

Interim Report

January - June 2008

- On 18 June, the Swedish Environmental Court approved Dannemora Mineral's application to conduct mining activities in Dannemora. The ruling now has the force of res judicata and cannot be appealed.
- In the second quarter, Dannemora Mineral completed a private placement which brought the company funds of SEK 155 million before expenses. A total of 3,100,000 shares were subscribed for at a price of SEK 50. The purpose of the new share issue is to finance time-critical installation work, including the pumping of the Dannemora iron ore mine.
- At the end of June, Dannemora Magnetit entered into an agreement on pumping out the Dannemora mine with a consortium made up of ITT Water & Wastewater AB and Contector AB. Dannemora Magnetit has started preparation work and the consortium will begin its mobilisation immediately after summer.
- On 1 April, the previously purchased property portfolio was transferred to Dannemora Mineral and a separate company was formed, with responsibility for ownership and management of the property portfolio. In conjunction with the expansion, Kjell Klippmark was appointed new CEO of Dannemora Magnetit AB, while Lars Alm became CEO of Dannemora Förvaltnings AB.
- A warrant and share option incentive scheme was introduced for the CEO and key management personnel.
- An exploration programme was initiated in spring to increase the reserves in Dannemora.
- Profit/loss after net financial items in the period January-June 2008 amounted to SEK -10.5 (-3.0) million.
- Cash flow from operations in the period January-June 2008 amounted to SEK -19.1 (-3.4) million.
- Investments in the period January-June 2008 amounted to SEK 22.5 (10.9) million.
- Cash & cash equivalents were SEK 36.7 (81.3) million at 30 June 2008. The proceeds of the new share issue were paid in after the end of the reporting period.

DANNEMORA MAGNETIT AB

Market and price development

Global steel consumption remained high during the first half of 2008, despite a clear economic slowdown, particularly in the USA, but increasingly in Europe too. China continues to experience strong economic development, as does much of the rest of Asia, and investments in infrastructure appear not to have abated. The iron ore market continued to be strong during the period. Like the steel market, this market has experienced strong demand, with high and volatile spot prices. In summer, the two largest Australian iron ore suppliers and their Asian customers came to an agreement on price increases of 85 percent for their fines and 96.5 percent for their lump ore.

Detailed technical discussions are in progress with potential customers in northern Europe.

Environmental licence

On 18 June, the Swedish Environmental Court approved Dannemora Magnetit's application to conduct mining activities in Dannemora, which means the company can begin the time-critical installation work needed for the planned start-up towards the end of 2009. Dannemora's licence is for the mining and processing of up to 2.0 Mt of lump ore and fines annually.

The court's decision means Dannemora Mineral now has the two fundamental official authorisations required to engage in mining activities,

Dannemora Mineral already has had an exploitation concession for the Dannemora field.

Mine pumping

In June, Dannemora Magnetit signed a contract for pumping out the Dannemora mine with a consortium comprising ITT Water & Wastewater AB and Contector AB. Dannemora Magnetit has already started preparation work and the consortium has begun its mobilisation at the end of summer. The actual pumping out of the water will start in the early part of 2009 and is expected to be completed by spring 2010. The ore mining and production will gradually take place as the mine is emptied of water. The Dannemora mine is filled with water up to a level of approx. 315 metres at present.

The company has already obtained the required permit for pumping out the mine.

New CEO

On 1 June, Kjell Klippmark was appointed new CEO of the subsidiary Dannemora Magnetit AB, with Lars Alm stepping down as CEO, but retaining his position as Deputy CEO.

Negotiations with contractors and suppliers

The ongoing negotiations with different suppliers of mining and processing equipment and with contractors for the initial rock work were intensified during the second quarter and will gradually culminate in actual contracts during autumn.

DANNEMORA PROSPEKTERING AB

Activities in the subsidiary Dannemora Prospektering AB in the second quarter of 2008 were largely concentrated on locating and investigating iron, base and precious metal mineralisations in, and in close proximity to, the Dannemora field in northeast Uppland. In addition, some minor work was carried out in connection with two manganese mineralisations and two nickel/copper/platinum deposits.

At the end of the second quarter of 2008, the parent company Dannemora Mineral AB had one exploitation concession (Dannemora field) and 24 exploration permits with a total area of 22,641 hectares. The Company also applied for four more exploration permits in the second quarter.

Iron ore in the Dannemora field

The proven and probable ore reserves in the Dannemora mine have been estimated at just over 28 Mt, which will allow over 12 years' continuous mining in the framework of the Company's planned production. In order to increase the reserves, and in doing so extend the life of the mine and increase annual production, the Company initiated an iron ore exploration programme to run during spring and summer in the Dannemora field. While waiting for drifts in the mine to become available for personnel and drilling machinery, initial activity has been focused on iron ore mineralisations close to the surface.

To expand the ore base in the northern part of the Dannemora field, ground magnetic surveys have been conducted during the summer. The results have been positive and indicate that the Norrnäs ore may continue up to the surface from its known levels in the mine.

In order to obtain better support data for the planning of mining in the northern part of the field, which is where the ore production will be concentrated in the first years of operation, detailed investigation of the ore bodies in this area has been initiated.

Base metal mineralisations in the Dannemora field

A number of small sulphide mineralisations are known in the Dannemora field. Some of these have high zinc grades and have been mined during different periods. As a result of Dannemora Prospektering AB's exploration activities in the field, another interesting zinc mineralisation has been identified.

The results of the first two drill holes (Dbh 3012 and Dbh 3013) have already been described in the Q1 interim report. The analyses of the mineralised core sections from the other three holes (Dbh 3014, Dbh 3015 and 3016) are shown in table 1. The mineralised core section from Dbh 3014 is just over 13 metres long with a zinc grade of 1.77%. This contains a richer sub-section (2.97% zinc) which is 4.55 metres long. The core from Dbh 3015 is mineralised from 89.9 to 108.3 metres (18.4 metres). The average zinc grade is 2.88%. A short sub-section (3.23 metres) has a zinc grade of 12.16%. The core from Dbh 3016 has a 4.92 metre long mineralised core section with a zinc grade of 1.48%.

Figure 1.

Analyses of the mineralised core sections from the southern part of the Dannemora field*

Dbh:3014 N-S coordinate:6677670 E-W coordinate:1613544 Azimuth:145° Dip:70°			
Mineralised sect. from..to.. (m)	Mineralised sect. (m)	Zinc (%)	Silver (ppm)
133.45-135.45	2.00	0.37	32
135.45-137.45	2.00	1.83	14
137.45-139.45	2.00	1.81	22
139.45-141.45	2.00	4.21	17
141.45-144.00	2.55	1.99	5
144.00-145.50	1.50	0.05	4
145.50-146.50	1.00	1.49	4
Dbh:3015 N-S coordinate:6677612 E-W coordinate:1613585 Azimuth:145° Dip:70°			
Mineralised sect. from..to.. (m)	Mineralised sect. (m)	Zinc (%)	Silver (ppm)
89.90-91.90	2.00	0.41	2
91.90-93.90	2.00	0.02	4
93.90-95.90	2.00	0.31	3
95.90-96.90	1.00	0.24	2
96.90-98.45	1.55	0.03	19
98.45-100.15	1.70	0.52	7
100.15-101.15	1.00	22.60	106
101.15-101.83	0.68	4.25	16
101.83-103.38	1.55	8.90	20
103.38-104.88	1.50	3.86	11
104.88-106.98	2.10	2.41	13
106.98-108.30	1.32	0.17	1
Dbh:3016 N-S coordinate:6677595 E-W coordinate:1613497 Azimuth:145°			

Dip:70°			
Mineralised sect. from..to.. (m)	Mineralised sect. (m)	Zinc (%)	Silver (ppm)
47.60-49.90	2.30	2.45	5
98.55-100.05	1.50	2.33	19
100.05-101.70	1.65	1.30	55
101.70-102.97	1.27	0.13	10
102.97-103.47	0.50	2.99	89

* Chemical analyses carried out by ALS Chemex Ltd's laboratory in Piteå and in Vancouver, Canada (Certificate Number: CERT-0014168).

Regional exploration in Uppland

In order to obtain better data from which to interpret the results of previous geochemical sampling and aerial geophysical surveys (SkyTEM), ground magnetic surveys have been carried out in a 400-hectare area at **Bergsmansmyren** (Ralby and Ralby 2 exploration permits). These have revealed a number of interesting structures.

Under the **Söderskogen** and **Stynsbo** exploration permits, where previously conducted regional geochemical sampling revealed raised gold grades in the moraine, a bottom moraine and rock chip sampling programme was completed during the period. Although no solid gold and base metal mineralisations were located, the results indicate that they may exist in these areas.

Condor Consulting Ltd has been engaged by Dannemora Prospektering AB to interpret SkyTEM data from the surveys conducted in 2007. The interpretation work has been mainly concentrated on the area over and around the Dannemora iron ore field. A number of new target areas have been identified and these will be investigated further.

Investigation of mineralisations outside the Dannemora field

Since 2006, Dannemora Prospektering AB has been carrying out extensive sampling of dumps from old mines within the Forsmark exploration permit. This has resulted in the identification of high gold grades (up to 12.5 grams of gold per tonne) in boulders from a dump close to a small trial mine at **Ytterängarna**. Also samples taken from the mineralisation in a five metre long outcrop along the edge of the open pit revealed interesting gold grades (4.9 grams of gold per tonne).

The positive result justified detailed mapping and sampling of the outcrop close to the open pit. In total, 14 samples were taken from the mineralised zone and the country rock using a rock saw. The assay results were highly encouraging. Six of the samples revealed gold grades of over 2 grams per tonne, while only two of the samples contained less than 0.1 grams of gold per tonne.

In order to further investigate the mineralisation at Ytterängarna, two short holes were drilled in early summer 2008. The first drill hole intersected the gold-bearing zone, represented by a one metre long mineralised core section grading 6.8 grams of gold per tonne and 5,450 grams of bismuth per tonne. No notable gold mineralisation was found in the second drill hole.

Drill cores from the **Gaddebo** nickel deposit have been investigated and analysed. As previously reported, the mineralised sections revealed interesting grades of nickel, copper and precious metals (10.3 core section grading 0.74 % Cu, 0.20 % Ni, 0.31 ppm Pt and 0.25 ppm Au and a 5.1 m core section grading 0.42 % Cu, 0.24 % Ni, 0.23 ppm Pt, 0.22 ppm Pd and 0.11 ppm Au). In the second quarter, magnetic ground surveys were carried out over an area of approx. 300 hectares. These revealed an interesting 2 km long anomaly which justifies continuing investigations in the area.

DANNEMORA FÖRVALTNINGS AB

The land with industrial and residential buildings acquired from Östhammar Municipality in early 2008 was transferred to the Dannemora Group via the new subsidiary Dannemora Förvaltnings AB on 1 April. On 1 June, as

part of the Group's restructuring process, Lars Alm became CEO of Dannemora Förvaltnings AB, with responsibility for the Group's property portfolio. However, Lars will remain Deputy CEO of Dannemora Magnetit.

At the time of the acquisition, a temporary property management agreement was signed with the Municipality of Östhammar. However, it is Dannemora Förvaltning's intention to enter into a long-term management agreement with an external operator in the near future.

EVENTS AFTER THE END OF THE PERIOD

Environmental ruling has force of res judicata

The 9 July deadline for appeals against the Environmental Court's decision on 18 June in favour of Dannemora Mineral's application to conduct mining operations in Dannemora has now passed.

FUTURE PROSPECTS

Dannemora Mineral is at present working to a schedule whereby the remainder of 2008 will be largely devoted to arranging funding, pumping of the iron ore mine and preparations for purchasing the plant and equipment required for mining operations.

Provided full funding can be raised, a definite decision on mining and implementation of the plant investments will be made. The start of mining is planned for late 2009/early 2010. As the schedule may be affected by various factors which are out of the Company's control, it may be modified during the course of the project.

RESULTS AND FINANCIAL POSITION

THE GROUP

Turnover and financial result

As the Group is still in the initial investment phase, it has not, as was also the case last year, recorded any operating revenue from mining and exploration activities. The reported turnover is made up entirely of rental income.

Turnover in the period January-June 2008 amounted to SEK 0.8 (0.0) million. Profit/loss after net financial items during the same period amounted to SEK -10.5 (-3.0) million.

Turnover in the 2nd quarter, April-June 2008, amounted to SEK 0.8 (0.0) million. Profit/loss after net financial items during the same period amounted to SEK -6.0 (-1.8) million.

Liquidity and cash flow

Cash flow from operations in the period January-June 2008 amounted to SEK -19.0 (-3.4) million. After investing activities of SEK -8.2 (-10.1) million and financing activities of SEK 0.2 (85.0) million, cash flow for the period was SEK -27.0 (71.5) million. The Group's cash & cash equivalents at the end of the period were SEK 36.7 (81.3) million.

Cash flow from operations in the 2nd quarter, April-June 2008, amounted to SEK -13.4 (-1.6) million. After investing activities of SEK -5.7 (-7.4) million and financing activities of SEK 0.2 (84.9) million, cash flow for the quarter was SEK -18.8 (76.0) million.

The Group had no interest-bearing liabilities at 30 June 2008.

Investments

Investments in the period January-June 2008 amounted to SEK 22.5 (10.9) million. Of these investments, SEK 4.2 (3.5) million was attributable to exploration activities and SEK 2.3 (7.2) million to investigations relating to future planned mining operations. Investments in land and buildings totalled SEK 14.0 (0.0) million, while investments in construction in progress amounted to SEK 1.7 (0.0) million.

Investments in land and buildings relate to the area of land and buildings purchased from Östhammar Municipality. Of the total investment of 14.0 million, 13.0 million represents an additional purchase consideration to be paid in 2012.

Investments in the 2nd quarter, April-June 2008, amounted to SEK 5.2 (5.6) million. Of these investments, SEK 1.8 (1.5) million was attributable to exploration activities and SEK 1.7 (4.0) million to investigations relating to future planned mining operations. Investments in land and buildings totalled SEK 0.5 (0.0) million, while investments in construction in progress amounted to SEK 1.2 (0.0) million.

Employees

The average number of employees in the period January-June 2008 was 12 (3). Three of these were women. The average number of employees in the 2nd quarter, April-June 2008, was 15 (3). Three of these were women.

The extraordinary general meeting held on 11 April adopted an option scheme for the parent company's CEO Staffan Bennerdt. The option scheme comprises 50,000 warrants and 50,000 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.

The extraordinary general meeting held on 24 June adopted an extension of the option scheme. The option scheme will include key management personnel, and comprises 35,000 warrants and 35,000 share options.

PARENT COMPANY

The parent company's profit/loss after net financial items in the period January-June 2008 amounted to SEK -4.7 (-3.0) million. Profit/loss after net financial items in the 2nd quarter, April-June 2008, amounted to SEK -2.6 (-1.8) million.

The parent company's investments in the period January-June 2008 amounted to SEK 4.4 (10.9) million. SEK 4.2 (3.5) million of this figure was attributable to exploration activities. Investments in the 2nd quarter, April-June 2008, amounted to SEK 1.9 (5.6) million. SEK 1.8 (1.5) million of this figure was attributable to exploration activities.

During the 2nd quarter, Dannemora Mineral AB completed a private placement which brought funds of SEK 155 million before issue expenses. A total of 3,100,000 shares were subscribed for at an issue price of SEK 50. After the share issue, the number of shares was 7,760,000, with the new shares representing 39.9 percent of share capital and 16.7 percent of the votes.

The purpose of the new share issue was to finance time-critical installation work, including the pumping of the iron ore mine in Dannemora. The reason for implementing the share issue without preferential rights for shareholders was to broaden the company's ownership. One of the benefits of this will be to facilitate future issues with preferential rights. The share issue proceeds were paid in after the end of the reporting period.

In the financial statements which follow, the new share issue comes under 'subscribed new issue unpaid'.

Accounting policies

The financial statements have been prepared in accordance with Swedish GAAP, with the exception of accounting for exploration and evaluation assets where IFRS 6 has been applied. The accounting policies applied are unchanged from those in Dannemora Mineral's most recent annual report.

Forthcoming financial information

- Interim report for the period January – September 2008 will be published on 23 October 2008.
- Year-end report for the period January – December 2008 will be published in February 2009.

Dannemora, 19 August 2008

Board of Directors of Dannemora Mineral AB (publ) reg. no. 55 66 78 – 33 29

Nils Bernhard, Chairman
Nils Sandstedt, Deputy Chairman
Lars-Göran Ohlsson
Christer Lindberg
Lennart Falk
Niklas Nordström

The technical data in this report has been approved by Lars-Göran Ohlsson and Lennart Falk (Dannemora Mineral AB) who are registered by SveMin (Swedish Association of Mines, Mineral and Metal Producers) as Qualified Persons (QPs). Lennart Falk is one of the major shareholders of the Company.

This report has not been reviewed by the Company's auditor.

This document is a translation of the original Interim report in Swedish. In case of divergence the Swedish version shall have precedence.

For further information, please contact:

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Consolidated financial statements

KEY FIGURES

	April-June 2008	April-June 2007	Jan-June 2008	Jan-June 2007	Full year 2007
Profit/loss after financial items, SEK 000	-5 968	-1 478	-10 532	-2 985	-10 174
Return on total assets, %	-3.5	-2.5	-6.4	-5.1	-19.6
Return on equity, %	-4.0	-2.9	-7.0	-5.8	-21.2
Equity, SEK thousands	220 377	89 757	220 377	89 757	82 668
Equity/assets ratio, %	92.0	89.8	92.0	89.8	94.1
Earnings per share before full dilution, SEK	-1.28	-0.38	-2.26	-1.31	-2.93
Earnings per share after full dilution, SEK	-1.26	-0.37	-2.22	-1.28	2.88
Outstanding shares on balance sheet date before full dilution	4 660 000	4 660 000	4 660 000	4 660 000	4 660 000
Outstanding shares on balance sheet date after full dilution	4 770 000	4 720 000	4 770 000	4 660 000	4 720 000
Average no. of shares before full dilution	4 660 000	3 882 222	4 660 000	2 280 694	3 470 000
Average no. of shares after full dilution	4 733 710	3 942 222	4 733 710	2 280 694	3 530 347

INCOME STATEMENT

Amounts in SEK thousands	April-June 2008	April-June 2007	Jan-June 2008	Jan-June 2007	Full year 2007
Net sales	836	-	836	-	-
Other external costs	-4 825	-1 859	-8 385	-2 885	-8 044
Personnel expenses	-2 378	-265	-3 961	-457	-3 421
Depreciation/amortisation of assets	-121	-13	-137	-22	-370
Operating profit/loss	-6 488	-2 137	-11 647	-3 364	-11 835
Interest and similar income	525	346	1 120	382	1 662
Interest and similar expense	-5	-1	-5	-3	-1
Profit/loss after financial items	-5 968	-1 792	-10 532	-2 985	-10 174
Profit/loss for the period	-5 968	-1 792	-10 532	-2 985	-10 174
Earnings per share before full dilution, SEK	-1.28	-0.46	-2.26	-1.31	-2.93
Earnings per share after full dilution, SEK	-1.26	-0.45	-2.22	-1.28	-2.88

BALANCE SHEET

Amounts in SEK thousands	30-06-2008	30-06-2007	31-12-2007
ASSETS			
Exploration and evaluation assets	29 296	16 381	22 722
Land and buildings	13 903	-	-
Equipment, tools and fixtures & fittings	443	229	257
Construction in progress	1 694	-	-
Deposits	115	117	115
Trade receivables	112	-	-
Other current receivables	155 765	1 480	750
Prepayments and accrued income	1 591	473	263
Cash and bank balances	36 677	81 325	63 706
TOTAL ASSETS	239 596	100 005	87 813

EQUITY AND LIABILITIES

Equity	220 377	89 757	82 668
Non-current liabilities	13 000	-	-
Trade payables	2 756	7 725	3 125
Other current liabilities	517	109	394
Accruals and deferred income	2 946	2 414	1 626
TOTAL EQUITY AND LIABILITIES	239 596	100 005	87 813

CHANGE IN EQUITY

Amounts in SEK thousands	Jan-June 2008	Jan-June 2007	Full year 2007
Restricted equity			
Opening balance at start of period	1 824	1 241	1 241
Bonus issue	-	359	359
New share issue	-	224	224
Subscribed new share issue unpaid	496	-	-
Closing balance at end of period	2 320	1 824	1 824
Unrestricted equity			
Opening balance at start of period	80 844	11 862	11 862
Bonus issue	-	-359	-359
New share issue	-	85 176	85 176
Subscribed new share issue unpaid	154 504	-	-
Issue expenses	-6 975	-5 808	-5 708
Issue of warrants	216	47	47
Profit/loss for the period	-10 532	-2 985	-10 174
Closing balance at end of period	218 057	87 933	80 844
Total equity at end of period	220 377	89 757	80 844

CASH FLOW STATEMENTS

Amounts in SEK thousands	April-June 2008	April-June 2007	Jan-June 2008	Jan-June 2007	Full year 2007
Cash flow from operating activities	-13 430	-1 591	-19 045	-3 421	-7 805
Cash flow from investing activities	-5 660	-7 369	-8 200	-10 103	-18 094
Cash flow from financing activities	216	84 936	216	84 984	79 740
Cash flow for the period	-18 784	75 976	-27 029	71 460	53 841
Cash & cash equivalents at beginning of period	55 461	5 349	63 706	9 865	9 865
Cash & cash equivalents at end of period	36 677	81 325	36 677	81 325	63 706

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 in the Group, and Dannemora Förvaltnings AB, responsible for the Group's property portfolio.

The Company's most important asset is the iron deposit in the Dannemora Mine, and initial activity will be focused primarily on the planned mining of this deposit.

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