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Iron ore agreement strengthens the Grängesberg mine project

Swedish mining company Grängesberg Iron AB transfers nine iron permits in northern Sweden to Kiruna Iron AB, subsidiary to Australian mining company Scandinavian Resources Ltd. The agreement adds strength to the re-opening project of the Grängesberg iron ore mine in the Bergslagen district in Sweden.

Grängesberg Iron AB and Scandinavian Resources Ltd has signed an agreement regarding the transfer of nine iron exploration permits in northern Sweden from Grängesberg Iron AB to Kiruna Iron AB, a subsidiary to Australian mining company Scandinavian Resources Ltd. Among the permits are the high potential exploration targets of Ekströmsberg, Tjärrojokka and Pattok.

The agreement comprises for Grängesberg Iron AB to receive a cash component of USD 2 million payment, a Net Smelter Return (NSR) component of 1% and issue of 8.2 million fully paid ordinary shares in Scandinavian Resources Ltd.

Focus on the Grängesberg iron ore mine project

“The sale of the permits provides excellent possibilities for Grängesberg Iron to focus on reopening the historic Grängesberg iron ore mine in the south-central of Sweden”, says Gösta Bergman, Chairman of the Board of Directors of Grängesberg Iron. “The agreement also further improves the conditions for completing an IPO during 2011”.

The Grängesberg iron ore mine has Indicated mineral resources of 115,2 million tonnes, at 40,2% Fe and a further 33,1 million tonnes of Inferred resources at 45,2%, according to preliminary results from the ongoing Pre-Feasibility Study, which is expected to be finished in September 2011. The deposit is open at depth and the existing underground mine and excellent rail and port infrastructure further illustrates the high potential of the Grängesberg mine project.

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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. www.grangesberg.com