



## Second quarter highlights

- Successful equity issue raised SEK 114 million
- Upfront PFS work for Rönnebäcken launched
- Diamond portfolio assessed; new approaches being evaluated
- Waterton new main shareholder (approx 30 per cent)
- IGE's financial basis and flexibility in good shape

## Key figures

SEK million	Q2 2012	First half 2012	Q2 2011	First half 2011	2011
Sales	-	-	0.9	5.8	5.8
Other income	-	2.1	-	-	-
Total revenues	-	2.1	0.9	5.8	5.8
EBITDA	-9.5	-13.9	-21.5	-45.8	-62.5
Impairment losses and depreciation	-0.3	-1.7	-23.2	-168.2	-168.9
Net result	-9.6	-15.2	-41.8	-161.1	-181.2
Investments in period	3.3	3.6	6.3	16.5	21.6
Cash at end of period	92.9	92.9	56.2	56.2	11.0
Interest bearing long term debt at end of period	5.0	5.0	6.6	6.6	6.3

## Results

The most significant event for IGE in the second quarter 2012 was the completion of a fully underwritten rights issue of SEK 114.4 million.

The improved capital base has enabled to launch a number of other activities aimed at better defining technical aspects required for the pre-feasibility study (PFS) of the Rönnebäcken Nickel Project. In the diamond business, the second quarter was marked by reviews and assessments of how to best move forward with the diamond project portfolio.

Through the rights issue, its underwriter, the Canada based commodity specialist fund Waterton Global Value L.P, became IGE's main shareholder with close to 30 per cent of the shares. The Annual General Meeting on 10 of May 2012 elected a new Board of Directors, reflecting the Company's new shareholder base.

Following the completed capitalization the IGE Group is a well-funded early stage junior mining company. The Group's strong balance sheet, its current market value and the availability of project opportunities together represent a significant upside potential for the company.

The Company's negative cash flow increased during the second quarter, reflecting the increased level of activity of Nickel Mountain Resources. Also, transactions costs related to the equity issue had adverse cash flow effects during the quarter.

EBITDA for the second quarter amounted to SEK -9.5 million, compared to SEK -21.5 million for the same period in 2011.

Operating expenses during the quarter were reduced from SEK 22.6 million in the second quarter last year to SEK 9.5 million in this year's second quarter, a reduction of almost 60 per cent. An ongoing cost reduction programme throughout 2011 has proven successful.

Cash flow during the first half of 2012 amounted to SEK 82.0 million (SEK 16.3 during the same period last year).

Cash and cash equivalents at the end of the second quarter were SEK 92.9 million (SEK 56.2 million end of second quarter last year).

IGE Resources' total assets at the end of June 2012 amounted to SEK 428.0 million, compared to SEK 389.5 million at the end of second quarter 2011.

Net investments during the second quarter amounted to SEK 3.3 million (SEK 6.3 million in second quarter last year). The investments made during the quarter were mainly related to the advancement of the Rönnebäcken Nickel Project.

## Corporate

IGE Resources completed the fully guaranteed rights issue at the end of April 2012.

129,820,875 new shares were issued at a price of 0.75 NOK per share. The total number of outstanding shares after the rights issue amounts to 181,749,225.

IGE Resources AB held its Annual General Meeting 2012 on 10 May. A new Board of Directors was elected, representing the Company's new shareholder base. The new Board consists of Fredrik Lindgren (Chairman of the Board), Timothy George, Magnus B Lindseth, Cheryl Brandon, Philip Gross and Jacques McMullen.

The Board of Directors is in the process of assessing IGE's assets and operations and defining the Company's strategy going forward.

The Board has confirmed the view that the Rönnebäcken Nickel Project and the Company's diamond assets should not be part of the same corporate structure in the future. Furthermore, the development of Rönnebäcken will continue to be the Board's number one priority. The Board is committed to prioritize the development of Rönnebäcken and Nickel Mountain Resources. The capital raised in 2012 is primarily earmarked for the development of the Nickel project.

The Board aims to complete the demerger of the Group into two separate entities in 2012. A proposal to this end is expected to be ready during Q4 2012. The Board is currently working to identify a solution that is beneficial for the shareholders from a value perspective.

## Operations; nickel

During the second quarter of 2012, Nickel Mountain Resources AB (Nickel Mountain) continued to invest in development of the Rönnebäcken Nickel Project, with the following activities launched in the last quarter.

ÅF Infraplan was retained to carry out a Preliminary Socio-Economic Impact Assessment (PSEIA) including regional

aspects of the Rönnebäcken Nickel Project. The study will evaluate the Rönnebäcken project's contribution to long-term sustainable development in the region. The PSEIA will also highlight the need for joint planning between the mining company, the municipality, the regional authorities and the state, in order to develop and take advantage of the socioeconomic consequences of the planned nickel mine at Rönnebäcken. The PSEIA is planned to be completed by the end of January 2013.

As part of continued proactive community dialogue initiatives, Nickel Mountain issued a comprehensive update of the project in a newsletter which was an insert in a local paper sent to all households in the municipality in May. In June, a public information meeting was held in Tärnaby, Northern Sweden to which inhabitants in the Storuman municipality were invited to attend to receive an update on the Rönnebäcken Nickel Project. Stellan Lundberg, Senior Expert Regional and Infrastructure Planning of ÅF Infraplan, Umeå, gave a summary of a recently published report "Benefits & Synergies from Investments in the Storuman Municipality – analysis and impact assessment of planned investments in the region" funded by regional authorities. Nickel Mountain gave a comprehensive presentation of the current status of the Rönnebäcken Nickel Project. The meeting was well attended.

Nickel Mountain announced the opening of a new office in Tärnaby in August. It will be run by local staff whose focus will be to provide information about the project and to engage in direct dialogue with the inhabitants in the region.

Nickel Mountain continues to maintain environmental baseline studies, which are required for the environmental permit application. Water sampling baseline studies launched in the first quarter of 2012 continued uninterrupted into the third quarter and have been contracted until the end of the year. This work is being carried out by Umeå based Pelagia Miljökonsult AB and forms part of the environmental baseline studies required for the environmental permit application.

In parallel to the above activities, Nickel Mountain Resources has launched a number of other activities aimed at better defining technical aspects required for the pre-feasibility study. These included the development of geological-metallurgical domains within the outlined resource that will increase the



robustness of the project production plan and performance of corresponding metallurgical testwork. Geological block models (Sundsberget, Vinberget and Rönnbäcknäset) will be updated with additional elements to further support the development of the production plan. A detailed analysis of the marketability of both concentrates (nickel and iron) will be conducted through market research.

Nickel Mountain Resources AB has retained the services of world class experts to assist in the above described technical work. The duration of this work is expected to be 5-6 months.

Nickel Mountain AB is the holder of two exploitation concessions relating to the Rönnbäcken Nickel Project, K nr 1 for the Vinberget deposit and K nr 2 for the Rönnbäcknäset deposit, which have been granted by the Swedish Mining Inspectorate. The Sami Reindeer Herding Cooperative Vapsten ("Vapsten") appealed the concessions to the Swedish Government, which dismissed the appeals. Vapsten applied to the Supreme Administrative Court ("SAC") for a judicial review of the Government's decision. In May 2012, the SAC repealed the Government's decision with the effect that the Government must make a renewed decision on the appeals. The new decision must include a thorough and clear balancing of the interests of mining activity versus those of national reindeer herding within the affected area, and must ultimately give precedence to one of these interests. The Government has given Nickel Mountain the opportunity to submit a statement at the end of September. The concessions are for the time being still valid during the renewed appeal process. It is not possible to estimate when the Government will make its renewed decision regarding the appeals.

The company is preparing to respond to the Government with regard to the renewed appeal process of the two exploitation concessions K nr 1 and K nr 2.

A decision by the Mining Inspectorate of Sweden on an exploitation concession for the Sundsberget deposit (K nr 3) is still pending. The application was submitted by Nickel Mountain in December 2011.

As a result of the activities described above and the renewed appeal process, there has been selective deferral of some long-lead activities; although these will eventually be

needed to support the Environmental Permit application. As such, the Rönnbäcken project schedule may be subject to delay. The schedule will be reviewed in the course of the second half of 2012."

## Operations; diamonds

The status of the **Bakerville Diamond Project** in South Africa remains unchanged from the first quarter 2012. IGE continues discussions with the contract miner, Frontier, as to whether the contract should be terminated or a further stage of bulk sampling should be undertaken in an effort to achieve improved economics. The discussions are pending investigations into alternative areas on the property.

IGE maintains the opinion that sufficient material at depth, in the potholes and at the surface, has not been processed for a conclusion with regards to economic viability of the mine to be made.

Alluvial diamond mining is to a large extent a volume game. Mining small volumes on a couple of selected targets within a concession of land and hope to strike high grades is a challenging strategy. IGE is of the opinion that the operator's approach to the Bakerville mining operation has to be reviewed.

The establishment of the current equipment processing capacity at Bakerville represents a significant investment by the contract miner and it is in the interests of both parties to find a solution allowing on-going use of the plant, rather than remove it and further delaying operations in the mine. Alternative areas for the operations and investment options by other parties are being evaluated by Frontier and IGE. Discussions with alternative mining contractors are also being held.

At the **Harts River Diamond Project**, South Africa, a short term agreement with a small scale mining operator has been negotiated to conduct bulk sampling work on selected sites. This is mainly done to satisfy the requirement for a minimum level of activity in order to maintain the prospecting permits. However, the bulk sampling will add new insight to the information gathered from the previous sampling campaigns.

IGE's costs related to this activity are marginal, while it has the potential of adding project value. The results of the bulk sampling conducted during July gives grounds for cautious optimism.

In the **Democratic Republic of Congo (DRC)**, discussions with interested parties have not yet yielded a satisfactory partner to proceed to production on either of the assets in **Tshikapa** or **Longatshimo**, which continued on care and maintenance also in the second quarter.

Based on recent visits to the sites, the Company's assessment of the potential of the DRC projects has become more positive. The area surrounding Tshikapa town and the rivers Longatshimo and Tshikapa indicates a substantial occurrence of diamonds. There are a lot of small scale artisanal activities in the area and the local partner on Tshikapa is producing diamonds at present based on a dredging operation on the Tshikapa River.

Both of IGE's DRC concessions contain extensive areas of gravel terraces suitable for alluvial diamond production. In addition the Group has equipment already in the area as well as infrastructure such as camps, plant, buildings, water and electricity: Highly important assets in an area which is challenging in terms of logistics.

To develop a big scale alluvial diamond production and to motivate capex investments necessary for such, the terraces of the concessions need to be targeted. However, the consensus, after visiting the area and discussing with local diamond mining experience, is clear that the rivers are the most interesting parts of the concessions. Both Longatshimo and Tshikapa concessions are surrounding rivers running across the license areas. Diamond mining operations based on dredging the bottom of the rivers or river diversions can be commissioned based on a lot less capital and still have the potential of

offering highly profitable diamond mining operations.

Discussions have been held at the end of the quarter with the local partner at Tshikapa to investigate the opportunity for a river diversion to recover diamonds from a known pothole which has been the subject of artisanal diving and dredging operations and yielded reasonable quantities of diamonds. IGE's contribution to this exercise would be in the form of equipment currently located at the Longatshimo concession. A decision on this is expected once the feasibility has been concluded and the management has a clear view of the capital requirement related to such an operation.

## Financial position

Cash and cash equivalents at the end of second quarter 2012 amounted to SEK 92.9 million, compared to SEK 56.2 million at the end of second quarter 2011. Total equity amounted to SEK 351.4 million (SEK 275.3 million on 30 June 2011) at the end of the reporting period, representing an equity ratio of 82 per cent (71 per cent at the end of second quarter the previous year).

Gross proceeds from the rights issue completed in the quarter amounted to about SEK 114.4 million in new equity. The share issue resulted in a new total number of outstanding shares amounting to 181,749,225.

The Company's interest bearing long term debt is limited to SEK 5.0 million, which is a convertible loan granted by Norrlandsfonden for the development of Rönnebäcken (interest bearing long term debt was SEK 5.2 million at the end of second quarter 2011).

## Group outlook

IGE considers the financial position, cost structure and flexibility to have improved further during the latest quarter. Furthermore, the Company enjoys a more appropriate ownership structure than previously and a dedicated Board of Directors. Arguably, IGE is now in a stronger position than ever and enjoys a position from which it will be able to grow value.

Following the successful equity financing, a number of activities have been launched to better support the pre-feasibility study for

Rönnbäcken as intended. The process will be incremental, and the Board and management will carefully consider every PFS initiative in order to maximise the outcome of the study, de-risk the project and further improve project economics.

### Parent Company

The Parent Company's business activity is to manage the Group's operations. The result before tax during the second quarter of 2012 amounted to SEK -3.8 million (-3.7). Cash and cash equivalents amounted to SEK 91.2 million (54.8). Investments in the Parent Company during the reporting period amounted to SEK 0 million (0).

*The shares of IGE Resources AB (publ.) are listed on the Oslo Stock Exchange, ticker symbol IGE.  
This Interim report has not been subject to review by the Company's auditors.*

Stockholm, 23<sup>rd</sup> of August 2012



Thomas Carlsson  
CFO and acting CEO  
IGE Resources AB (publ)

## Consolidated Statement of income

(TSEK)	Note	Q2 2012	Q2 2011	Jan-June 2012	Jan-June 2011	2011
Revenue from sales	5	-	904	-	5,848	5,848
Other operating income	7	-	-	2,072	-	-
Work performed by the entity and capitalized		-	168	-	356	629
Other external expenses	14	-7,224	-15,222	-8,906	-32,637	-43,176
Personnel expenses		-2,236	-7,294	-4,720	-19,265	-25,559
Results from equity accounted participations	8	-	-45	-76	-112	-273
Other operating expenses	9	-	-	-2,283	-	-
<b>Operating result before depreciation and impairment losses</b>		<b>-9,460</b>	<b>-21,489</b>	<b>-13,913</b>	<b>-45,810</b>	<b>-62,531</b>
Depreciation/amortization and impairment loss on property, plant and equipment, intangible assets	3	-315	-23,238	-1,711	-168,161	-168,850
Financial revenue	4	141	-	224	503	900
Financial expenses	4	-175	-406	-197	-1,309	-5,094
Total financial items		-34	-406	27	-806	-4,194
<b>Result before tax</b>		<b>-9,809</b>	<b>-45,133</b>	<b>-15,597</b>	<b>-214,777</b>	<b>-235,575</b>
Income tax	10	0	0	0	49,631	49,631
<b>Result for the period</b>		<b>-9,809</b>	<b>-45,133</b>	<b>-15,597</b>	<b>-165,146</b>	<b>-185,944</b>
Result for the period attributable to:						
Equity holders of the Parent Company		-9,644	-41,844	-15,239	-161,085	-181,197
Non controlling interest		-165	-3,289	-358	-4,061	-4,747
<b>Result for the period</b>		<b>-9,809</b>	<b>-45,133</b>	<b>-15,597</b>	<b>-165,146</b>	<b>-185,944</b>
Result per share before and after dilution		-0.10	-0.02	-0.16	-0.07	-0.06
Average number of shares (Millions)		99	2,210	99	2,210	2,868

## Statement of comprehensive income

TSEK	Q2 2012	Q2 2011	Jan-June 2012	Jan-June 2011	2011
Result for the period	-9,809	-45,133	-15,597	-165,146	-185,944
<i>Other comprehensive income</i>					
Exchange differences during the period	119	317	166	-437	10,315
Total other comprehensive income	-9,690	-44,816	-15,431	-165,583	-175,629
<i>Total comprehensive income for the period attributable to:</i>					
Equity holders of the Parent Company	-9,525	-41,527	-15,073	-161,522	-170,882
Non controlling interest	-165	-3,289	-358	-4,061	-4,747

## Consolidated Statement of financial position

(TSEK)	Note	30/06/2012	30/06/2011	31/12/2011
<b>ASSETS</b>				
<b>Fixed assets</b>				
<i>Intangible fixed assets</i>				
Mineral interests		328,360	323,844	326,991
<i>Tangible fixed assets</i>				
Plant and machinery		982	1,908	1,335
<i>Long-term financial assets</i>				
Participation in equity accounted companies		1,357	1,229	1,433
Long-term receivables		31	112	31
<b>Total fixed assets</b>		<b>330,730</b>	<b>327,093</b>	<b>329,790</b>
<b>Current Assets</b>				
Other receivables		3,403	5,667	4,433
Prepaid expenses		916	588	452
Cash and cash equivalents		92,929	56,160	10,977
<b>Total current assets</b>		<b>97,248</b>	<b>62,415</b>	<b>15,862</b>
<b>TOTAL ASSETS</b>		<b>427,978</b>	<b>389,508</b>	<b>345,652</b>
<b>EQUITY</b>	15			
<i>Equity attributable to equity holders of the parent company</i>				
Share capital		45,437	207,713	12,982
Other paid in capital		1,176,004	912,146	1,107,044
Reserves		9,740	-1,178	9,574
Retained earnings and profit for the period		-863,701	-827,565	-848,462
		<b>367,480</b>	<b>291,116</b>	<b>281,138</b>
Non controlling interest		-16,085	-15,826	-15,727
<b>Total equity</b>		<b>351,395</b>	<b>275,290</b>	<b>265,411</b>
<b>Liabilities</b>				
Deferred tax liabilities	11	63,119	63,119	63,119
Other provisions	11	2,996	1,979	2,996
<i>Long term liabilities</i>				
Convertible loan	12	5,000	5,000	5,000
Other long term liabilities	13	1,277	1,608	1,276
<b>Total long term liabilities</b>		<b>72,392</b>	<b>71,706</b>	<b>72,391</b>
<i>Current liabilities</i>				
Accounts payable		1,794	19,382	3,984
Interest bearing loans and borrowings		-	2,640	-
Other liabilities		231	210	352
Accrued expenses and prepaid income		2,166	20,280	3,514
<b>Total current liabilities</b>		<b>4,191</b>	<b>42,512</b>	<b>7,850</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>427,978</b>	<b>389,508</b>	<b>345,652</b>
<i>Pledged assets</i>	16	<b>8,746</b>	<b>8,173</b>	<b>8,431</b>



## Consolidated Statement of changes in equity

	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 2011	90,281	984,120	-741	-666,480	407,180	-11,765	395,415
Net result for the period				-161,085	-161,085	-4,061	-165,146
<i>Other comprehensive income:</i>							
Exchange differences			-437		-437		-437
<b>Transactions with shareholders:</b>							
Costs referable to fundraising		-9,665			-9,665		-9,665
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
<b>Closing balance at 30 June 2011</b>	<b>207,713</b>	<b>912,146</b>	<b>-1,178</b>	<b>-827,565</b>	<b>291,116</b>	<b>-15,826</b>	<b>275,290</b>
Balance at 1 July 2011	207,713	912,146	-1,178	-827,565	291,116	-15,826	275,290
Net result for the period				-20,623	-20,623	-175	-20,798
Bonus issue	46,736	-46,736			0		0
Reduction of share capital without redemption of shares	-241,467	241,467			0		0
<i>Other comprehensive income:</i>							
Exchange differences			10,752		10,752		10,752
<b>Transactions with shareholders:</b>							
Change of accounting principle related to reporting of non controlling interest				-274	-274	274	0
Costs referable to fundraising		167			167		167
<b>Closing balance at 31 December 2011</b>	<b>12,982</b>	<b>1,107,044</b>	<b>9,574</b>	<b>-848,462</b>	<b>281,138</b>	<b>-15,727</b>	<b>265,411</b>
Balance at 1 January 2012	12,982	1,107,044	9,574	-848,462	281,138	-15,727	265,411
Net result for the period				-15,239	-15,239	-358	-15,597
Transfer of paid premium related to warrants issue by the company		-510			-510		-510
<i>Other comprehensive income:</i>							
Exchange differences			166		166		166
<b>Transactions with shareholders:</b>							
New share issue	32,455	82,003			114,458		114,458
Costs referable to fundraising		-12,533			-12,533		-12,533
<b>Closing balance at 30 June 2012</b>	<b>45,437</b>	<b>1,176,004</b>	<b>9,740</b>	<b>-863,701</b>	<b>367,480</b>	<b>-16,085</b>	<b>351,395</b>

The total number of outstanding shares amounts to 181,749,225 as per June 30<sup>th</sup> 2012.

## Consolidated Statement of cash flow

(TSEK)	Jan-June 2012	Jan-June 2011	Jan-Dec 2011
<b>Cash flow from operations</b>			
Result after financial items	-15,597	-214,777	-235,575
Adjustments for non cash items*	2,158	182,297	191,106
Income tax paid	-	-	-
<b>Total cash flow from operations before change in working capital</b>	<b>-13,439</b>	<b>-32,480</b>	<b>-44,469</b>
<b>Change in working capital</b>			
Increase/decrease in inventories	-	1,352	1,375
Increase/decrease receivables	567	9,538	11,448
Increase/decrease in short term liabilities	-5,014	12,215	-17,914
<b>Total cash flow from operations</b>	<b>-17,885</b>	<b>-9,375</b>	<b>-49,560</b>
<b>Cash flow used for investments</b>			
Sale of associated company	-	500	500
Purchase of intangible assets	-3,649	-13,965	-21,580
Sale of intangible assets	2,072	500	500
Purchase of tangible assets	-	-5,270	-
<b>Total cash flow used for investments</b>	<b>-1,577</b>	<b>-18,235</b>	<b>-20,580</b>
<b>Financial activities</b>			
New share issue net of transaction costs	101,925	45,625	45,625
Transfer of paid premium related to warrants issued by the company	-510	1,396	-
Raised credits	-	-	1,276
Amortization of debt	-	-3,103	-5,956
<b>Total cash flow from financial activities</b>	<b>101,415</b>	<b>43,918</b>	<b>40,945</b>
Change in cash and bank	81,953	16,308	-29,195
Cash and bank at 1 January	10,977	40,157	40,157
Currency exchange difference	-	-304	15
<b>Cash and bank at the end of reporting period</b>	<b>92,929</b>	<b>56,161</b>	<b>10,977</b>
<b>*Adjustments for non cash items</b>			
Depreciations and impairment losses on intangible assets	1,352	143,649	148,565
Depreciations and impairment losses of tangible assets	360	24,554	20,327
Exchange gain	-19	-	-
Exchange loss	195	9,498	16,805
Capital gain	-	-	-366
Capital loss	212	-	-
Write-down of long term financial asset	-	4,433	4,433
Share of loss on equity accounted companies	76	69	231
Liability increase due to discounting of value of other provisions	-	94	1,112
Others	-18	-	-
<b>Total</b>	<b>2,158</b>	<b>182,297</b>	<b>191,106</b>

## Income statement Parent company

(TSEK)	Note	Q2 2012	Q2 2011	Jan-June 2012	Jan-June 2011	2011
Other operating income	7	-	-	-	-	-
Other external expenses	14	-2,787	-1,618	-3,290	-10,930	-15,879
Personnel expenses		-1,204	-1,791	-2,365	-6,097	-6,527
Depreciation/amortization tangible assets	3	-2	-9	-10	-23	-38
<b>Operating result</b>		<b>-3,993</b>	<b>-3,418</b>	<b>-5,665</b>	<b>-17,050</b>	<b>-22,444</b>
<i>Result from financial items</i>						
Result from participations in group companies		-	-	-	-104,000	-104,000
Financial revenue		218	-	222	69	470
Financial expenses		-69	-296	-91	-1,006	-1,047
<b>Total financial items</b>		<b>149</b>	<b>-296</b>	<b>131</b>	<b>-104,937</b>	<b>-104,577</b>
<b>Result before tax</b>		<b>-3,844</b>	<b>-3,714</b>	<b>-5,534</b>	<b>-121,987</b>	<b>-127,021</b>
Income tax	10	0	0	0	0	0
<b>Result for the period</b>		<b>-3,844</b>	<b>-3,714</b>	<b>-5,534</b>	<b>-121,987</b>	<b>-127,021</b>

## Statement of comprehensive income

TSEK	Q2 2012	Q2 2011	Jan-June 2012	Jan-June 2011	2011
Result for the period	-3,844	-3,714	-5,534	-121,987	-127,021
Other comprehensive income	-	-	-	-	-
Total other comprehensive income	-3,844	-3,714	-5,534	-121,987	-127,021

## Balance sheet Parent company

(TSEK)	Note	30/06/2012	30/06/2011	31/12/2011
<b>ASSETS</b>				
<b>Tangible fixed assets</b>				
Plant and machinery		-	26	10
<i>Long-term financial assets</i>				
Shares in subsidiaries		102,635	100,635	102,635
Receivables from subsidiaries		254,769	218,702	241,357
<b>Total fixed assets</b>		<b>357,404</b>	<b>319,363</b>	<b>344,002</b>
<b>Current Assets</b>				
Other receivables		151	540	149
Prepaid expenses		501	294	203
Cash and cash equivalents		91,201	54,828	9,315
<b>Total current assets</b>		<b>91,853</b>	<b>55,662</b>	<b>9,667</b>
<b>TOTAL ASSETS</b>		<b>449,257</b>	<b>375,025</b>	<b>353,669</b>
<b>SHAREHOLDERS EQUITY</b>				
<i>Restricted equity</i>				
Share capital	15	45,437	207,713	12,982
Statutory reserve		2,300	49,036	243,767
<i>Total restricted equity</i>		<i>47,737</i>	<i>256,749</i>	<i>256,749</i>
<i>Non restricted equity</i>				
Share premium reserve		1,149,839	839,245	839,412
Retained earnings		-749,536	-622,515	-622,515
Result for the period		-5,534	-121,987	-127,021
<i>Total non restricted equity</i>		<i>394,769</i>	<i>94,743</i>	<i>89,876</i>
<b>Total shareholders equity</b>		<b>442,506</b>	<b>351,492</b>	<b>346,625</b>
<b>Long term liabilities</b>				
Convertible loan	12	5,000	5,000	5,000
<b>Total long term liabilities</b>		<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
<b>Current liabilities</b>				
Accounts payable		201	2,939	100
Interest bearing loans and borrowings		-	2,640	47
Other liabilities		44	136	-
Accrued expenses		1,506	12,818	1,897
<b>Total current liabilities</b>		<b>1,751</b>	<b>18,533</b>	<b>2,044</b>
<b>TOTAL SHAREHOLDERS EQUITY AND LIABILITIES</b>		<b>449,257</b>	<b>375,025</b>	<b>353,669</b>

## Changes in equity Parent Company

(TSEK)	Restricted Equity		Non restricted Equity			
	Share capital	Statutory reserve	Share premium reserves	Retained earnings	Result for the period	Total Equity
<b>2011</b>						
Balance at 1 January 2011	90,281	111,345	848,910	-119,047	-503,468	428,021
Result for the period					-121,987	-121,987
<b>Transactions with shareholders:</b>						
Costs referable to fundraising			-9,665			-9,665
New share issue	55,123					55,123
Reallocation of equity from share premium reserve to share capital	62,309	-62,309				0
<b>Closing balance at 30 June 2011</b>	<b>207,713</b>	<b>49,036</b>	<b>839,245</b>	<b>-119,047</b>	<b>-625,455</b>	<b>351,492</b>
Balance at 1 July 2011	207,713	49,036	839,245	-119,047	-625,455	351,492
Transfer of prior year's net result				-503,468	503,468	0
Result for the period					-5,034	-5,034
Bonus issue	46,736	-46,736				0
Reduction of share capital without redemption of shares	-241,467	241,467				0
<b>Transactions with shareholders:</b>						
Costs referable to fundraising			167			167
<b>Closing balance at 31 December 2011</b>	<b>12,982</b>	<b>243,767</b>	<b>839,412</b>	<b>-622,515</b>	<b>-127,021</b>	<b>346,625</b>
Balance at 1 January 2012	12,982	243,767	839,412	-622,515	-127,021	346,625
Transfer of prior year's net result				-127,021	127,021	0
Result for the period					-5,534	-5,534
Transfer of paid premium related to warrants issued by the company			-510			-510
Reallocation of restricted equity to non restricted equity		-241,467	241,467			0
<b>Transactions with shareholders:</b>						
New share issue			82,003			114,458
Costs referable to fundraising			-12,533			-12,533
<b>Closing balance at 30 June 2012</b>	<b>45,437</b>	<b>2,300</b>	<b>1,149,839</b>	<b>-749,536</b>	<b>-5,534</b>	<b>442,506</b>

A reduction of restricted Equity, decided on the EGM held on the 22<sup>nd</sup> of November 2012 was registered by the Swedish Companies registration office and thereby came in to force, in February 2012. As a consequence of the reallocation, the share premium reserve increased with SEK 241.5 million during the first half of 2012.

## Key ratios and share data

		30/06/2012	30/06/2011	2011	2010	2009
Number of outstanding shares at beginning of reporting period	Number	51,928,350	1,805,618,810	1,805,618,810	795,709,953	418,161,828
New share issue	Number	129,820,875	2,348,649,150	2,348,649,150	1,009,908,857	377,548,125
Number of outstanding shares at the end of reporting period*	Number	181,749,225	4,154,267,960	51,928,350	1,805,618,810	795,709,953
Average number of shares	Number	99,266,349	2,210,108,386	2,930,566,085	1,346,291,141	538,509,297
Operating result	TSEK	-13,913	-45,810	-62,531	-149,987	-39,190
Result after tax	TSEK	-15,597	-165,146	-185,944	-477,330	-44,858
Operating result per share	SEK	-0.14	-0.02	-0.02	-0.11	-0.07
Result after financial items per share	SEK	-0.30	-0.07	-0.08	-0.41	-0.08
Result per share after tax	SEK	-0.16	-0.07	-0.06	-0.35	-0.08
Shareholder's equity per share before dilution*	SEK	1.93	0.07	21.57	0.22	0.37
Dividend	TSEK	-	-	-	-	-
Price per share at the end of reporting period	SEK	0.53	0.03	1.66*	0.23	0.58

\* A reversed split of 1:80 was executed on the 7<sup>th</sup> of December 2011



In calculating income and cash flow per share the average number of shares during the reporting period has been used, whereas in calculating shareholders' equity the number of outstanding shares has been used.

IGE possesses none of its own shares at the end of the reporting period.

Further information regarding key ratio definitions can be obtained from the annual report for the financial year 2011.

Total number of shares amounts to 181,749,225 as per June 30<sup>th</sup> 2012.

## Notes to the financial report

### 1. Accounting principles

This interim report has been prepared according to Annual Accounts Act and IAS 34 Interim Reporting. The interim report has also been prepared in accordance with the rules in the Swedish Financial Accounting Standard RFR2.

The Interim report does not contain all the information and disclosures available in the annual report and the interim report should be read together with the annual report for 2011.

### 2. Risks and Uncertainties

The operations of IGE involve certain significant risks, including but not limited to credit risk, foreign exchange risk, and political risk. For a complete discussion of the aforementioned risks, refer to the Company's

2011 annual report is available on the IGE website, [www.ige.se](http://www.ige.se). The management of IGE does not consider that any additional risk has become current since the expiration of the previous year of operation.

### 3. Depreciations and impairments

Impairments during the quarter are related to a claim on a drilling contractor assigned for a drilling programme in Kenya that never was delivered. After a litigation process the contractor has now been declared in bankruptcy resulting in a need of an impairment of IGE's claim.

Impairments during the comparative periods are mainly related to the Group's withdrawal from the Angolan diamond projects.

### 4. Financial items

Financial revenue (TSEK)	30/06/2012	Group 30/06/2011	31/12/2011
Interests	205	63	269
Exchange gains	19	440	631
<b>Total financial revenue</b>	<b>224</b>	<b>503</b>	<b>900</b>

Financial expenses (TSEK)	30/06/2012	30/06/2011	31/12/2011
Interest	-2	-254	-52
Exchange losses	-195	-1,055	-5,042
<b>Total financial expenses</b>	<b>-197</b>	<b>-1,309</b>	<b>-5,094</b>

## 5. Segment reporting

(TSEK)	Jan - June 2012				
	Gold	Diamonds	Nickel	Other	Total
Revenue from sales	-	-	-	-	-
Operating result before depreciation and impairment losses	-	-2,590	-5,592	-5,731	-13,913
Depreciation of mineral interests	-1,352	-	-	-	-1,352
Depreciation according to plan	-	-275	-74	-10	-359
Result before tax	-1,352	-2,864	-5,847	-5,534	-15,597
Fixed assets	-	239,644	90,474	612	330,730
Current assets	197	3,311	1,888	91,852	97,248
Long term liabilities	-	1,277	5,000	-	6,277
Short term liabilities	-	54	2,385	1,752	4,191
Investments (gross amounts)	-	-	3,649	-	3,649
(TSEK)	Jan - June 2011				
	Gold	Diamonds	Nickel	Other	Total
Other revenues	-	5,848	-	-	5,848
Operating result before depreciation and impairment losses	-313	-17,879	-10,590	-17,028	-45,810
Depreciation of mineral interests	-	-165,422	-	-	-165,422
Depreciation according to plan	-	-2,631	-85	-23	-2,739
Result before tax	-310	-185,620	-10,859	-17,988	-214,777
Fixed assets	-	240,853	86,214	26	327,093
Current assets	1,297	3,737	1,720	55,661	62,415
Long term liabilities	-	1,608	-	5,000	6,608
Short term liabilities	-	8,595	18,024	15,893	42,512
Investments (gross amounts)	-	5,653	10,856	-	16,509

## 6. Revenue from sales

Revenue from sales during 2011 is related to sales of rough diamonds recovered from IGE projects.

## 7. Other operating income

Other operating income is attributable to a sale of the Group's remaining interest in the Solvik gold exploration project.

## 8. Results from equity accounted participations

Result from participations in group companies during the period is attributable to the Group's interest in Nordic Iron Ore and Tasman Metals.

## 9. Other operating expenses

Other operating expenses are attributable to a capital loss from sales of exploration permits in Nickel Mountain Resources AB (former IGE Nordic AB)

## 10. Tax

The positive amount reported is a reversal of a provision related to deferred tax liabilities. The

reversal occurs as a result of impairments of the assets that the provision is related to.

The reversals of the deferred tax reported in the comparative periods are a result of the impairment of the Cassanguidi project that has been made historically.

## 11. Provisions

### Deferred tax liabilities

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

### *Other provisions*

Other Provisions are related to an estimated cost of mine site restoration in Angola and accrued costs related to the MRG option. If MRG decides to exercise the option, a provision of SEK 1.02 million will be deducted from the price to be paid for the shares. If they waive their right to exercise the option, the above provision will be set to zero and removed from the balance sheet of Nickel Mountain Resources.

## **12. Convertible loan to Norrlandsfonden**

In June 2010, IGE issued a convertible loan that provided the Company with an amount of totally SEK 5 million to Norrlandsfonden. The convertible loan was issued based 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.

If fully converted the convertible loan will result in an additional 89,286 shares will be issued (a dilution of about 0.05% based on 181,749,225 shares outstanding).

## **13. Other long term liabilities**

Other long term liabilities are referable to outstanding accounts with the statutory Black Economic Empowerment partner for Bakerville, Tranter. Tranter initially owed IGE about SEK 8 million. At present SEK 1.3 of this amount has been paid. The amount reported in the Balance Sheet of IGE has been entered as duty of care. If the BEE partner fails to fulfil its obligations according to the contract, and thereby fails to pay the remaining SEK 6.7 million, IGE could end up in a situation where Tranter claim their first part payment refunded.

## **14. Related party transactions**

- Nickel Mountain Resources AB engaged ECPS, in the end of 2011, to assist the Board and Management on strategy and business development. ECPS was a related party by way of its owner Paul Sagberg. Paul was a board member in Nickel Mountain Resources up to the Annual General Meeting held on May 14<sup>th</sup> 2012. ECPS has invoiced IGE SEK 403.3 thousands during 2012.
- Nickel Mountain Resources AB has, since 1<sup>st</sup> of October 2011, engaged Intellectuals AS as a strategic advisor to be involved and assist in the fundraising during Q4 2011/Q1 2012. Intellectuals AS is a related party by way of its owner Magnus B Lindseth who is a member of the Board of IGE Resources. As consideration for the consultancy, Intellectuals AS has invoiced IGE SEK 537.7 thousands during 2012.
- Nickel Mountain Resources AB has, since May 2012, engaged J. McMullen & Associates as a consultant to be involved and assist in the pre-feasibility study of Rönnebäcken Nickel project. J. McMullen & Associates is a related party by way of its owner Jacques McMullen who is a member of the Board of IGE Resources. As consideration for the consultancy J. McMullen & Associates has invoiced IGE SEK 217.5 thousands during 2012.
- Mace Consult AS has invoiced IGE SEK 255.4 thousands during 2012 for services related to management assistance and market communication. Mace Consulting was a related party on behalf of its Managing Director, Magne Aaby who was a board member in IGE up to the Annual General Meeting held on the 10<sup>th</sup> of May 2012.
- Tim George has invoiced the SEK 442.4 thousand during 2012 for management assistance and consultancy services. Tim is a board member of IGE

## **15. Reversed split**

The Extra General Meeting held on the 22<sup>nd</sup> of November 2011 decided to execute a reverse split of the company's shares at a ratio of 1:80. The first day of trading with the new number of shares was the 8<sup>th</sup> of December 2011. As a result of the reversed split the number of shares at the time was reduced from 4,154,267,960 to 51,928,350.

## **16. Pledged assets**

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 Rönnebäcken Nickel Project for a term of 18 months, commencing June 2010. MRG will absorb the majority of its own costs, thereby accepting project risk and having an incentive to build value in the project. As a result of the agreement, MRG was entitled to accrue costs incurred during the term of the MRG Agreement and offset such costs against the cash payment. Such costs not paid by NMR would accrue as a loan to the Company to a maximum amount of USD 500,000 to be offset against the cash payment to exercise the option. If MRG waives their right to exercise the option, the above accrued expenses/loan will be set to zero and removed from the balance sheet of Nickel Mountain Resources.

To secure this loan, NMR agreed to grant MRG a fixed and floating charge of 10% over the mineral licences related to Rönnebäcken held by its subsidiary Nickel Mountain AB. This agreement has not yet resulted in a formal pledge.

As part of the above agreement, MRG has secured an option with a 24 month duration, which was vested on the 2<sup>nd</sup> of December 2011, for 10 per cent of the Rönnebäcken project in exchange for a USD 3 million cash payment.

## **17. Disputes**

IGE Resources subsidiary Nickel Mountain Resources has during the period received claims from Paul Sagberg, former Board member of Nickel Mountain Resources AB. The claim in question corresponds to approximately SEK 200 thousand. As ground for its claim, Paul Sagberg cites that he is entitled to a Board fee for his directorship in the company during the period July 2011 to May 2012. The company is of the opinion that the consultancy agreement with Environmental Consultant Paul Sagberg (see note 14 above), corresponding to a consideration of NOK 540 thousand in total, replaced Sagberg's right to Board remuneration. Nickel Mountain Resources has contested the claim and notified Paul Sagberg that the claim is unfounded. The claim presented consequently does not give rise to any reservation on the part of IGE Group. The claim is not subject to legal review at the present situation.

## **Upcoming reports:**

- Q3 and 9 months interim report 2012: 15 November 2012
- Q4 and Year End report 2012: 21 February 2013



**IGE RESOURCES AB (Publ)**  
Kungsgatan 44  
SE-111 35 Stockholm  
Sweden  
Telephone +46 8 402 28 00  
Org. Reg. No 556227-8043