Annual Report 2011 IGE Resources AB

Annual report IGE Resources AB (publ) 2011-01-01—2011-12-31

Contents:

All figures are presented in (TSEK) SEK Thousand unless otherwise specified.

Administrative Report

The Board of Directors and the Chief Executive Director of IGE Resources AB (publ) (IGE or the Company), Swedish corporate identification number 556227-8043, domiciled in Stockholm, hereby submit the annual accounts and the Parent Company accounts for the financial year January 1st 2011 to December 31st 2011.

Activities

IGE Resources AB (publ) is a company listed on the Oslo Stock Exchange. Its activities are mineral exploration and mining, the Company holds concessions, shares and parts of other exploration companies. The Parent Company and its subsidiaries are active in Congo (DRC), South Africa, Kenya and Sweden.

Group relationship

IGE has two wholly-owned subsidiaries. These are:

IGE Diamond AB, corp. id no: 556668-1630, domiciled in Stockholm
IGE Kenya Ltd, corp. id no: 27481, domiciled in Nairobi, Kenya.

IGE has one partly-owned subsidiary, which is:

Nickel Mountain Resources AB (publ) (former IGE Nordic AB), corp. id no: 556493-3199, domiciled in Stockholm (99.6 percent held by IGE). See also note 34 regarding IGE's indirect holdings.

Summary of operations and key events during 2011

The Group

- IGE executed a reversed share split during the fourth quarter as a result of a decision made by the extraordinary General Meeting in IGE Resources AB held in November 2011. The reversed split resulted in that 80 old shares became 1 new share. The total number of outstanding shares was reduced from 4,154,268,000 to 51,928,350. The last day for trading in IGE shares on the Oslo Stock Exchange before the reverse share split was the 7th of December 2011. The first day for trading in IGE shares after the reverse share split, with a share price multiplied by 80, was the 8th of December 2011.

- IGE completed a rights issue at the end of the second quarter 2011. The rights issue directed towards IGE's existing shareholders was 30 per cent oversubscribed. As a result of the offering, IGE Resources issued a total of 2,346,847,646 new shares, bringing the number of shares to 4,152,466,456. Gross proceeds from the share issue amounted to NOK 46.9 million.

- CEO Tomas Fellbom resigned by the end of the first quarter 2011. The Company's CFO Thomas Carlsson was appointed acting CEO until a new permanent CEO for IGE Resources is appointed.

- IGE cuts costs and moves forward with caution. The revised strategy including withdrawal from Angola and cost reduction programme significantly reduced IGE's operating costs during 2011 compared to the previous year. IGE enjoys a reduced cost base and will in the near term focus on moving forward with its Bakerville, South Africa diamond project, including further exploring promising structures in the license and bringing a partner into the project in order to finance the development of the diamond resource.

Diamond

- IGE granted diamond mining right in South Africa. IGE announced in the beginning of 2011 that the Company has been granted the mining right for its Bakerville diamond project in South Africa.

- IGE entered into a contract mining agreement with Frontier Mining of South Africa for its Bakerville diamond mine in South Africa in September 2011. The agreement enabled IGE to ramp up the Bakerville mine operation towards diamond production and cash flow generation without further investment from IGE. The contract implies that Frontier took over and continued the ongoing bulk sampling operations of the underlying geological formations (potholes) alongside ore dressing studies to finalise design for large scale processing plants to tackle both potholes and surface deposits. IGE maintains the current ownership structure of the Bakerville mineral rights, while Frontier provides the necessary equipment and personnel and operates the mine. Previous capex estimations amounted to approximately USD 10 million. Net profits from the Bakerville diamond sales will be divided 50/50 between IGE's local subsidiary and Frontier.

- IGE initiates withdrawal from its Luxinge diamond project. IGE announced that the Company decided to withdraw from its alluvial diamond project, Luxinge in Angola. The reasons behind the decision were that diamond recoveries and grades since the June 2010 granting of the Luxinge mining permit did not match the expectations established by the earlier bulk sampling results. An external audit initiated by IGE, identified on-site operational inefficiencies and procedural shortcomings which would require significant restructuring and thus add further complexity to any decision to continue subsidising operations. IGE also expressed an opinion that the partner model and its administrative requirements challenged the viability of the project.

- IGE decided to put the Cassanguidi diamond project on hold. IGE announced during the second quarter that the Company, following inconclusive negotiations with a third party, that the company has decided to put further financing of the Cassanguidi diamond mine in Angola on hold. Insufficient financing for major equipment replacement has caused persistent operational interruptions, which seriously damaged the projects ability to generate revenues. IGE decided that it was not prepared to increase its financial exposure in the project. The withdrawal form Cassanguidi diamond mine resulted in a SEK 145 million impairment loss for IGE in its first quarter report.

Nickel

- IGE announced 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.

- IGE announced an US$502 million value increase to the Rönnbäcken Nickel Project with a 25% cash cost reduction provided by high-grade magnetite iron concentrate by-product. IGE announced 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 Rönnbäcken 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. The new Pre-tax NPV8% 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.

- IGE decided to pursue a Toronto listing for the Rönnbäcken Nickel Project during the 1st Quarter of 2011. The Board meant that a Toronto listing provides the best opportunity to obtain necessary financing for the next steps of Rönnbäcken's development and also represents a professional and transparent valuation of the project. The planned IPO was based on that IGE should remain in control of Rönnbäcken and that it would enable the Company to choose the optimal industrial partner for the project at a later stage.

- Nickel Mountain Resources IPO Withdrawn. IGE announced during the second quarter that the contemplated Initial Public Offering of its subsidiary Nickel Mountain Resources AB was withdrawn. The uncertainty and the weakness in the financial markets caused the decision.

Five-year summary

	Unit	**2011**	**2010**	**2009**	**2008**	**2007**
Revenue from sales	*TSEK*	5,848	20,909	-	-	-
Other income	*TSEK*	-	143	16,042	8,404	-
Operating result	*TSEK*	-62 531	-149,987	-39,190	-92,573	-55,730
Result for the period after tax	*TSEK*	-185 944	-477,330	-44,858	-98,311	-58,986
Result per share before and after dilution	*SEK*	-0,06	-0.35	-0.08	-0.27	-0.18
Balance sheet total	*TSEK*	345 652	541,332	319,648	279,275	263,699
Equity per share before and after dilution	*SEK*	5,11	0.22	0.37	0.56	0.72
Equity ratio	*%*	76,8	73.0	93.3	84.3	92.9
Price per share at the end of reporting period	*SEK*	1,66	0.22	0.58	0.65	2.34

* A reversed split of 80:1 was executed on the 7th of December. 80 old shares became one new with the first trading day of 8th December.

Net result amounted to SEK -185.9 (-477.3) million and was mainly affected by impairment losses on intangible assets. On December 31, 2011 cash and bank amounted to 11.0 MSEK (40.2) and shareholders' equity to 265.4 MSEK (395.4).

Environment

The company follows a policy of efficient, environmentally friendly energy, land and material utilization within all of the company's areas of operation. The primary effects on the environment of IGE's operations are land and energy utilization, as well as waste management. The company does currently not conduct operations that require environmental permits. However, there is a broad scope of environmental legislation and regulations in Sweden that the company must adhere to.

Going Concern

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for mineral property interests is dependant upon completion of the acquisition of the mineral property interests, the discovery of economically recoverable resources and reserves, confirmation of the Company's interest in the underlying mineral claims (exploration permits and exploitation concessions), the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such property at a profit.

Changes in future conditions could require material write-downs of the carrying values of mineral properties. Although the Company has taken steps to verify title to the property on which it is conducting exploration and in which it is acquiring an interest, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, native claims, and noncompliance with regulatory requirements. The accompanying financial statements have been prepared using accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Company's ability to continue as a going concern as described in the following paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and balance sheet classifications that would be necessary were the going concern assumption not appropriate. These adjustments could be material.

In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its existing commitments for exploration and development programs and pay general and administration costs. Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new debt or equity instruments, expenditures reductions and/or the introduction of joint venture partners and/or business combinations. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements.

IGE Resources' future development will depend on access to long term funding. There is no assurance that the Company may not experience net cash flow shortfalls exceeding the Company's available funding sources, nor can it be assured that the Company will be able to raise new equity or arrange borrowing facilities on favourable terms and in the amount necessary to conduct its ongoing and future operations, should this be required.

Currency risk

Currency risk refers to the risk that the value of a financial instrument may shift as a result of changes in currencies conversion rates. The Company's accounts are held in Swedish krone ("SEK"). Additionally, the Company conducts operations in other countries but most of the conduct of business is restricted to US Dollar. This foreign exchange exposure may affect the Company's results and the amount of liquid assets, since conversion exposures are not hedged.

Other risks

There are several potential risks within this industry and the company's area of operations that could significantly impact the company's ability to achieve its stated goals regarding development and production of its mineral assets. The most significant risks and uncertainties are described in note 2 to these financial statements.

Ownership structure

IGE had 7,800 (8,000) registered shareholders on 31st December 2011. Approximately 99 per cent (98) of the shares were owned by shareholders in the Norwegian securities registration system, VPS. The remaining 1 percent (2) was registered in the Swedish securities registration system Euroclear. The five biggest single shareholders represent 11.9 per cent (14.2%) of the share capital. See note 25 for additional information.

IGE's biggest owners as per 31st of December 2011

	Percentage of capital and votes
JP Morgan Chase Bank	6,61%
Avanza Bank	1,52%
Nordnet Bank AB	1,34%
HT Investments AB	1,31%
Clearstream Banking	1,15%
Total	**11,93%**

Share capital

There are a total of 51,928,350 IGE shares. Every share has a nominal value of SEK 0.25 and the share capital totals SEK 12,982,088. IGE's share capital comprises a class of share in which every share has the same voting power and grants the same entitlement to dividends. There are no limitations with regard to the number of votes that a shareholder can exercise at General Meetings of the company's shareholders. The IGE Articles of Association contain no provision restricting the right to transfer shares. IGE is unaware of any agreement between shareholders that may entail restrictions on the right to transfer shares in the company. IGE is not party to any significant agreement affected by any public buyout offer. IGE has no shareholders who, either directly or indirectly, represent at least one tenth of the total number of votes for all shares.

Corporate governance report

The Company has established a corporate governance report separated from the Annual report. See enclosure on page 52 for the IGE's corporate governance report.

Personnel

Average number of employees amounted to 101 during 2011 (previous year 188). For more information about personnel, see note 6.

Investments

Gross investments during 2011 amounted to 21,580 TSEK (636,512 TSEK). The investments are attributable to the development of the mineral assets of the Group, the main part during 2011 is referable to the Rönnbäcken Nickel project.

Events after the reporting date

- IGE announced a significant upgrade of Mineral Resources at the Rönnbäcken Nickel Project. The latest Mineral Resource Estimate incorporates down-dip extension drilling at the Rönnbäcknäset deposit and has resulted in a conversion of 86.5 million tonnes (Mt) from the Inferred to the Indicated category. Further, an additional 8 Mt of Indicated plus 12 Mt of Inferred were defined at Rönnbäcknäset as a result of this drilling campaign. SRK Consulting (Sweden) AB (SRK) prepared the Mineral Resource Statement on behalf of Nickel Mountain Resources AB (publ) (the Company), who wholly own the Project. Notably, for the Project as a whole, 97% of Mineral Resources now lie in the Measured and Indicated categories, a total of 668.3 Mt.

- IGE announced a concluded cash sale of non core assets and declaration of Longatshimo (in Congo DRC) purchaser in default. The Company announced that in line with its strategy has disposed two of its non core assets, the Turkana gold licence in Kenya and remaining 10% of the Solvik Gold project in Sweden,for a total payment of US$400,000. Furthermore, the Company has terminated the disposal of its Longatshimo River diamond project in the Democratic Republic of Congo as a result of the purchaser's breach of the contract.

- IGE announced that a fully underwritten rights issue was secured by the Company. The Company announced beginning of March that the Board has decided to carry out a fully underwritten rights issue in IGE of 129,820,875 shares with preferential rights. The share issue will result in gross cash proceeds to IGE of approximately NOK 97 million. The rights issue is fully underwritten by Waterton Global Value, L.P.

- IGE announce the completion of the approximately NOK 97 million gross proceeds underwritten rights issue in IGE, resulting in that the Pre-Feasibility Study for Nickel Mountain Resources AB's Rönnbäcken Nickel Project is fully financed. IGE has working capital for further strategic and structural corporate development. IGE has a new value-driven, cornerstone owner and strategic partner with cutting-edge industrial and financial knowledge, experience, and capacity. The Board of Directors of IGE approved the results of the share offering completed on 30th March 2012. 75,820,875 shares were subscribed for and a furthermore 54,000,000 shares were allotted to, and subscribed for, by Waterton Global Value, L.P. As a result, IGE will issue a total of 129,820,875 new shares, bringing the total number of shares outstanding to 181,749,225.

AGM's resolution on remuneration guidelines for management personnel

At the AGM held on the 6th of May 2010, the following resolution was made regarding guidelines for the remuneration of those in management personnel. The below guidelines are in force until the AGM of 2012.

General
IGE shall have a level of remuneration and employment benefits necessary to recruit and retain a management of high competence and sufficient capacity to reach its set goals, and shall also consider the level of competence of the individual manager. Market value, in other words, is the guiding principle in setting salary and other remuneration for management personnel in IGE.

Fixed salary
The basic remuneration of management personnel is a fixed salary based on the market, which is determined on an individual basis according to the criteria above, and the special skills of the person.

Retirement benefits
Retirement benefits for management shall be determined based on the market for equivalent positions, and are adjusted according to the special skills of the person. The retirement benefits shall, if possible, be a defined contribution retirement plan.

Non-monetary benefits
Non-monetary benefits (e.g. cell phone and computer) for management personnel shall assist in the work performance, and shall be consistent with customary benefits in the market.
Termination compensation and severance salary
Termination compensation and severance salary shall in no case exceed twelve months' salary.

Non-fixed salary
Non-fixed salary arrangements shall be available, in addition to fixed-salary arrangements, in certain situations. This type of compensation shall be clearly related to specific set goals, based on simple and transparent constructions.

In those cases where non-fixed salary to key management personnel is agreed, the salary shall be determined based on (a) achieving previously set goals on a group and individual level which are related to management and production results, as well as the financial development of the Company, and (b) taking into consideration the individual's personal development.

The non-fixed salary shall always be limited to a certain maximum which is a specified part of the individual's annual salary. The maximum variable remuneration shall not exceed 25 per cent of the fixed annual salary for the CEO.

All matters relating to share benefit programs shall be decided upon by the Annual General Meeting.

Positions covered under these guidelines
The guidelines shall cover the Managing Director and other positions which are part of the group management.

Exception from the guidelines in special cases
The Board has the right to make exceptions from the guidelines in individual cases where there are special reasons to do so. The Board of Directors proposes that the guidelines remain unchanged until the AGM that will be held in 2012. For more information about remunerations of the year see note 6.

Parent Company's result and financial position

Net result amounted to SEK -127.0 (-503.5) million and was mainly affected by impairment losses from shares in associated companies. On December 31, 2011 cash and bank amounted to 9.3 MSEK (32.3) and shareholders' equity to 346.6 MSEK (428.0).

Proposed allocation of the company's result (SEK)

At the disposal of the annual general meeting is:

Share premium reserve	839,412,245
Retained earnings	-622,514,907
Result for the year	-127,021,258
Total non restricted equity	89,876,080

The Board of Directors recommend the following allocation:

Retained earnings brought forward: 89,876,080.

Regarding the company's result and overall financial position, please refer to the statement of comprehensive income and statement of financial position that are included in this report.

Consolidated statement of comprehensive loss

(In Thousands of Swedish Kronor)	Notes	2011	2010
Revenue from sales	4	5,848	20,909
Other operating income	5	-	143
Work performed by the entity and capitalized	6	629	18,331
Other external expenses	8,9	-43,176	-61,644
Personnel expenses	6,7	-25,559	-61,841
Results from equity accounted participations	11	-273	-15,887
Other operating expenses	12	-	-49,998
Operating result before depreciation and impairment losses		**-62,531**	**-149,987**
Depreciation/amortization and impairment loss on property, plant and equipment, intangible assets	13	-168,850	-401,753
Operating result after depreciation and impairment losses		-231,381	-551,740
Financial revenue	15	900	3,255
Financial expenses	15	-5,094	-4,741
Total financial items		-4,194	-1,486
Result before tax		**-235,575**	**-553,226**
Income tax	16	49,631	75,896
Result for the period		**-185,944**	**-477,330**
Result for the period attributable to:			
Equity holders of the Parent Company		-181,197	-465,565
Non controlling interest		-4,747	-11,765
Result for the period		**-185,944**	**-477,330**
Result per share before and after dilution SEK		-0.06	-0.35
Average number of shares (Millions)		2,930	1,346

Consolidated – Statement of comprehensive income

	2011	2010
Result for the period	-185,944	-477,330
Other comprehensive income		
Exchange differences during the year	10,315	-9,059
Total other comprehensive income	**-175,629**	**-486,389**
Total comprehensive income for the year attributable to:		
Equity holders of the Parent Company	-170,882	-474,625
Non controlling interest	-4,747	-11,765

Consolidated statement of financial position

(In Thousands of Swedish Kronor)	Notes	31/12/2011	31/12/2010
ASSETS			
Fixed assets			
Intangible fixed assets			
Mineral interests	13	326,991	399,317
Tangible fixed assets			
Plant and machinery	13	1,335	22,369
Mine and other development assets	13	-	55,218
Long-term financial assets			
Participation in equity accounted companies	11	1,433	1,840
Long-term receivables	18	31	112
Total fixed assets		**329,790**	**478,856**
Current Assets			
Inventory	19	-	1,437
Other receivables	20	4,433	20,318
Prepaid expenses	21	452	564
Cash and cash equivalents	22	10,977	40,157
Total current assets		**15,862**	**62,476**
TOTAL ASSETS		**345,652**	**541,332**
EQUITY	23,37		
Equity attributable to equityholders of the parent company			
Share capital		12,982	90,281
Other paid in capital		1,107,044	984,120
Reserves		9,574	-741
Retained earnings and profit for the period		-848,462	-666,480
		281,138	*407,180*
Non controlling interest		-15,727	-11,765
Total equity		**265,411**	**395,415**
Liabilities			
Deferred tax liabilities	25	63,119	112,750
Other provisions	26	2,996	1,884
Long term liabilities			
Convertible loan	27	5,000	5,000
Interest bearing loans and borrowings		-	284
Other long term liabilities		1,276	-
Total long term liabilities		**72,391**	**119,918**
Current liabilities			
Accounts payable	28	3,984	7,537
Interest bearing loans and borrowings	39	-	5,672
Other liabilities	30	352	3,643
Accrued expenses	31	3,514	9,147
Total current liabilities		**7,850**	**25,999**
TOTAL EQUITY AND LIABILITIES		**345,652**	**541,332**
PLEDGED ASSETS	32	**8,431**	**97,357**
CONTINGENT LIABILITIES	32	**-**	**-**

Consolidated statement of changes in equity

(In Thousands of Swedish Kronor)

	Equity related to the shareholders of the parent company						
	Share capital	Other paid in capital	Exchange differences	Retained earnings and profit for the year	Total	Non controlling interest	Total Equity
Balance at 1 January 2010	39,785	451,041	8,318	-200,915	298,229		298,229
Net result for the period				-465,565	-465,565	-11,765	-477,330
Other comprehensive income:							
Exchange differences			-9,059		-9,059		-9,059
Transactions with shareholders:							
Costs referable to fundraising		-7,678			-7,678		-7,678
New share issue	50,496	540,757			591,253		591,253
Closing balance at 31 December 2010	**90,281**	**984,120**	**-741**	**-666,480**	**407,180**	**-11,765**	**395,415**
Balance at 1 January 2011	90,281	984,120	-741	-666,480	407,180	-11,765	395,415
Net result for the period				-181,708	-181,708	-4,236	-185,944
Other comprehensive income:							
Exchange differences			10,315		10,315		10,315
Transactions with shareholders:							
Change of accounting principle related to reporting of non controlling interest				-274	-274	274	0
Bonus issue	46,736	-46,736			0		0
Reduction of share capital without redemption of shares	-241,467	241,467			0		0
Costs referable to fundraising		-9,498			-9,498		-9,498
New share issue	55,123				55,123		55,123
Reallocation of equity from share premium reserve to share capital	62,309	-62,309			0		0
Closing balance at 31 December 2011	**12,982**	**1,107,044**	**9,574**	**-848,462**	**281,138**	**-15,727**	**265,411**

As of the 31st of December 2011 the total number of shares outstanding in the Company amounted to 51,928,350 with a nominal value of 0.25 SEK. Each share represents one vote at the General meetings of shareholders. See note 24 and 39 for additional information related to the Equity of the Company.

The company carried out a reversed split 80:1 as per the 7th of December 2011, resulting in that 80 old shares were consolidated into 1 new share.

Consolidated statement of cash flow

(In Thousands of Swedish Kronor)

	Notes	2011	2010
Cash flow from operations			
Result after financial items*		-235,575	-553,226
Adjustments for items not included in cash flow**		191,107	467,406
Total cash flow from operations before change in working capital		**-44,468**	**-85,820**
Change in working capital			
Change in inventories		1,375	718
Change in receivables		11,448	-4,274
Change in short term liabilities		-17,914	7,862
Total cash flow from operations		**-49,559**	**-81,514**
Cash flow used for investments			
Cash holdings in acquired subsidiary		-	1,922
Sale of associated company		500	-
Purchase of intangible assets	13	-21,580	-59,250
Sale of intangible assets	13	500	2,076
Purchase of tangible assets	13	-	-2,146
Sale of tangible assets	13	-	36
Acquisition of shares in associated companies		-	-51
Total cash flow used for investments		**-20,580**	**-57,413**
Financing activities			
New share issue		45,625	139,428
Raised credits		1,275	5,000
Amortization of debt		-5,956	-6,110
Total cash flow from financing activities		**40,944**	**138,318**
Change in cash and bank		-29,195	-609
Cash and bank at 1 January		40,157	40,807
Currency exchange difference		15	-41
Cash and bank at the end of reporting period		**10,977**	**40,157**

*****Adjustments for items not included in cash flow***		
Depreciations and write-downs of intangible assets	*148,565*	*335,546*
Depreciations and write-downs of tangible assets	*20,327*	*66,207*
Depreciations and write-downs of long term finansial assets	*4,433*	*-*
Exchange gain	*-366*	*-232*
Exchange loss	*16,805*	*-*
Share of loss on equity accounted companies	*231*	*15,887*
Other operating expenses	*-*	*49,998*
Dissolution of provision	*1,112*	*-*
Others	*-*	*-*
Total	***191,107***	***467,406***

*** Financial items**		
Interest received	269	3,171
Paid interest	-52	-1,773

Income statement – Parent Company

(In Thousands of Swedish Kronor)

(TSEK)	Note	2011	2010
Other income	5	-	-
Other external expenses	8.9	-15,879	-13,137
Personnel expenses	6.7	-6,527	-8,575
Depreciation/amortization tangible assets	13	-38	-63
Operating result		**-22,444**	**-21,775**
Result from financial items			
Results from participations in group companies	14	-104,000	-481,336
Income from interest and similar income	15	470	2,136
Cost from interest and similar cost	15	-1,047	-2,493
Total financial items		-104,577	-481,693
Result before tax		**-127,021**	**-503,468**
Income tax	16	0	0
Result for the year		**-127,021**	**-503,468**

Statement of comprehensive income	**2011**	**2010**
Result for the period	-127,021	-503,468
Other comprehensive income	-	-
Total other comprehensive income	-127,021	-503,468

Balance sheet – Parent company

(In Thousands of Swedish Kronor)

(TSEK)	**Note**	**31/12/2011**	**31/12/2010**
ASSETS			
Tangible fixed assets			
Plant and machinery	13	10	48
Long-term financial assets			
Shares in subsidiaries	33	102,635	100,635
Receivables from subsidiaries	34	241,357	299,997
Total fixed assets		**344,002**	**400,680**
Current Assets			
Other receivables	20	149	10,505
Prepaid expenses	21	203	297
Cash and cash equivalents	22	9,315	32,362
Total current assets		**9,667**	**43,164**
TOTAL ASSETS		**353,669**	**443,844**
SHAREHOLDERS EQUITY	23.37		
Restricted equity			
Share capital		12,982	90,281
Statutory reserve		243,767	111,345
Total restricted equity		*256,749*	*201,626*
Non restricted equity			
Share premium reserve		839,412	848,910
Retained earnings		-622,515	-119,047
Result for the year		-127,021	-503,468
Total non restricted equity		*89,876*	*226,395*
Total shareholders equity		**346,625**	**428,021**
Long term liabilities			
Convertible loan	27	5,000	5,000
Total long term liabilities		**5,000**	**5,000**
Current liabilities			
Accounts payable	28	100	1,633
Interest bearing loans and borrowings	29	-	5,672
Other liabilities	30	47	446
Accrued expenses	31	1,897	3,072
Total current liabilities		**2,044**	**10,823**
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		**353,669**	**443,844**
PLEDGED ASSETS	32	**-**	**-**
CONTINGENT LIABILITIES	32	**-**	**-**

Changes in Equity – Parent company

(In Thousands of Swedish Kronor)

(TSEK)	Restricted Equity		Non restricted Equity			
2010	**Share capital**	**Statutory reserve**	**Share premium reserves**	**Retained losses**	**Result for the year**	**Total Equity**
Balance at 1 January 2010	39,785	111,345	315,831	-119,047	-	347,914
Result for the period					-503,468	-503,468
Transactions with shareholders:						
Costs referable to fundraising			-7,678			-7,678
Acquisition of subsidiary	50,496		540,757			591,253
Closing balance at 31 December 2010	**90,281**	**111,345**	**848,910**	**-119,047**	**-503,468**	**428,021**
Balance at 1 January 2011	90,281	111,345	848,910	-119,047	-503,468	428,021
Transfer of prior year's net result				-503,468	503,468	0
Result for the year					-127,021	-127,021
Transactions with shareholders:						
Costs referable to fundraising			-9,498			-9,498
Bonus issue	46,736	-46,736				0
Reduction of share capital without redemption of shares	-241,467	241,467				0
New share issue	55,123					55,123
Reallocation of equity from share premium reserve to share capital	62,309	-62,309				0
Closing balance at 31 December 2011	**12,982**	**243,767**	**839,412**	**-622,515**	**-127,021**	**346,625**

See note 23 and 38 for additional information related to the Equity of the Company.

Cash flow statement – Parent company

(In Thousands of Swedish Kronor)	Jan-Dec 2011	Jan-Dec 2010
Cash flow from operations		
Result after financial items**	-127,021	-503,468
Adjustments for items not included in cash flow*	104,038	483,129
Total cash flow from operations before change in working capital	**-22,983**	**-20,339**
Change in working capital		
Change in receivables	-34,911	-61,604
Change in short-term liabilities	-3,106	-350
Total cash flow from operations	**-61,000**	**-82,293**
Financing activities		
Shareholders´ contribution	-2,000	-15,000
New share issue	45,625	139,428
Expenditure referring to fundraising	-	-
Raised credits	-	5,000
Amortization of debt	-5,673	-15,980
Total cash flow from financing activities	**37,952**	**113,448**
Change in cash and bank	-23,048	31,155
Cash and bank at 1 January	32,362	1,207
Cash and bank at the end of reporting period	**9,314**	**32,362**

***Adjustments for items not included in cash flow**		
Depreciations and write-downs of tangible assets	*38*	*63*
Impairment loss on receivables subsidiaries	*104,000*	*483,066*
Total	***104,038***	***483,129***

**** Financial items**		
Interest income	259	104
Interest charges	-12	-81

Notes

General Information

The Parent Company IGE Resources AB (publ), Swedish corporate identity number 556227-8043 is a joint stock corporation, domiciled in Stockholm. The corporation's activities consist of mining and mineral prospecting. The Annual Report and Parent Company Report for IGE Resources AB (publ) were prepared by the board on the 19th of April 2012 and will be submitted to the Annual General Meeting for approval in May 2012.

Note 1. Accounting Principles

Statement of conformity with regulations applied

The Group's Reports have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Boards (IASB), and the interpretation of the International Financial Reporting Interpretations Committee (IFRIC) which was approved by the EU-commission for use within the EU. The Group's Reports has also been prepared according to Swedish laws and apply the RFR 1 “Kompletterande redovisningsregler för koncerner”, published by Rådet för finansiell rapportering. The Parent Company's Annual Report was also prepared according to the Swedish laws, and applies the “RFR 2, “Redovisning för juridiska personer”, which is published by Rådet för finansiell rapportering.

New or amended standards and principles during 2011

New or amended standards and interpretations from IASB and IFRIC pronouncements that came into force during the 2011 calendar year are presented below:

– IFRS 7, Financial instruments: Disclosures. The amendment entails certain easings in disclosure requirements with regard to maximum credit risk and additional disclosure requirements on the way in which pledged assets reduce the credit risk.

– IAS 1, Presentation of financial statements. Clarification that the requirement to reconcile items in Other comprehensive income can be done in either the Changes in Shareholders' Equity report or in the notes to the Accounts.

– IAS 24, Related party disclosures. Amendment to the definition of related parties and exceptions with regard to disclosures in publicly owned companies.

– IAS 27, Consolidated and separate financial statements. The amendment to IAS 27 that was made in 2008 caused consequential changes in IAS 21, The Effects of Changes in Foreign Exchange Rates, IAS 28, Investments in Associates, and IAS 31, Interests in joint ventures. The complementing of IAS 27 clarifies in which cases these amendments shall be applied pre-emptively or retroactively.

– IAS 32, Financial instruments: Presentation. Directed issues of rights to subscribe for shares after amendments to IAS 32 are classified as shareholders' equity, even when the price is set in a currency other than the company's functional currency.

– IFRIC 19, Extinguishing financial liabilities with equity instruments. Interpretation that is applied when a loan has been renegotiated such that all or part of the loan is settled by means of the issue of its own equity instruments by the company to the lender.

Standards and principles issued but not yet effective

A number of new or amended IFRS standards will come in to force during the coming year of operation. These have not been pre applied in the establishment of these annual accounts. News or amendments to be applied in the future have not been applied prematurely. These are not expected to have any material effect on the Group's accounting.

Consolidation principles

Subsidiaries are the companies in which the Parent Company has control, which is indicated by ownership of more than 50 per cent of votes by the Parent Company. The balance sheets of the subsidiaries located outside Sweden are converted using the current exchange rates of the last day of the reporting period. The currency rate used in the income statements is the average rate for the entire reporting period. All group transactions and group unsettled matters, and profit and losses for transactions between group companies that are put into effect, are eliminated at the consolidation.

A subsidiary is included in the Group accountings from the date of the acquisition, which is the day when the Group obtains control of the Company. The company is consolidated until such control ceases to exist. Control is considered to exist when the Group has the right to form the future strategies of a subsidiary, in order to achieve economic advantages.

A non controlling interest is the part of a subsidiary's result and net assets that is not, directly or indirectly, owned by the parent company. The non controlling interest's part of the result is included in the consolidated result after tax. The non controlling interest's part of the equity is included in the consolidated equity, but is accounted for separately from the equity that is related to the shareholders of the parent company.

Basis for preparation

The consolidated accounts and the parent company accounts are based on historical acquisition values except for financial instruments which are valued accrued acquisition value. All amounts are in Swedish crowns thousands (TSEK), unless otherwise noted.

Business combinations and goodwill

Business combinations are accounted for using the acquisition accounting method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non controlling interest (minority interest) in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included within the item other external expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 within the profit or loss for the year.. If the contingent consideration is classified as equity it shall not be remeasured. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Interest in a joint venture

The Group has an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The agreement requires unanimous agreement for financial and operating decisions among the venturers. The Group recognises its interest in the joint venture using the equity method. Under the equity method, the investment in the joint venture is carried in the statement of financial position at cost plus acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The financial statements of the joint venture are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Group. Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint venture is accounted for under equity method until the date on which the Group ceases to have joint control over the joint venture.

Upon loss of joint control the Group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former joint controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

Investment in an associate

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence. Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of an associate is shown on the face of the statement of comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in other comprehensive income.

Important estimates and assumptions for accounting purposes

The Board of Directors and senior management have together identified certain areas (described below) that could have a significant impact on estimating the Company's profit and financial position. Senior management and the Board of Directors continuously monitor developments within each of these areas.

Recovery of the value of development expenditure
The Company has invested significant amounts in its exploration licenses. The reported amounts are primarily related to exploration licenses in which the Company has made qualified efforts in such areas as geology, geophysics, drilling, aerial surveys, etc. Capitalized mineral interests amount to SEK 399.3 million. The value is assessed at least once a year. Depreciation of capitalized mineral interests is in accordance with the information provided under the heading ”Intangible assets”. See section “impairment losses” below for additional information regarding impairments. This principle may need to be re-examined at a later date, which could lead to additional impairment losses.

Estimates and assumptions of mineral resources
Accounting for discoveries of a mineral resource is subject to accounting rules which are unique to the exploration and mining industry. The accounting principles and areas requiring most estimation and assumptions when preparing the consolidated accounts are related to exploration and mining accounting, including the estimation and assumption of resources.

The valuation of mineral resources is based on estimates and assumptions of both proven and probable resources at the time of acquisition, or in the case of the identification of a potential deposit, valuation is based on the expected volume of minerals that can be produced on a yearly basis. Estimates and assumptions of proven and probable resources are performed with the help of third-party valuations, and are based on annual adjustments of the resources in relation to the volume of minerals produced, as well as new discoveries made during the year. There will always be uncertainties of the valuations performed. Should there be any new estimates and assumptions reflecting a decrease of resources, or if production does not encounter profitable quantities, there is a significant risk that the recorded assets relative to a specific concession have to be written down. This is evaluated through impairment tests.

Changes in proven resources also affect discounted cash flows, depreciations and write-downs, amortizations and provisions, and are an important factor of the capital market’s assessment of the company and its share. Based on the performed third-party valuations, Management is required to assess the results. In those cases where the valuations show a discrepancy between estimated proven and probable resources compared with valuations performed within the Group, Management has to analyze the differences and assess which valuation is the more correct.

Estimation and assumptions of provisions for restoration expenses
The provisions for restoration are based on estimates of expected future obligations, and requirements for dismounting, removal, clearing and like actions, around the drilling sites within the Group’s exploration permits. The estimates are based on legal requirements established from the authorities’ assessments of mine closure expenses. Due to changes to these factors, future real cash outflow may differ from the provisions for restoration. In order to take any such changes into account, there is a continuous review of the recorded values of the provisions for restorations. When calculating the provisions for future restoration, Management must perform its assessments with regards to future investments and development within the exploration permits of the Group; any changes in the requirements of the local authorities concerning restoration obligations; as well as other factors which may significantly affect the provision.

Going Concern

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for mineral property interests is dependant upon completion of the acquisition of the mineral property interests, the discovery of economically recoverable resources and reserves, confirmation of the Company’s interest in the underlying mineral claims (exploration permits and exploitation concessions), the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such property at a profit.

Changes in future conditions could require material write-downs of the carrying values of mineral properties. Although the Company has taken steps to verify title to the property on which it is conducting exploration and in which it is acquiring an interest, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the

Company’s title. Property title may be subject to unregistered prior agreements, native Saami claims, and noncompliance with regulatory requirements. The accompanying financial statements have been prepared using accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Company’s ability to continue as a going concern as described in the following paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and balance sheet classifications that would be necessary were the going concern assumption not appropriate. These adjustments could be material.

In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its existing commitments for exploration and development programs and pay general and administration costs. Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new debt or equity instruments, expenditures reductions and/or the introduction of joint venture partners and/or business combinations. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements.

Impairment of assets

The Group assesses each cash generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the actual value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Actual value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Cash generating units correspond to the segments of the group.

Impairment test for tangible and intangible assets and participations in subsidiaries

If there is an indication that an asset is impaired, the recoverable amount of the asset is calculated in accordance with IAS 36. For goodwill, other intangible assets with indefinite useful lives and intangible assets not yet ready for use, the recoverable amount is assessed annually. If it is not possible to establish significantly independent cash flows for an individual asset, and its fair value minus selling costs cannot be used, the assets are grouped for assessment of impairment at the lowest level at which it is possible to identify significantly independent cash flows (a so-called cash-generating unit). An impairment loss is recognised when an asset’s or cash generating unit’s (or group of units’) carrying value is higher than the recoverable amount. An impairment loss is charged to the profit/loss account. An impairment loss for a cash-generating unit (group of units) is allocated to reduce the carrying amount of the assets of the unit, firstly to goodwill and then to other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset. The recoverable amount is the higher of the fair value minus selling costs and utilisation value. When calculating the utilisation value, future cash flows are discounted using a discount factor based on risk-free interest and the risk associated with the specific asset.

Intangible assets

Intangible assets consist of capitalized development costs related to the Company's licenses for mineral exploitation. IGE Resources has more exploration licenses than has been recorded as intangible assets. However, whenever prospecting has not yet begun, all project-related costs are reported directly in the income statement.

Mineral interests – accounting principles
IGE Resources reports the costs associated with prospecting and development of mines as follows: Direct costs are entered by project and are reported under the item ”Mineral interests” in these financial statements. Indirect costs are reported directly in the income statement during the period in which they arise. Depreciation of mineral assets begins in conjunction with the start of production at mining facilities and continues over the estimated useful life of the mining facility.

For accounting purposes, projects conducted within IGE Resources are defined as mineral interests for which the Company has started to capitalize costs in the balance sheet. Mineral interests are reported in accordance with the full cost method, which means that all of the costs related to the acquisition of concessions, licenses, prospecting, drilling and the development of such interests are fully capitalized. However, this is allowed under the assumption that it is expected that the amounts can be reclaimed in the future through a successful development of the project, by selling the project, or if the project is still in an early phase and it is not possible for IGE Resources to reliably estimate the value of the project or determine if the project contains commercially mineable deposits. Capitalized expenses in the form of mineral interests are entirely written-off as soon as the exploration license is returned to the issuer.

The carrying amount for all projects that is included as part of the item ”Mineral interests” is revalued by the senior management team of IGE Resources whenever it's determined that the carrying amount is significantly higher than the estimated fair value. When it has been determined that the carrying amount is higher than the estimated fair value an impairment loss is recognised.
For projects in which IGE Resources is only a partner, direct project costs are reported as mineral interests in accordance with the terms of the partnership agreement.

Tangible fixed assets

Plant and equipment consists of machinery and equipment. Machinery and equipment is reported at cost in the balance sheet, with a deduction for accumulated depreciation. Depreciation is made on a straight-line basis over the asset's estimated useful life, which is assessed on an individual basis, ranging from 3 to 10 years.

Technical installations and equipment are depreciated linear over the assets' expected useful life. The estimated useful life is ten years for technical installations and five years for equipment.

Mines and development assets
Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure (intangible) to mines and development assets (tangible).

The carried amounts of mine properties and development (including initial and any subsequent capital expenditure) are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life of the associated mine or mineral lease, if shorter.

Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passes to the customer. This generally occurs when product is physically transferred onto a vessel, train, conveyor or other delivery mechanisms. Revenue is measured at the fair value of the consideration received or receivable.

Interest income
For all financial instruments measured at amortized cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash flow or receipts through the expected duration of the financial instrument.

Dividends
Revenue is recognized when the Group's right to receive the payment is established.

Work performed by the entity and capitalized
Work performed by the entity and capitalized is attributable to costs for own personnel that has carried out work directly referable to the development of tangible and intangible assets of the Company.

Cash flow statement

The cash flow statement shows cash receipts and cash payments and the indirect method has been used. In addition to cash and bank balances, short-term deposits with an original term of less than three months are classified as cash and cash equivalents.

Provisions

Provisions, such as restoration of mining sites, are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Contingent liabilities

A contingent liability is recognized when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events or when there is a present obligation that cannot be recognized as a liability because it is not probable that an outflow of resources will be required.

Classification of assets and liabilities

Current assets and current liabilities are comprised of amounts that are expected to be recovered or paid respectively, within twelve months of the reporting date. Other assets and liabilities are reported as non-current assets or long-term liabilities, respectively.

Financial instruments

Financial instruments reported as assets in the balance sheet include: Long term receivables, other receivables, prepaid expenses and accrued income, liquid funds, accounts receivable, and short-term investments. All financial assets are classified as loans and receivables, and are reported at amortized cost. The liabilities consist of long term liabilities, convertible loans, other liabilities, accrued expenses and prepaid income and accounts payable. The liabilities are classified as other financial liabilities and are reported as amortized cost. Financial instruments are initially recorded at acquisition value corresponding to the instrument's fair value. A financial asset or liability is reported in the balance sheet as soon as the Company has a contractual commitment regarding such instrument. IGE

Resources does not have any derivatives and does not engage in hedging. Cost of interest is calculated using the effective interest rate method.

A financial asset is considered for derecognition when the contractual rights to the cash flows from the financial asset expire, or the Group has either transferred the contractual right to receive the cash flows from that asset, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

A financial liability is considered for derecognition when the liability is repaid by IGE.
Financial instruments are reported using the fair value, accumulated value or acquisition value, depending on the initial categorisation under IAS 39. On each reporting occasion, the company performs an impairment test to determine whether objective indications exist of the need to write down a financial asset or group of financial assets.

Convertible loan

The part of the convertible loan that is referable to debt is accounted for as a debt in the balance sheet to accrued value at cost until the debt is converted or redeemed. The remaining value is referable to the option part of the convertible loan. The option part is accounted for in the Equity of the Group, net of tax.

Pension plans

There are only defined contribution retirement plans within the Group. Defined contribution retirement plans comprise plans of which the company's liability in terms of retirement payments are limited to the fees that already has been undertaken. The retirement of the individual employee is dependant on the fees paid to the retirement plan or an insurance company by the employer and the return of capital invested in the retirement insurance. Consequently it is the employee that holds the risk of return (that the return will be lower than expected) and the risk of the investment (the risk that the invested pension provision will not be sufficient to cover expected retirement compensation in the future). The obligations of the Company referable to payments of defined contribution retirement plans are expensed in the income statement as they are earned by the employee for services conducted on behalf of the employer during the period.

Leases

Leases are classified in the Group accounts as either finance leases or operating leases. Finance leases exist when the economic risks and the benefits associated with ownership in all essential points are transferred to the lessee; all other leases are classified as operating leases. Within the Group, there are no finance leases. Operating leases are accounted for as an expense linearly over the duration of the lease, beginning from the time of utilization. See note 9 for more information.

Segment reporting

Within IGE Resources, segmentation is according to the different minerals that the company is operating within. See note 3 for more information.

Taxes

Current tax and deferred tax is reported in the financial statements. Current tax is the tax that will be paid or refunded based on the current year, using the tax rates that were in effect/decided upon on the closing date applied to taxable income. An adjustment is also made for current tax related to prior periods. Deferred tax is calculated using the balance sheet approach. This involves determining the tax base of assets and liabilities in order to calculate temporary differences. Deferred tax assets are reported for deductible temporary differences, unused loss carry forwards/backs to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. No deferred tax asset is currently recorded for loss carried forward, since it is difficult to determine whether utilization will be possible in the future.

Conversion of foreign currency

The financial statements are presented in SEK, which is IGE Resources AB´s functional currency, as well as being the presentation currency. Transactions in foreign currency are accounted for in the functional currency, at the current rate of exchange of the transaction date. Both monetary and non monetary assets and liabilities are converted per the balance sheet date, at the day's current exchange rate. Currency differences which arise during conversion are accounted for in profit or loss. Assets and liabilities in foreign subsidiaries are valued at the closing currency rates at the end of the reporting period. Income statements are converted to the average of currency rates for the entire reporting period. Exchange differences that may occur at conversion are reported under other comprehensive income.

Differences between accounting principles of the Group and of the Parent Company

According to the Swedish Financial Reporting Board's standard RFR 2, Accounting for Legal Entities, legal entities with securities listed on a Swedish stock exchange or authorised market on the balance sheet date shall as a general rule apply those IFRS standards that are applied in the consolidated financial statements. There are however certain exceptions from and additions to this rule depending on legal provisions – principally those in the Annual Accounts Act – and the relationship between accounting and taxation.

For IGE Resources AB (the Parent Company) this means that IFRS measurement and disclosure rules are applied, but the format differs from the Group's financial reports since the Parent Company's financial reports follow the Annual Accounts Act.

In the Parent Company, shares in subsidiaries, associated companies and joint ventures are reported at cost (full consolidation and the equity method is used in the Group).

Note 2. Risks and uncertainties

The business of exploration and mining of minerals involves a high degree of risk. Few prospects that are explored are ultimately developed into producing mines. Significant expenditure is required to establish the extent of mineral resources through geophysical surveys and drilling and there is no certainty that viable mineral resources will be found. The exploration and development of mineral resources may be curtailed, delayed or cancelled by unusual or unexpected geological formation pressures, hazardous weather conditions or other factors. There are numerous risks inherent in exploration and operating mines, many of which are beyond the Company's control. The Company's operations may be curtailed, delayed or cancelled as a result of environmental hazards, industrial accidents, occupational and health hazards, technical failures, shortage or delays in the delivery of equipment, labour disputes and compliance with governmental requirements.

Exploration activities may involve unprofitable efforts, not only with respect to empty drill core results, but also with respect to drill results which, though yielding some mineralization, are not sufficiently productive to justify commercial development or cover operating and other costs. The Company may, as a result of its participation and/or operations, be further subjected to third part liabilities, including environmental remediation, fines, penalties and claims. The resources data included in this document are estimates and are subject to change, possibly material, as more information is acquired. The nature of resource quantification studies means that there is no guarantee that estimates of quantity and quality of mineral resources disclosed will be available for extraction. Therefore actual production, revenues, cash flows, royalties and development and operating expenditures may vary from these estimates. Such variances may be material.

Reliance on key persons
The Company's development and prospecting activities are dependent upon the continued services and performance of its senior management and other key personnel. The loss of the services of any of the senior management or key personnel may have an adverse impact on the Company.

Market risk
The company is subjected to the general risk factors pertaining to the mining and metal industry, such as (i) volatility of metal prices, (ii) uncertainty pertaining to estimated mineral reserves, (iii)

uncertainties linked to the company's ability to acquire, develop and exploit new reserves, (iv) operational risks.

Potential dilution of shareholders
The company may issue additional shares in the future. Shareholders of the Company may suffer from dilution in connection with future issuances of shares.

Price volatility of publicly traded securities
In recent years, the security markets in Europe have experienced a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying assets values or prospects of such companies. There is no assurance that continual fluctuations in price will not occur. It is likely that the quoted market price, if any, for the new shares will be subjected to market trends generally, notwithstanding the financial and operational performance of the Company.

Fluctuating commodity prices
IGE Resources' future earnings are affected by fluctuations in the prices of the metals the Company is exploring for and may produce. The prices are subjected to volatile price movements over short periods of time. Market prices can be affected by numerous factors beyond the Company's control, including expectations for inflation, speculative activities, relative exchange rates to the US Dollar, production activities of other companies, global and regional demand and supply, political and economic conditions including availability of subsidies and tax incentives to competitors and production costs in major producing regions. The prices for nickel and other metals explored by IGE Resources may decline significantly from current levels. A reduction in the prices of one or more of these metals could adversely affect the value of the Company's ore reserves, mineral resources and business, financial condition, liquidity and operating results.

Interest rate risk
Interest rate risk is related to the risk the group is exposed to from changes on the market's interest rate which can affect the net profit. The Board of directors and the management have made an assessment that IGE Resources AB´s risk exposure is small, since the majority of its liquid assets are placed in bank accounts in SEK.

Currency risk
Currency risk refers to the risk that the value of a financial instrument may shift as a result of changes in currencies conversion rates. The Company's accounts are held in Swedish krone ("SEK"). Additionally, the Company conducts operations in other countries but most of the conduct of business is restricted to US Dollar. This foreign exchange exposure may affect the Company's results and the amount of liquid assets.

Political risks
Political risk is defined as the business risk that may occur as a result of different political decisions. Examples are uncertainty of the validity of the group's agreements, uncertainty of a new political majority or changes in local finance and fiscal policies. Another example may be changes in the legislation concerning the mineral and mining "line of business", in terms of tax rates, environmental fees and changes in the situation concerning the governmental opinions regarding monopoly. These types of risks are more difficult to predict, and consequently, are more difficult to hedge. IGE has therefore decided to carry out active coverage of the political situations within the countries of its operations. IGE also has established close relationships with the governments and decision makers in all relevant markets. The management of IGE considers this risk within each country of activity, to be manageable.

Environmental risks
Compliance with environmental legislation can require significant expenditures, including expenditures for clean-up costs and damages arising out of contaminated properties. In addition to current requirements, IGE Resources expects that additional environmental regulations will likely be implemented to protect the environment and quality of life, given issues of sustainable development and other similar requirements which governmental and supra-governmental organizations and other bodies have been pursuing. Some of the issues currently under review by environmental regulatory agencies include reducing or stabilizing various emissions, including sulphurdioxide and greenhouse

gas emissions, mine reclamation and restoration as well as water, air and soil quality and absolute liability for spills and trespassing of borders.

Failure to comply with environmental legislation may result in the imposition of fines and penalties, liability for clean-up costs, damages and the loss of important licenses or permits. There is no assurance that IGE Resources will at all times be in compliance with all environmental regulations or that steps required to bring the Company into compliance would not affect adversely IGE Resources' business, financial condition, liquidity or operating results.

Additional financing
IGE Resources' future development will depend on access to long term funding. There is no assurance that the Company may not experience net cash flow shortfalls exceeding the Company's available funding sources, nor can be assured that the Company will be able to raise new equity or arrange borrowing facilities on favourable terms and in the amount necessary to conduct its ongoing and future operations, should this be required.

Note 3. Segment reporting

For management purposes, the group is organised into business units based on the type of mineral and has four reportable operating segments as follows:

-The gold segment refers to the exploration and project development activities focused on gold licenses.
-The diamond segment refers to the exploration and project development activities focused on diamond licenses.
-The nickel segment refers to the exploration and project development activities focused on the nickel project Rönnbäcken within the group.
-Group and eliminations costs, items occurring as a result of the consolidation of the Group and others that are difficult to attribute to a specific mineral.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the Group's financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments. The operating segment "Group and eliminations costs for administration" has very limited activities.

			2011		
(In Thousands of Swedish Kronor)	**Gold**	**Diamonds**	**Nickel**	**Group and eliminations**	**Total**
Revenue of sales	-	5,848	-	-	**5,848**
Depreciation of concessions	-304	-26,547	-13,258	-22,422	**-62,531**
Depreciation according to plan	-	-165,267	-	-	**-165,267**
Operating result before depreciation and impairment losses	-	-3,382	-163	-38	**-3,583**
Result before tax	-301	-198,600	-13,637	-23,037	**-235,575**
Fixed assets	-	239,909	89,881	-	**329,790**
Current assets	1,498	4,245	453	9,666	**15,862**
Long term liabilities	-	1,276	5,000	-	**6,276**
Short term liabilities	-	1,430	4,375	2,045	**7,850**
Investments (gross amounts)	-	6,828	14,752	-	**21,580**

(In Thousands of Swedish Kronor)	2010				
	Gold	Diamonds	Nickel	Group and eliminations	Total
Revenue of sales	-	20,909	-	-	**20,909**
Depreciation of concessions	-11,685	-388,146	-	-1,225	**-401,056**
Depreciation according to plan	-199	-435	-	-63	**-697**
Operating result before depreciation and impairment losses	-1,588	-96,728	-32,566	-19,105	**-149,987**
Result before tax	-14,561	-416,111	-15,324	-107,230	**-553,226**
Fixed assets	-	403,254	69,479	6,123	**478,856**
Current assets	1,694	11,196	6,433	43,153	**62,476**
Long term liabilities	284	114,634	5,000	-	**119,918**
Current liabilities	-	10,225	10,623	5,151	**25,999**
Investments (gross amounts)	-	605,423	31,089	-	**636,512**

In the segment reporting, IFRS is applied in each segment.

Geographical distribution of revenues

(In Thousands of Swedish Kronor)	2011	2010
Sweden	-	-
Angola	5,848	21,052
South Africa	-	-
The Democratic Republic of Congo	-	-
Kenya	-	-
Total	**5,848**	**21,052**

The revenue from sales of Diamonds is 100% referable to sales to the state owned Diamond trading company Sodiam, in accordance with the current Diamond mining Act in Angola.

Geographical distribution of tangible and intangible fixed assets

(In Thousands of Swedish Kronor)	2011	2010
Sweden	88,406	70,477
Angola	-	166,507
South Africa	145,526	145,526
The Democratic Republic of Congo	94,394	94,394
Total	**328,326**	**476,904**

Note 4. Revenue from sales

Revenue from sales is related to diamonds which have been extracted from the Group's alluvial diamond mine in Angola, Cassanguidi. IGE decided to withdraw from the activities in Cassanguidi in the beginning of second quarter 2011. As a consequence, the sales reported in this Annual report represents only a minor part of the year 2011.

Note 5. Other income

Other income during 2010 constitutes of a sale of an option related to a mineral interest.

Note 6. Employees, salaries and other compensations

	2011 Average Number of employees	2011 Of which men	2010 Average number of employees	2010 Of which men
Parent Company	3	50%	3	67%
Subsidiaries	98	90%	185	88%
Group Total	**101**	**89%**	**188**	85%
Of which Sweden	6	83%	7	95%
Of which Angola	85	99%	172	99%
Of which South Africa	7	71%	4	83%
Of which Congo, DRC	3	100%	3	100%
Of which Kenya	-	-	2	50%

Percentage of women at corporate management level

	2011	2010
Board of Directors	0	0
Group Management	0	0

(In Thousands of Swedish Kronor)

	2011 Salaries and other compensations	2011 Of which pension costs	2011 Of which social contribution costs	2010 Salaries and other compensations	2010 Of which pension costs	2010 Of which social contribution costs
Parent Company						
Sweden	6,527	446	1,453	8,575	608	1,630
Subsidiaries						
Sweden	3,527	447	941	5,772	585	1,167
Angola	8,558	-	-	40,699	-	171
South Africa	6,004	-	-	4,484	-	-
Congo, DRC	943	-	-	1,594	-	-
Kenya	-	-	-	717	36	3
Total	**25,559**	**893**	**2,394**	**61,841**	**1,229**	**2,971**

Salaries and other remuneration broken down for Directors, CEO and other employees.

(In Thousands of Swedish Kronor)

	2011 Board of Directors and CEO	2011 Other employees	2010 Board of Directors and CEO	2010 Other employees
Parent Company				
Sweden	4,823	1,704	5 488*	3,087
Subsidiaries				
Sweden	2,384	1,143	2 545**	3,227
Angola	-	8,558	-	40,699
South Africa	-	6,004	-	4,484
Congo, DRC	-	943	-	1,594
Kenya	-	-	-	717
Total	**7,207**	**18,352**	**8,033**	**53,808**

*Of which bonus related remuneration 0 TSEK (326)
** Of which bonus related remuneration 0 TSEK (400)

Pension costs and other similar benefits broken down for Board of Directors and President

(In Thousands of Swedish Kronor)

	2011		2010	
	Board of Directors	CEO	Board of Directors	CEO
Parent Company				
Sweden	-	386	-	380
Subsidiaries				
Sweden	-	333	-	397
Angola	-	-	-	-
South Africa/DRC	-	-	-	-
Kenya	-	-	-	-
Burundi	-	-	-	-
Total	**-**	**719**	**-**	**777**

Information on absence due to illness has not been provided. The Board of Directors had 5 members during 2011, all of whom are men.

AGM's resolution on remuneration guidelines for management personnel

At the AGM held on the 6th of May 2010, the following resolution was made regarding guidelines for the remuneration of those in management personnel. The below guidelines are in force until the AGM of 2012.

General
IGE shall have a level of remuneration and employment benefits necessary to recruit and retain a management of high competence and sufficient capacity to reach its set goals, and shall also consider the level of competence of the individual manager. Market value, in other words, is the guiding principle in setting pay and other remuneration for management personnel in IGE.

Fixed salary
The basic remuneration of management personnel is a fixed salary based on the market, which is determined on an individual basis according to the criteria above, and the special skills of the person.

Retirement benefits
Retirement benefits for management shall be determined based on the market for equivalent positions, and are adjusted according to the special skills of the person. The retirement benefits shall, if possible, be a defined contribution retirement plan solutions.

Non-monetary benefits
Non-monetary benefits (e.g. cell phone and computer) for management personnel shall assist in the work performance, and shall be consistent with customary benefits in the market.

Termination compensation and severance salary
Termination compensation and severance salary shall in no case exceed twelve months' pay.

Non-fixed salary
Non-fixed salary arrangements shall be available, in addition to fixed-salary arrangements, in certain situations. This type of compensation shall be clearly related to specific set goals, based on simple and transparent constructions.

In those cases where non-fixed salary to key management is agreed, the salary shall be determined based on (a) achieving previously set goals on a group and individual level which are related to management and production results, as well as the financial development of the Company, and (b) taking into consideration the individual's personal development.

The non-fixed salary shall always be limited to a certain maximum which is a specified part of the individual's annual pay. The maximum variable remuneration shall not exceed 25 per cent of the fixed annual salary for the CEO.

All matters relating to share benefit programs shall be decided upon by the Annual General Meeting.

Positions covered under these guidelines
The guidelines shall cover the Managing Director and other positions which are part of the group management.

Exception from the guidelines in special cases
The Board has the right to make exceptions from the guidelines in individual cases where there are special reasons to do so.

Note 7. Compensations and other benefits: Board, CEO and management officials
(In Thousands of Swedish Kronor)

	2011			2010		
(TSEK)	**Director fee (according to resolution from general meeting)**	**Salary including social contribution**	**Other Benefits**	**Director fee (according to resolution from general meeting)**	**Salary**	**Other Benefits**
Board						
Tim George	500	-	-	300	-	-
Anton Esterhuizen	300	-	-	300	-	-
Magne Aaby	300	-	-	300	-	-
Magnus B Lindseth	300	-	-	-	-	-
Ashley Dunster	-	-	-	-	-	-
John Afseth	-	-	-	500	-	-
Rob George Still	-	-	-	300	-	-
Olof Johansson	-	-	-	300	-	-
Management						
Thomas Carlsson	-	1,466	205	-	-	-
Tomas Fellbom	-	3,632	181	-	2,519	472

The number of employees on a corporate management level amounts to 1 (1). Tomas Fellbom resigned during the year of 2011 and was replaced by Thomas Carlsson. Thomas Carlsson is working on an interim Chief Executive Officer basis as per the end of the year, with a formal employment contract as CFO. There is a termination agreement of three months' notice on behalf of the Company and the interim Chief Executive Officer. No other obligations of the Group, with regard to the CEO contract, exist.

Board members that are not employees of any of the Group's companies or related companies, receive a fee, resolved by the AGM, of SEK 300 thousand per year. The Chairman of the Board receives SEK 500 thousand annually. See note 10 for more information. Swedish personnel have pension insurance which gives them the right to receive future pension payments. The latter are dependent on how the amounts contributed have been administrated by the insurance company.

Note 8. Other external expenses

(In Thousands of Swedish Kronor)	Group 2011	Group 2010	Parent 2011	Parent 2010
Costs related to raising of funds	-8,696	-3,209	-1,750	-1,730
Financial advisory	-400	-11,693	-400	-
Repairs and Maintenance	-4,098	-10,061	-	-
Rent	-4,732	-	-439	-460
Impairment losses related to receivables	-4,568	-4,873	-	-
Fuel	-1,885	-3,953	-	-
Travel	-912	-7,308	-183	-2,129
Legal counselling	-684	-2,944	-684	-1,609
Administrative costs related to listing	-3,253	-4,861	-3,253	-1,977
Food and Subsistence	-614	-1,264	-93	-
Auditing	-2,953	-1,857	-1,605	-1,211
Consulting fees	-2,431	-747	-1,610	-241
Insurance	-594	-503		-138
Others	-7,356	-8,371	-1,024	-3,642
Total	**-43,176**	**-61,644**	**-15,879**	**-13,137**

(In Thousands of Swedish Kronor)	Group 2011	Group 2010	Parent 2011	Parent 2010
Ernst & Young				
Audit fees	925	897	300	847
Audit-related fees	412	-	412	-
Other fees	1,703	363	633	364
KPMG				
Audit fees	1,124	597	400	-
Total	**4,164**	**1,857**	**1,744**	**1,211**

A part of the remuneration to auditors is referable to fundraising. Those costs are accounted for directly in Equity and explain the difference between the amount reported in the table above and the amount reported in the table “Other external expenses”.
Auditing comprises review of the annual report and review of the accounting and the management carried out by the board and the CEO. It also includes other assignments that are related to the work carried out by the auditor as well as a need of advisory or other assistance that occurs as a result of the ordinary work carried out by the auditor. Audit-related fees mean different types of services for assurance. Review of tax forms is considered as tax consultancy. Other assignments are, for instance, legal consultancy in excess of auditing related to other than taxes. The part of the Audit fees that is direct referable to fundraising is accounted for in Equity. This explains the deviation between the amount below and the amount reported in the above table ”Other external expenses”.

Note 9. Leases

(In Thousands of Swedish Kronor)	Premises
Matures 2012	961
Matures 2013-2015	1,749
Matures 2015 <	-

The Group has entered lease agreements related to leases for rented premises which have been entered on normal market conditions. For 2011, the cost for rent/leasing amounted to 4,568 TSEK (4,872 TSEK). Future rental expenses are shown in the table above. The significant reduction of leasing costs during 2012 is explained by the Group’s withdrawal from Angola and the closing of the office in South Africa.

Note 10. Transactions with related parties

(In Thousands of Swedish Kronor)	2011	2010
Tim George, Chairman of the Board IGE, for work related to business development of the Group's diamond assets in southern Africa	651	-
Paul Sagberg, board member in Nickel Mountain Resources, for work related to business development and strategy	227	-
Magnus B Lindseth, board member in IGE, for work related to fundraising during Q4 2011 and Q1 2012	211	-
Repayment of a loan to a trust of which the former board member Rob Still is a trustee	-	6,700
Mace Consult AS, related party through its managing director (Magne Aaby) who is a board member of IGE, for work related to management assistance and market communication	258	385
John Afseth for work carried out in relation the financing of the Group. John Afseth resigned as Chairman of IGE Resources AB in November 2010	-	400
Total	**1,347**	**7,533**

The transactions above have been carried out, by the board of directors, at market prices. See note 7 for more information.

Note 11. Participation/Shares in associated companies

Associated companies to Nickel Mountain Resources AB (owned by IGE to 99.6%)

(In Thousands of Swedish Kronor)

	Ownership	Book value	Equity	Profit/ loss
Norrsken Energy LTD (UK)	50%	0	3,176	492
Nordic Iron Ore AB	3.6%	1,400	16,165	-6,415
Tasman Metals	0.03%	366	99,708	-

The Nickel Mountain Resources’ share of the 2011 result of Nordic Iron Ore AB amounts to -231 TSEK. The book value for the shares in Nordic Iron Ore AB amounted to 1,400TSEK (previous year 1,942 TSEK). Nickel Mountain Resources also holds a minor interest in the company Tasman Metals Ltd, the book value of the shares held in Tasman Metals amounts to 366 TSEK. The Nickel Mountain Resources’ share of the 2011 result of Tasman Metals Ltd amounts to (0) TSEK. The result has reduced the amount in the balance sheet for the group (Participation in associated companies). The closing balance for the group is therefore 1,433 TSEK.

Note 12. Other operating expenses

Other operating expenses during 2010 are referable to a capital loss from sales of exploration permits in Nickel Mountain Resources AB (formerly IGE Nordic AB) 9.6 MSEK (previous year 1.1 MSEK) and a write down of investment guarantees related to the diamond licenses held in Angola 40.4 MSEK.

Note 13. Fixed assets

(In Thousands of Swedish Kronor)

Intangible assets	**Group**		**Parent**	
Mineral interests	**31/12/2011**	**31/12/2010**	**31/12/2011**	**31/12/2010**
Acquisition value at opening of period	686,466	161,779	-	-
Acquisition during the report period (year)	21,580	37,223	-	-
Acquisition of operations	-	562,012	-	-
Sales and retirements	-	-61,856	-	-
Exchange differences	-7,579	-12,692	-	-
Book-value at year-end of the existing mineral interests	**700,467**	**686,466**	**0**	**0**
Depreciations and impairments				
Accumulated write downs at beginning of year	-287,149	-7,522	-	-
Depreciation and impairments during the year	-86,327	-279,627	-	-
Accumulated write downs at year end	**-373,476**	**-287,149**	**-**	**-**
Book-value at year-end	**326,991**	**399,317**	**0**	**0**

(In Thousands of Swedish Kronor)

Tangible assets	**Group**		**Parent**	
Equipment and furnishings	**31/12/2011**	**31/12/2010**	**31/12/2011**	**31/12/2010**
Acquisition value at opening of period	41,311	52,303	300	327
Acquisition during the report period (year)	-	1,895	-	-
Acquisition of operations	-	35,660	-	-
Sales and retirements	-	-45,743	-148	-27
Exchange differences	2,791	-2,804	-	-
Acquisition value at year-end of existing equipment	**44,102**	**41,311**	**152**	**300**
Depreciations and impairments				
Accumulated depreciation according to plan at beginning of period	-21,733	-4,603	-252	-215
Sales and retirements	0	44,440	148	27
Depreciation and impairments durng the year	-25,418	-61,570	-38	-63
Accumulated depreciation at year end according to plan	**-47,151**	**-21,733**	**-142**	**-252**
Exchange differences	*4,384*	*2,791*	-	-
Book value at year-end of equipment and furnishings	**1,335**	**22,369**	**10**	**48**

(In Thousands of Swedish Kronor)

Tangible assets	**Group**		**Parent**	
Mine and other development assets	**31/12/2011**	**31/12/2010**	**31/12/2011**	**31/12/2010**
Acquisition value at opening of period	56,841	-	-	-
Acquisition during the report period (year)	-	-	-	-
Acquisition of operations	-	56,481	-	-
Book-value at year-end of the existing mineral interests	**56,841**	**56,481**	**0**	**0**
Depreciations and impairments				
Accumulated write downs at beginning of year	-1,263	-	-	-
Depreciation and impairments durng the year	-57,105	-1,263	-	-
Sales and retirements	1,527	-	-	-
Accumulated write downs at year end	**-56,841**	**-1,263**	**-**	**-**
Book-value at year-end	**0**	**55,218**	**0**	**0**

Depreciation and impairment loss on tangible and intangible assets

(In Thousands of Swedish Kronor)	**Group**		**Parent**	
	2011	**2010**	**2011**	**2010**
Impairment loss related to concessions in Kenya	-	-11,685	-	-
Impairment loss related to Nickel Mountain Resources projects	-	-1,221	-	-
Impairment loss related to projects in Efidium	-	-14,113	-	-
Impairment loss related to purchase price of Efidium Ltd	-143,432	-196,771	-	-
Impairment loss related to projects in Luxinge	-	-74,215	-	-
Impairment loss related to projects in Lacage	-	-18,445	-	-
Impairment loss related to projects in Cariango	-	-11,172	-	-
Impairment loss related to projects in Luanguinga	-	-11,557	-	-
Impairment loss of plant and equipment Efidium	-22,099	-17,226	-	-
Impairment loss of plant and equipment Angola	-	-43,125	-	-
Depreciation according to plan	-3,319	-2,223	38	63
Total impairment losses	**-168,850**	**-401,753**	**38**	**63**

The impairments during 2011 are mainly referable to the Company's decision to withdraw from its alluvial Diamond mine, Cassanguidi, in Angola.

The depreciation and impairment losses above are referable to the segment as follows:

(In Thousands of Swedish Kronor)

Diamonds	-168,649
Nickel	-163
Others	-38
Total	**-168,850**

Note 14. Results from participations in group companies

	Group		**Parent**	
	2011	**2010**	**2011**	**2010**
Write down of receivable related to subsidiaries	-	-	-104,299	-113,336
Write down of shares in subsidiaries	-	-	-	-368,000
Total	**0**	**0**	**-104,299**	**-481,336**

Note 15. Financial items

Financial revenue	**Group**		**Parent Company**	
(In Thousands of Swedish Kronor)	**2011**	**2010**	**2011**	**2010**
Exchange gains	631	84	211	2,032
Interests	269	3,171	259	104
Total financial revenue	**900**	**3,255**	**470**	**2,136**

Financial expenses				
	Group		**Parent Company**	
(In Thousands of Swedish Kronor)	**2011**	**2010**	**2011**	**2010**
Exchange losses	-5,042	-2,968	-1,035	-2,412
Interests	-52	-1,773	-12	-81
Total financial expenses	**-5,094**	**-4,741**	**-1,047**	**-2,493**

Note 16. Income tax	**Group**		**Parent**	
(In Thousands of Swedish Kronor)	**2011**	**2010**	**2011**	**2010**
Actual tax	-	-	-	-
Adjustment actual taxes earlier years	-	-	-	-
Deferred tax	49,631	75,896	-	-
Actual tax reported in the income statement	49,631	75,896	0	0
Profit before tax	-235,575	-553,226	-127,021	-503,468
Adjustment for costs accounted for in equity	-9,498	-7,678	-9,498	-7,678
Expected tax according to Swedish tax rate (26.3%)	64,454	147,518	35,904	134,431
Other non-taxable/non-deductible	-28,000	-134,397	-27,410	-126,594
Deferred taxes in theory from earlier losses that has not been used	-36,454	-13,121	-8,495	-7,837
Total tax costs/reversal of tax provision	**49,631**	**75,896**	**0**	**0**

Accumulated tax related deficit of the Group amounts to SEK 225,566 thousand (SEK 189,623 thousand), which gives a deferred tax that can be recuperated of SEK 59,321 thousand (SEK 49,870 thousand).

Accumulated tax related deficit of the Parent Company amounts to SEK 162,555 thousand (SEK 139,951 thousand) which gives a deferred tax that can be recuperated of SEK 42,751 thousand (SEK 36,807 thousand).

No current or deferred tax claims or tax liabilities are accounted for. In the Group exists deferred tax liability, i.e. tax related to taxable temporary differences and that will be paid in the future, amounting to total 63,2 MSEK. Deferred tax claims were not accounted as deductions of loss because their realization is difficult to estimate. Deficit deduction can be used without any time limit. Deferred tax referable to subsidiaries registered outside Sweden has not been considered, as the Board of IGE has estimated its future value to 0.

Note 17. Earnings per share

(In Thousands of Swedish Kronor)	**2011**	**2010**
Result related to Parent company’s shareholders (TSEK)	-181,708	-465,565
Average number of shares during the reporting period	2,930,566,085	1,346,291,141
Result per share	-0.06	-0.35

* The Company effected a reversed split 80:1 on the 8th of December 2011.

Note 18. Long term receivables

(In Thousands of Swedish Kronor)	2011	2010
Deposition Bergsstaten	31	112
Total	**31**	**112**

Note 19. Inventory and work in progress

(In Thousands of Swedish Kronor)

Group	2011	2010
Inventory	-	1,437

Inventory relates to the subsidiary in Angola and consists of diamonds. The inventory is valued at net value of sales based on received average prices from the three latest sales of diamonds.

Note 20. Other short term receivables

(In Thousands of Swedish Kronor)	Group		Parent	
	2011	2010	2011	2010
V A T receivables	284	1,902	137	345
Receivables related to partners in Angola	-	4,032	-	-
Receivable related to sale of Kilimapesa Gold	-	10,160	-	10,160
Receivables related to forwarded costs	-	152	-	-
Loan to partners in DRC	1,267	-	-	-
Guarantees South Africa	641	-	-	-
Other receivables not subjected to interests*	745	4,072	12	-
Doubtful debts Kenya	1,496	-	-	-
Total	**4,433**	**20,318**	**149**	**10,505**

There is no provision for doubtful receivables.

As of 31 December 2010, the analysis of other short term receivables that were past due but notimpaired is as follows:

(In Thousands of Swedish Kronor)

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
2011	**4,433**	284	745	-	-	-	3,404

Note 21. Prepaid expenses and accrued income

	Group		Parent	
(In Thousands of Swedish Kronor)	2011	2010	2011	2010
Prepaid insurance fees	103	196	99	145
Prepaid costs	-	51	-	28
Prepaid rentals	254	255	92	124
Prepaid leasing fees	-	62	-	-
Others	95	-	12	-
Year-end balance	**452**	**564**	**203**	**297**

Note 22. Cash and cash equivalents

As of 2011-12-31, cash and cash equivalents for the group were SEK 10,977 thousand and as of 2010-12-31 SEK 40,157 thousand, consisting entirely of bank deposits. The Parent Company's cash and cash equivalents as of 2011-12-31 were SEK 9,315 thousand and as of 2010-12-31 SEK 32,362 thousand.

Note 23. Development of share capital

Date	Transaction	Increase of number of shares	Increase of share capital	Total number of shares	Total share capital	Face value (SEK)
18/04/1983	Incorporation	500	50,000	500	50,000	100
20/09/1983	Split 50:1	24,500	-	25,000	50,000	2
22/09/1989	New share issue	5,000	10,000	30,000	60,000	2
10/10/1989	New share issue	200,000	400,000	230,000	460,000	2
22/11/1989	New share issue	560,000	1,120,000	790,000	1,580,000	2
01/01/1997	Split 40:1	30,810,000	-	31,600,000	1,580,000	0.05
18/11/1997	New share issue	25,000,000	1,250,000	56,600,000	2,830,000	0.05
18/07/2000	New share issue	21,120,000	1,056,000	77,720,000	3,886,000	0.05
19/11/2001	New share issue	77,560,000	3,878,000	155,280,000	7,764,000	0.05
02/10/2002	New share issue	37,920,000	1,896,000	193,200,000	9,660,000	0.05
12/05/2004	New share issue	5,000,000	250,000	198,200,000	9,910,000	0.05
16/03/2005	Exercise of warrant	50,000,000	2,500,000	248,200,000	12,410,000	0.05
24/05/2005	New share issue	19,000,000	950,000	267,200,000	13,360,000	0.05
05/07/2005	New share issue	25,000,000	1,250,000	292,200,000	14,610,000	0.05
19/10/2005	New share issue	18,000,000	900,000	310,200,000	15,510,000	0.05
12/12/2005	New share issue	800,000	40,000	311,000,000	15,550,000	0.05
07/12/2006	New share issue	30,000,000	1,500,000	341,000,000	17,050,000	0.05
16/04/2008	New share issue	34,000,000	1,700,000	375,000,000	18,750,000	0.05
08/12/2008	Conversion loan	9,000,000	450,000	384,000,000	19,200,000	0.05
29/12/2008	Conversion loan	8,000,000	400,000	392,000,000	19,600,000	0.05
20/01/2009	Issue in kind	26,161,828	1,308,091	418,161,828	20,908,091	0.05
11/02/2009	Conversion loan	11,000,000	550,000	429,161,828	21,458,091	0.05
31/03/2009	Issue in kind	312,000	15,600	429,473,828	21,473,691	0.05
01/04/2009	Conversion loan	35,600,000	1,780,000	465,073,828	23,253,691	0.05
03/04/2009	Conversion loan	4,400,000	220,000	469,473,828	23,473,691	0.05
16/04/2009	Conversion loan	10,000,000	500,000	479,473,828	23,973,691	0.05
06/07/2009	Exercise of warrant	12,000,000	600,000	491,473,828	24,573,691	0.05
07/07/2009	Issue in kind	367,336	18,367	491,841,164	24,592,058	0.05
09/10/2009	Conversion of debt	68,000,000	3,400,000	559,841,164	27,992,058	0.05
09/10/2009	New share issue	221,800,000	11,090,000	781,641,164	39,082,058	0.05
26/11/2009	New share issue	14,068,789	703,439	795,709,953	39,785,498	0.05
31/03/2010	Issue in kind	495,399,057	24,769,953	1,291,109,010	64,555,451	0.05
12/05/2010	New share issue	64,632,664	3,231,633	1,355,741,674	67,787,084	0.05
28/06/2010	New share issue	10,802,538	540,127	1,366,544,212	68,327,211	0.05
22/07/2010	New share issue	53,675,699	2,683,785	1,420,219,911	71,010,996	0.05
30/09/2010	New share issue	385,398,899	19,269,945	1,805,618,810	90,280,941	0.05
30/05/2011	New share issue	2,348,649,150	117,432,458	4,154,267,960	207,713,398	0.05
25/11/2011	New share issue	40	2	4,154,268,000	207,713,400	0.05
25/11/2011	Reversed split	-4,102,339,650	-	51,928,350	207,713,400	4
25/11/2011	Bonus issue	-	46,735,515	51,928,350	254,448,915	4.9

25/11/2011	Reduction of the share capital without redemption of shares	-	-241,466,828	51,928,350	12,982,088	0.25

Share capital amounts to SEK 12,982,088 (SEK 90,280,941) and consists of 51,928,350 (1,805,618,810) shares.

The suggested dividend of the Group result to the shareholders amounted to SEK 0 (SEK 0) per share. The Group aims to have a low or zero-debt ratio.

IGE executed a reversed share split during the fourth quarter as a result of a decision made by the extraordinary General Meeting in IGE Resources AB held in November 2011. The reversed split resulted in that 80 old shares became 1 new share. The total number of outstanding shares was reduced from 4,154,268,000 to 51,928,350. The last day for trading in IGE shares on the Oslo Stock Exchange before the reverse share split was the 7th of December 2011. The first day for trading in IGE shares after the reverse share split, with a share price multiplied by 80, was the 8th of December 2011.

Note 24. Owners as of 2011-12-31

Name	Country	Holdings (number of shares)	Holdings %
JP Morgan Chase Bank	GBR	3,433,490	6.61%
Avanza Bank meglerkonto	SWE	788,792	1.52%
Nordnet Bank	SWE	693,816	1.34%
HT Investments Ltd	MUS	680,837	1.31%
Clearstream Banking	LUX	597,421	1.15%
Capilan Invest AS	NOR	565,075	1.09%
Nordnet pensjonsförsäkring	NOR	496,399	0.96%
Andersen Ivan Andre	NOR	462,529	0.89%
Danske Bank A/S	DNK	412,846	0.80%
BelajevTrading LIMI	GBR	391,624	0.75%
Mundal Karls Einar	NOR	320,000	0.62%
Telinet Energi AS	NOR	317,584	0.61%
SHB Stockholm Client	SWE	278,499	0.54%
Africa & Middle East	FRA	274,225	0.53%
Marino Ramon Meitin	ESP	250,087	0.48%
Investments AS	NOR	250,000	0.48%
Contratum AS	NOR	250,000	0.48%
Flatås Karl Martin	NOR	236,900	0.46%
Swedebank Clients Account	SWE	232,065	0.45%
Sagberg Paul	NOR	225,000	0.43%
Others		40,771,161	78.51%
Total		**51,928,350**	**100%**

Source: VPS AS in Norway.

Note 25. Deferred tax liabilities

It is inherent in the recognition of an asset that its carrying amount will be recovered in the form of economic benefits that flow to the entity in future periods. When the carrying amount of the asset exceeds its tax base, the amount of taxable economic benefits will exceed the amount that will be allowed as a deduction for tax purposes. This difference is a temporary difference and the obligation to pay the resulting income taxes in future periods is a deferred tax liability. As the entity recovers the carrying amount of the asset, the taxable temporary difference will reverse and the entity will have taxable profit. This makes it probable that economic benefits will flow from the entity in the form of tax payments.

The positive amount of MSEK 49.6 is related to a reversal of deferred tax that occurred as a result of the purchase of Efidium in March 2010. The reversal occurs as a result of impairments of the assets that has caused the provision. The basis for the deferred tax liabilities is an assumption that the acquired mineral interests will generate a future tax expense in order to motivate its value in the balance sheet. That future tax expense is included in the item mineral interest and its counter entry is a provision for deferred tax liabilities in the balance sheet.

The deferred tax liabilities are calculated as the local tax rate of each project times the surplus value referable to each acquired project.

	Group		Parent	
(In Thousands of Swedish Kronor)	**2011**	**2010**	**2011**	**2010**
Deferred tax at beginning of the year	-112,750	-	-	-
Deferred tax related to the purchase of Efidium Ltd	-	-188,646	-	-
Reversal of tax provision resulting from impairments	49,631	75,896	-	-
Total	**-63,119**	**-112,750**	**0**	**0**

Note 26. Other provisions

Other provisions are related to cost of mine site restoration.

	Group		Parent	
(In Thousands of Swedish Kronor)	**2011**	**2010**	**2011**	**2010**
Mine site restoration	1,978	1,884	-	-
MRG option	1,018	-	-	-
Utgående balans	**2,996**	**1,884**	**0**	**0**

Other provisions are referable to restoration of mine site in Angola and a call option for 10% of the Rönnbäcken project. The amount made an provision for attributable to the restoration of mine site is a discounted future potential cost for restoration of the mine site in Cassanguidi, Angola. The calculation of the amount is based on a projected economic life of the mine of 20 years. The amount in the provision referable to the MRG option is an amount corresponding to accrued work by MRG. If MRG decides to execute their right to buy 10% of Rönnbäcken, the above amount will be deducted from the premium to be paid for exercising the option. The option expires on the 2nd of December 2013.

Note 28. Convertible loan

Norrlandsfonden provided a SEK 5 million convertible loan during 2010 to be used unconditionally as working capital for the Rönnbäcken Nickel Project. Norrlandsfonden provides risk capital loans for small and medium-sized companies in Sweden's five northernmost counties.

The convertible loan was issued based mainly on the following conditions:

- The maturity date of the convertible loan was set to August 31, 2018.
- The loan runs with an annual interest rate of STIBOR 90 (Stockholm Interbank Offering Rate) plus an interest surcharge of 4% to be paid quarterly.
- In case of conversion, the conversion rate per share will be SEK 56
- IGE has got the right to repay the loan in cash in advance at any time during the duration of the loan. IGE will then be forced to pay a compensation for the lost interest to Norrlandsfonden of 15% (on an annual basis) on the loan amount during the period that it has been utilised by IGE.

A convertible loan is constituted by a debt part and a part referable to equity. As the part referable to equity in the above convertible loan is worth 0, the Company is accounting for 100% of the convertible loan as a debt in the balance sheet.

Note 28. Accounts payable

	Group		Parent	
(In Thousands of Swedish Kronor)	2011	2010	2011	2010
Account payables	3,984	7,537	100	1,633
Total	**3,984**	**7,537**	**100**	**1,633**

Accounts payable are non interest-bearing amounts and typically fall due within 30 days. SEK 3,617 thousand of the accounts payable as per the end of 2011 is attributable to expenditures that were accrued in conjunction to the withdrawn Toronto listing process of Nickel Mountain Resources during the spring 2011. According to agreements made with the various creditors, the debt will be repaid as soon as the company is refinanced. According to the Group's current time plan it is targeted to be accomplished during second quarter 2012, at the latest.

Note 29. Short-term interest bearing liabilities

Short-term liabilities refer to a loan given by Svenska Handelsbanken AB for the purchase of equipment from Volvo. The loan is guaranteed by the Swedish Credit Exports Guarantee Board (EKN), and has duration of three years. The loan was raised in USD and runs with an interest rate of LIBOR plus 2 per cent. Each interest period is of a six-month duration. The loan was fully repaid in August 2011.

Note 30. Other liabilities

	Group		Parent	
(In Thousands of Swedish Kronor)	2011	2010	2011	2010
Personnel related liabilities	121	2,890	47	446
Other short term liabilities	231	753	-	-
Total	**352**	**3,643**	**47**	**446**

Other current liabilities are non interest-bearing amounts that typically fall due within one year.

Note 31. Accrued expenses

	Group		Parent	
(In Thousands of Swedish Kronor)	2011	2010	2011	2010
Accrued personnel vacations costs	170	526	65	338
Accrued social security charges	92	1,726	36	274
Calculated accrued social security charges	292	636	222	577
Special remuneration taxes	-	440	-	44
Accrued salaries	-	1,928	-	-
Accrued remuneration of the board	759	1,500	642	1,500
Accrued consultant fees	-	1,006	-	253
Accrued costs related to trade in Angola	-	595	-	-
Retrenchment costs South Africa	1,329	-	-	-
Accrued interest rate related to Norrlandsfonden loan	81	-	81	-
Other accrued costs	791	789	851	86
Year-end balance	**3,514**	**9,147**	**1,897**	**3,072**

Note 32. Pledged assets and contingent liabilities

	Group		Parent	
(In Thousands of Swedish Kronor)	2011	2010	2011	2010
Deposition Bergsstaten	-	112	-	-
Pledged liquid funds related to EKN credit to Angola	-	-	-	-
Pledged share of Rönnbäcken Nickel project	8,431	97,245	-	-
Total	**8,431**	**97,357**	**0**	**0**

Nickel Mountain Resources AB entered into an agreement with Mitchell River Group Pty Ltd. ("MRG") of Australia to form a strategic partnership with MRG of Australia. Pursuant to the MRG Agreement, MRG agreed to provide experienced personnel, systems and technical resources for the development of the Rönnbäcken Nickel Project for a term of 18 months, commencing June 2010. MRG provides funding and management for early stage resource projects, and has a strong value development track record in nickel projects. MRG will absorb a part of its own costs, thereby accepting project risk and having an incentive to build value in the project. In return, MRG has secured an option for 10 per cent of the Rönnbäcken project for an agreed upon cash payment of USD 3 million minus the amount accrued during the duration of the contract. The contract expired on the 2nd of December 2011 with an amount of USD 145 thousand accrued to be deducted from the purchase price if they decide to exercise their option. Overall control of the Rönnbäcken Nickel Project remains with the IGE. To secure this loan, the Company agreed to grant MRG a fixed and floating charge over all the assets of the Company of 10 %. The reason for the significant decreae of the amount pledged between 2010 and 2011 with regard to Rönnbäcken is that the contract resulting in the pledge was reviewed and the conditions were changed during spring 2011. The extent of the pledge was changed a level corresponding to 100% of IGE's shares in Nickel Mountain Resources AB to a level corresponding to 10% of the book value of the mineral interest related to Rönnbäcken.

Contingent Liabilities

In conjunction with its exploration activities, the Company is obligated to reimburse any damages or encroachment caused by such activities. Historically, the Company has not been encumbered by such costs. For that reason, it has not calculated the present value of any such estimated future costs (considered being insignificant) and accordingly, no such amounts have been reported.

Note 33. Shares and participations in subsidiaries and associated companies

2011

Company	Corporate id no	Seat	No of shares	Share	Currency	Book value (SEK)	Equity (SEK)	Result (SEK)
Parent Company								
IGE Kenya Ltd	27481	Nairobi	10,000	100%	KES	2,635,900	neg	-300,723
Nickel Mountain Resources AB	556493-3199	Stockholm	26,816,042	99.6%	SEK	97,247,101	56,513,998	-13,652,107
IGE Diamond AB	556668-1630	Stockholm	1,000	100%	SEK	2,750,000	482,281	-3,481,896
Subsidiary to IGE Diamond AB								
Efidium Ltd	102307C	Isle of Man	1000	100%	USD	194,469,740	neg	-53,316,705
Dotterbolag till Nickel Mountain Resources AB								
Nickel Mountain AB	556819-1596	Stockholm	10,100,000	100%	SEK	57,050,991	56,951,517	-94,581

Indirect ownership

Subsidiary to Efidium Ltd (owned 100 % by IGE Diamond AB)

Company	Seat	Share
Effidium DRC Exploration SPRL	DRC	100%
Nanzambi Mining SPRL	DRC	100%

Pangea Diamonds (Pty) (owned 74% by Efidium Ltd

Company	Seat	Share
Tranter Pangea Diamonds Investments (Pty) Ltd	South Africa	49%
Upward Spiral 10 (Pty) Ltd	South Africa	49%
Innovage Resources (Pty) Ltd	South Africa	49%
La Bamba Holdings 4 (Pty) Ltd	South Africa	49%
Ostiprop Exploration (Pty) Ltd	South Africa	100%

Ostiprop Exploration (Pty) Ltd (owned 100% by Pangea Diamonds (Pty)

Company	Seat	Share
Bluedust 23 (Pty) Ltd	South Africa	49%
Crestwave 68 (Pty) Ltd	South Africa	49%

Book value shares in subsidiaries

(In Thousands of Swedish Kronor)	2011	2010
Acquisition value at opening of period	100,635	85,635
Acquisition during the report period (year)	2,000	383,000
Write down on shares in subsidiary	-	-368,000
Acquisition value at year-end	**102,635**	**100,635**

Note 34. Receivables on group companies

	Parent Company	
(In Thousands of Swedish Kronor)	2011	2010
Opening balance receivables related to subsidiaries	299,997	276,497
Impairment of receivables related to subsidiaries	-104,000	-113,336
Lending to subsidiaries	45,360	136,836
Receivables related to Group companies at year end	**241,357**	**299,997**

* For more information, see note 13.

Note 35. Financial risk management

IGE is exposed to a number of financial risks. Changes in metal prices affects cash flow projections, exchange rates and interest rates affect the Group's profits and cash flows. IGE is also exposed to refi- nancing and liquidity risks as well as credit and counterparty risks. Below follows the most material financial risks that the Group is exposed to.

Exchange rate and metal price risks
Through its operations, IGE is exposed to both exchange rate risks and metal price risks, in that changes in exchange rates and metal prices affect the Group's profits and projections of future cash flow. The pricing terms for IGE's products are principally determined on financial markets such as the London Metal Exchange (LME), the London Bullion Market (LBMA), and the currency and money market. The Group's exchange rate and metal price exposure covers transaction exposure and translation exposure.

Transaction exposure
IGE's transaction exposure comprises both binding undertakings and forecast cash flows.

Exposure to forecast cash flows
Forecast exposure arises from the fact that a substantial percentage of the Group's future income – primarily that relating to extracted metals and to treatment and refining charges – is affected by fluctuations in metal prices and exchange rates. IGE does, however, continuously calculate the way in which market changes in the currency market or metal markets affect the Group's future financial position. IGE's policy is not to metal price hedge and currency hedge the Group's future income in conjunction with a normal commercial climate, but IGE can use financial derivative instruments in order to limit the risks in certain scenarios. The Group can use futures and option agreements to hedge against metal price and/or exchange rate fluctuations in relation to income from forecast metal sales.

Translation exposure
When net investments in foreign operations are converted into Swedish kronor, a translation difference arises in conjunction with exchange rate fluctuations, and this has an impact on the Group's other comprehensive income. During 2011, other comprehensive income has been affected to the tune of SEK 10.3 million (SEK -9.1 m) by borrowing in foreign currencies.

Interest rate risk
Fluctuations in the market interest rates affect the Group's profits and cash flows. The speed with which a change in interest rates impacts on the Group's net financial items depends on the fixed interest term of the loans. By the turn of the year the Group is almost free from debt, resulting in that the exposure to interest rate risk is considered limited.

Refinancing and liquidity risk
The term “refinancing and liquidity risk” refers to the risk that IGE will be unable to extend existing loans or meet its payment undertakings due to insufficient liquidity. IGE limits its refinancing risk by ensuring that it has a good spread in terms of financing sources. The refinancing requirement is reviewed regularly by IGE’s treasury function. The refinancing requirement is dependent, first and foremost, on market trends and investment plans. A deterioration in the global economic climate may entail increased risks in respect of profit performance and financial position, including the risk of IGE coming into conflict with loan terms and conditions. IGE has complied with all loan covenants in 2011.

Credit and counterparty risk
The term “credit and counterparty risk” refers to the risk that a counterparty in a transaction may fail to fulfil their obligation, thus causing the Group to incur a loss. In order to limit credit and counterparty risk, only highly creditworthy counterparties are accepted, and wherever possible, the commitment per counterparty is limited.

Risk management and insurance
The objective of the Risk Management function at IGE is to minimise the total cost of the Group’s damage and injury risks. This is achieved both by continuously enhancing the damage and injury prevention and control work conducted within the operations, and by introducing and developing Group-wide insurance solutions.

Note 36. Financial instruments

Financial assets within the IGE Group mainly consist of other receivables, short-term investments, other receivables and cash. All financial assets are classified as loans and receivables, and are reported at amortized cost. Financial liabilities are mainly referable to long-term liabilities, accounts payable and other payables. Financial liabilities are valued at amortized cost. The Group’s financial assets and debts are classified according to below table

(In Thousands of Swedish Kronor)	2011		2010	
Group	**Total**	**Actual value**	**Total**	**Actual value**
Long-term financial assets				
Tangible financial assets				
Investments in equity accounted companies	1,433	1,433	1,840	1,840
Long-term receivables	31	31	112	112
Total	**1,464**	**1,464**	**1,952**	**1,952**
Current Assets				
Other receivables	4,433	4,433	20,318	20,318
Prepaid expenses and accrued income	452	452	564	564
Cash	10,977	10,977	40,157	40,157
Total	**15,862**	**15,862**	**61,039**	**61,039**
Financial liabilities				
Long term liabilities				
Interest bearing long term liabilities	6,276	6,276	5,284	5,284
Total	**6,276**	**6,276**	**5,284**	**5,284**
Current liabilities				
Account payables	3,984	3,984	7,537	7,537
Interest bearing loans and borrowing	-	-	5,672	5,672
Other liabilities	352	352	3,643	3,643
Prepaid expenses and accrued income	3,514	3,514	9,147	9,147
Total	**7,850**	**7,850**	**25,999**	**25,999**

The interest covenants of existing loan agreements were, on 31st December 2011, adjudged to be on a par with credit market interest margins and the fair value therefore corresponds, in every significant respect, with the reported value. The accounts receivables' and accounts payables' reported value is held to be the same as the fair value due to the short maturity date.

Sensitivity analysis - Financial liabilities
By the expiration of 2011 the Group had one interest bearing long term loan amounting to SEK 5 million. The loan matures on the 31st of August 2018 and runs with an interest rate equal to Stibor 90 (Stockholm Interbank Offered Rate) plus 4%. A change in Stibor of +/- 10% affects the result of the Group with +/- SEK 10.6 thousand on an annual basis.

(In Thousands of Swedish Kronor)	2011		2010	
Parent Company	**Total**	**Actual value**	**Total**	**Actual value**
Long-term financial assets				
Tangible financial assets				
Receivables related to subsidiaries	241,357	241,357	299,997	299,997
Receivables on associated companies	102,635	102,635	100,635	100,635
Total	**343,992**	**343,992**	**400,632**	**400,632**
Long-term financial assets				
Current Assets				
Other receivables	149	149	10,505	10,505
Prepaid expenses and accrued income	203	203	297	297
Cash	9,315	9,315	32,362	32,362
Total	**9,667**	**9,667**	**43,164**	**43,164**
Financial liabilities				
Long term liabilities				
Convertible loan	5,000	5,000	5,000	5,000
Total	**5,000**	**5,000**	**5,000**	**5,000**
Current liabilities				
Account payables	100	100	1,633	1,633
Interest bearing short term liabilities	-	-	5,672	5,672
Other liabilities	47	47	446	446
Prepaid expenses and accrued income	1,897	1,897	3,072	3,072
Total	**2,044**	**2,044**	**10,823**	**10,823**

Note 37. Related party disclosures

The consolidated financial statements include the financial statements of IGE Resources AB and the subsidiaries listed in the following table:

Company	**Seat**	**Share (%)**
IGE Kenya Ltd	Nairobi	100%
Nickel Mountain Resources AB	Stockholm	99.6%
IGE Diamond AB	Stockholm	100%

Board and management of IGE Resources AB

Tim George (Chairman)
Ashley Dunster (Member of the Board)
Magne Aaby (Member of the Board)
Anton Esterhuizen (Member of the Board)
Magnus B Lindseth (Member of the Board)
Thomas Carlsson (Acting CEO from March 2011 and CFO)
Fredric Bratt (CEO Nickel Mountain Resources AB)

Compensation of key management personnel in the Group
See note 7 for information about compensation to management personnel and directors of the Board. Balances with the parent company, subsidiaries and associates are shown in the balance sheet and in the notes 35 and 36.The parent company IGE Resources AB has provided administrative services free of charge. There are no other related party transactions.

Transactions
The Group has not granted loans, issued guarantees or provided sureties to any of the Members of the Board or senior executives of the company. For more information about transactions with related parties see note 6, 7 and 10.

Note 38. Capital management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group includes within net debt, interest-bearing loans and borrowings, trade and other payables, less cash and short term deposits.

(TSEK)	2011	2010
Interest-bearing loans and borrowings (note 27,28)	5,276	5,284
Trade and other payables (note 29,30,31,32)	7,850	25,999
Less: cash and short-term deposits (note23)	-10,977	-40,157
Net debt	2,149	-8,874
Equity	265,411	395,415
Capital and net debt	267,560	386,541
Gearing ratio	0.80%	-2.30%

Note 39. Events after the reporting date

- IGE announced a significant upgrade of Mineral Resources at the Rönnbäcken Nickel Project. The latest Mineral Resource Estimate incorporates down-dip extension drilling at the Rönnbäcknäset deposit and has resulted in a conversion of 86.5 million tonnes (Mt) from the Inferred to the Indicated category. Further, an additional 8 Mt of Indicated plus 12 Mt of Inferred were defined at Rönnbäcknäset as a result of this drilling campaign. SRK Consulting (Sweden) AB (SRK) prepared the Mineral Resource Statement on behalf of Nickel Mountain Resources AB (publ) (the Company), who wholly own the Project. Notably, for the Project as a whole, 97% of Mineral Resources now lie in the Measured and Indicated categories, a total of 668.3 Mt.

- IGE announced a concluded cash sale of non core assets and declaration of Longatshimo purchaser in default. The Company announced that in line with its strategy has disposed two of its non core assets, the Turkana gold licence in Kenya and remaining 10% of the Solvik Gold project in Sweden, in recent weeks for a total payment of US$400,000. Furthermore, the Company has terminated the disposal of its Longatshimo River diamond project in the Democratic Republic of Congo.

- IGE announced that a fully underwritten rights issue was secured by the Company. The Company announced beginning of March that the Board has decided to carry out a fully underwritten rights issue in IGE of 129,820,875 shares with preferential rights. The share issue will result in gross cash proceeds to IGE of approximately NOK 97 million. The rights issue is fully underwritten by Waterton Global Value, L.P.

- IGE announce the completion of the approximately NOK 97 million gross proceeds underwritten rights issue in IGE, resulting in that the Pre-Feasibility Study for Nickel Mountain Resources AB's Rönnbäcken Nickel Project is fully financed. IGE has working capital for further strategic and structural corporate development. IGE has a new value-driven, cornerstone owner and strategic partner with cutting-edge industrial and financial knowledge, experience, and capacity. The Board of Directors of IGE approved the results of the share offering completed on 30th March 2012. 75,820,875 shares were subscribed for and a furthermore 54,000,000 shares were allotted to, and subscribed for, by Waterton Global Value, L.P. As a result, IGE will issue a total of 129,820,875 new shares, bringing the total number of shares outstanding to 181,749,225.

Note 40. Financial key ratios

Return on shareholders' equity: Profit for the year as a percentage of average shareholders' equity in the last 12 months.

Return on capital employed: Operating profit divided by the average capital employed. The average capital employed for each year consists of an average of the closing capital employed in the last 12 months.

Balance Sheet total: The sum of the assets side or liabilities side of the Balance Sheet.

Dividend yield: Dividend per share as a percentage of the share price.

Equity/assets ratio: Shareholders' equity as a percentage of the Balance Sheet total.

Free cash flow: Cash flow from operating activities including cash flow from investment activities.

Average number of employees: The average number of employees during the year converted to full-time positions.

Cash flow per share: The cash flow for the period divided by the average number of outstanding shares.

Net debt: Interest-bearing current and long-term liabilities (including pension liabilities) less financial assets (including liquid assets).

P/E ratio: Share price divided by earnings per share.

Earnings per share: net result for the period divided by the average number of outstanding shares.

Net debt/equity ratio: The net of interest-bearing provisions and liabilities less financial assets including liquid assets divided by share holders' equity.

Operating profit (EBIT): Revenues less all costs attributable to the operations but excluding net financial items and taxes.

Capital employed: The Balance Sheet total less interest-bearing investments, tax receivables and non-interest-bearing provisions and liabilities.

Shareholders' equity per share: Shareholders' equity divided by the number of outstanding shares.

Total return: Total of the share's performance during the year plus dividend paid divided by the share price at the beginning of the year.

Abbreviations

lb = pound = 0.4536 kg
oz = ounce = troy ounce = 31.104 gram
Ct = Carat = 0.2 gram
USD = American dollar
SEK = Swedish kronor
NOK = Norwegian kronor
EUR = Euro
NI = Nickel
Au = Gold

Assurance by the Board of Directors and CEO

The Board of Directors and CEO hereby declare that the consolidated accounts and the annual report have been prepared in accordance with International Financial Reporting Standards, (IFRS), such they have been adopted by EU, and generally accepted accounting principles in Sweden and give a true and fair view of the group's and the parent company's financial position and results. The administrative report gives a true and fair overview of the development of the company's operations, financial position and results, and describes the significant risks and factors of uncertainty facing the companies within the group.

Stockholm, 19th of April 2012

Timothy George Chairman of the Board	Magnus B Lindseth Director of the Board	Anton Esterhuizen Director of the Board
Magne Aaby Director of the Board		Ashley Dunster Director of the Board

Thomas Carlsson
Acting Chief Executive Officer

Our auditor's report differs from the standard form and has been submitted on April 19th, 2012.

KPMG

Birgitta Gustafsson
Authorized Public Accountant

Auditor's report

To the Annual General Meeting of the shareholders of IGE Resources AB (publ), corp. id. 556227-8043.

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of IGE Resources AB (publ) for the year 2011, except for the corporate governance statement on pages 53-56.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. On the basis of the conditions described in the paragraph that states the cause of why we refrain from opinion, we have not been able to obtain sufficient and appropriate audit evidence as the basis for statements in the audit report.

Basis to refrain from opinion

A significant proportion of the Group and Parent Company's assets include investments in Africa. These investments are difficult to evaluate as they have not yet shown any return and in the current market conditions there are few transactions that could provide guidance for the value. The Company's cash position during the year allowed no exploitation of significance. The company has been in need of additional funding to continue and expand their business. Overall, this means that sufficient audit evidence regarding the values in Africa could not be obtained. The assets have been valued under the assumption of going concern. The assets in Africa are of vital importance in assessing the company´s financial position.

No opinions are stated

As a result of the conditions described in the paragraph "Basis to refrain from opinion" we cannot state whether the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Account Act and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standard, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 53-56. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We may as a result of these circumstances, neither agree nor disagree to recommend that the annual meeting of shareholders adopt the income statements and balance sheets and statement of comprehensive income and statement of financial position for the group.

Other matters

The annual accounts for year 2010 were audited by another auditor who, in his audit report dated 19th April 2012, included a reference to matters to which the auditors drew attention by way of emphasis without qualifying their report.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of IGE Resources AB (publ) for the year 2011. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act, and that the corporate governance statement on pages 53-56 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and

on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.
As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.
As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained as above is sufficient and appropriate to provide a basis for our opinion.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted audit standards in Sweden.

Basis to refrain from opinion

As stated in our Report on the financial statements, we cannot express an opinion whether the financial statements give a true and fair view of the results of operations. Furthermore, we can neither agree nor disagree that the annual meeting of shareholders establishes the income statements or the balance sheet.

No opinion is stated and opinion

As a result of the conditions described in paragraph "Basis to refrain from opinion" we can neither agree nor disagree that that the annual meeting of shareholders decides on the profit in accordance with the proposal in the statutory administration report.

We recommend that the Board of Directors and the Managing Director are discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm
KPMG AB

Birgitta Gustafsson
Authorized Public Accountant

Corporate Governance report

IGE is a Swedish limited company listed on the Oslo Stock Exchange. IGE's corporate governance is based on the Swedish Companies Act and the regulations of the Oslo Stock Exchange. The Corporate Governance Report has not been subjected to review by the company's Auditors.

Governance of the IGE Group

Corporate Governance is designed to ensure that IGE is governed in line with the owners' interests. Increased transparency gives different groups of owners a good insight into the company's operations, thereby contributing to efficient governance. The shareholders exercise their right of decision at the Annual General Meeting (and at any Extraordinary General Meeting), which is the company's supreme decision-making body. The Board of Directors is appointed at the Annual General Meeting and the company's CEO is appointed by the Board of Directors. The company's accounting and the administration of the company by the Board of Directors and the CEO are reviewed by auditors appointed by the Annual General Meeting. The Chairman of the Board is also appointed as chairman in a nomination committee, which is authorised to appoint two additional members for the committee to be representatives of the two biggest shareholders. The Nomination Committee drafts proposals that are put to the Annual General Meeting with regard to elections of the Board of Directors and auditors.

Shareholders

IGE has a share capital of SEK 12,982,088 divided between 51 shares. There were a total of about 7,800 shareholders at the end of 2011. The individually largest owner at the turn of the year was Capital International Private. For further information on the shareholder structure within IGE, see note 24 of the Annual Report.

Annual General Meeting

The assignment of the Annual General Meeting include the election of Members of the Board and the Chairman of the Board, the adoption of the Income Statement and Balance Sheet, resolutions on allocation of the company's result and discharge from liability for the Members of the Board and the CEO of the company, the determination of fees payable to the auditors and the principles governing conditions of employment and remuneration for the CEO and senior executives and, where relevant, the adoption of Articles of Association, the election of auditors, and resolutions on matters relating to the Nomination Committee. The 2011 Annual General Meeting was held on 25th of July in Stockholm. 606,590,377 shares were represented at the Meeting by around 60 shareholders, either in person or through their proxies. The shares represented comprised 16 per cent of the total number of shares in IGE. The Meeting resolved to re-elect Board Members Magne Aaby, Tim George and Anton Esterhuizen and to new elect Ashley Dunster and Magnus B Lindseth. Tim George was elected as the Chairman of the Board.

The Meeting further resolved:

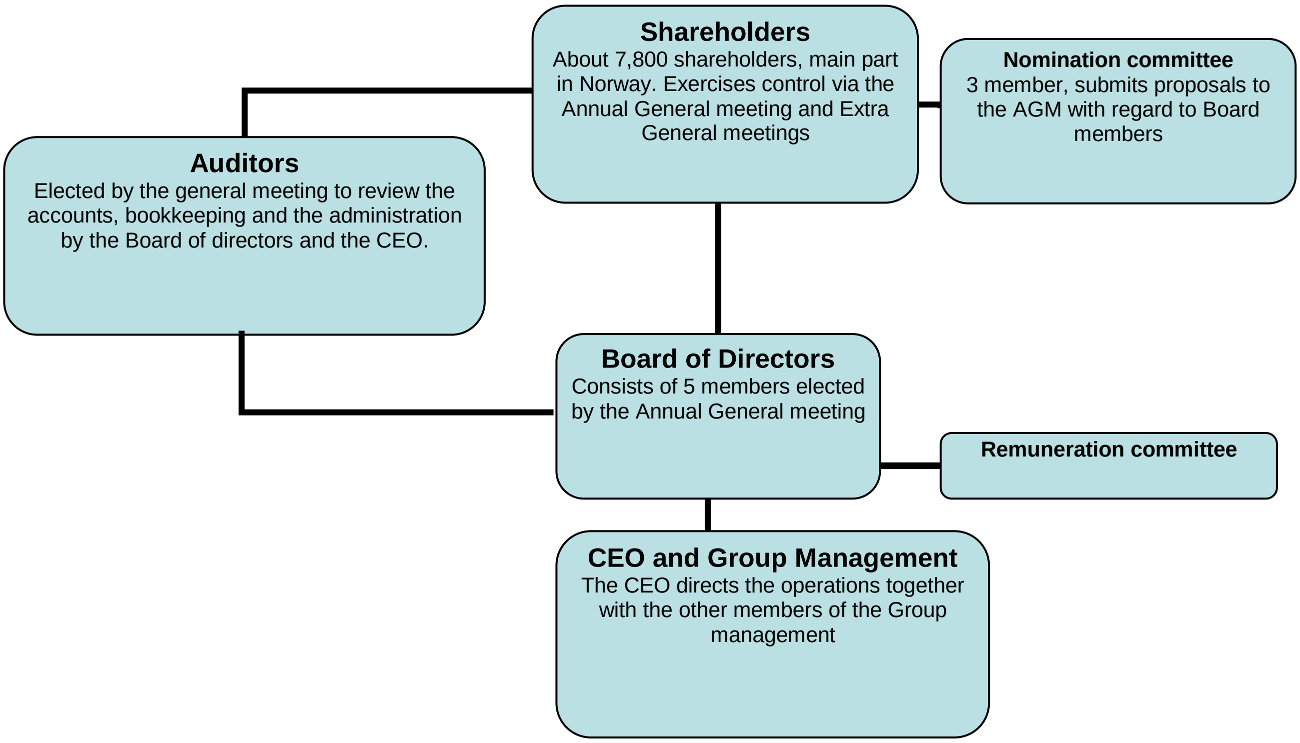
-Discharge from liability: The Meeting discharged the members of the Board and the CEO from liability.

-Fees: The fees to be paid to the Board of Directors were set by the Meeting at a total of SEK 1.4 million (preceding year: SEK 1.8 million), with SEK 500 thousand to the chairman and SEK 300 thousand to each of the other members of the Board. Ashley Dunster waived his Board fee. It was resolved that the fees to the auditors would be paid according to reasonable, and by the Company approved, invoices.

-*Nomination Committee:* The Meeting resolved to establish a Nomination Committee for the next Annual General Meeting whereby the two largest shareholders in the Company as per September 30, 2011, will appoint one representative each who together with the Chairman of the Board shall comprise the Nomination Committee.

-*Guidelines for remuneration of the senior management:* The Meeting approved the guidelines proposed by the Board regarding remuneration to the CEO and other leading officials in the senior management.

IGE's corporate governance structure



Duties of the Nomination Committee

The Nomination Committee is tasked with drafting proposals for resolution by IGE's Annual General Meeting. The proposals relate to the election of Members of the Board, the Chairman of the Board and fees payable to the Board and its committees. The focus of the Nomination Committee's work is on ensuring that the company's Board of Directors comprises Members who, collectively, possess the knowledge and experience that corresponds to the requirements made of the company's most senior governing body by the shareholders. Information on the way in which shareholders can submit proposals to the Nomination Committee has been published on IGE's website. Full details of the Nomination Committee's proposals will be presented in the Notice convening the Annual General Meeting and in information provided on the company's website.

Name	Elected	Present	Committee work	Remuneration (SEK)	Independent of major shareholders
Magne Aaby	2009	13 of 13	Auditing committee	300,000	Yes
Tim George	2009	13 of 13	Nomination, remuneration and auditing committee,	500,000	Yes
Ashley Dunster	2011	4 of 4	Auditing committee	-	No
Anton Esterhuizen	2010	13 of 13	Auditing committee	300,000	Yes
Magnus B Lindseth	2011	4 of 4	Remuneration and auditing committee	300,000	Yes

The Board of Directors

IGE's Board of Directors shall, under the provisions of the Articles of Association, comprise a minimum of three and a maximum of six Members, with no Deputy Members, elected by the Annual General Meeting.

The composition of the Board

The Board of Directors has comprised of 5 Members elected by the Annual General Meeting since the 2011 Annual General Meeting. The Board Meetings are attended both by the ordinary Members and by the CEO/CFO that attends the meetings on behalf of the Group management. Other members of the Group management and other executives also attend and present reports on individual issues as required. The Board Members elected by the Annual General Meeting are all to be regarded as independent in relation to major shareholders. The Members of the Board are presented on page 57 in this annual report and on IGE's website. For more detailed information on attendance at the Meetings and independence, see the table above.

The responsibilities of the Board of Directors and the Chairman

The Board of Directors is appointed by IGE's owners to bear the utmost responsibility for the organisation and management of the company's affairs. The Board adopts a Work Plan every year at the Board Meeting following the election, held after the Annual General Meeting. An Audit Committee has not yet been appointed, the board of directors intend to find a solution for an Audit Committee during 2011. The entire board intends to form the Audit Committee. The Chairman of the Board guides the work of the Board and monitors IGE's operations through an on-going dialogue with the CEO. The Board receives information on IGE's economic and financial position through monthly updates and at Board Meetings. Prior to every Board Meeting, the Chairman and the CEO review the agenda to be discussed at the Meeting and the supporting documents for the Board's discussion of the issues is sent to the Members approximately one week before each Board Meeting (at least one weekend is targeted to be in between the reception of the supporting documents and the actual meeting).

The Board of Directors' work in 2011

The Board of Directors held four ordinary Board Meetings in 2011. 9 extra Board Meetings was held due to extraordinary issues that occurred during the year which needed to be addressed by the Board. The agenda for the main part of the extra ordinary meetings that was held was mainly related to evaluation and discussion related to different financing alternatives for the operations going forward.

Evaluation of the Board's work

The Chairman ensures that the Board and its work are evaluated annually and that the results of the evaluation are conveyed to the Nomination Committee. The evaluation is carried out by the Board itself under the guidance of the Chairman. The 2011 evaluation was a self-evaluation during which the Members answered a number of questions in writing on a range of different subjects and discussions with the Chairman of the Board.

Remuneration Committee

The Remuneration Committee submits proposals for resolution by the Board regarding salaries and other terms of e employment for the CEO. The Committee also approves proposals regarding salaries and other terms of employment for the Group management, as proposed by the CEO. The Remuneration Committee works on the basis of a set of Instructions for the Remuneration Committee adopted every year by the Annual General meeting. The remuneration committee has comprised the whole Board.

Business management

Management by the Board goes through a chain of command from the CEO to the operating units. IGE has an organisation in which responsibilities and authority are delegated within clear frameworks.

These frameworks are defined by an annual budget which is broken down by unit, a strategic plan, and IGE's steering documents.

The CEO and the Group's management

IGE's Group management comprises the CEO/CFO of the Group. The Group management prepares proposals regarding strategic plans, business plans and budgets, which are submitted to the Board for approval. The CEO leads the work of the Group management, which holds regular meetings to review operations.

Auditors

The accounting firm of KPMG AB was elected at the 2011 Annual General Meeting to serve as the company's auditors until the conclusion of the 2013 Annual General Meeting. Authorised Public Accountant Birgitta Gustafsson is the senior auditor. Birgitta Gustafsson's audit engagements, in addition to IGE, include Vitec Software Group (publ) and Inmet Mining Holding. Remuneration is paid to the company's auditors in accordance with invoices received as agreed. See note 8 for information on remuneration disbursed in 2011.

Control environment

The control environment within IGE is characterised by the fact that the Group has relatively few but operating units that have carried out their operations for many years, using well-established processes and control activities. A structure of steering documents in the form of binding policies and guidelines for the organisation's delegated responsibilities has been established to ensure a collective attitude and methodology within the Group.

Control activities

Various types of control activities are carried out within the Group and within every different aspect of the accounting and reporting process on an ongoing basis. The control activities are carried out in order to manage known risks and to detect and rectify any errors and discrepancies in the financial reporting. With regard to the financial control within the IGE Group, almost the entire cash balance within the Group is held on accounts owned by the Parent Company of the Group, IGE Resources AB in Stockholm. The subsidiaries submit cash requirements on a two weeks or monthly basis which is reviewed by the management in the Parent company and discussed with the MD for each subsidiary respectively. If a cash request for a period deviates from the current budgets the request it is reviewed, discussed and explained before it is approved by the CEO (if the deviation is below SEK 500 thousand) or the Board (if the deviation exceeds SEK 500 thousand).

Information and communication

External information is provided and communication conducted in accordance with the Oslo Stock Exchange regulations. All information must be communicated in a discerning, open and transparent manner.

Follow-ups

Systems, processes and controls within the Group are followed up, improved and developed continuously. Areas where scope for improvement is identified in conjunction with audits are documented, analysed and executed.

Board of Directors/Management

Timothy George
Chairman and member of the board
Director since 2009
Born 1965

Mr George holds a Bachelor of Engineering with Honours in Mineral Engineering (Class II) from the University of Leeds. He held various production and project management roles in the South African gold, coal and diamond mines within the Anglo American and De Beers corporations between 1986 and 1997, Thereafter he was responsible for business development of mining, infrastructure and concession projects in the Grinaker-LTA engineering group until 2004, including establishment of new operations in Nigeria and Angola associated with the oil & gas and construction sectors.
His experience in the diamond industry continued as CEO and Chairman of Xceldiam Limited, with operations in Angola and South Africa. Mr George was responsible for the start-up and capital raising which resulted in Xceldiam being listed on the Alternative Investment Market in London in 2005 and subsequent execution of the sale of its assets to Petra Diamonds in 2007. Mr George is a British citizen and is resident in South Africa.

Shareholdings in IGE: 0
Warrants/call options in IGE: 0

Ashley Dunster

Member of the board
Director since 2011
Born 1963

Ashley Dunster is a Private Equity Managing Partner with primary responsibility in Emerging Europe, the Middle East and Africa. In 2006, he became a member of the Investment Committee. Prior to joining the CIPEF team in 1997, he spent four years at the European Bank for Reconstruction and Development, where he was a principal banker in the Early Stage Equity Team with private equity responsibilities covering Russia, Kazakhstan, Hungary and Slovenia. Beforethat, Mr. Dunster was an associate consultant at at The L.E.K Partnership, an international strategy consulting firm. During his four years at L.E.K, he worked on mergers and acquisitions transactions, corporate strategy, privatization and restructuring mandates in Poland. Mr. Dunster received a BE in civil engineering from the University of Melbourne, and a Master degree in mathematics from Oxford University. Ashley Dunster is a Australian citizen (UK resident) based in London.

Shareholdings in IGE: 0
Shareholdings in IGE through affiliated companies: 3,433,490

Magnus B. Lindseth

Member of the board
Director since 2011
Born 1977

Magnus B. Lindseth is an entrepeneur. Mr Lindseth has experience as Owner, Chairman, Director and Strategic Advisor in various fields of business primarily in Norway and UK, in sectors as Private Equity, Investment Banking and Asset Management. Mr Lindseth introduced and launched BlackBerry in Norway. Magnus B. Lindseth is a Norwegian citizen.

Shareholdings in IGE: 250,000
Warrants/call options in IGE: 0

Magne Aaby

Member of the board
Director since 2009
Born 1948
Aaby's educational background is in marketing. He has developed and owned companies within business development, marketing and design in Norway and Sweden. He has professional experience from the press and public relations sector and as marketing director within manufacturing and commercial trade. Aaby currently works as an investor and consultant. He has followed the mining sector for several years and has been a shareholder in IGE for the last five years. He is a board member of Mace Invest AS, Mace Consult AS, Colosseum Eiendom ANS and Inventarum AS. Magne Aaby is a Norwegian citizen.

Shareholdings in IGE: 37,500
Warrants/call options in IGE: 0

Anton Esterhuizen

Member of the board
Director since 2010
Born 1951
BSc (Hons) Geol, MSc (Mineral Exploration), FGSSA
Anton is an experienced geologist with more than 30 years exploration experience. Among his career highlights, he is credited with the discovery and evaluation of the Xstrata Group's high-grade Rhovan vanadium deposit, the Taaiboschspruit colliery and contributed to the re-evaluation of the large Burnstone gold deposit, all in South Africa. In Tanzania, he was responsible for the discovery of a number of Barrick's gold deposits and his activities attracted major players into that country.
Anton was responsible for the discovery of five titanium-zircon sand deposits including the Corridor Sands deposit in Mozambique and the Kwale deposit in Kenya. He is based in Johannesburg and has managed the exploration activities of Pangea DiamondFields PLC throughout Africa. Anton is a director of Tanzanian Royalty Exploration Corporation (TSE) and of NWT Uranium Corporation (TSE). He was the first recipient of the Des Pretorius Memorial Award for outstanding work in economic geology in Africa and received the Dreyer Award from the Society for Mining and Metallurgy and Exploration Inc (USA) for outstanding achievements in applied economic geology. Anton Esterhuizen is a South African citizen.

Shareholdings in IGE: 0
Warrants/call options in IGE: 0

Management

Thomas Carlsson

Acting Chief executive officer (CEO) and Chief Financial Officer (CFO)
Since 2006
Born 1974

Carlsson has previous to his position with IGE worked as manager within ISS Facility Services, Fischer Partners FK AB (Corporate Finance) and Nordea. Carlsson has thorough experience from working with corporate finance were he handled public offerings, private placements and company listings, as well as controlling, auditing and financial reports for listed companies. Carlsson holds a Master's Degree in Finance from Stockholm University. Thomas Carlsson is a Swedish citizen.

Shareholdings in IGE: 15,875
Warrants in IGE: 25,000

Other personnel in the parent company

Valeria Gomez

Economy and Administration
Born: 1976
Shareholdings in the company: 0
Options in IGE: 0

Nickel Mountain Resources AB

Fredric Bratt

CEO Nickel Mountain Resources AB
Since 2007
Born 1966
Bratt has more than 15 years of international and commercial experience from the mining and metals industry (mainly nickel, copper, cobalt, lead, zinc, precious and platinum group metals). Fredric worked over eight years for Falconbridge International in Brussels, initially as Manager Raw Materials and later as Director Raw Materials, where he was responsible for acquiring nickel, copper, cobalt and PGM bearing raw materials for the smelter in Sudbury, Canada and the Falconbridge Nikkelverk A/S refinery in Kristiansand, Norway. He was previously employed by Boliden over five years as General Manager for the joint Boliden, Trelleborg and Falconbridge office in Moscow. He has held directorships on the board of Falconbridge International Limited, Barbados (1998-2006) and Falconbridge East Limited, Cyprus (1998-2006). Fredric Bratt is a Swedish citizen.

Shareholdings in IGE: 20,000

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