

Question 1

With the latest report from UNESCO in mind it seems more and more clear that it is virtually impossible to continue the plans of opening a mine in Kallak. How do you plan to withdraw from the area without causing too much damage to the shareholders?

ANSWER

The Company has held exploration permits for the Kallak Iron Ore Project since 2006, been permitted by the authorities to invest, explore, and define a potential iron ore resource of up to 389 million tonnes.

We have produced a market-leading concentrate from Kallak of 71.5 per cent iron content. Kallak is ideally positioned with respect to the HYBRIT and H2GreenSteel projects and can similarly leverage renewable power to ensure the integrity of a fossil-free supply chain in Norrbotten.

The Company's purpose is to be a responsible and innovative company that creates value for our shareholders, wider society and the environment, through sustainably producing critical raw materials needed for the transition to a Green Economy and to address the Climate Emergency. Iron ore is one such critical raw material, used to produce the steel for building green infrastructure and facilitating the electrification of society.

Kallak will be developed in partnership with the community in Jokkmokk Municipality, for the benefit of all the community.

Question 2

People from the World Heritage Committee in Paris seem to understand how a mine in Kallak is potentially catastrophic for the local reindeer herders and thus also a threat to the Outstanding Universal Values constituting the World Heritage Site Laponia. Why is it so hard for you to understand the values threatened by your exploration work in the municipality of Jokkmokk?

It is for the Swedish Government to decide on the Kallak Iron Ore Project, which will bring billions of SEK investment and hundreds of jobs to Jokkmokk, benefitting all interest groups in the community, including reindeer herders.

Jokkmokks Kommun has since long struggled with population decline and an associated eroding tax base. It has been forced to cut its budget by SEK 28 million over the last two years, reducing public services and infrastructure which it can no longer afford to provide for the benefit of the community. The municipality is in dire need of stemming its decline, and of securing a financial basis for its future.

UNESCO does not use the word 'catastrophic' in its comments and recommendations and does not conclude that Kallak cannot be mined.

The Company maintains it is inappropriate for UNESCO to write about an area and issues that we would strongly argue falls outside of its jurisdiction.

There are 12 operating mines in Sweden, to which approximately 197km² or 0.04 per cent of Sweden's land area is designated (the actual land used is considerably less). Reindeer herders have 'usufruct' (right of use) over approximately 50 per cent of Sweden. No new mining development has been permitted in more than a decade, yet the metal needed for a transition to a Green Economy has to come from primary raw material sources, mines, for the foreseeable future.

Kallak represents about 0.5 per cent of Jåhkågaska's available pasture lands, and Jåhkågaska's 4,500 reindeer make up less than ten per cent of the total number of reindeer that are present in Lapponia over some part of the year. It is an established fact that there are solutions for how to manage the competing land requirements of mining operations (and other industrial activities) and reindeer herding.

With regards to migration, for example, reindeer can be moved around an obstacle, such as a mine, using specific fenced corridors, Eco ducts or even trucks. A highly relevant practical case can be found in LKAB-Kiruna-Abisko National Park area. Abisko is like Lapponia, a protected area which is used by reindeer herders. The reindeer herders at Abisko are maintaining their traditional activities, whilst sharing their winter pasture with the industrial activities present around Kiruna and Svappavaara.

There is no example in Sweden of a reindeer herding coop becoming unsustainable because of mining, while there are many examples of reindeer herding and mining coexisting; commercial agreements are made, parties benefit, as do wider stakeholder groups from the ensuing economic development.

On the basis that all the evidence shows that mining and reindeer herding could coexist at Kallak, then there would be no threat to the OUVs of Lapponia.