



Interim Report

January-March

First quarter 2013

- Net sales amounted to SEK 88.6 (0.8) million
- Earnings per share amounted to SEK -8.71 (-0.03)
- Cash flow was SEK -103.8 (-243.0) million
- 189 kt of finished products were delivered
- A rights issue of SEK 211 million was adopted at the EGM on 13 March
- An update of the mineral reserve showed a total reserve of 34.0 mt
- Ralf Nordén was appointed ordinary CEO from 15 June 2013
- Exploration activities and exploration permits are grouped in the subsidiary Dannemora Iron Ore Development

Significant events after the end of the period

- The subscription period for the rights issue ended on 10 April, with the issue fully subscribed.
- Implemented measures have resulted in an increase in the yield from 30 percent in the first quarter to approx. 40 percent.

MARKET CONDITIONS

World steel production rose by 1.2 percent in 2012 and the increase has continued in the early part of 2013. The Chinese manufacturers were largely responsible for the increase, while European manufacturers reduced their production slightly. The price of the leading steel product hot-rolled coil started the year on an upturn, but subsequently fell back.



The price of iron ore, which is highly dependent on steel prices, began to rise during the latter part of 2012 and the year began with unexpectedly strong demand for iron ore. However, prices during the quarter have been marked by relatively high volatility. Dannemora Mineral's price levels are based on world market prices with a lag of a few months, and Q1 sales are therefore largely based on prices during the fourth quarter of 2012.



The USD-SEK exchange rate remained low in the first quarter and reached its lowest level at the beginning of February. The exchange rate has recovered somewhat since then. Dannemora Mineral does not hedge any flows, and changes in exchange rates affect the results immediately. Consequently, the low level of the dollar during the quarter had a negative impact on earnings.

DANNEMORA IRON ORE MINE

Production and deliveries

PRODUCTION

	Jan-Mar 2013	Jan-Mar 2012	Apr-Jun 2012	Jul-Sep 2012	Oct-Dec 2012	Full year 2012
Produced crude ore, mine (kt)	564	60	113	274	492	939
ROM crude ore, sorting plant (kt)	564	-	130	307	451	887
ROM crude ore, sorting plant (Fe %)	33	-	30	32	34	32
Outcome of finished product (kt)	171	-	32	81	159	271
Finished product yield, plant (wt %)	30	-	25	26	35	31
Finished product shipped to customers (kt)	189	-	18	60	155	233

During the first quarter, a total of 54 kt of iron ore fines and 134 kt of lump ore were delivered to customers in Europe. A total of 14 loaded vessels left Hargshamn during the quarter. The measures taken to increase operational readiness and throughput have brought significant improvements and the sorting plant now has a higher capacity than planned. Operational readiness has remained stable at over 80 percent.

The strong demand for Dannemora products has boosted operations, with capacity utilisation at the mine hitting the ceiling at times. In order to be able to deliver in accordance with customer requirements, ore has been mined in all the ore bodies, including those with a lower iron content. This has resulted in a lower yield than expected during the period and some deliveries scheduled for the quarter have been postponed until the next quarter.

Work to deepen the channel into Hargshamn is progressing according to plan and the new train loading facility will be opened on 29 April. The facility, which will allow quick and efficient loading of six rail cars at a time, is a prerequisite for transporting the large production volumes that are planned.

Exploration

An update of Dannemora's mineral reserve was completed in February, showing a total reserve of 34.0 million tonnes with an average grade of 34.5 percent Fe. This is a decline in tonnage compared with the previous estimate in December 2011, which was 35.1 million tonnes and 35.3 percent Fe. The decline during the year is due to the mining of 965 kt of ore (sorting plant statistics) and improved knowledge of the ore boundaries through diamond drilling and drift mapping.

EXPLORATION PERMITS

Dannemora has nine granted exploration permits, with a total area of 4,568.50 ha, and one exploitation concession of 176.8 ha.

FUTURE PROSPECTS

A new shift pattern has been introduced, which will increase the mine's productivity and capacity. At the same time, intensive efforts to increase knowledge about the mine's mineralisation and the processes in the plant are in progress. The goal is to find optimal processes in order to increase the yield. Within the same ore body there are variations in iron content and the properties of the ore. To handle these differences, the processing operation must be adapted in order to create a higher yield and production capacity. This is the goal of the previously announced investments of SEK 30 million in 2013 and SEK 80 million in 2014. The plans for these investments have been further fine-tuned in the first quarter and are proceeding better than expected. Installation of the first phase of SEK 30 million in the existing works has therefore been brought forward by approx. four weeks. With the ongoing adjustments to the existing process and the implementation of phase two of the investment programme, the finished product yield will increase.

The yield improvement has occurred during the beginning of the second quarter. This indicates that the implemented measures have had the intended effect and the previous estimates for the outlook remain.

RESULTS AND FINANCIAL POSITION

GROUP

Revenue and earnings

Net sales for the first quarter, January-March, amounted to SEK 88.6 (0.8) million. This was mainly attributable to iron ore product sales of SEK 87.9 (-) million, while rental income accounted for the remainder. Profit/loss after net financial items for the first quarter amounted to SEK -133.9 (-0.4) million. Net financial items for the period include foreign exchange losses of SEK -0.3 (34.0) million.

Liquidity and cash flow

Cash flow from operating activities during the quarter amounted to SEK -75.0 (-78.1) million. Cash flow from investing activities was SEK -28.7 (-164.9) million and cash flow from financing activities was SEK -0.1 (-) million, which meant that cash flow for the period ended on SEK -103.8 (-243.0) million. The Group's cash & cash equivalents stood at SEK 47.8 (383.3) million at the end of the quarter.

The Group's interest-bearing liabilities at 31 March 2013 amounted to USD 917.9 (794.5) million, of which SEK 781.9 (794.5) million, corresponding to USD 120 (120) million, relates to a bond issue and SEK 136.0 (-) million to convertible debt.

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.

The Board's proposal to implement a fully guaranteed rights issue of SEK 211 million before issue costs was approved at an EGM on 13 March. The issue was fully covered by subscription undertakings and guarantee commitments. Four existing A or B shares gave entitlement to subscribe for five new B shares at a price of SEK 11.

Investments

Investments during the first quarter amounted to SEK 21.6 (190.7) million. These were distributed as follows: work in progress 18.6 (188.9) million, plant & machinery 2.8 (0.3) million, exploration & evaluation 0.1 (0.1) million and licences 0.1 (1.4) million.

Employees

The average number of employees during the quarter was 85 (51), of whom 25 (15) were women. The number of employees at 31 March was 90, of whom 26 were women.

Significant events after the end of the period

The rights issue adopted on 13 March 2013 was fully subscribed. The final result is that 46.4 percent of the shares offered were subscribed for with primary preferential rights. 2.1 percent were subscribed for with subsidiary preferential rights and without preferential rights. The remaining 51.5 percent of the shares were allotted to the underwriters in proportion to their total undertaking. The issue brought Dannemora proceeds of approx. SEK 211 million before transaction-related costs. Share capital increased by SEK 3,072,080 to SEK 5,529,744 and the number of shares rose by 19,200,500 shares to 34,560,900.

The implemented measures have been effective and have resulted in the yield increasing from 30 percent in the first quarter to approx. 40 percent at the beginning of the second quarter. The highest daily yield in April was 49 percent.

Risks and uncertainties

For a description of the Company's risks, see the Risks analysis on pages 18-19 and Note 3, Financial risk management on page 71 of Dannemora Mineral's 2012 annual report.

Annual general meeting

The Annual general meeting will be held on 30 May 2013 in Stockholm. The annual report will be available at the Company's head office and on the website www.dannemoramineral.se from 29 April.

Forthcoming financial information

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.

A number of new and revised standards and interpretations have come into effect for accounting periods commencing on or after 1 January 2013, including IAS 1 and IFRS 13. The new and revised standards have not had any material effect on the consolidated financial statements. When this interim report was prepared 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 standard that is considered relevant to the Group is IFRS 9 Financial Instruments. The Group intends to apply the new standard no later than the financial year beginning 1 January 2015. Dannemora will evaluate the effects of the remaining phases of IFRS 9 when they are completed by the IASB.

Dannemora, 29 April 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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Group
STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousands	Jan-Mar 2013	Jan-Mar 2012	Full year 2012
Net sales	88,627	806	137,293
Changes in inventories	-5,631	594	12,112
Other external costs	-144,778	-26,922	-295,568
Personnel expenses	-16,806	-9,525	-48,423
Depreciation/amortisation and impairment of assets	-26,577	-509	-33,724
Operating profit/loss	-105,165	-35,556	-228,310
Finance income	551	39,209	53,155
Finance costs	-29,248	-4,034	-65,682
Net financial items	-28,697	35,175	-12,527
Profit/loss after financial items	-133,862	-381	-240,837
Tax on profit/loss for the year	-	-	-18
Profit/loss for the period	-133,862	-381	-240,855
Other comprehensive income for the period:			
Items that will not be reclassified to net income	-	-	-
Items that may be reclassified to net income	-	-	-
Other comprehensive income for the period, net of tax	-133,862	-381	-240,855
Comprehensive income for the period attributable to:			
Owners of the parent	-133,862	-381	-240,855
Earnings per share, based on profit/loss attributable to owners of the parent during the period			
Earnings per share before and after full dilution, SEK	-8.71	-0.03	-16.13

STATEMENT OF FINANCIAL POSITION

Amounts in SEK thousands

ASSETS	31/03/2013	31/03/2012	31/12/2012
Non-current assets			
<i>Intangible assets</i>			
Exploration and evaluation assets, Dannemora	34,473	37,389	34,999
Other exploration and evaluation assets	1,545	3,359	3,486
Licences	3,800	3,097	3,753
	<u>39,818</u>	<u>43,845</u>	<u>42,238</u>
<i>Property, plant & equipment</i>			
Land and buildings	477,228	17,122	432,973
Plant and machinery	315,226	7,899	328,294
Equipment, tools and fixtures & fittings	12,005	1,208	9,828
Work in progress	321,728	795,129	353,639
	<u>1,126,187</u>	<u>821,358</u>	<u>1,124,734</u>
Financial assets	2,325	2,123	2,324
	<u>2,325</u>	<u>2,123</u>	<u>2,324</u>
Total non-current assets	1,168,330	867,326	1,169,296
Current assets			
Inventories	14,611	8,724	20,242
Trade receivables	71	602	8,071
Other receivables	15,063	124,755	16,434
Prepayments and accrued income	18,963	12,092	10,392
Cash & cash equivalents	47,801	383,340	152,049
Total current assets	96,509	529,513	207,188
TOTAL ASSETS	1,264,839	1,396,839	1,376,484
EQUITY AND LIABILITIES			
Equity	139,801	504,916	273,719
Non-current liabilities	942,184	769,743	941,929
Current liabilities			
Trade payables	100,736	95,947	89,242
Other liabilities	29,213	17,311	28,573
Accruals and deferred income	52,905	8,921	43,021
Total current liabilities	182,854	122,179	160,836
TOTAL EQUITY AND LIABILITIES	1,264,839	1,396,839	1,376,484

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 2012	2,218	632,110	-228,105	406,223
Comprehensive income for the period			-381	-381
New share issue	240	103,260		103,500
Issue expenses		-4,426		-4,426
Closing balance, 31 March 2012	2,458	730,944	-228,486	504,916
Opening balance 1 January 2013	2,458	740,203	-468,942	273,719
Comprehensive income for the period			-133,862	-133,862
Issue expenses		-56		-56
Closing balance, 31 March 2013	2,458	740,147	-602,804	139,801

CASH FLOW STATEMENT

Amounts in SEK thousands	Jan-Mar 2013	Jan-Mar 2012	Full year 2012
Operating activities			
Cash flow before changes in working capital	-122,297	-34,788	-253,534
Changes in working capital	47,279	-43,262	26,309
Cash flow from operating activities	-75,018	-78,050	-227,225
Investing activities			
Investments in intangible assets	-256	-1,566	-3,019
Investments in property, plant & equipment	-28,460	-163,396	-471,261
Investments in financial assets	-1	-	-201
Cash flow from investing activities	-28,717	-164,962	-474,481
Financing activities			
New share issue	-56	-	98,735
Convertible loan	-	-	131,890
Cash flow from financing activities	-56	-	230,625
Cash flow for the period	-103,791	-243,012	-471,081
Cash & cash equivalents at beginning of period	152,049	628,836	628,836
Exchange gains/losses	-457	-2,484	-5,706
Cash & cash equivalents at end of period	47,801	383,340	152,049

KEY FIGURES

	Jan-Mar 2013	Jan-Mar 2012	Full year 2012
Profit/loss after financial items, SEK thousands	-133,862	-381	-240,837
Return on average total assets, %	-7.9	0.3	-12.9
Return on average equity, %	-64.7	-0.1	-70.8
Equity, SEK thousands	139,801	504,916	273,719
Equity/assets ratio, %	11.1	36.1	19.9
Gross investments in property, plant & equipment, SEK thousands	21,384	189,154	433,164
Earnings per share before and after full dilution, SEK	-8.71	-0.03	-16.13
Outstanding shares on reporting date before full dilution (thousands)	15,360.4	13,860.4	15,360.4
Outstanding shares on reporting date after full dilution (thousands)	18,760.4	13,860.4	18,760.4
Average no. of shares before full dilution (thousands)	15,360.4	13,860.4	14,935.4
Average no. of shares after full dilution (thousands)	18,760.4	13,891.9	15,387.2

Parent Company

INCOME STATEMENT

Amounts in SEK thousands

	Jan-Mar 2013	Jan-Mar 2012	Full year 2012
Net sales	7,023	2,433	19,834
Other external costs	-5,967	-3,293	-29,711
Personnel expenses	-4,131	-3,034	-13,002
Depreciation/amortisation and impairment of assets	-2,388	-52	-1,812
Operating profit/loss	-5,463	-3,946	-24,691
Other interest and similar income	2,488	41,776	63,825
Interest and similar expense	-31,332	-30,408	-106,255
Net financial items	-28,844	11,368	-42,430
Profit/loss after financial items	-34,307	7,422	-67,121
Tax on profit/loss for the year	-	-	-
Profit/loss for the period	-34,307	7,422	-67,121
Other comprehensive income for the period:			
Items that will not be reclassified to net income	-	-	-
Items that may be reclassified to net income	-	-	-
Total comprehensive income for the period	-34,307	7,422	-67,121

BALANCE SHEET

Amounts in SEK thousands	31/03/2013	31/03/2012	31/12/2012
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Capitalised expenditure	17,672	21,078	19,817
Licences	3,174	2,679	3,262
	<u>20,846</u>	<u>23,757</u>	<u>23,079</u>
Property, plant & equipment	265	494	312
	<u>265</u>	<u>494</u>	<u>312</u>
<i>Financial assets</i>			
Shares in Group companies	300	300	300
Other non-current receivables	125	123	124
	<u>425</u>	<u>423</u>	<u>424</u>
Total non-current assets	21,536	24,674	23,815
Current assets			
Current receivables	1,008,279	855,030	982,750
Cash and bank balances	2,505	326,027	72,662
Total current assets	1,010,784	1,181,057	1,055,412
TOTAL ASSETS	1,032,320	1,205,731	1,079,227
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	2,458	2,218	2,458
Share capital not registered	-	240	-
Statutory reserve	1,078	1,078	1,078
	<u>3,536</u>	<u>3,536</u>	<u>3,536</u>
Unrestricted equity	120,131	424,554	154,493
Total equity	123,667	428,090	158,029
Non-current liabilities	884,280	765,310	881,190
Current liabilities	24,373	12,331	40,008
TOTAL EQUITY AND LIABILITIES	1,032,320	1,205,731	1,079,227
Pledged assets	3,953	3,484	4,088
Contingent liabilities	13,000	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 intends to engage in exploration activities to increase the iron ore base locally and regionally in several areas in Uppland where the potential for finding workable 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 Iron Ore Development, responsible for the Group's 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 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.