE 10 INTEREST AND SIMILAR INCOME, INTEREST AND SIMILAR EXPENSE

SEK thousands	Parent 2010	2009
Interest and similar income:		
Interest income from Group companies	**687**	408
Other interest income	**1,003**	645
Interest and similar income	**1,690**	1,053
Interest and similar expense:		
Other finance costs	**-1**	-5
Interest and similar expense	**-1**	-5
Net financial items, Parent	**1,689**	1,048

NOTE 11 INCOME TAXES/TAX ON PROFIT/LOSS FOR THE YEAR

The differences between the recognised tax expense and the estimated tax expense based on the current tax rate are as follow:

SEK thousands	Group 2010	Group 2009	Parent 2010	Parent 2009
Profit/loss before tax	**-50,939**	-23,413	**-9,920**	-8,358
Income tax calculated acc. to Group's current tax rate (26.3%)	**13,397**	6,158	**2,609**	2,198
Non-taxable income	**-**	-	**0**	-
Non-deductible expenses	**-81**	-8	**-59**	-7
Tax losses for which no deferred tax asset has been recognised	**-13,316**	-6,150	**-2,550**	-2,191
Total tax expense	**-**	-	**-**	-

The weighted average tax rate for the Group and Parent Company is 26.3% (26.3%).

Deferred tax assets are recognised for tax loss carryforwards to the extent that they can be utilised against future taxable profit. The Group's accumulated tax loss carryforwards amount to SEK 109,627 (58,769) thousand. Deferred tax assets have not been recognised for these tax losses, as there is no clear indication that taxable profit will be available against which the tax losses can be utilised.

NOTE 12 EARNINGS PER SHARE

SEK thousands	**2010**	2000
Profit/loss attributable to owners of the Parent	**-50,939**	-23,413
Weighted average number of shares outstanding before dilution (thousands)	**10,702**	7,760
Adjusted for:		
Warrants outstanding	**189**	189
Weighted average number of shares outstanding after dilution (thousands)	**10,891**	7,949
Earnings per share before dilution	**-4.76**	-3.02
Earnings per share after dilution	**-4.68**	-2.95

NOTE 13 DIVIDEND PER SHARE

No dividends were paid in 2010 and 2009. No dividend will be proposed to the AGM on 3 May 2011.

NOTE 14 INTANGIBLE ASSETS

SEK thousands	Exploration and evaluation assets Group	Parent
At 1 January 2009		
Cost	32,422	14,023
Accumulated impairment	-1,820	-1,820
Carrying amount	**30,602**	**12,203**
2009 financial year		
Opening carrying amount	30,602	12,203
Transfers to property, plant & equipment	-249	-
Purchases/processing	3,720	2,935
Closing carrying amount	**34,073**	**15,138**
At 31 December 2009		
Cost	35,893	16,958
Accumulated impairment	-1,820	-1,820
Carrying amount	**34,073**	**15,138**
2010 financial year		
Opening carrying amount	34,073	15,138
Purchases/processing	4,688	4,002
Impairment	-595	-595
Closing carrying amount	**38,166**	**18,545**
At 31 December 2010		
Cost	40,581	20,960
Accumulated impairment	-2,415	-2,415
Carrying amount	**38,166**	**18,545**

NOTE 15 PROPERTY, PLANT & EQUIPMENT

SEK thousands Group	Land and buildings	Equipment, tools and fixtures & fittings	Work in progress	Total
At 1 January 2009				
Cost	15,498	873	40,238	56,609
Accumulated depreciation	-232	-248	-	-480
Carrying amount	**15,266**	**625**	**40,238**	**56,129**
2009 financial year				
Opening carrying amount	15,266	625	40,238	56,129
Transfers from intangible assets	-	249	-	249
Purchases	793	83	48,632	49,508
Depreciation	-228	-270	-	-498
Closing carrying amount	**15,831**	**687**	**88,870**	**105,388**
At 31 December 2009				
Cost	16,291	1,205	88,870	106,366
Accumulated depreciation	-460	-518	-	-978
Carrying amount	**15,831**	**687**	**88,870**	**105,388**
2010 financial year				
Opening carrying amount	15,831	687	88,870	105,388
Purchases	702	319	40,554	41,575
Depreciation	-248	-287	-	-535
Closing carrying amount	**16,285**	**719**	**129,424**	**46,428**
At 31 December 2010				
Cost	16,993	1,524	129,424	147,941
Accumulated depreciation	-708	-805	-	-1,513
Carrying amount	**16,285**	**719**	**129,424**	**146,428**

Group	**2010**	2009
Taxable value of land and buildings in Sweden	**16,378**	16,378
Carrying amount of land and buildings in Sweden that have been given a taxable value	**15,865**	15,865

The Group's long-term liabilities have been secured against land and buildings with a total value of SEK 13,000 (13,000) thousand (note 25).

Parent **Equipment, tools and fixtures & fittings**	**2010**	2009
Opening cost	**474**	456
Purchases	**200**	18
Closing accumulated cost	**674**	474
Opening depreciation	**-330**	-201
Depreciation for the year	**-93**	-129
Closing accumulated depreciation	**-423**	-330
Closing carrying amount	**251**	144

NOTE 16 FINANCIAL ASSETS/OTHER NON-CURRENT RECEIVABLES

	Group		Parent	
SEK thousands	**2010**	2009	**2010**	2009
At the beginning of the year	**2,131**	2,619	**131**	119
Additional items	**-**	12	**-**	12
Deducted items	**-10**	-500	**-10**	-
At the end of the year	**2,121**	2,131	**121**	131
Deposits	**121**	131	**121**	131
Restricted bank deposits	**2,000**	2,000	**-**	-
Total	**2,121**	2,131	**121**	131

Restricted bank deposits are funds which are restricted in accordance with the decision by the the Swedish Environmental Court for the duration of mining production in Dannemora.

NOTE 17 SHARES AND INTERESTS IN GROUP COMPANIES

SEK thousands **Parent**	**2010**	2009
Opening cost	**300**	300
Investment	-	-
Closing carrying amount	**300**	300

The Parent Company owns shares in the following subsidiaries:

Name	Reg. no.	Reg'd office	Share of capital	Number of shares	Carrying amount 2010	Carrying amount 2009
Dannemora Magnetit AB	556709-1664	Östhammar	100%	100,000	100	100
Dannemora Förvaltnings AB	556750-3627	Östhammar	100%	100,000	100	100
Dannemora Prospektering AB	556708-1988	Östhammar	100%	100,000	100	100

The share of voting power is the same as the share of capital.

NOTE 18 FINANCIAL INSTRUMENTS BY CATEGORY

SEK thousands **Group** **Loans and receivables**	**2010**	2009
Assets in balance sheet		
Financial assets	**2,121**	2,131
Trade receivables	**10,857**	79
Other receivables	**9,774**	1,651
Cash & cash equivalents	**212,134**	62,641
Total	**234,886**	**66,502**
Other financial liabilities		
Liabilities in balance sheet		
Other non-current liabilities	**13,000**	13,000
Trade payables	**17,909**	3,470
Other liabilities	**8,884**	4,306
Total	**39,793**	**20,776**
Parent		
Assets in balance sheet		
Financial assets	**121**	131
Other receivables	**158,011**	115,573
Cash & cash equivalents	**205,471**	55,982
Total	**363,603**	**171,686**
Other financial liabilities		
Liabilities in balance sheet		
Trade payables	**1,599**	1,237
Other liabilities	**1,355**	1,050
Total	**2,954**	**2,287**

NOTE 19 TRADE RECEIVABLES

SEK thousands Group	2010	2009
Trade receivables	10,857	93
Less: provision for doubtful debts	-	-14
Trade receivables, net	**10,857**	79

At 31 December 2010, trade receivables (non-doubtful) amounted to SEK 10,857 (79) thousand.

At 31 December 2010, past due trade receivables amounted to SEK 130 (78) thousand. However, no impairment losses were recognised.

The age analysis of these trade and other receivables is as follows:

	2010	2009
Within 3 months	94	78
3 to 6 months	31	-
After 6 months	5	-
Total past due trade receivables	**130**	78

At 31 December 2010, the provision for doubtful debts amounted to SEK 0 (14) thousand. The age analysis is as follows:

	2010	2009
3 to 6 months	0	14
After 6 months	0	-
	0	14

Changes in the provision for doubtful debts are as follows:

	2010	2009
At 1 January	14	-
Utilisation of previously reserved resources	-14	-
Provision for doubtful debts	0	14
At 31 December	0	14

Provisions for doubtful debts and their reversals are reported in the income statement under Other external costs.

The maximum exposure to credit risk at the reporting date is the carrying amount of the trade receivables reported above. The Group does not have any assets pledged as collateral.

NOTE 20 OTHER RECEIVABLES

	Group		Parent	
SEK thousands	2010	2009	2010	2009
Receivables from Group companies			157,084	114,910
Recoverable VAT	5,094	1,276	652	449
Tax assets	4,255	-	-	-
Other current receivables	165	117	43	-
Total	**9,514**	1,393	**157,779**	115,359

NOTE 21 PREPAYMENTS AND ACCRUED INCOME

	Group		Parent	
SEK thousands	2010	2009	2010	2009
Prepaid rent	87	86	87	86
Prepaid lease payments	-	15	4	15
Prepaid subscriptions	48	40	48	40
Prepaid insurance costs	86	27	58	-
Other items	39	90	35	73
Total	**260**	258	**232**	214

NOTE 22 CASH & CASH EQUIVALENTS

SEK thousands Group	2010	2009

Cash & cash equivalents in the balance sheet and cash flow statement are as follows:

Group	2010	2009
Balance sheet		
Cash & cash equivalents	212,134	62,641
Restricted bank deposits	2,000	2,000
Total, Group	**214,134**	64,641
Cash flow statement		
Cash & cash equivalents	212,134	60,448
Total, Group	**212,134**	60,448
Parent	2010	2009
Balance sheet		
Cash & cash equivalents	205,471	55,982
Total, Parent	**205,471**	55,982
Cash flow statement		
Cash & cash equivalents	205,471	55,982
Total, Parent	**205,471**	55,982

NOTE 23 SHARE CAPITAL AND OTHER PAID-IN CAPITAL

	Number of shares (thousands)	Share capital	Other paid-in capital	Total
At 1 January 2009	7,760	1,242	242,715	243,957
At 31 December 2009	7,760	1,242	242,715	243,957
At 1 January 2010	7,760	1,242	242,715	243,957
New share issue	4,100	656	257,087	257,743
Issue expenses	-	-	-12,062	-12,062
At 31 December 2010	**11,860**	**1,898**	**487,740**	**489,638**

NOTE 24 EQUITY COMPENSATION BENEFITS

More information about the incentive scheme can be found in note 8.

Changes in the number of warrants and share options outstanding and their exercise price are as follows:

Group	2010				2009			
	Ex. price SEK/ share	Warrants share options (000)	Ex. price SEK/ share	Employee share options (000)	Ex. price SEK/ share	Warrants share options (000)	Exercise SEK/ share	Price Employee share options (000)
At 1 January	**80**	**75**	**57**	**85**	80	75	57	85
At 31 December	**80**	**75**	**57**	**85**	80	75	57	85

Share options outstanding at the end of the year have a maturity date of 15 January 2012.

The weighted average fair value of the options allotted in 2008 was defined using the Black-Scholes option pricing model The model considered key data, comprising the average share value on the grant date, the exercise price, volatility, expected dividend, an expected duration for the options of 3.5 years and annual risk-free interest of 4.39%. In view of the fact that employees paid market-based premiums for the options, no cost arose in the Company.

NOTE 25 NON-CURRENT LIABILITIES

SEK thousands **Group**	**2010**	2009
Long-term liability to Östhammar for acquisition of land and buildings	**13,000**	13,000
Total non-current liabilities	**13,000**	13,000

The liability is an interest-free loan and is due for settlement in December 2012. At 31 December 2010, the fair value of the liability was SEK 13,000 (13,000) thousand.

NOTE 26 OTHER PROVISIONS

SEK thousands **Group**	**2010**	2009
	Restoration of the environment	
At 1 January	**242**	242
Recognised in income statement:		
– reversed provisions	-	-
At 31 December	**242**	242

The provisions consist of:

	2010	2009
Non-current portion (restoration of environment)	**-**	242
Current portion	**242**	-
Total, Group	**242**	242

Restoration of the environment
This is described under Provisions in note 2.

NOTE 27 OTHER LIABILITIES

SEK thousands	Group **2010**	2009	Parent **2010**	2009
Tax liabilities	**38**	238	**-**	-
Personnel-related liabilities	**595**	460	**212**	237
Liabilities to Group companies	**-**	-	**164**	222
Other items	**-**	147	**-**	-
Total	**633**	845	**376**	459

NOTE 28 ACCRUALS AND DEFERRED INCOME

SEK thousands	Group **2010**	2009	Parent **2010**	2009
Accrued expenditure on work in progress	**4,745**	1,102	**-**	-
Accrued fees	**299**	298	**314**	228
Accrued holiday pay	**912**	663	**296**	140
Accrued social security contributions	**718**	432	**218**	128
Accrued exploration and evaluation expenses	**209**	77	**-**	-
Deferred income	**305**	323	**-**	-
Other items	**821**	566	**147**	95
Total	**8,009**	3,461	**975**	591

NOTE 29 PLEDGED ASSETS

SEK thousands	Group **2010**	2009	Parent **2010**	2009
Pledges assets				
Property mortgages	**13,000**	13,000	**-**	-
Pledged bank funds	**2,000**	4,193	**-**	-
Deposit to Mining Inspectorate of Sweden (under Swedish Minerals Act)	**120**	110	**120**	110
Total pledged assets	**15,120**	17,303	**120**	110

NOTE 30 CONTINGENT LIABILITIES

SEK thousands **Parent**	**2010**	2009
Contingent liabilities relating to Group companies' commitments	13,000	13,000
Total, Parent	**13,000**	**13,000**

NOTE 31 OBLIGATIONS

Investment obligations

At the end of the period, contracted investments not yet recognised in the financial statements were as follows:

Group	2010	2009
Work in progress	**35,022**	860
Total, Group	**35,022**	860

The Parent Company did not have any investment obligations at 31 December 2009 or 2010.

Obligations under operating leases

The Group leases different types of premises, vehicles and IT equipment under cancellable and non-cancellable operating leases.

Future lease payments for non-cancellable operating leases fall due as follows:

Group	2010	2009
Within one year	**362**	411
Between one and five years	**834**	18
After five years	**-**	-
Total, Group	**1,196**	429

Operating lease costs for the financial year amounted to SEK 868 (567) thousand.

NOTE 32 EVENTS AFTER THE BALANCE SHEET DATE

In February 2011 Dannemora raised USD 120 million from a senior secured five-year bond issue with a coupon rate of 11.75%. The bond issue is contingent on the Company also increasing its equity by at least SEK 100 million.

In March 2011, the Board of Dannemora Mineral decided to apply for admission of the Company's Class B shares to trading on the Stockholm Stock Exchange's main list.

In March 2011, Dannemora Mineral completed a private placement. The new share issue contributed capital of SEK 150 million before issue expenses. A total of 2 million class B shares were subscribed for at a price of SEK 75. After the new share issue, the number of shares in Dannemora Mineral totalled 13,860,400. The Company's share capital increased from SEK 1,897,664 to SEK 2,217,664.

In March 2011, the subsidiary Dannemora Magnetit signed a five-year agreement with the German steel group Salzgitter for annual deliveries of up to 300,000 tonnes of iron ore.

The Board and CEO confirm that the consolidated annual financial statements have been prepared in accordance with international financial reporting standards (IFRS) as adopted by the EU and provide a true and fair view of the Group's financial performance and position.
The Parent Company's annual financial statements have been prepared in accordance with generally accepted accounting principles in Sweden and provide a true and fair view of the Company's financial performance and position.

The Board of Directors' report for the Group and Parent Company provides a true and fair view of the development of their operations, financial position and performance, and describes material risks and uncertainties to which the Parent Company and its subsidiaries are exposed.

The income statements and balance sheets for the Parent Company and Group will be submitted to the annual general meeting on 3 May 2011.

Dannemora, 08 April 2011

Staffan Bennerdt
President & CEO

Nils Bernhard
Chairman of the Board

Nils Sandstedt
Deputy Chairman

Lennart Falk

Christer Lindberg

Niklas Nordström

Lars-Göran Ohlsson

Our audit report was submitted on 11 April 2011
Öhrlings PricewaterhouseCoopers AB

Annika Wedin
Authorised Public Accountant

To the Annual General Meeting of Dannemora Mineral AB (publ),
reg. no. 556678-3329

We have audited the Parent Company's annual financial statements, the consolidated financial statements, the accounting records and the administration of the Board of Directors and CEO of Dannemora Mineral AB (publ) for the year 2010. The Parent Company's annual financial statements and the consolidated financial statements are included in the printed version of this document on pages 50-75. The Board and CEO are responsible for these annual financial statements and the administration of the Company, and for ensuring the Parent Company's accounts are prepared in accordance with the Swedish Annual Accounts Act and the consolidated accounts are prepared in accordance with international financial reportingstandards IFRS, as adopted by the EU. Our responsibility is to express an opinion on the annual financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. These standards require that we plan and perform the audit to obtain reasonable assurance that the Parent Company's annual financial statements and the consolidated financial statements are free from material misstatement. An audit includes examination, on a test basis, of evidence supporting the amounts and disclosures in the accounts. An audit also includes assessment of the accounting policies used and their application by the Board of Directors and CEO, evaluation of significant estimates made by the Board and CEO when preparing the Parent Company's annual financial statements and the consolidated financial statements, and evaluation of the overall presentation of information in the annual accounts and consolidated accounts. As a basis for our opinion concerning discharge from liability, we have examined significant decisions, actions taken and circumstances of the company in order to determine the liability, if any, to the company of any member of the board or the CEO. We have also conducted examinations to establish whether any member of the Board or the CEO has in any other way acted in contravention of the Swedish Companies Act, the Annual Accounts Act, or the Company's Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The parent company's annual financial statements have been prepared in accordance with the Swedish Annual Accounts Act, and give a true and fair view of the company's financial position and performance in accordance with generally accepted accounting principles in Sweden. The consolidated annual financial statements have been prepared in accordance with international financial reporting standards (IFRS), as adopted by the EU, and the Swedish Annual Accounts Act, and give a true and fair view of the group's financial position and performance. A corporate governance report has been prepared. The board of directors' report is consistent with the other parts of the parent company's annual financial statements and the consolidated annual financial statements.

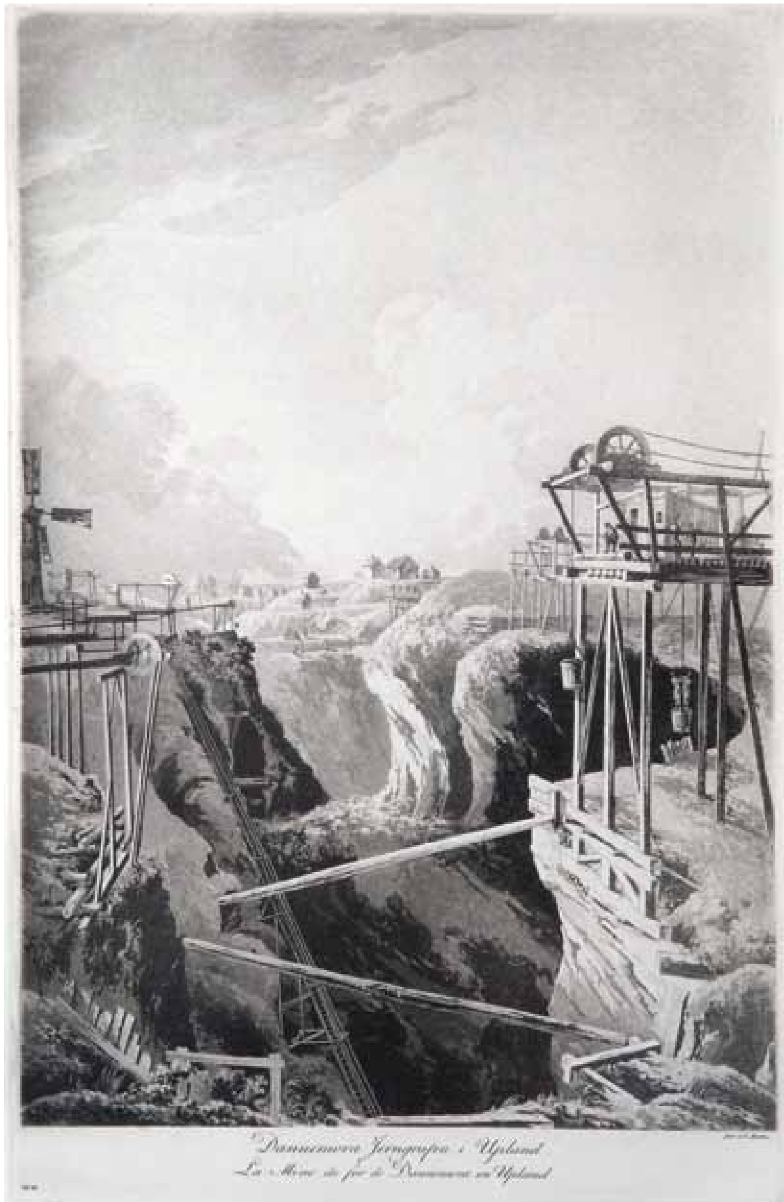
We recommend that the annual general meeting adopt the income statement and balance sheet of the parent company and group, that the profit in the parent company be dealt with in accordance with the proposal in the board of directors' report, and that the members of the board and the CEO be discharged from liability for the financial year.

Gävle, 11 April 2011

Öhrlings PricewaterhouseCoopers AB

Annika Wedin
Authorised Public Accountant

Dannemora mine with a thousand-year pedigree



Elias Martin

There is written evidence of the Dannemora mine from back in 1481. However, findings from the 1200s and 1300s indicate that the mine is probably over a thousand years old. The large Storrymningen open cast is of medieval origin.

In a deed of gift from 1481 Sten Sture the Elder gave "the silver mine in the parish of Film" to Councillor of State Jakob Ulfsson, who was also Archbishop of Uppsala. In 1532, Gustav Vasa issues a charter to Joakim Piper for the “Dannemora Mine”. In 1545, the King establishes a company that will mine ore on the site. The iron ore supplied about 30 ironworks and became world-renowned for its quality. The Dannemora ore field has a very large number of old mines and pits, which would point to extensive mining. In the 1600s, the Dannemora mine was Europe's largest iron ore mine and the mining there helped make Sweden an important industrial nation. Much of the iron ore was exported to England - particularly Sheffield, where steel was used for weapon-making.

The Dannemora mine was the main artery of Swedish prosperity for more than 300 years, right up to the beginning of the 1900s. In 1992, SSAB closed the mine due to a fall in demand and low iron ore prices.

On 17 March 2005, the wheel turned full circle with the establishment of Dannemora Mineral AB. It is the Company's plan to resume operation of the Dannemora mine, and in doing so to continue a thousand-year-old tradition.

Actinolite
Skarn mineral with the chemical composition $Ca_2(Mg,Fe)_5Si_8O_{22}(OH)_2$.

Anticline
A fold structure in a sequence of rock layers that are progressively older towards the centre of the fold.

Base metals
Metals such as copper, zinc and lead.

Blast furnace
Furnace in which the iron oxide in the ore is reduced to raw iron.

Breccia
Rock formed by fragments from explosive volcanic eruptions.

Carbonate rock
Rock consisting mainly of carbonate minerals such as calcite or dolomite.

Core drilling
The same as diamond drilling.

Crude ore
Ore that has been mined, but not yet undergone processing.

Cut-off
Lowest acceptable grade to make a calculation of tonnage and its average grade.

Dannemorite
Skarn mineral with the chemical composition $(Fe,Mn,Mg)_7Si_8O_{22}(OH)_2$.

Development
Tunnelling work prior to production mining of ore.

Diamond drilling
A variety of rotary drilling with which a core (drill core) of bedrock is obtained.

Diopside
Skarn mineral with the chemical composition $CaMg(SiO_3)_2$.

Dolomite
Mineral with the chemical composition $CaMg(CO_3)_2$.

Drift
Virtually horizontal tunnel in an underground mine entrance.

Due diligence
A process of reasonable investigation into the details of a potential investment.

Environmental permit
Permission to carry out mining and ore processing activities. Issued under the Swedish Environmental Code.

Eruption
Volcanic eruption.

Exploitation Concession
Licence to mine a deposit.

Exploration
Searching for ore.

Exploration permit
Permit issued by Mining Inspectorate of Sweden to engage in exploration in a particular area.

Fault
Crack or fracture zone along which the bedrock has shifted.

Feasibility study
Feasibility study

Fines
In this annual report, a product measuring less than 5 mm and containing approx. 55 percent iron.

Folding phase
One of several periods in which the earth's crust is compressed and folds.

Footwall
Mass of rock underlying a more or less inclined ore body.

Garnet
Group of skarn minerals with the chemical composition $A_3B_2(SiO_4)_3$ where A is Fe, Mn, Mg or Ca and B is Al, Fe, Cr or Ti.

Geophysical survey
Survey with instruments which show the physical properties of rocks, ore or tectonic structures.

Granitoid
Silicon-rich igneous rock (cooled at depth in the earth's crust).

Hanging wall
Mass of rock overlying a more or less inclined ore body.

Inclined drift
Drift for descending into/ascending from a mine. Often in a spiral. Also called a ramp.

Indicated mineral resources
A mineralised tonnage with a stated grade, estimated from reliable information, which clearly shows the continuity of the grade and the form and extent of the mineralisation.

JORC
Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Knebelite
Skarn mineral with the chemical composition $(FeMn)_2SiO_4$.

Limestone
Rock consisting mainly of the mineral calcite, with the chemical composition $CaCO_3$.

Lump ore
In this annual report, a product measuring between 5 and 16 mm and containing approx. 50 percent iron.

Measured mineral resources
A mineralised tonnage with a stated grade estimated from very reliable information from observations in outcrops, drill holes, trenches and mining activities which clearly show the continuity of the grade and the form and extent of the mineralisation.

Magnetic separation
Method of separating minerals from waste rock magnetically.

Magnetite
Mineral with the chemical composition Fe_3O_4. Mined for extraction of iron.

Magnetometry
Method of mapping magnetic variations in the bedrock.

Main level
Drift system at a certain level where the ore transport mainly takes place.

Mine head frame
Tower for bring up ore from the mine. One of the purposes of the tower is to obtain a drop for the hoisted up ore.

Mineralisation
Concentration of potentially interesting minerals in the bedrock.

Mining
Extraction of rock or ore. Can be surface or underground mining.

Open at depth
Ore bodies for which the possible downward extension is unknown. Can be verified by diamond drilling.

Ore
Mineralisation which can be exploited with economic benefits.

Ore chute
A chute into which the ore is tipped before being unloaded at a main level.

Pitting
Small mining attempt.

Precious metals
Metal such as gold, silver and platinum.

Probable ore reserves
The calculated quantity and grade of the probable mineral resources for which economic profitability has been shown (by means of adequate technical, economic and legal studies) with sufficient reliability to justify investment.

Proven ore reserve
The part of the measured mineral resources for which quantity, grade, and technical, legal and economic factors are known with the highest grade of certainty.

Ramp
Tunnel for descending into/ascending from a mine. Often in a spiral. Also called an inclined drift.

Screening
Separation of grain size fractions.

Shaft
Vertical or near-vertical passage.

Silicate
Mineral containing silicon (Si) and oxygen (O).

Skarn
Silicate minerals which often accompany iron and sulphide mineralisations.

Skip
Lift cage for transporting ore in the shaft.

Sorting
Dry ore processing method which includes magnetic separation and screening.

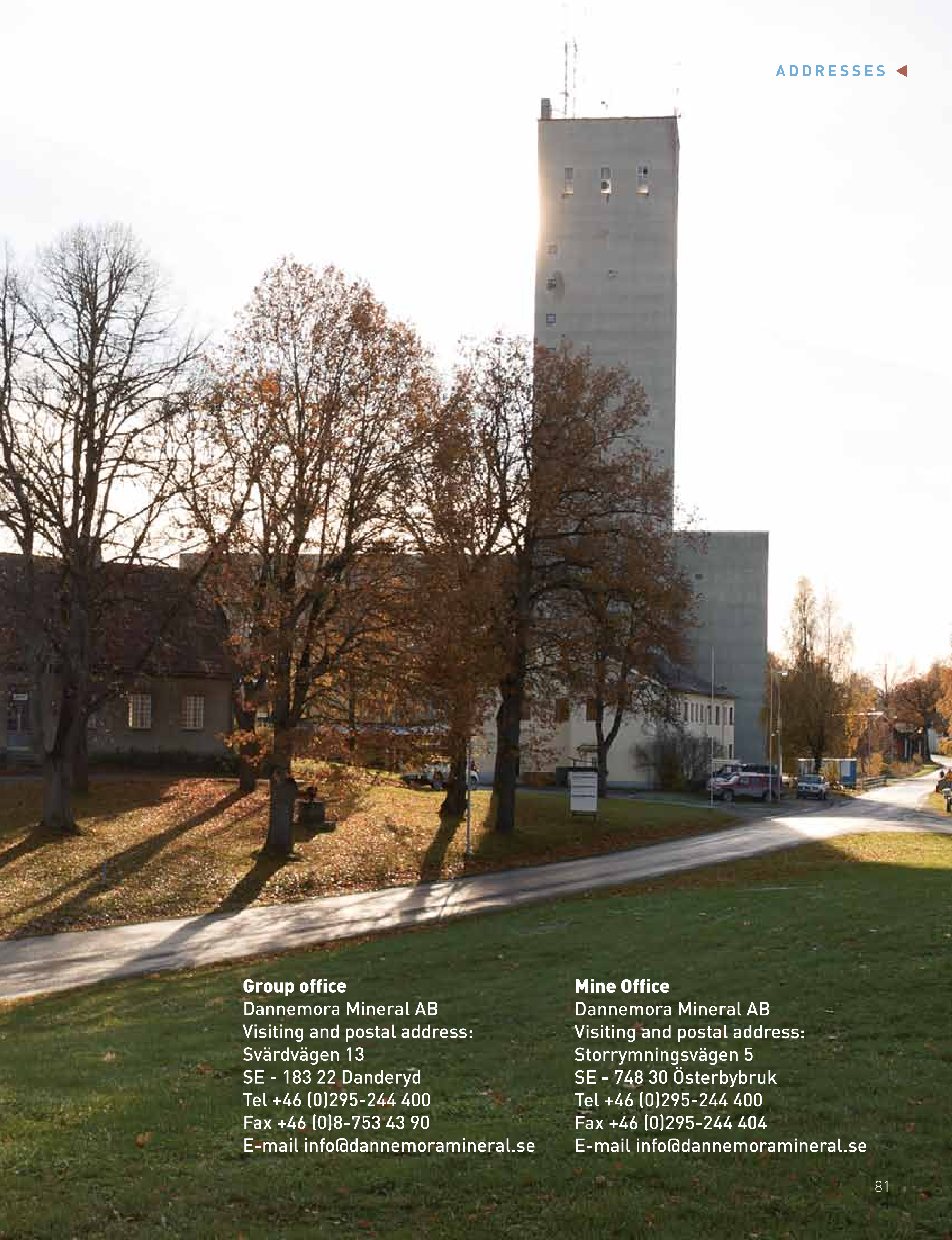
Sub-level caving
Mining method often used for steeply positioned ores.

Supracrustal rock
Rocks formed on the earth's surface.

Syncline
A fold structure in a sequence of rock layers that are progressively younger towards the centre of the fold.

Tectonics
Branch of geology dealing with deformation of the bedrock.

Waste rock
Valueless non-metalliferous rock in the mine.



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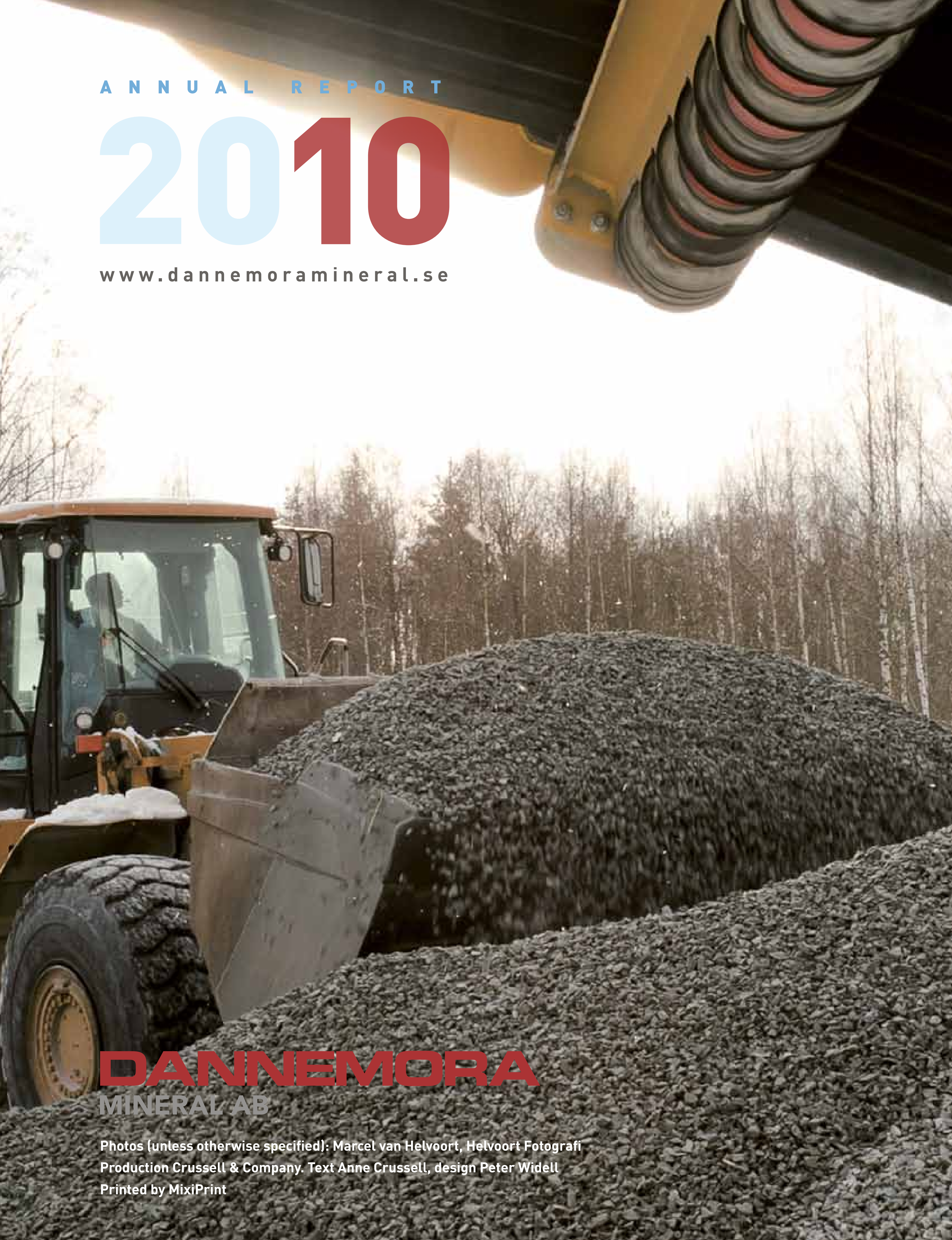

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DANNEMORA MINERAL AB

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