

STOCKHOLM--([BUSINESS WIRE](#))--Regulatory News:

Production from the Dannemora (STO: DMAB) mine is proceeding well and has at times exceeded the adopted capacity. The first stage of the investment programme has produced a sustained increase in recovery levels. Recently completed tests show that it is likely that the planned investment in the next stage will not result in a sufficient further increase. In view of this, plans are in place to bring forward the wet stage, which means that the Company's short-term capital requirement will increase, with a need for additional new equity.

Production

Production at the Dannemora mine continues to increase and there is positive growth in recovery levels. Production for the third quarter amounted to 274 kt. The Company's measures and investments have produced good effects, and production has at times exceeded the previously adopted annual capacity of three million tonnes. Production capacity at the sorting plant is coping well with the increased production from the mine. In the third quarter, the average recovery was 39 percent, which shows that the investment in June (stage one) has brought a sustained increase in recovery levels above the anticipated three percentage points. The top figures were noted during weeks 40 and 41 with levels of 47 and 49 percent, respectively. There are market outlets for everything that the mine produces. The Company is working hard on cost savings and the entire organisation has undergone a review aimed at reducing costs and increasing efficiency and productivity.

At present, crushing takes place on the surface, which is not an optimal arrangement, either in terms of cost or respect for the environment. Preparations to place the crushing operation underground have been in progress for a long time. To complete this process will require further preparation, mainly in the form of underground work. Annual cost savings from the changed crushing operations are estimated at approx. SEK 50 million.

For graphic please see <http://news.cision.com/dannemora-mineral-ab/i/utbyte-22-okt,c1386204>

Investments

The full-scale tests and evaluations of the planned second investment stage were completed during the third quarter. They show that it is likely that the improvements in recovery levels will not be large enough to guarantee a profitability improvement of the size that would enable the Company to finance the subsequent investment in a wet stage of the process with its own cash flow. As a consequence of this, the Company is considering bringing forward the wet stage investment in a single, large investment programme. The wet stage is based on well-known and proven technology and is the process that has historically been used at the Dannemora mine, when the recovery from the mine was steady at an average of 58 percent. The plans will be reviewed by SRK Consulting.

Compressing the investments will result in a larger current capital requirement, but also brings forward the time when the Company's full profit potential will be achieved.

Financing

The revised investment programme means that, in addition to the previously announced short-term financing requirement of SEK 120 million in working capital for the remainder of 2013 and SEK 80 million for investing in stage two, there will also be a financing requirement for the wet stage investment that is being brought forward, the completion of the work to place crushing operations underground and working capital during the investment period.

Financing of the expanded investment programme is an important part of the negotiations that have been in progress for some time with the Company's bond and convertible holders. The investment programme means that the Company needs a substantial increase in capital in the form of equity and a financial structure that allows for such capital to be raised.

The waivers that the bondholders approved are amongst others conditional on the Company being able to present a solution to its financing needs by the end of November.

Dannemora Mineral AB: Operational and financial update

Written by Australian Business

Extensive efforts to secure financing and a capital structure have been in progress for some time. This work is being led by the Company's financial advisor Swedbank First Securities in Oslo.

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

The Company's most important asset is the iron deposit in the Dannemora Mine, and activity is focused mainly on the mining of this deposit at present.

The Company is listed on NASDAQ OMX First North, Stockholm, and Oslo Axess. The Company's Certified Advisor 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.

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