
PRESS RELEASE 7 OCTOBER 2008

Financing enters final phase

- **Financing of the Dannemora mining project is planned to be completed in Q1 2009.**
- **Endeavour Financial has been engaged as financial advisor.**
- **Pre-production installation work will generate the first iron ore in 2009 for trial deliveries to potential customers and the planned sales as coarse ballast.**
- **The ore processing plant is scheduled to be operational in Q1 2010. Production in the mine and plant will then gradually work up to full capacity by late 2011/early 2012.**

Dannemora Mineral has now entered the final phase in its funding of the Dannemora iron ore project. The remaining capital requirement to cover plant & equipment investments and working capital amounts to approx. SEK 850-900 million. Following consultation with potential lenders and advisors, Dannemora Mineral has decided that the proportion of external capital will be approx. SEK 600-650 million, with the remaining SEK 200-250 million made up of additional equity.

Dannemora Mineral has engaged Endeavour Financial Ltd as financial advisor for its planned borrowing of approx. SEK 650 million. Endeavour, based in London, has 20 years' experience specialising in natural resources projects. These include iron ore, base metal, precious metal and industrial mineral mining projects across the globe.

To satisfy lenders' need for an unbiased insight into the mining project, the customary technical, legal, environmental and financial due diligence processes are being carried out in autumn 2008. The combination of persisting financial turmoil and long lead times in contracting well-reputed technical consultants for due diligence assignments has delayed the financing work. However, both Dannemora Mineral's financial advisor and potential lenders believe loan financing will be available during the first quarter of 2009.

It is planned to raise the additional equity of approx. SEK 200-250 million by issuing shares or other financial instruments. Loan financing and acquisition of equity are expected to be completed concurrently.

The current time-critical mine pumping and underground ramp placement projects are progressing according to plan, regardless of the ongoing financing activity. Contracts for the ore processing plant are partly dependent on the full financing being in place and the fact that this has been delayed a few months. The operational start for the ore processing plant is therefore planned for the first quarter of 2010. The delay of up to one financial quarter will not have any significant impact on production and project economy and will not affect the time scale for full production of 1.5 million of iron ore products.

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

For further information, please contact:

*Staffan Bennerdt, Group President
Telephone 0295- 24 44 22
staffan.bennerdt@dannemoramineral.se*

Dannemora Mineral AB is a mining and exploration company, with the main goal to recommence mining operations in the Dannemora iron ore mine. The Company also engages in exploration activities to increase the iron ore base locally and regionally, and to explore base and precious metals in several areas in Uppland where the potential for finding mineable deposits is considered good.

Dannemora Mineral comprises the parent company Dannemora Mineral AB and the wholly-owned subsidiaries Dannemora Magnetit AB, responsible for operation of the Dannemora mine, Dannemora Prospektering AB, responsible for all exploration, and Dannemora Förvaltnings AB, responsible for the property portfolio.

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

The Company's Certified Advisor on First North is E. Öhman J:or Fondkommission AB.