

Press Release April 11th 2012

Grängesberg Iron receives positive PFS on Grängesberg iron ore project

Swedish mining company Grängesberg Iron AB is pleased to announce the positive outcome of the Pre-Feasibility Study (PFS) on its iron ore mine project in Grängesberg, Bergslagen area in central Sweden. The study proves the project to be robust and clearly economically feasible. The Life of Mine, based on the current mineral reserve as defined in the PFS, is 16 years. The first production is planned for Q4 2015.

On behalf of Grängesberg Iron AB, the Pre-Feasibility Study has been performed by the independent global engineering firm URS Corporation (which in 2010 acquired engineering consultancy Scott Wilson), with contributions by other consultant companies and suppliers. The study describes all aspects of the future mining operations, from ore geology and mineral reserves, through mining, hoisting and beneficiation, to transportation and market analysis for the final iron ore products. The PFS has been performed according to the NI 43-101 regulations, with an accuracy of + / - 25% and represents a sound base for the further development of the project towards production. A summary of the highlights can be found in the appendix to this press release.

The total capital investment costs are estimated to 554 MUSD in a scenario for production of iron ore concentrate (pellet feed), and 848 MUSD in a scenario with a pelletizing plant producing iron ore BF pellets. According to the financial model, which is based on a forecast of the future price development for iron ore products by Raw Material Group, the annual revenue in the pellet feed scenario will be approx. 320 MUSD, and in the pellets scenario approx. 350 MUSD.

Financing

The PFS represents the basis for the next financing step. On-going discussions with leading investment banks in Scandinavia and other industrial investors indicates a strong interest for the Grängesberg iron ore project which, based on the results of the PFS, should rank as one of the most interesting iron ore projects in Europe.

Operations highlights

The Grängesberg mine, which was closed in 1989, still has an extensive infrastructure underground, of which a significant part can be re-used. The mining schedule and the technical planning for the mining operations have been designed according to the latest underground mining principles and comprises an average of 5.3 million tonnes of crude ore mined yearly, resulting in a yearly production of 2.5 million tonnes of iron ore products. The PFS also provides a detailed technical solution for the initial dewatering of the mine, estimated to take up to two years. The time is partly dependent on details in the future environmental permit.

The PFS describes the railway transportation 250 kilometres down to the Port of Oxelösund, which has excellent capabilities and potential for handling and ship loading of the iron ore products, with Panamax capacity today and a future potential for Capesize vessels. Grängesberg Iron AB signed a Letter of Intent with the port company Oxelösunds Hamn AB in 2010. Grängesberg Iron AB also has a co-operation agreement with the Swedish Transport Administration regarding investigations and planning of the future railway capacity between the Grängesberg mine and the Port of Oxelösund.

On the 2nd of April 2012, Grängesberg Iron AB filed an application for an initial 25 year's mining concession for the Grängesberg iron ore mine.

For more information, see appendix 1 to this press release.

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Grängesberg Iron AB plans to re-open the historic Grängesberg mine to make it a profitable iron ore producer for delivering more than 2.5 Mt high-quality iron ore products per year, primarily to the European and Middle East markets. www.grangesberg.com

APPENDIX 1 TO PRESS RELEASE 11TH OF APRIL 2012

Highlights from the Pre-Feasibility Study on the Grängesberg iron ore project

At a discount rate of 8%, in the pellet feed scenario, the pre-tax NPV is 949 MUSD. The pre-tax IRR in this scenario is 32,6%.

In the pellets scenario, with a discount rate of 8%, the pre-tax NPV is 674 MUSD. The pre-tax IRR in this scenario is 20%.

Grängesberg mine Mineral resource estimate details (as of April 2011)

| Category | Tonnes | %Fe | %P | Contained Fe (tonnes) |
|-----------------|-------------|------|------|-----------------------|
| Total Indicated | 115,200,000 | 40.2 | 0.78 | 46,300,000 |
| Total Inferred | 33,100,000 | 45.2 | 0.91 | 15,000,000 |

1. CIM definitions were followed for Mineral Resources.
2. The values for tonnages, grades and contained iron has been rounded.
3. Mineral resources are estimated at a cut-off grade of approximately 20% Fe.
4. A minimum mining width of approximately 10 metres was used.
5. Mineral Resources are inclusive of Mineral Reserves.
6. Numbers may not add due to rounding.

Mineral reserves (conform to CIM 2010 definitions)

| Category | Mtonnes | Combined Average Grade %Fe |
|----------|---------|----------------------------|
| Probable | 82,4 | 37,2 |

1. CIM definitions were followed for Mineral Reserves.
2. Mineral Reserves are estimated at a cut-off grade of approximately 25% Fe
3. Mineral Reserves are estimated using an average long-term pellet price of 180 US\$/dmtu Fe
4. A minimum mining width of approximately 15 m was used.
5. Bulk density is approximately 3.8 t/m³.
6. 85.0% mining recovery and 15.0% mining dilution applied to Mineral Reserves.

Lead consultant for the Pre-Feasibility Report, including the mineral resource calculations, has been URS Corporation.

Life of Mine

The Life of Mine, based on NI 43-101 defined reserves and the mine schedule of the PFS, is 16 years. However, there is considerable potential for a longer LoM, partly due to the possibilities of including more of the mineral resources with increased knowledge of the ores later on in the project, and also due to the ore body being open to the depth. The time plan includes first production Q4 2015, reaching full production in Q4 2016.

Quick overview of the Grängesberg iron ore PFS

Grängesberg Iron AB has ordered a now completed Pre-Feasibility Study (PFS), in accordance with CIM, NI 43-101. The study describes technical solutions for all parts of the project regarding re-opening the now closed Grängesberg iron ore mine in central Sweden.

The mine will after dewatering, with refurbished and new infrastructure, produce high-quality iron ore

products. Underground mining with cost effective sub-level caving will feed a new beneficiation plant with a yearly 5.3 million tonnes of crude ore. The plant will produce a high-value pellet feed concentrate (70% Fe) with a very low level of impurities. As an alternative scenario, the PFS also includes a production alternative with a pelletizing plant, for production of high quality BF pellets. The production level for both scenarios will be 2.5 million tonnes of iron ore products annually.

The Pre-Feasibility Study has been produced by the global engineering, construction and technical services company URS Corporation. A number of other companies have contributed to the study.

The major contributing companies, apart from URS, have been:

- **ABB** (hoisting, underground power and communications)
- **Atlas Copco** and **Sandvik** (underground equipment)
- **Hifab** (environmental studies)
- **NCC** (building designs)
- **Outotec** (beneficiation, pelletizing, underground crusher)
- **Raw Materials Group** (marketing studies)
- **Sweco** (engineering solutions, dewatering, purification, tailings dams)
- **URS** and **Itasca Sweden** (rock mechanics)

Apart from these, a number of small independent consultant companies have contributed to the study.

The Port of Oxelösund and the Swedish Transport Administration are co-operation partners.

URS Corporation (incl. former Scott Wilson Ltd)

URS Corporation is a fully integrated engineering, construction and technical services organization, with more than 46 000 employees in nearly 50 countries.