

Lapland Goldminers winds up operations at Ersmarksberget

Lapland Goldminers has decided to wind up the operations at Ersmarksberget. The current operations are run by its subsidiary Lapland Goldminers Sorsele AB and the wind up affects six employees.

Lapland Goldminers acquired the mines in Ersmarksberget and Svärträsk in August 2008 from the bankruptcy estate after Scan Mining AB and its subsidiary Blaikengruvan AB. The aim was to further investigate the possibility of a creating a mineral reserve that would allow mining production in the area.

Lapland Goldminers has since the acquisition investigated the conditions for production at Ersmarksberget. During the preparatory work it was revealed that the gold content was lower and the rock mechanical conditions more complicated than initially indicated. The changed conditions mean the revenues per ton of mined ore will be lower and an increase in operating costs since a more expensive mining method must be used. Together, this indicates that a production would be unprofitable. In November 2011, Lapland Goldminers decided to cancel the planning for future production in Ersmarksberget. After considering and exploring a number of strategic options, the company has now decided to wind up the operations by having the subsidiary file for bankruptcy.

Lapland Goldminers Sorsele AB has, in addition to acquisition costs of MSEK 40, invested additionally approximately MSEK 110 in preparatory work and environmental improvements in Ersmarksberget. The wind up will be included in the 2011 financial statements with a write down of approximately MSEK 83.

- We are of course very disappointed that the conditions at Ersmarksberget do not allow a profitable gold production and will not be able to contribute to the creation of new jobs in the area. We will now continue in developing Lapland Goldminers further with a strong focus on completing the feasibility study for Fäboliden by the end of 2012 and developing the mine in Pahtavaara. I see great value in both assets at the prevailing gold price, says Henrik Grind, President and CEO Lapland Goldminers.

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Lapland Goldminers AB is a producing mining company with significant exploration activities. The Company is listed on the market place First North Premier in Sweden under the name GOLD, with Mangold Fondkommission AB, www.mangold.se +46-8503 015 50, as Certified Adviser.

Lapland Goldminers' strategy is to develop mineral deposits into profitable producing mines. The Company is strategically positioned with the fully permitted Fäboliden gold project in northern Sweden. The Pahtavaara gold operation is located in northern Finland and the Haveri gold deposit in the south of Finland. Lapland Goldminers is a member of SveMin, the Swedish association for mines, minerals and metal producers, and follows SveMin's reporting rules for public mining and exploration companies.