

14 November 2011

Updated PEA shows an estimated net present value of US\$1,045 million for the Rönnbäcken Nickel Project and a further cash cost reduction of 13%.

IGE Resources AB (OSE: IGE) is pleased to announce the completion of an updated Preliminary Economic Assessment (PEA) for the Rönnbäcken Nickel Project, incorporating a high-grade magnetite iron concentrate by-product from nickel flotation tailings. The update of the PEA includes additional results to those reported in the press release of October 11, 2011. A higher magnetite recovery of 90% along with reduced magnetite processing costs have raised the estimated pre-tax Net Present Value (NPV) of the Rönnbäcken Nickel Project by US\$226 million to US\$1,045 million at SRK's base case nickel price of a \$9.00/lb (US\$19,800/tonne), and reduced the C1 cash cost from \$4.10/lb (US\$9,034/tonne) to \$3.55/lb (US\$7,826/tonne) of nickel.

Fredric Bratt, CEO of Nickel Mountain Resources AB (publ) commented, "We now have an estimated cash operating cost which would place us below the average of the nickel industry. At a cost of \$3.55/lb, the Rönnbäcken project will be competitive throughout the nickel price cycle."

The update of the Preliminary Economic Assessment was prepared by SRK Consulting (Sweden) AB of Skellefteå, Sweden (SRK) on behalf of Nickel Mountain Resources AB (the Company). The Preliminary Economic Assessment is considered by SRK to conform to the Canadian regulations of National Instrument 43-101 Standards of Disclosure for Mineral Projects.

HIGHLIGHTS:

- Average annualized production of 26,000 tonnes of contained nickel and 730 tonnes of contained cobalt in concentrate and 1.6 million tonnes of magnetite concentrate for life of mine, based on an annual feed throughput of 30 million tonnes.
- The Mineral Resource for the Project as a whole includes a total of Measured and Indicated Mineral Resources of 573.9 Mt with an average total nickel content of 0.174% of which 0.097% is nickel in sulphide (Ni-AC) and 5.66% Fe; and Inferred Mineral Resources of 93.2 Mt with an average total nickel content of 0.177% of which 0.103% is nickel in sulphide (Ni-AC) and 5.55% Fe.
- Measured and Indicated Mineral Resources account for 86% of the resource estimate for the Project as a whole.
- The Project's low strip ratio is very favourable at 0.72:1 (waste tonnes:ore tonnes).
- An improved recovery of 90% for the magnetite iron concentrate by-product along with lower magnetite processing costs have reduced the Project's LOM C1 cash cost⁽¹⁾ from US\$4.10/lb (US\$9,034/tonne) to US\$3.55/lb (US\$7,826/tonne) of payable nickel net of by-product credits (from the magnetite iron concentrate and cobalt).
- In total, the C1 cash cost of \$3.55/lb (US\$7,826/tonne) of payable nickel net of by-product credits represents a decrease of 36% from the US\$5.55/lb (US\$12,236/tonne) of payable nickel net of by-product credits cash cost reported in the PEA dated April 2011.
- The pre-tax NPV_{8%} derived by SRK ranges from US\$1,045 million to US\$2,301 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 19.9% to 31.6% and from US\$3,467 million to US\$6,264 million, 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.

⁽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 Rönnebäcken 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 six stages of low intensity magnetic separation and concentrate regrinding. Magnetite recoveries up to 90.3% were achieved in to a concentrate containing 66.2% iron. This represents a mass yield of 5 to 6 % or an annual concentrate tonnage of 1.6 million tonnes from 30 million tonnes of mined ore. The level of chrome impurity was acceptable at around 2.2%. 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. The need for a pelletizing facility will be part of the evaluation and could further add to operating and capital expenditures.

Adding a magnetite concentrate circuit to the current plant configuration is estimated to cost US\$87 million, which together with a US\$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\$3.55/lb of payable nickel (US\$7,826/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 Rönnebäcken 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 mineral 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 sensitivity analysis of the Project reflecting various alternative scenarios is presented below. Table 1 presents the prices used in the analysis for the magnetite iron concentrate as recommended by the Raw Materials Group. The 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 2 presents the Project valuation sensitivity under various nickel price scenarios, using prices from Table 1 for 2017 onwards. Table 3 presents the Project valuation sensitivity under various nickel and iron price scenarios.

Table 1: 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 2: Project valuation sensitivity under different nickel price scenarios⁽³⁾

		Nickel Price US\$/lb (US\$/tonne)						
		Base Case						
		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)	1,577	2,522	3,467	4,393	5,338	6,264	7,208
NPV (@ 8% discount rate)	(US\$M)	195	620	1,045	1,461	1,885	2,301	2,726
IRR	(%)	10.5	15.4	19.9	24.0	27.9	31.6	35.2
Payback ⁽²⁾	(years)	7.5	5.4	4.4	3.8	3.3	3.0	2.7

⁽²⁾ Payback is based on production years.

⁽³⁾ Magnetite prices are as shown in Table 1, 2017: \$110/t; 2018-2036: \$104/t.

Table 3: Project net present valuation⁽⁴⁾ sensitivity under different nickel and magnetite price scenarios

		Nickel Price US\$/lb (US\$/tonne)						
Magnetite Price US\$/tonne, FOB		7	8	9	10	11	12	13
		(15,400)	(17,600)	(19,800)	(22,000)	(24,300)	(26,500)	(28,700)
100	(US\$M)	141	566	991	1,407	1,831	2,247	2,672
110	(US\$M)	266	691	1,116	1,532	1,956	2,372	2,797
120	(US\$M)	391	816	1,241	1,657	2,081	2,497	2,922
130	(US\$M)	516	941	1,366	1,782	2,207	2,622	3,047
140	(US\$M)	641	1,066	1,491	1,907	2,332	2,747	3,172

⁽⁴⁾ Assuming an 8% discount rate.

The updated Preliminary Economic Assessment presenting these results will be posted on Nickel Mountain Resources' website at www.nickelmountain.se by the end 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:

Fredric Bratt
CEO Nickel Mountain Resources AB
Phone: +46 8 402 28 00 / Mobile: +46 762 35 32 60
E-mail: fredric.bratt@nickelmountain.se

For general information with regard to IGE Resources, please contact:

Thomas Carlsson
CFO and acting CEO, IGE Resources AB
Phone: +46 8 402 28 00 / Mobile: +46 70 552 26 22
E-mail: thomas.carlsson@ige.se

IGE Resources AB (publ) is a Scandinavian asset management and development company within natural resources. IGE's portfolio currently consists of several diamond exploration and production assets in Southern Africa and Nickel Mountain Resources AB (publ) owning Scandinavia's largest nickel deposit. 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.