DANNEMORA
MINERAL AB

Updated Year-end report January-December 2012

Fourth quarter 2012

- Net sales amounted to SEK 81.3 (0.8) million
- Earnings per share amounted to SEK -6.80 (-1.61)
- Cash flow was SEK 19.1 (-17.6) million
- Ralf Nordén became the new CEO of Dannemora Mineral in December
- A private placement of convertible debt totalling SEK 136 million was conducted in October
- Supply contracts were signed with SSI UK and ROGESA Roheisengesellschaft Saar
- 155 kt of finished products were delivered

Full year 2012

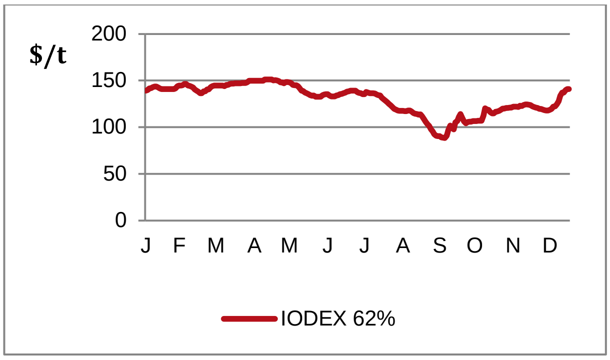
- Net sales amounted to SEK 137.3 (3.1) million
- Earnings per share amounted to SEK -16.13 ((-8.82)
- Cash flow was SEK -471.1 (406.6) million
- The sorting plant was commissioned in April and commercial production started
- A share issue in March brought the Company SEK 103.5 million
- An action programme, aimed at increasing operational readiness and yield, was initiated
- 233 kt of finished products were delivered

Significant events after the end of the period

- On 13 March an Extraordinary General meeting approved the Boards decision to conduct a fully guaranteed rights issue of up to approx. SEK 211 million before issue costs. The Companys bondholders has approved some certain waivers from the covenants in the bond agreement, which was a condition of the rights issue.
- An update of Dannemora´s mineral reserve shows a total reserve of 34.0 million tonnes with an average grade of 34.5 percent Fe. The entire mineral reserve is classified as probable.
- The company's acting CEO Ralf Nordén has been appointed as permanent CEO as from June 15, 2013

MARKET CONDITIONS

During 2012, world steel production increased by 1.2 percent to a new record level. Capacity utilisation fell from the year's high of 83 percent to 74 percent at year-end. During summer, steel prices for hot-rolled coil were at their lowest annual level, but recovered in the fourth quarter. Since mid-November, prices have risen by 8 percent to USD 638/tonne ex-works. Demand for steel also affects demand for shipped iron ore.



The price of iron ore was extremely volatile during the year, ranging from a low of USD 88/DMT in September to a high of USD 144/DMT in late December. Dannemora Mineral's prices are affected by world prices with about a one-quarter lag, which means that the low price level in the second half of the year was reflected in Dannemora's selling prices in the fourth quarter.

The dollar fell against the Swedish krona, particularly in the latter half of the year. The exchange rate at the end of the quarter was SEK/USD 6.51, which is the lowest rate for the year. Iron ore is priced in dollars and the weaker exchange rate has had an adverse effect on Dannemora's revenue. No currency hedging is conducted at present.

DANNEMORA IRON ORE MINE

Production and deliveries

PRODUCTION

	Jan-Mar 2012	Apr-Jun 2012	Jul-Sep 2012	Oct-Dec 2012	Full year 2012
Produced crude ore, mine (kt)	60	113	274	492	939
ROM crude ore, sorting plant (kt)	-	130	307	451	887
ROM crude ore, sorting plant (Fe %)	-	30	32	34	32
Outcome of finished product (kt)	-	32	81	159	271
Finished product yield, plant (wt %)	-	25	26	35	31
Finished product shipped to customers (kt)	-	18	60	155	233

In addition to the supply agreements signed with Salzgitter Flachstahl, ThyssenKrupp and Stemcor in 2011, new agreements were signed with ArcelorMIttal, ROGESA Roheisengesellschaft Saar mbH and SSI UK (Sahaviriya Steel Industries) during 2012. The collaborations are generally long-term and take the form of framework agreements. During the year, 70,000 tonnes of iron ore fines and 163,000 tonnes of lump ore were delivered to customers in Europe. By the end of December, a total of 15 boat loads had left Hargshamn.

Operational readiness at the sorting plant was approx. 75 percent during the fourth quarter. An action programme, aimed at gradually bringing significant improvements, is in progress.

The finished product yield in the sorting plant is still low. An action programme, aimed at significantly increasing the yield, is in progress. The action programmes to increase operational readiness and finished product yield are largely planned to be implemented during the first half of 2013 and to gradually take effect during 2013. The investment cost for the action programmes is expected to amount to approx. SEK 30 million.

Exploration

An update of the Dannemora mine's mineral reserve has continued through ongoing diamond drilling for ore boundary determination and improved mine planning data. The update has been completed after the end of the period and shows a total reserve of 34.0 million tonnes probable mineral reserve with an average grade of 34.5% Fe.

EXPLORATION PERMITS

Dannemora has 13 granted exploration permits, with a total area of 5,277.35 ha, and one exploitation concession of 176.8 ha. All the exploration permits and the exploitation concession for the Dannemora field are wholly owned by the Parent Company.

FUTURE PROSPECTS

Demand from Dannemora's customers is good and a market for the products is essentially secured through agreements with a number of European groups. As crude ore capacity is good, the mine is not expected to have any limits to production of finished products.

The sorting plant is still undergoing fine-tuning, and measures to eliminate operational disruptions are being implemented. This, together with an expansion to five shifts, will lead to increased production capacity. The yield of finished products is increasing, as a result of higher iron content in the crude ore and planned improvements at the plant.

To reach full yield potential, consideration is being given to the possibility of adding an extra processing step for the recovery of saleable product from the waste product that contains a substantial amount of iron. The investment cost of an extra processing step cannot be fully estimated in the current situation.

With the planned adjustments to the existing process and an extra processing step, it should be possible to increase the yield of the finished product considerably. The ore dressing plant which was in operation until the mine's closure in 1992 was built in the 1960s and achieved a yield of about 58 percent.

RESULTS AND FINANCIAL POSITION

GROUP

Revenue and earnings
Net sales for the fourth quarter, October-December, amounted to SEK 81.3 (0.8) million. This was mainly attributable to iron ore product sales of SEK 80.5 (-) million, while rental income accounted for the remainder. Profit/loss after net financial items for the fourth quarter amounted to SEK -104.4 (-22.3) million. Net financial items for the same period include foreign exchange gains of SEK 2.3 (-9.2) million.

Net sales for the full year amounted to SEK 137.3 (3.1) million. This was mainly attributable to iron ore product sales of SEK 134.2 (-) million, while rental income accounted for the remainder. Profit/loss after net financial items during the same period amounted to SEK -240.8 (-118.2) million. Net financial items for the same period include foreign exchange gains of SEK 47.0 (-77.4) million.

Liquidity and cash flow
Cash flow from operating activities in the fourth quarter amounted to SEK -48.3 (27.5) million. Cash flow from investing activities was SEK -64.5 (-45.1) million and cash flow from financing activities was SEK 131.9 (-) million, which meant that cash flow for the period ended on SEK 19.1 (-17.6) million.

An issue of convertible bonds was conducted in November. The issue, which was without preferential rights for shareholders, was a private placement to a small group of investors. In total, 3.4 million convertible bonds were subscribed for, each with a nominal value of SEK 40.00. The placement brought the Company SEK 136 million before issue expenses. The convertible bonds expire on 30 November 2015 and carry an annual interest rate of 11.75 percent. The conversion price is SEK 40.00. Upon full conversion, Dannemora will issue 3,400,000 class B shares. The newly issued shares will increase share capital by SEK 544,000 and represent 18.1 percent of the capital and 11.5 percent of the votes based on the present number of shares outstanding.

Cash flow from operating activities during the financial year amounted to SEK -227.2 (-22.9) million. Cash flow from investing activities was SEK -474.5 (-502.7) million and cash flow from financing activities was SEK 230.64 (932.2) million, which meant that cash flow for the period ended on SEK -471.1 (406.6) million. The Group’s cash & cash equivalents stood at SEK 152.0 (628.8) million at the end of the year. The year's cash flow from financing activities is attributable to the new share issue and convertible loan.

A private placement, mainly for Norwegian and other foreign investors, was completed in March. The share issue brought the company SEK 103.5 million before share issue costs. The issue was completed with a subscription of 133 percent. A total of 1,500,000 class B shares were subscribed for at a price of SEK 69.00 per share. The subscription price was 4 percent higher than the average closing price for the Company's share based on the 10 most recent trading days on the Stockholm Stock Exchange.

The Group's interest-bearing liabilities at 31 December 2012 amounted to USD 990,3 (830.8) million, of which SEK 781.9 (830.8) million relates to a bond issue and SEK 136.0 (-) million to convertible debt. Other interest-bearing liabilities refers to financial leasing.

Investments

Investments during the fourth quarter amounted to SEK 36.4 (193.3) million. These were distributed as follows: work in progress 33.6 (190.0) million, land & buildings 0.0 (0.1) million, plant & machinery 2.8 (0.7) million, exploration & evaluation 0.0 (0.8) million and licences 0.0 (1.3) million.

Investments during the period January-December amounted to SEK 435.7 (486.9) million. These were distributed as follows: work in progress 428.7 (477.9) million, land & buildings 0.4 (0.1) million, plant & machinery 4.1 (2.3) million, exploration & evaluation 0.1 (5.0) million and licences 2.4 (1.6) million.

Employees

The average number of employees during the fourth quarter was 75 (34), of whom 23 (9) were women. The average number of employees during the year was 63 (20), of whom 20 (5) were women. At the end of the year, the number of employees was 78, of whom 23 were women.

Significant events after the end of the period

At an Extraordinary General Meeting held on 21 January 2013, it was decided to amend the conditions of the outstanding convertible bonds approved at the EGM on 13 November 2012. The amendment involves the introduction of a provision allowing recalculation of the conversion rate, which will be appropriate for private placements in certain cases. The proposed amendment, which was adopted with a minor change proposed by the Board, is in line with international standards on convertibles.

On March 13, 2013 an Extraordinary General Meeting approved the Boards decision to conduct a rights issue of up to SEK 211 million before issue costs. The rights issue is conditional of some waivers of certain covenants, described below, associated with the Company´s bond loan. The bondholders approved the waivers on March 12, 2013.

The bond agreement contains two covenants:

1. Net debt/EBITDA ratio of not more than 4.0, and
2. Minimum liquidity of SEK 50 million

Bondholders decided to grant a waiver from the first covenant (Net debt/EBITDA ratio of not more than 4.0) until 31 December 2014 and a waiver from the second covenant (minimum liquidity of SEK 50 million) to May 1, 2013.

The rights issue is fully covered by subscription undertakings and guarantees. Four (4) subscription rights entitle the holder to subscribe for five (5) new B shares at a subscription price of SEK 11.00 per B share. The rights issue will increase the Company´s share capital with a maximum of SEK 3,072,080 and the number of shares by a maximum of19,200,500 shares. The subscription period will be from 26 March 2013 to 10 April 2013 (inclusive).

Ralf Nordén has been appointed as permanent CEO of Dannemora as from June 15, 2013. Ralf has worked as acting CEO since December 2012. The CEO placement at operations in Dannemora means that the company strengthens its focus on the production of iron ore in Dannemora mining area.

Risks and uncertainties

On the basis of the supply contracts that have been entered into, the Company expects to have a market for its production over the next few years. An intensification of the uncertainty in the financial markets and the economic slowdown in Europe could impair conditions for the Company's customers, which in turn would adversely affect Dannemora Mineral's operations.

For the Company's financial risks, see Dannemora Mineral's annual report for 2011, note 3, Financial risk management, on pages 67-68.

On the basis of the issue mentioned above, the Company's financing is secured.

Dividend
The Board recommends to the annual general meeting that no dividend be paid for the 2012 financial year.

Annual general meeting
The Annual general meeting will be held at 16.30 on 30 May 2013 at Stora Salen, Jernkontoret, Kungsträdgårdsgatan 10 in Stockholm. The annual report will be available at the Company's website www.dannemoramineral.se from 29 April.

Forthcoming financial information

Interim report for period January – March 2013	29 April
Annual general meeting	30 May
Interim report for period January – June 2013	26 August
Interim report for period January – September 2013	28 October
Year-end report for 2013	February 2014

ACCOUNTING POLICIES

Group
This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Financial Reporting Board's recommendation RFR 1 and, in the Parent Company's case, RFR 2. The same accounting policies and methods of computation are followed in the interim financial statements as in the most recent annual financial statements, apart from the cases described below.

Preparation of financial statements in accordance with IFRS requires management to make critical judgements, accounting estimates and assumptions which affect the Group's earnings, financial position and other disclosures.

When preparing this interim report there were a number of standards, amendments and interpretations of existing standards which had not yet come into force. Dannemora Mineral has decided against early adoption of these standards, amendments and interpretations. The standards considered to be relevant to the Group are IFRS 9 Financial Instruments and the revised IFRS 13 Fair Value Measurement. The Group intends to apply the new standards no later than the financial years beginning 1 January 2015 and 1 January 2013, respectively. IFRS 9 has not yet been adopted by the EU. Dannemora Mineral has yet to assess the full implications of the revised standards on its financial reporting.

Dannemora, 21 February 2013
Board of Directors of Dannemora Mineral AB (publ) reg. no. 55 66 78 – 33 29

Nils Bernhard, Chairman
Nils Sandstedt, Deputy Chairman
Lennart Falk
Christer Lindberg
Jarmo Tonteri
Stefan Månsson
Robert Eek

The geological data in the exploration section of this interim report has been approved by Thomas Lindholm who is registered as a qualified person (QP) in accordance with the international JORC Code.

For further information, please contact:

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Auditor´s Review Report

Introduction
We have reviewed the interim report for Dannemora Mineral AB (publ) for the period 1 January to 31 December 2012. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim financial report in accordance with IAS 34 and the Swedish Annual Accounts act. Our responsibility is to express an opinion on this interim report financial report based on our review.

Scope of the review
We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, conclusions based on a review do not have the level of assurance of conclusions based on an audit.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim financial financial report has not been prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts act for the Group and the Swedish Annual Accounts Act for the Parent Company.

Disclosure of particular importance
Without effecting our conclusion we draw attention to the section Significant events after the end of the period wich states that an Extraordinary General meeting on March 13, 2013 approved the Boards decision to conduct a rights issue of up to SEK 211 million before issue costs. The Company´s ability to continue operations is dependent on the proceeds of the rights issue are obtained according to plan.

Gävle, 21 March 2013

Öhrlings PriceWaterhouseCoopers AB

Annika Wedin
Authorised Public Accountant

Group

STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousands	Oct-Dec 2012	Oct-Dec 2011	Full year 2012	Full year 2011
Net sales	81 253	824	137 293	3 131
Changes in inventories	3 717	8 130	12 112	8 130
Other external expenses	-134 854	-17 828	-295 568	-40 189
Personnel expenses	-15 252	-7 763	-48 423	-20 988
Depreciation/amortisation and impairment of assets	-15 037	-2 520	-33 724	-3 081
Operating profit/loss	**-80 173**	**-19 157**	**-228 310**	**-52 997**
Finance income	4 364	4 267	53 155	20 035
Finance costs	-28 646	-7 400	-65 682	-85 198
Net financial items	-24 282	-3 133	-12 527	-65 163
Profit/loss after financial items	**-104 455**	**-22 290**	**-240 837**	**-118 160**
Tax on profit/loss for the year	-18	-16	-18	-16
Profit/loss for the period	**-104 473**	**-22 306**	**-240 855**	**-118 176**
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	**-104 473**	**-22 306**	**-240 855**	**-118 176**
Comprehensive income for the period attributable to:				
Owners of the parent	-104 473	-22 306	-240 855	-118 176
Earnings per share, based on profit/loss attributable to owners of the parent during the period				
Earnings per share before full dilution, SEK	-6,80	-1,61	-16,13	-8,82
Earnings per share after full dilution, SEK	-6,80	-1,61	-16,13	-8,82

STATEMENT OF FINANCIAL POSITION

Amounts in SEK thousands

ASSETS	31/12/2012	31/12/2011
Non-current assets		
Intangible assets		
Exploration and evaluation assets, Dannemora	34,999	37,276
Other exploration and evaluation assets	3,486	3,425
Licences	3,753	1,621
	42,238	42,322
Property, plant & equipment		
Land and buildings	432,973	17,156
Plant and machinery	328,294	1,129
Equipment, tools and fixtures & fittings	9,828	1,125
Work in progress	353,639	606,229
	1,124,734	625,639
Financial assets	2,324	2,123
	2,324	2,123
Total non-current assets	**1,169,296**	**670,084**
Current assets		
Inventories	20,242	8,130
Trade receivables	8,071	121
Other receivables	16,434	19,164
Prepayments and accrued income	10,392	11,037
Cash and cash equivalents	152,049	628,836
Total current assets	**207,188**	**667,288**
TOTAL ASSETS	**1,376,484**	**1,337,372**

EQUITY AND LIABILITIES		
Equity	**273,719**	**406,210**
Non-current liabilities	**941,929**	**800,039**
Current liabilities		
Trade payables	89,242	69,833
Other liabilities	28,573	15,619
Accruals and deferred income	43,021	45,671
Total current liabilities	**160,836**	**131,123**
TOTAL EQUITY AND LIABILITIES	**1,376,484**	**1,337,372**

STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousands	Attributable to owners of Parent			
	Share capital	Other paid-in capital	Retained earnings	Total equity
Opening balance, 1 January 2011	1,898	487,733	-109,911	379,720
Comprehensive income for the period			-118,176	-118,176
New share issue	320	149,680		150,000
Issue expenses		-5,302		-5,302
Closing balance, 31 December 2011	**2,218**	**632,111**	**-228,087**	**406,242**
Opening balance, 1 January 2012	2,218	632,111	-228,087	406,242
Comprehensive income for the period			-240,855	-240,855
New share issue	240	103,260		103,500
Issue expenses		-4,766		-4,766
Convertible loan, option portion		9,598		9,598
Closing balance, 31 December 2012	**2,458**	**740,203**	**-468,942**	**273,719**

CASH FLOW STATEMENT

Amounts in SEK thousands	Oct-Dec 2012	Oct-Dec 2011	Full year 2012	Full year 2011
Operating activities				
Cash flow before changes in working capital	-89,466	19,578	-253,534	-37,699
Changes in working capital	41,192	7,927	26,309	14,798
Cash flow from operating activities	**-48,274**	**27,505**	**-227,225**	**-22,901**
Investing activities				
Investments in intangible assets	-40	-1,781	-3,019	-6,151
Investments in property, plant & equipment	-64,453	-179,635	-471,261	-494,075
Change in financial assets	-	136,290	-201	-2,536
Cash flow from investing activities	**-64,493**	**-45,126**	**-474,481**	**-502,762**
Financing activities				
New share issue	-	-	98,735	144,698
Convertible loan	131,890	-	131,890	-
Bond issue	-	-	-	787,542
Cash flow from financing activities	**131,890**	**-**	**230,625**	**932,240**
Cash flow for the period	**19,123**	**-17,621**	**-471,081**	**406,577**
Cash & cash equivalents at beginning of period	132,432	637,028	628,836	212,134
Exchange gains/losses	494	9,429	-5,706	10,125
Cash & cash equivalents at end of period	152,049	628,836	152,049	628,836

KEY FIGURES

	Oct-Dec 2012	Oct-Dec 2011	Full year 2012	Full year 2011
Profit/loss after financial items, SEK thousands	-104,455	-22,290	-240,837	-118,160
Return on average total assets, %	-5.6	-1.7	-12.9	-3.8
Return on average equity, %	-32.5	-5.3	-70.8	-30.1
Equity, SEK thousands	273,719	406,210	273,719	406,210
Equity/assets ratio, %	19.9	30.4	19.9	30.4
Gross investments in property, plant & equipment, SEK thousands	36,397	190,825	433,164	479,781
Earnings per share before full dilution, SEK	-6.80	-1.61	-16.13	-8.82
Earnings per share after full dilution, SEK	-6.80	-1.61	-16.13	-8.82
Outstanding shares on reporting date before full dilution (thousands)	15,360.4	13,860.4	15,360.4	13,860.4
Outstanding shares on reporting date after full dilution (thousands)	18,760.4	14,049.4	18,760.4	14,049.4
Average no. of shares before full dilution (thousands)	15,360.4	13,860.4	14,935.4	13,393.7
Average no. of shares after full dilution (thousands)	17,136.0	14,049.4	15,387.2	13,582.7

Parent Company

INCOME STATEMENT

Amounts in SEK thousands	Oct-Dec 2012	Oct-Dec 2011	Full year 2012	Full year 2011
Net sales	6,685	1,437	19,834	5,817
Other external costs	-12,881	-1,917	-29,711	-12,569
Personnel expenses	-4,170	-3,116	-13,002	-10,380
Depreciation/amortisation and impairment of assets	-586	-2,490	-1,812	-2,615
Operating profit/loss	**-10,952**	**-6,086**	**-24,691**	**-19,747**
Other interest and similar income	6,332	6,115	63,825	25,229
Interest and similar expense	-27,860	-33,075	-106,255	-161,683
Net financial items	**-21,528**	**-26,960**	**-42,430**	**-136,454**
Profit/loss after financial items	-32,480	-33,046	-67,121	-156,201
Tax on profit/loss for the period	-	-	-	-
Profit/loss for the period	**-32,480**	**-33,046**	**-67,121**	**-156,201**
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	**-32,480**	**-33,046**	**-67,121**	**-156,201**

BALANCE SHEET

Amounts in SEK thousands	31/12/2012	31/12/2011
ASSETS		
Non-current assets		
Intangible assets		
Capitalised expenditure	19,817	21,014
Licences	3,262	1,232
	23,079	22,246
Property, plant & equipment	312	529
	312	529
Financial assets		
Shares in Group companies	300	300
Other non-current receivables	124	123
	424	423
Total non-current assets	**23,815**	**23,198**
Current assets		
Current receivables	982,750	698,765
Cash and bank balances	72,662	429,748
Total current assets	**1,055,412**	**1,128,513**
TOTAL ASSETS	**1,079,227**	**1,151,711**
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	2,458	2,218
Statutory reserve	1,078	1,078
	3,536	3,296
Unrestricted equity	154,493	318,299
Total equity	**158,029**	**321,595**
Non-current liabilities	881,190	799,687
Current liabilities	40,008	30,429
TOTAL EQUITY AND LIABILITIES	**1,079,227**	**1,151,711**
Pledged assets	4,088	100,628
Contingent liabilities	13,000	13,000

Dannemora Mineral AB is a mining and exploration company of which the primary activity is 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 for 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 and the Group's exploration activities) 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 on the planned mining of this deposit.

Dannemora Mineral AB is listed on OMX First North Stockholm and Oslo Axess. The Company's Certified Adviser on First North is Remium Nordic AB.

The Company's independent qualified person is mining engineer Thomas Lindholm, GeoVista AB, Luleå. Thomas Lindholm is qualified as a Competent Person as defined in the JORC Code based on education and experience in exploration, mining and estimation of mineral resources of iron, base and precious metals.