



Riddarhyttan Resources AB

PRESS RELEASE

April 11, 2001

- **New calculation shows a considerable increase in tonnage: 8.3 million tonnes** with 6.1 grams gold per tonne (slightly more than 1.6 million ounces or approximately 50 tonnes of gold).**
- **New aggressive strategy to optimise shareholders value adopted by Riddarhyttan's board.**

New calculation of tonnage and average grade

Riddarhyttan has during late 2000 and early 2001 carried out a comprehensive deep exploration programme on its gold occurrence at Suurikuusikko in Finland. The investigation has primarily been concentrated on the Main occurrence and the South-western occurrence. The aim of the exploration during year 200 was to increase the tonnage to 7.0 million tonnes with approximately 6.0 grams gold per tonne (see the annual report for 1999). The results of the deep exploration programme have now been included in a new tonnage and grade calculation carried out by Micon International Ltd.

The tonnage of the Main occurrence, the South-western occurrence and the South-eastern occurrence has, at a cut-off of one gram gold per tonne, increased to 7.5 million tonnes** with an average grade of 6.3 grams gold per tonne (see table). Since no further drilling has been made at N. Rouravaara (approximately one kilometre north of the Main occurrence) the tonnage of this occurrence is the same as in previous calculation (0.74 million tonnes** with 4.0 grams gold per tonne).

The total tonnage of the four occurrences now amounts to 8.3 million tonnes with 6.1 grams gold per tonne (4.9 million tonnes of indicated resources holding 6.8 grams gold per tonne and 3.4 million tonnes of inferred resources holding 5.2 grams gold per tonne). This corresponds to slightly more than 1.6 million ounces or slightly more than 50 tonnes of gold. Since the distance between the deeper drill holes is larger than the distance between the more shallow holes the additional contribution has primarily been classified as inferred resources.**

At a cut-off of two grams gold per tonne, the tonnage of the Main, the South-western and the South-eastern occurrences amounts to 7.3 million tonnes** with 6.5 grams gold per tonne (see table). Including the N. Rouravaara occurrence in the calculation yields a tonnage of 7.9 million tonnes with an average gold grade of 6.3 grams per tonne (corresponding to 1.6 million ounces or approximately 50 tonnes of gold). Of this, 4.6 million tonnes are indicated resources with 7.0 grams gold per tonne and 3.3 million tonnes are inferred resources with 5.3 grams gold per tonne.

At a cut-off of five grams gold per tonne, the tonnage of the Main, the South-western and the South-eastern occurrences amounts to 4.2 million tonnes** with 8.7 grams gold per tonne (2.7 million tonnes of indicated resources with 9.3 grams gold per tonne and 1.5 million tonnes of inferred resources with 7.6 grams gold per tonne). A calculation of the tonnage at N. Rouravaara using a 5 gram cut-off has not been made.

As a result of the exploration the tonnage in the Suurikuusikko area has been considerably increased since the previously presented calculation which encompassed results of core drilling up until August/September 2000. The calculation then showed that the Main, the South-western and the South-eastern occurrences together held 5.3 million tonnes* with 6.3 grams gold per tonne at a cut-off of one gram gold per tonne. If instead a cut-off of two grams gold per tonne was applied the tonnage amounted to 5.0 million tonnes* with 6.5 grams gold per tonne.

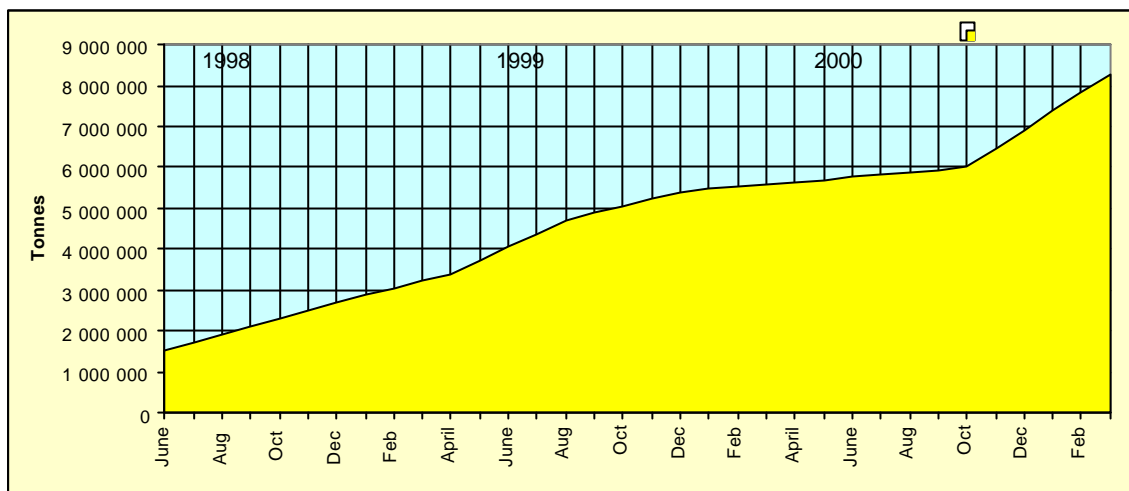
* Primarily "indicated resources".

** "Indicated" and "inferred resources".

1 ounce = 31.1 grams

During the autumn of 2000 Micon International also carried out a calculation of the tonnage at Northern Rouravaara. At a cut-off of one gram per tonne, this occurrence held 745,000 tonnes** with 4.0 grams gold per tonne while the tonnage at a two gram cut-off amounted to 657,000 tonnes** with 4.4 grams gold per tonne.

Consequently the earlier presented calculations showed a total tonnage of the four occurrences at 6.0 million tonnes* with 6.0 grams gold per tonne at a cut-off of one gram per tonne or 5.7 million tonnes* with 6.3 grams per tonne at a cut-off of two grams gold per tonne.



The tonnage in the Suurikuusikko area has, from June 1998 until April 2001, increased from 1.5 million tonnes with 5.9 grams gold per tonne to 8.3 million tonnes with 6.1 grams gold per tonne (indicated and inferred resources at a cut-off of one gram gold per tonne).

The strategy of Riddarhyttan

In principle there are four factors which influence the value of the gold occurrences in the Suurikuusikko area:

- Mineable tonnage and average grade of gold (extractable ounces in the occurrences).
- Potential to discover further mineable tonnage.
- Level of cost to mine and extract the gold.
- Gold price.

For the more share-oriented investor in Riddarhyttan it could be presented in the following simplified manner:

Riddarhyttan holds a large amount of options in gold (extractable ounces of gold). The value of those options is predominantly determined by:

- Striking price of the options, i.e. the total cost to mine and extract one ounce of gold.
- The number of options held by the company, which is determined by the number of identified ounces in the occurrences.
- Development of the gold price.

In the light of this, the board of Riddarhyttan has decided to adopt a strategy, which it judges as being optimal to increase shareholder value in the company. The strategy is, by means of continued exploration, to further increase the amount of mineable ounces, i.e. to increase the number of options in gold. The board estimates that the cost to increase the identified amount of gold with one ounce (so far approximately US\$ 4 per ounce) is considerably lower than the market value of an ounce (= the market value of the option). Thus the goal set up by the board is to locate in the order of 3 million ounce of gold in the Suurikuusikko area with maintained potential for further new discoveries.

By increasing the mineable tonnage (with unaltered grade of gold) optimal large scale production advantages are obtained, which reduces the costs for mining and extraction per ounce of gold. In other words, the striking price of the option is reduced.

By increasing the number of options and reducing the striking price, given consideration to the risk, an optimal value of the company is achieved. For this reason, among others, it is important for shareholders to closely follow the development of the tonnage and the gold price in order to determine the value of Riddarhyttan.

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Chances are good to increase the tonnage

Riddarhyttan is today in an interesting position with the option to either realise its assets by starting to mine at today's gold price and based on the current knowledge of tonnage, or to optimise the value which the company believes that exists in and outside the Suurikuusikko area through continued exploration.

The company's exploration in the Suurikuusikko area has been highly successful. When Riddarhyttan won the bidding and took over the occurrence from the Finnish government in early 1998, the tonnage was calculated to 1.5 million tonnes* with 5.9 grams gold per tonne (approximately 285,000 ounces corresponding to 8.85 tonnes of gold). After intense exploration efforts the tonnage** has successively been increased to almost 8.3 million tonnes with 6.1 grams gold per tonne (slightly more than 1.6 million ounces which corresponds to approximately 50 tonnes of gold).

Despite the comprehensive exploration only a small part of the known gold-bearing shear zone has so far been investigated by detailed core drilling. Since gold exists in conjunction to the shear zone within all of the investigated area, the chances to discover further mineralisations in the extension of the shear zone outside of this area are believed to be good. It should also be noted that all the occurrences known today are opened towards depth and thus the tonnage is likely to be larger than what has been calculated from available drilling results.

The investigations carried out by the company have, apart from increasing the tonnage, also resulted in the establishment of a geological model.

During 2001 Riddarhyttan has also commenced the investigation of a number of shear zones outside the actual Suurikuusikko area but within the reservations made by the company. By applying the geological model on those shear zones, the chance of making further discoveries is likely to increase. Earlier exploration by the Geological Survey of Finland (GTK), as well as the exploration which the company has now commenced, shows that there are gold mineralisations in conjunction to those zones.

To sum up, it is our judgement that there are good chances to discover further occurrences and in that way increase the tonnage both within and in the vicinity of the Suurikuusikko area. Thus the exploration will continue. The aim is to increase the tonnage to somewhere between 14 and 15 million tonnes (corresponding to approximately 3.0 million ounces of gold).

Increased tonnage gives lower costs per ounce (striking price)

An increased tonnage (with unchanged grade of gold) results in lower mining and processing cost per ounce of gold. This is mainly due to the fact that fixed costs can be spread on a larger tonnage, but also because cheaper production methods can be employed. Lower costs in turn mean that a lower cut-off can be used which results in an increased tonnage since less rich mineralisations become mineable and contribute to a better total economy of the project.

The total tonnage** which Riddarhyttan currently can present for the Suurikuusikko area makes this to one of the largest gold occurrences in Europe. If the aim of the board can be achieved the gold occurrences in the Suurikuusikko area will reach world class status which from all aspects will strengthen the position of the company.

The gold price

The value of Riddarhyttan's options in gold is also determined by the gold price, which from an historical perspective is on a very low level. Of course Riddarhyttan has no means of influencing the gold price. However, it is the view of the company that the price has a good chance of increasing. There are many reasons for this, among others the fact that the total demand of gold is considerably larger than the production of new gold. This gap has so far been controlled partly by lending of gold from some central banks.

The gold on loan has, among other uses, gone to financial actors who have sold it on the avista market. The funds from this have as an example been used to buy treasury bonds, with a higher rate of return than the cost of the loan. The reduction of the gold price has not made the calculation less attractive. The lending of the gold has been a way for some central banks to get a return on their gold reserves. However, lately those lending interests rates have tended to increase which for the financial actors make the above calculation less attractive. An increasing gold price would make the calculation even more dangerous. From this point of view the judgement is that actors who have sold gold on speculation should become better motivated to buy it back. Since the fundamental lack of balance between new production and demand for gold remains the same it could become extra hard to buy back the sold gold. This is particularly likely since it is by many estimated that the amount of lent and sold gold is considerable.

It is the company's opinion that the above factors together with many others (e.g. the increased demand from the jewellery industry) will result in an increasing trend in the price of gold. The size and the time frame will be shown in the future. For the sake of clarity it should be repeated that this opinion is the judgement of the board and nothing else.

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Table 1.

The tonnage of the Main, South-western, South-eastern (Suurikuusikko) and N. Rouravaara occurrences at a cut-off of one gram gold per tonne (Micon International Ltd.).

| Classification | Suurikuusikko | | | N. Rouravaara | | | Total | | |
|----------------------|---------------|-------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|
| | Tonnage (t) | Grade (g/t) | Ounces Gold | Tonnage (t) | Grade (g/t) | Ounces Gold | Tonnage (t) | Grade (g/t) | Ounces Gold |
| "Indicated" | 4434 000 | 7,0 | | 423000 | 4,4 | | 4857000 | 6,8 | |
| "Inferred" | 3113 000 | 5,4 | | 321000 | 3,5 | | 3434000 | 5,2 | |
| Indicated + Inferred | 7547000 | 6,3 | 1536000 | 744000 | 4,0 | 96000 | 8291000 | 6,1 | 1632000 |
| "Unclassified" | 560000 | 1,5 | 27000 | | | | | | |

Table 2.

The tonnage of the Main, South-western, South-eastern (Suurikuusikko) and N. Rouravaara occurrences at a cut-off of two grams gold per tonne (Micon International Ltd.).

| Classification | Suurikuusikko | | | N. Rouravaara | | | Total | | |
|----------------------|---------------|-------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|
| | Tonnage (t) | Grade (g/t) | Ounces Gold | Tonnage (t) | Grade (g/t) | Ounces Gold | Tonnage (t) | Grade (g/t) | Ounces Gold |
| "Indicated" | 4259000 | 7,2 | | 369000 | 4,8 | | 4628000 | 7,0 | |
| "Inferred" | 3006000 | 5,5 | | 287000 | 3,7 | | 3293000 | 5,3 | |
| Indicated + Inferred | 7265000 | 6,5 | 1521000 | 656000 | 4,3 | 91000 | 7921000 | 6,3 | 1612000 |
| "Unclassified" | 82000 | 2,3 | 6000 | | | | | | |

Table 3.

The tonnage of the Main, South-western and South-eastern (Suurikuusikko) occurrences at a cut-off of five grams gold per tonne (Micon International Ltd.).

| Classification | Tonnage (t) | Grade (g/t) | Ounces Gold |
|----------------------|-------------|-------------|-------------|
| "Indicated" | 2712000 | 9,3 | |
| "Inferred" | 1509000 | 7,6 | |
| Indicated + Inferred | 4221000 | 8,7 | 1181000 |

Riddarhyttan AB is an exploration company with occurrences of base and precious metals in the Nordic region of Europe. The primary business idea is, by means of exploration and acquisition, to acquire new occurrences, which through detailed exploration can be advanced to economic resources. In excess of 50 tonnes of gold have been identified at the Suurikuusikko gold deposit (Finland) which is Riddarhyttan's most advanced project.

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