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US\$502 million value increase to the Rönnebäcken Nickel Project together with a 25% cash cost reduction provided by high-grade magnetite iron concentrate by-product

IGE Resources AB (OSE: IGE) is pleased to announce the preliminary results of recent metallurgical test-work which has yielded a high-grade magnetite iron concentrate by-product from nickel flotation tailings. The magnetite by-product revenues raise the pre-tax Net Present Value (NPV) of the Rönnebäcken Nickel Project by US\$502 million and reduce the C1 cash cost from \$5.55/lb (US\$12,236/tonne) to \$4.10/lb (US\$9,034 /tonne) of nickel. "This is a major breakthrough for us confirming the attractiveness of the Rönnebäcken Nickel Project, in terms of both strong economics and very competitive operating costs", said Fredric Bratt, CEO of Nickel Mountain Resources AB. "The magnetite concentrate by-product has a substantial effect on the economics of the Rönnebäcken project, at minimal capital investment. Nickel Mountain is able to diversify into a second product of sizeable volume." The Rönnebäcken Nickel Project (the Project) is wholly owned by IGE's subsidiary Nickel Mountain Resources AB (publ) (the Company).

HIGHLIGHTS:

- Metallurgical test-work carried out by Outotec, Non-Ferrous Solutions, Finland in collaboration with GTK (Geological Survey of Finland) achieved a magnetite concentrate grade of 66.4% iron with a recovery of 84%, up from the 62% iron grade reached in previous test-work.
- Based on these preliminary results, and updated market research from Raw Materials Group (RMG), SRK Consulting (Sweden) AB of Skellefteå, Sweden (SRK) has confirmed the positive economics of processing a magnetite concentrate from the tailings of nickel sulphide concentrate production, and has updated the NPV analysis presented in the Preliminary Economic Assessment dated April 2011 to reflect this.
- The impact of the magnetite iron concentrate by-product revenues, is to reduce the Project's LOM C1 cash cost⁽¹⁾ from US\$5.55/lb (US\$12,236/tonne) to US\$4.10/lb (US\$9,034 /tonne) of payable nickel net of by-product credits (mainly from the magnetite iron concentrate and cobalt).
- Pre-tax NPV_{8%} ranges from US\$818 million to US\$2,075 million between nickel prices of US\$9.00/lb (US\$19,800/tonne) to US\$12.00/lb (US\$26,500/tonne) generating an Internal Rate of Return (IRR) and cash flow ranges from 17.6% to 29.7% and from US\$2,951 million to US\$5,747million, respectively.
- The estimated start-up capital cost for the Project is US\$1,260 million, including working capital, of which \$87 million is for the magnetite concentrate circuit.
- Approximately, 1.53 million tonnes per annum of magnetite iron concentrate are planned to be produced for the life-of mine (LOM).
- According to the Mineral Resource Statement for magnetite in the Preliminary Economic Assessment dated April 2011, there are 555.9 million tonnes of inferred resources in the three deposits at RNP, with a mean grade of 5.59% total iron.
- The Company is aiming to complete an update of the PEA including the magnetite concentrate by-product which will be posted on the Company's website by the middle of November 2011.

⁽¹⁾C1 cash costs include mining, processing, site administration, transportation, smelting and refining, net of by-product credits.

MAGNETITE CONCENTRATE BY-PRODUCT

Preliminary metallurgical test-work by Outotec at GTK's facilities, to investigate the recovery of magnetite from the Rönnebacken nickel flotation tailings, was performed in October 2011 on tailings samples from the mini-pilot plant test-work in March 2010, and has demonstrated that a saleable concentrate can be produced using four stages of low intensity magnetic separation and concentrate regrinding. Magnetite recoveries up to 84% were achieved in to a concentrate containing 66.4% iron. This represents a mass yield of approximately 5% or an annual concentrate tonnage of 1.53 million tonnes from 30 million tonnes of mined ore. The level of chrome impurity was acceptable at around 2%. Further test-work is planned to simplify the process flowsheet, to improve the metallurgical performance, and to further reduce the operating costs. Specific areas requiring further study in the PFS include dewatering, optimization of the particle size (currently less than 20 micron) from a handling and transportation point of view, further reduction of impurities, in particular chrome, which will be evaluated as to the potential for producing a chrome by-product. Further market research will be undertaken.

Table 1: Magnetite iron concentrate XRF assay (dry basis)

Element	%	Element	%	Element	%
Fe	66.4	MgO	3.92	Cr	2.23
P ₂ O ₅	0.077	Mn	0.379	V	0.022
S	0.002	Mo	0.042	Cu	0.009
SiO ₂	2.90	K ₂ O	0.002	Ni	0.58
Al ₂ O ₃	0.23	TiO ₂	0.067	Co	0.042
CaO	0.19	Zn	0.039		

Adding a magnetite concentrate circuit to the current plant configuration is estimated to cost US\$87 million, which together with a \$12 million increase in working capital, raises the start-up capital expenditure for the Project from US\$1,161 to US\$1,260 million.

Revenues from the magnetite iron concentrate are estimated to lower the C1 cash cost to US\$4.10/lb of payable nickel (US\$9,034/tonne) from the US\$5.55/lb of payable nickel(US\$ 12,236/tonne) reported previously in the Preliminary Economic Assessment dated April 2011, which is available on the Company's website (http://www.nickelmountain.se/eng/wp-content/uploads/SE355_R%C3%B6nnb%C3%A4cken-PEA_final1.pdf)

CASH FLOW PROJECTION AND SENSITIVITY ANALYSIS

SRK has constructed a pre-tax, pre-finance Technical Economic Model (TEM) to derive a NPV for the Rönnebacken Nickel Project. SRK's NPV has been derived by the application of Discounted Cash Flow (DCF) techniques to the pre-tax, pre-finance cash flow, using a long-term exchange rate of 8.00 SEK to the US\$.

SRK notes that its economic analysis is partially based on inferred resources and is therefore preliminary in nature. Notably, inferred resources are considered too geologically speculative to be categorized as mineral reserves and there is no certainty that these will be converted to mineral reserves in due course or that the development, production, and economic forecasts on which the TEM is based will be realized. A resource estimate for magnetite is presented in the Preliminary Economic Assessment dated April 2011.

Sensitivity analysis of the Project reflecting various alternative scenarios is presented below. Table 2 presents the prices used in the analysis for the magnetite iron concentrate as recommended by the Raw Materials Group. Sensitivity analysis is based on the magnetite iron concentrate prices from 2017 onwards, corresponding with the generation of by-product revenues from a magnetite iron concentrate. Table 3 presents the Project valuation sensitivity under various nickel price scenarios, using prices from Table 2 for 2017 onwards. Table 4 presents the Project valuation sensitivity under various nickel and iron price scenarios.

Table 2: Magnetite Iron Concentrate Prices 65% Fe FOB Mo i Rana (Norway), \$/ton, dry – Raw Materials Group forecast

		2011	2012	2013	2014	2015	2016	2017	2018-2025
Magnetite price	(US\$/t)	134	134	134	134	119	115	110	104

Table 3: Project valuation sensitivity under different nickel price scenarios

		Nickel Price US\$/lb (US\$/tonne)						
		7 (15,400)	8 (17,600)	9 (19,800)	10 (22,000)	11 (24,300)	12 (26,500)	13 (28,700)
Net pre-tax cash flow	(US\$M)	1,061	2,006	2,951	3,877	4,822	5,747	6,692
NPV (@ 8% discount rate)	(US\$M)	(31)	394	818	1,235	1,659	2,075	2,500
IRR	(%)	7.6	12.9	17.6	21.9	25.9	29.7	33.4
Payback ⁽²⁾	(years)	9.4	6.2	4.8	4.0	3.5	3.1	2.8

⁽²⁾ Payback is based on production years.

Table 4: Project net present valuation sensitivity under different nickel and magnetite price scenarios

Magnetite Price US\$/tonne, FOB	Nickel Price US\$/lb (US\$/tonne)						
	7 (15,400)	8 (17,600)	9 (19,800)	10 (22,000)	11 (24,300)	12 (26,500)	13 (28,700)
100	(81)	343	768	1,184	1,609	2,025	2,449
110	36	460	885	1,301	1,726	2,141	2,566
120	152	577	1,001	1,418	1,842	2,258	2,683
130	269	694	1,118	1,534	1,959	2,375	2,799
140	386	810	1,235	1,651	2,076	2,492	2,916

NEXT STEPS

An updated Preliminary Economic Assessment, presenting these results, will be posted on Nickel Mountain Resources' website at www.nickelmountain.se, by the middle of November.

QUALIFIED PERSONS

Dr. David Pattinson, BSc, MIMMM, CEng. Principal Metallurgist, Dr. Mike Armitage, CGeol FGS, CEng MIMMM, Principal Mining Geologist, and Mr. Johan Bradley, MSc., CGeol FGS, EurGeol, Senior Geologist have reviewed and approved the content of this press release that relates to work undertaken and results produced by SRK.

Dr Pattinson and Dr Armitage are employees of SRK Consulting (UK) Ltd while Mr Bradley is an employee of SRK Consulting (Sweden) AB. All are consultants to Nickel Mountain Resources AB. Messrs Pattinson, Bradley and Armitage are each Qualified Persons in accordance with Canadian National Instrument 43-101 (NI43-101) and consent to the inclusion in the presentation of the matters based on their information in the form and context in which it appears.

Forward-Looking Statement

This press release contains or refers to forward-looking information, including statements regarding estimates and/or assumptions about potential mineralization, potential mineral resources as well as assumptions on operational and permit conditions. This information is based on current expectations that involve a number of business risks and uncertainties. Actual results may vary from the forward-looking information contained herein.

The Company provides this information to shareholders and analysts because they are the key drivers of the business. Readers are cautioned that this information may not be appropriate for other reasons. The Company updates its Forward-looking Information as material information becomes available.

Factors that could cause actual results to differ materially from any forward-looking information include, but are not limited to, the possibility that actual circumstances will differ from the estimates and assumptions used in the potential of the Rönnbäcken Nickel Project, the environmental and social cost of proceeding with any of the projects, uncertainty relating to the availability and costs of financing needed in the future, general business and economic conditions, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects, changes in legislation governing emissions into the air and water, waste, and the impact of future legislation and regulations on expenses, capital expenditures and taxation and other risks involved in the mineral exploration and development industry. When used in this press release, words such as "schedule", "could", "plan", "anticipate", "estimate", "expect", "believe", "intend", "may" and similar expressions are forward-looking information.

This forward-looking Information represents the views as of the date of this press release. The company anticipates that subsequent events and developments may cause its views to change.

For more specific information with regard to Nickel Mountain and this press-release, please contact:

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IGE Resources AB (publ), is a Scandinavian company mainly focusing on diamond exploration and production in Southern Africa. IGE's portfolio also includes one of Scandinavia's largest nickel projects and gold exploration projects in Kenya. IGE is headquartered in Stockholm, and its shares are listed on the Oslo Stock Exchange (ticker: IGE). Please refer to www.ige.se for more detailed information!