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Private placement of USD 3,5 million through a subordinated loan

Grängesberg Iron AB has retained First Securities AS to advise on and effect a private placement with gross proceeds amounting to USD 3,5 million directed towards an institutional investor.

The placement was completed through a subordinated loan with the right to receive repayment for the full or partial amount in shares through a set-off new issue. The maturity date of the loan is August 16th, 2012. The investor's right to payment in shares can be made use of in a prospective share issue before maturity date.

The subscription price in the Set-off Issue shall be equal to the price per share set in a future IPO and/or private placement, less an agreed rebate.

Restarted iron ore production

Andreas Simoncic, CEO of Grängesberg Iron AB commented: "We are very pleased with the placement, which improves the company's financial standing and allows us to accelerate the development of the project aiming to start commercial iron ore production from the Grängesberg mine by 2014."

Proceeds of the Loan will be employed for the future development of the Grängesberg iron ore mine, incl. of PFS part of feasibility study, preliminary EIA, application for mining concession, recruitment of key management and for preparations for listing on the Oslo Stock Exchange (Axess).

For further information on Grängesberg Iron AB: www.grangesberg.com

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Grängesberg Iron AB plans to re-open the historic Grängesberg mine and turn it into a profitable iron ore mine for delivering more than 2.5 Mt high-quality iron ore products per year to the European and Middle East markets.