

Annual Report 2013



Nickel Mountain Group AB (publ)

Annual Report

for the Financial Year 2013

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Message from the Managing Director

The year 2013 will predominantly be remembered for the turbulence connected with the fraudulent acquisition of Ghana Gold AB, a company without any significant assets. The Board of Directors and executive management of Nickel Mountain Group at the time were afterwards proven to be involved to a certain extent with the selling company, such that the transaction had a clear related party aspect to it. A more serious deficiency was the fact that Ghana Gold was essentially an empty company. It would appear that the intention of the transaction was to deprive Nickel Mountain Group of its cash, and to redirect these funds for other purposes outside of the company. To this purpose, a cash payment of Swedish krona 50 million was quickly transferred abroad. Subsequent regulatory investigation of the transaction resulted in the transaction being declared null and void by the Swedish courts, and a ruling was made that the cash payment was to be returned as per the underlying sales purchase agreement. At the same time, the company officers responsible for approving and directing this acquisition left the company in late summer of 2013.

This irregularity was either a criminal offense, or at minimum, an act of gross negligence by the previous Board Directors and company management. Nickel Mountain Group has a well-founded right to claim compensation from the people responsible, and the company has engaged a leading Swedish law firm to pursue this process, which will most likely end up being resolved in the Swedish courts.

The funds transferred out of Nickel Mountain Group's coffers were cash resources earmarked to finance the long-planned Pre-feasibility Study of our Rönnebäcken Nickel Project in Northern Sweden. The loss of liquidity led to a halt in the company's operations in Sweden, as well as in the African subsidiaries. The current Board of Directors, appointed in August of 2013, acted swiftly to secure enough financing to allow the company to survive. Nickel Mountain Group raised a total of SEK 17 million in short-term loans in the latter half of 2013. By the start of 2014, Nickel Mountain Group had enough working capital to maintain certain activities at its properties. The company intends to pursue a Pre-feasibility Study of its Rönnebäcken Nickel Project and has already initiated a work program



of Pre-feasibility Study related activities. Moreover, SRK Consulting (Sweden) AB has been contracted to coordinate this study.

In August 2013, the Swedish government dismissed the appeals of the Vapsten Reindeer Husbandry Co-operative (Vapsten) and others, regarding the Chief Mine Inspector's decision to grant the three exploitation concessions Rönnebäcken K nr 1–3 to Nickel Mountain Group. This ruling means that the company may now continue with its work program relating to the nickel project. Subsequently, Vapsten submitted a complaint to the UN Committee on the Elimination of Racial Discrimination (CERD) arguing that Sweden has violated the UN prohibition on racial discrimination. Asked to comment on the admissibility of the complaint, the Swedish Government expressed the position that Vapsten's complaint should not be tried by CERD.

When project economics have been proven to be satisfactory, Nickel Mountain Group will need to ensure adherence to all environmental demands. In Sweden, these restrictions are checked by an administrative court which issues environmental permits according to Swedish legislation. This control process is typically undertaken in parallel with economic studies; economic and environmental requirements are interdependent as the environmental aspects partly define the design of the mine, hence having a direct impact on project economics. Obviously this process will take a few years.

The Board of Directors and management are very much focused on the task of developing this mine to production and will make every effort to achieve this goal. At the same time, we

understand that there are many stakeholders with an interest in the direction of this mine. The process for obtaining an environmental permit places a lot of pressure on the license holder to prove that the project complies with all vital demands. The drafting of an environmental impact assessment will require that consultations be held with affected authorities and stakeholders. By listening to the views of Vapstens Sameby, and also those of other groups with critical remarks, we believe a satisfactory end result for all parties concerned can be achieved.

The Board of Directors has concluded that an undertaking to develop the Rönnebäcken project, a huge project by global standards, is a demanding task for a junior miner such as Nickel Mountain Group. At the same time, the company would not have the capital to support the diamond projects located in Africa for the medium and long-terms. However, it is recognized that the property assets in the Democratic Republic of Congo may carry a positive value if new working capital were obtained. Therefore, a decision was approved in principle by the Extraordinary Shareholders Meeting of Nickel Mountain Group in November 2013 to distribute the diamond related assets to existing shareholders of Nickel Mountain Group. A new subsidiary company named African Diamond AB was incorporated early in 2014 to serve as a vehicle for the planned distribution to Nickel Mountain Group shareholders of the remaining diamond related assets of the group. The separation is a complicated process given the legal, financial and tax related issues that must be solved beforehand. This has led to a delay in the distribution of diamond shares to shareholders but an EGM that gets convened on May 8, 2014 will finally decide on the matter.

I would like to conclude by extending gratitude to our few employees and close consultants, who have remained with the company despite all of the turbulence, and who have continued to protect the interests of our shareholders. I also want to thank the many external supporters of our project, whom I have met with over the past months. Lastly, I would like to thank you, the shareholders of Nickel Mountain Group. The past few years have not delivered much of joy to you in terms of shareholder value. This is unfortunately the case also for many of our

colleagues in the mining sector, and for that matter, for many other listed companies. We believe there are reasonable opportunities to change this pattern. The current Board of Directors is doing its utmost to define the right strategies and to secure the needed resources to achieve positive results in the end.

I would also take the liberty as Managing Director of this company to do what I have done many times over the past years in similar positions at other junior minerals companies. I would like to re-iterate that the risks for our project are still rather high, and I recommend that you study the risk section of this annual report. With risks, there also comes good potential according to modern capital market theory. For those of you who decide to continue to support Nickel Mountain, you can be assured that the Board of Directors and management will continue to try to serve in your best interests.

Torbjörn Ranta
Managing Director
Nickel Mountain Group AB
since January 1, 2014

Commodities Outlook

Nickel

Following two years of surplus, global nickel markets are poised to go through a period of rebalancing in 2014, as government policy rather than genuine supply demand fundamentals will work to curtail the supply of the metal.

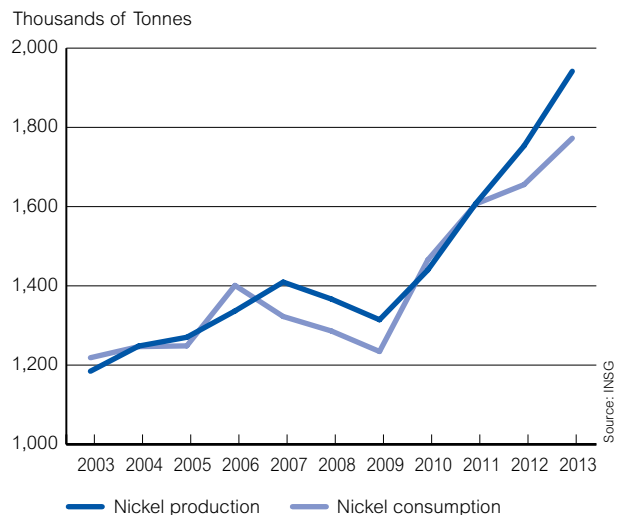
Demand has been robust with 2013 seeing 7.5 percent growth in global nickel ore consumption in all forms. The global stainless steel industry which accounts for about two-thirds of nickel consumption increased output by 7.8 percent in 2013, to reach 38.1 million tonnes according to the International Stainless Steel Forum. It is expected to grow 8 percent in 2014, as crude stainless-steel production increases to a record 39 million tonnes according to industry consultant MEPS (International) Ltd. Output in China, the world's biggest consumer of nickel, will climb to 19.3 million tons in 2014, representing almost 50 percent of global production.

At the same time, nickel supply has more than kept pace in recent years. From 2009 to 2013, global refined nickel supply is estimated to have grown at a rate of 9.6 percent per year, reflecting a surge in nickel pig iron (NPI) output in China. According to the International Nickel Study Group, global refined nickel supply still surged by almost 11 percent in 2013 to 1,944,700 tonnes, maintaining the market in a surplus of about 170–180,000 tonnes.

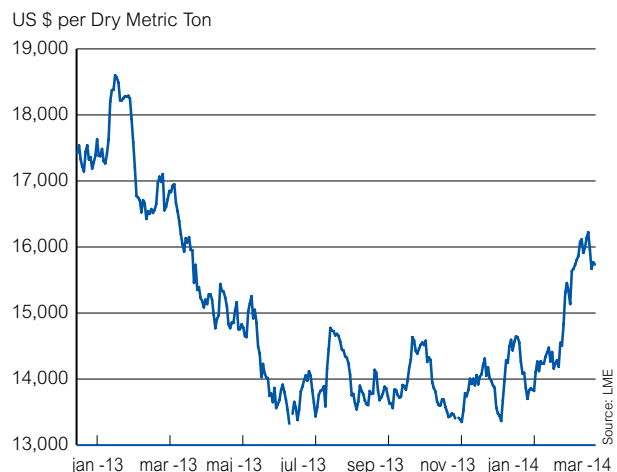
An export ban on shipments of unprocessed nickel ore implemented by Indonesia in January 2014 and the risk of sanctions against Russia as a result of the latter's annexation of Crimea have raised concerns that supplies will be constrained. Indonesia is a major exporter of nickel ore, accounting for 18–20 percent of global supply. Consultants Woods MacKenzie anticipate the ban will see NPI production fall to 450,000 tonnes in 2014. Meanwhile, Russia's annexation of Crimea has prompted the imposition of increasing sanctions by the US and the EU on Russia and its officials. The standoff could potentially affect Moscow-based Norilsk Nickel which being the world's biggest producer of refined nickel, accounting for around 17 percent of global output, is a major exporter of the refined metal to international markets. As a result of these two events, nickel prices increased 12.5 percent in the first quarter of 2014 from the end of 2013 to end at \$15,560 per tonne.

Any further price gains for the remainder of 2014 and into 2015 are expected to be more subdued as the market remains in surplus. Despite these threats to supply, significant new production from large-scale projects started in the last decade (in many cases, years late) will add an additional 250,000 tonnes of supply. All of these new projects will continue to ramp up over the coming months since operators need to recoup what were often huge investment outlays. Hence, the nickel market is anticipated to remain in oversupply for the medium term. Longer-term, a supply deficit is anticipated to emerge around 2016/2017.

Nickel Metal Production & Consumption



LME Settlement Nickel Price



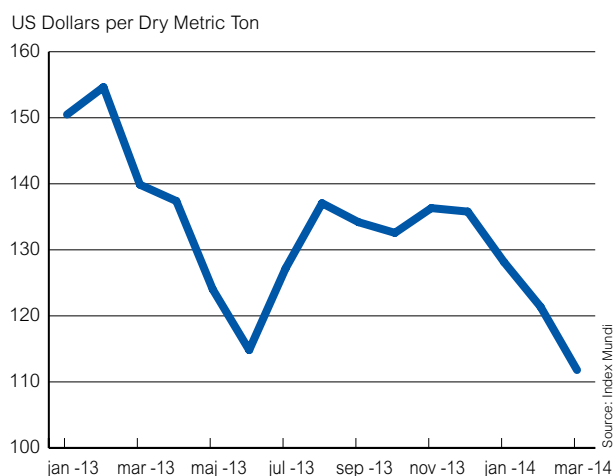
Iron Ore

Iron ore was among the few commodities to see its prices rise in 2013, as China imported a total of 820 million tonnes for its burgeoning steel industry. Iron ore along with coal is a key raw material in carbon steel manufacture. According to the China Iron and Steel Association, steel output from the country's blast furnaces set a torrid pace peaking at 2.21 million tonnes a day. Moreover, Chinese steel production has risen relentlessly from about 15 percent of global production at the start of the last decade to 48 percent today. The unexpectedly strong Chinese steel production in 2013 led to 7 percent growth in Chinese iron ore demand in 2013. As a result, iron ore prices trended upwards to reach over \$134 a metric ton for benchmark 62 percent grade iron ore in the fourth quarter of 2013.

Globally, demand for iron ore was around 2 billion tonnes and this is expected to grow another 60 million tonnes in 2014. However, the outlook for iron ore prices for 2014 is bearish due to an anticipated surplus in the seaborne iron ore market. Key producers in Australia and Brazil spent billions of dollars to expand output in order to supply China. Global seaborne iron ore supply is forecast to reach over 1.3 billion tonnes in 2014. At the same time, Chinese growth in iron ore demand is expected to more than halve to 3 percent in 2014. As a result, global supply has been forecast to exceed demand in the range of 90–100 million tonnes this year as iron-ore operations ramp up production at a time of weak demand in China.

The reliance of global iron ore miners on Chinese iron ore demand means that expansion of iron ore supply against a slowdown in demand from China from slowing steel production growth will lead to iron ore price weakness. The price of iron ore fell 11 percent to \$116.80 per tonne in the first quarter of 2014 alone.

Iron Ore Fines 62% Spot Price (CFR Tianji Port)



Iron ore fundamentals will remain challenged in the near future as China's economy slows structurally as it rebalances, resulting in decelerating growth in China's demand for iron ore. Prices are expected to experience downward pressure in 2014 as the market moves from deficit to surplus and 62 percent iron ore prices are forecast to level out in the \$100–110 per tonne range.

Nevertheless, the long term prospects for iron ore are positive. Signs of steel demand recovery in developed economies – especially for auto demand support the longer-term outlook for iron. In China, plans to ramp up spending on infrastructure and social welfare projects including social housing, is expected to result in Chinese crude steel production peaking at 1.1 billion tonnes, around 2025. The gradual ramp-up in supply is expected to be absorbed by future demand for raw material from the steel industry.

Administration Report

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

The Board of Directors and the Managing Director of Nickel Mountain Group AB (publ) (former name IGE Resources AB), Swedish corporate identification number 556227-8043, domiciled in Stockholm, hereby submit the annual consolidated accounts and the Parent Company accounts for the financial year January 1, 2013 to December 31, 2013.

Activities and background

Nickel Mountain Group AB (publ) (NMG or the Company or the Group or Parent Company) is a Swedish mineral exploration company. The Company name was until the end of 2013 IGE Resources (IGE). The group structure consists



Looking north west over Vinberget with Rönnebäcknäset in the background.



The Rönnebäcknäset peninsula.

of the Swedish Parent Company which in turn owns a number of subsidiary companies. The shares of NMG are listed on the Oslo Stock Exchange in Norway. The number of shareholders amounts to around 6,000.

The key asset of NMG is the Rönnebäcken nickel sulphide deposit located in Northern Sweden in Västerbotten county. The Rönnebäcken nickel project (RNP) was evaluated by SRK Consulting (Sweden) AB in December 2011. The resultant Preliminary Economic Assessment at that time demonstrated a NI 43-101 compliant resource of 668.3 million tonnes with an average total nickel content of 0.176 percent of which 0.097 percent is nickel in sulphide (Ni-AC), and an iron content of 5.67 percent. About 97 percent of the resource was in the Measured and Indicated categories.

NMG has historically also been involved in mineral exploration activities in a number of African countries. In order to concentrate on RNP, a decision was taken by the Board of Directors to try to separate the African assets owned by the subsidiary IGE Diamond AB and to distribute these to the shareholders. The African assets have for reasons of prudence been impaired to nearly zero value in the year end 2013 group accounts.

NMG is now focusing on completing a Pre-feasibility Study (PFS) of RNP, and in parallel to this, on preparing an application for an environmental permit to the Swedish authorities according to Swedish legislation.

Group structure

By year end 2013, NMG was comprised of four wholly- or majority owned subsidiaries. These were:

- IGE Diamond AB, corporate identification number 556668-1630, with registered address in Stockholm, Sweden.
- IGE Kenya Ltd, corporate identification number 27481, with registered address in Nairobi, Kenya.
- Nickel Mountain Resources AB (publ) (former name IGE Nordic AB), corporate identification number 556493-3199, with registered address in Stockholm (owned 99.6% by NMG).

- Kommanditbolaget Hotellet inom Vallgraven, corporate identification number 969648-0681, with registered address in Gothenburg, Sweden. This subsidiary is under liquidation in spring 2014.

For further information, please see note 29 regarding NMG's possession of indirectly owned subsidiaries.

Summary of operations and key events during 2013

Group

- A new shareholder, Amarant Mining Ltd, acquired an interest of about 29.7 percent of the capital and votes of the Company in late 2012. A new board of Directors was thereafter appointed on December 27, 2012.



Field mapping during the summer of 2009.



Outcropping contact between foliated sediments and mineralised serpentinite to the right.

- In January 2013, the Board (appointed in December 2012) decided to acquire 100 percent of Ghana Gold AB, a Swedish company with assets in Africa, from Jersey based Alluvia Mining Ltd. The purchase consideration was to be both in cash and a directed share issue. A cash component of Swedish krona million (MSEK) 50 was very quickly transferred abroad as part of the purchase consideration. The assets held by Ghana Gold were found to be of dubious value, and in addition, the transaction had a related party character.
- On April 3, 2013, the acting Chief Executive Officer (CEO) was asked to leave with immediate effect and a new acting CEO was elected from among the Board members appointed in December 2012.
- An Extraordinary Shareholders' Meeting (EGM) held on April 25, 2013 approved an issue of shares to Alluvia Mining. This share issue was later contested by minority shareholders and a court ruling in the summer of 2013 declared the share issue invalid, thereby invalidating the entire acquisition, and presuming supposed reversal of related transactions. At the same time in the spring 2013, KPMG resigned as the Company's auditors, and further, contacted the Swedish authorities to report on suspected economic criminal activity in connection with the attempted Ghana Gold purchase.
- The Company encountered serious financial difficulties as a result of having almost all of the Company's cash being diverted abroad early in 2013.
- A new Board was appointed in August 2013, and an acting CEO was elected from among the new Board members.
- In addition, in August 2013, the Company was informed that a dominant share interest of about 29.7 percent of capital and votes was assumed by Swedish leasing company Altro Invest in connection with a pledge of said share interest from a defaulting borrower. Altro Invest remains the single largest shareholder of the Company.
- In total, about MSEK 12.9 of short-term interest free mainly promissory note loans were granted during the fourth quarter of 2013. All in all, during the second half of 2013 some MSEK 17 of short-term loans were secured

including nearly MSEK 4 of interest bearing loans from main shareholder Altro Invest.

- An EGM held in November 2013 approved the new Company name of Nickel Mountain Group AB (publ).
- At the same EGM, shareholders gave the Board authority to initiate a civil court process to claim compensation from previous Board members for damages in connection with the contested Ghana Gold-transaction earlier in 2013.
- The November 2013 EGM also approved, in principle, to separate all of the remaining African assets of the group, and to offer shareholders pre-emptive rights to receive said assets.
- The same EGM also elected to reduce the share capital by reducing the par value per share from Swedish krona (SEK) 2.50 to SEK 0.50 and to transfer the funds to a free reserve.



Resource definition drilling at Sundsberget in 2010.



Thomas Månsson inspecting drill core from Vinberget.

This reduction took effect as of the end of March 2014 following the expiry of a notice period. A mandate was also given to the Board of Directors to decide on new share issues with a deviation from the shareholders' preferential rights.

- At the end of 2013, the Board of Directors approved the 2014 work program for the Company's RNP. The approved work program is part of ongoing preparations to carry out a PFS of the nickel project, as well as to submit an application for an associated environmental permit to the Swedish Authorities.
- At the end of December 2013, NMG acquired a Swedish partnership containing primarily a residual cash amount. As a result, a revenue component of MSEK 9.7 arose on consolidation, which also equals the cash flow effect on the group level.
- For reasons of prudence, the MSEK 50 claim on Alluvia Mining was written down by MSEK 20 in the year end accounts.

Results, Group

The net result after-tax of NMG for the full 12-month period January to December 2013 amounted to MSEK -110.1 (MSEK -121.5 during the corresponding period in 2012).

There were no sales revenues for the 12-month period 2013 (MSEK 0.0).

Operating costs excluding depreciation and impairment amounted to MSEK -22.0 during the full-year 2013 (MSEK -24.6 in same period 2012).

Depreciation and impairment were MSEK -131.1 during the financial year 2013 (MSEK -126.2), and were mainly related to the Diamonds business segment in Africa. Curtailed financing by the Parent Company during the financial year as a result of the Ghana Gold AB transaction lead to license obligation defaults, loss of key personnel, a general loss of reputation and disenchanted business contacts. As explained in the Diamonds section of this report, the Group had to reduce involvement in most of the projects and to put a certain part of them on maintenance and care. A decision was also taken to write down the claim on Alluvia Mining Ltd by MSEK 20 for prudent reasons. The net book value of the claim thereafter amounted to MSEK 30.

NMG had a negative cash flow of MSEK -53.9 during 2013 financial year, mainly related

to the invalidated purchase of Ghana Gold. Cash flow in the same period 2012 was positive and amounted to MSEK 58.2 due to a rights issue of MSEK 101.7 carried out during that year.

Cash and cash equivalents at the end of

December 2013 were MSEK 15.3, compared to MSEK 69.2 at end of the fourth quarter of 2012.

NMG's total assets at the end of December 2013 were MSEK 158.9, compared to MSEK 292.8 at the end of December 2012.

Key ratios and share data for the consolidated group

		2013	2012	2011	2010	2009
Number of outstanding shares at beginning of reporting period	Number	18,174,922	51,928,350	1,805,618,810	795,709,953	392,000,000
New share issue	Number	–	129,820,875	2,348,649,150	1,009,908,857	403,709,953
Number of outstanding shares at the end of reporting period ^{1) 2)}	Number	18,174,922	181,749,225	51,928,350	1,805,618,810	795,709,953
Average number of shares ³⁾	Number	18,174,922	140,846,758	2,930,566,085	1,346,291,141	538,509,297
Operating result	TSEK	–21,991	–24,645	–62,531	–149,987	–39,190
Result after tax	TSEK	–110,088	–121,490	–185,944	–477,330	–44,858
Operating result per share	SEK	–1.21	–0.17	–0.02	–0.11	–0.07
Result after financial items per share	SEK	–8.47	–1.07	–0.19	–0.41	–0.08
Result per share after tax	SEK	–6.06	–0.86	–0.06	–0.35	–0.08
Shareholders equity per share before dilution ^{1) 2)}	SEK	6.87	1.34	7.61	0.22	0.37
Dividend	TSEK	–	–	–	–	–
Price per share at the end of reporting period	SEK	3 ²⁾	0.45	1.66 ¹⁾	0.23	0.58

¹⁾ A reversed split of 1:80 was executed on the 8th of December 2011.

²⁾ A reversed share split of 1:10 was conducted on December 13, 2013.

³⁾ The average number of shares during 2013 has been adjusted for the reversed split as from the beginning of the year.

Activities within NMG's Nickel business segment during 2013 and the planned program for 2014

- In February 2013, Eurus Mineral Consultants (EMC) presented the results of benchmarking analysis comparing RNP to other nickel ores worldwide. Based on flotation kinetics of nickel and gangue minerals which are the driving forces of flotation performance, EMC reviewed all flotation test data for the Rönnebäcken deposits Vinberget and Rönnebäcknäset and compared their flotation kinetics and performance against a number of nickel ores world-wide. Results of this analysis demonstrated that despite its low head grade, Rönnebäcken delivers similar or higher rates of nickel recovery, and its overall flotation performance is better than that of other nickel ores. The absence of iron sulphides decreases dilution of the concentrates, thus allowing a higher level of optimal flotation performance to be achieved. The flotation response of Rönnebäcken in terms of the concentration ratio is over 9 times higher than the average of similar nickel ores, and the recovery to head grade ratio is almost 5 times higher than the average of similar nickel ores. Aspects identified for further mineralogical and processing investigation could increase recoveries by 3–6 percent. A number of areas were highlighted for optimization to reduce capital expenditure and operating costs.
- In February 2013, ÅF Infraplan completed a Preliminary Socio-Economic Impact Assessment (PSEIA), which evaluates the contribution of the Rönnebäcken project to long-term local and regional development. With the majority of mine employees expected to live locally, tax revenues for the Storuman municipality alone are estimated to increase by more than 2 billion SEK during the life of mine. The PSEIA highlights some of the key planning challenges in this regard: provision of sufficient housing, resolution of issues with regard to traffic and infrastructure, and how to create an attractive society to draw families to the municipality. If these challenges are met successfully, the negative population trend of the past can be expected to reverse, and Hemavan–Tärnaby should experience positive, sustained development. The PSEIA is available

in Swedish and has been posted on NMG's website.

NMG is now focused on preparations for a PFS and a permit application under the Environmental Code. This permit application will be tried by the Environmental Court and the Company will conduct the investigations necessary for the Court's assessment. The drafting of an environmental impact assessment will require consultations to be held with affected authorities and stakeholders. The studies and preparation work for the PFS are commented below.

• **Reactions of the Vapsten Reindeer Husbandry Co-operative during 2013**

In a decision on August 22, 2013, the Swedish Government dismissed the appeals of the Vapsten Reindeer Husbandry Co-operative (Vapsten) and others regarding the Chief Mine Inspector's decision to grant the three exploitation concessions Rönnebäcken K nr 1–3 to Nickel Mountain AB.

Vapsten thereafter continued to defend their own interests. On November 21, 2013, they petitioned to the Supreme Administrative Court in Sweden for a judicial review of the Swedish Government's decision to dismiss Vapsten's appeals. It is not clear as of this report when the judicial review will take place.

Vapsten also submitted a complaint to the UN Committee on the Elimination of Racial Discrimination (CERD). In the complaint, Vapsten argue that the Swedish Government has violated the UN prohibition on racial discrimination. CERD is an advisory committee, and its decisions are in the form of recommendations to member state governments. For a complaint to be admissible to CERD, the party must have exhausted all domestic remedies. At the time of this report, Vapsten's petition to the Supreme Administrative Court had not yet been dismissed.

On January 22, 2014, the Swedish Government responded to CERD that it believes CERD should reject the complaint from Vapsten because the Supreme Administrative Court in Sweden is expected to do a new review of the Government's decisions regarding Vapsten's appeal in this matter. Further, the Government says that in case CERD still does not reject the complaint



Field work on Vinberget.

from Vapsten, CERD should at least wait with its next move until the Supreme Administrative Court has completed its repeated review of the question.

- Three exploration permits in the Rönnebäcken area were extended by the Swedish Mining Inspectorate following NMG's applications submitted earlier in 2013.
- An option granted in 2010 to Australian company Mitchel River Group (MRG) to acquire 10% of RNP via subsidiary company Nickel Mountain AB expired in December 2013. Over the years, MRG has assisted NMG with the Rönnebäcken project in various ways. The fact that MRG did not exercise the option implies that the security granted to MRG in the form of 10 percent of the Rönnebäcken project has now been released.
- In December 2013, NMG approved a work program for RNP mainly related to the planned PFS being co-ordinated by SRK Consulting (Sweden) AB (SRK). The main components of the approved 2014 work program are as follows:

Re-logging of project drill core

The first part of the work program revolves around re-logging of all drill cores from RNP amounting to 29,000 metres. The aim of the re-logging program is to study in closer detail the lithologies of the deposits and to gather additional data such as hardness of the rocks, additional mineralogy, vein frequency and composition, as well as gaining a better understanding of the overall geology. This work

program was initiated in early 2014 and is planned to be completed in the summer of 2014.

Ore processing test work

As demonstrated in previous tests, the ore beneficiation process involving crushing and one-stage milling followed by flotation, yields good recoveries and a high grade nickel concentrate. In 2014, NMG will conduct another round of flotation trials in order to explore whether two-stage milling and pH neutral flotation can provide similar or even better recoveries but with lower operating costs. These trials are ongoing at the Outotec Research Centre in Finland and are being coordinated by EMC and NMG staff.

Long-term testing of tailings and waste rock from Rönnebäcken

NMG is continuously focused on the environmental aspects of the future nickel mine. One important environmental aspect is the long-term behaviour of the resultant tailings and waste rock from nickel production. NMG has contracted international consultancy Golder Associates to conduct long-term trials of the Rönnebäcken waste rock and tailings. Golder will monitor a number of parameters from an initial batch of four samples of waste from various parts of RNP and two samples of tailings, one from each of the Rönnebäcknäset and Sundsberget deposits.

PFS planning phase

A fourth major component of the approved 2014 work program is the planning of the PFS program. SRK has completed a scoping study for a detailed PFS program delineating cost estimates and a corresponding timeline.

In the study SRK concludes that "The resultant schedule and budget provide a framework for management of the PFS going forward and should allow NMG to adjust the work programme as funds become available. The current schedule reflects an overall timeline of approximately two years at a total cost of SEK 62 million. The PFS cost estimate excludes NMG's normal administration costs.

Activities within NMG's Diamond business segment during 2013 and the planned program for 2014

The African Diamonds division had a challenging year as a result of curtailed financing by the Parent Company following the policies and mismanagement conducted by the former Board appointed at the end of 2012. As described in other sections of this annual report, in January 2013, all liquidity of the group was diverted from the Company in connection with the then proposed acquisition of Ghana Gold AB. This led to a stoppage of activity in Africa and resulted in an almost full impairment of the African assets on a group level in the 6-month interim financial report released by the new Board and management in August 2013.

After extensive efforts in the last months of 2013, the new board members and management of subsidiary IGE Diamond managed to preserve important relations in the Democratic Republic of Congo (DRC). Remaining loyal personnel set about to protect and serve the interests/assets of the Company in that country. NMG representatives were also successful in recovering and securing the majority of the Company's machinery and other equipment to be used in future mining processes in DRC.

Work during the latter part of 2013 was mainly focused on restructuring of the Group's operations and organization in DRC. This was mainly related to administrative issues aimed at securing IGE Diamond's continued presence, renegotiating and/or terminating contracts, the refutation of lawsuits, and incorporation of a new local entity.

The new Board of IGE Diamond, responsible for the African diamond operations, recruited a new Manager on a consultancy basis in the DRC to help the Company sort through legal challenges, and to put a new management in place. At the end of 2013, IGE Diamond was in the process of recovering the Longatshimo concession. This was successfully achieved after the reporting period, with plans for start-up of a small dredging operation on the Longatshimo River and smaller dry land operations. The mining plan for continued operation in Longatshimo will to a certain extent be dependent on the outcome of the dredging operation. Access to funding on acceptable terms will also have an impact on the future strategy for the Longatshimo

concession. A full-scale alluvial mining operation on the terraces, as well as a diversion of the Longatshimo River, are being considered as viable options for the project going forward.

In order to remove the risk of lawsuits and claims resulting from the mismanagement history of the former Board and management, the IGE Diamond DRC subsidiary Efidium Spri was placed under liquidation at year-end 2013. After the reporting period, IGE Diamond successfully liquidated Efidium Spri and established a new Congolese subsidiary, Lobo Mining SARL. This Company is 100 percent owned by NMG's subsidiary African Diamond AB (ADIAM).

The South African licenses remain on care and maintenance. The Board is evaluating several proposals from interested parties regarding future JV's or outright sales. While the terms may change, the most realistic proposal regarding these licenses is an earn-in agreement in which a partner gains an interest in the project by way of investment in additional exploration or mining, in plant and/or in equipment.

Risk factors

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 NMG's operations are through land and energy utilization, as well as waste management. Currently, the Company's operations are not at a stage as to require environmental permits. However, there is a broad



Mineralised drill core from the Rönnbäcknäset deposit.

scope of Swedish environmental legislation and regulations which the Company must adhere to. Long before any mining activity is begun, a formal environmental permit must be applied for and granted by the Swedish authorities. The reviewing entity is the Environmental Court (Swedish "Miljödomstolen"). Any decision by this court can later be appealed to the Supreme Environmental Court (Swedish "Miljööverdomstolen"). The process of obtaining an environmental permit is time consuming and complex. NMG has already launched certain long-term activities, which need to be cleared and approved within the framework of the process to obtain an environmental permit.

It should be stated that there exists the risk that the process of obtaining the Environmental Court's approval of an environmental permit may be prolonged and that the demands imposed on NMG by the Environmental Courts may turn out to be costly to comply with, thus increasing operating costs. Alternatively, there is also the risk that in the end, the Environmental Court does not grant an environmental permit to NMG.

In essence, the environmental demands are a very serious issue for any Swedish mining company, and NMG is accordingly taking environmental issues very seriously.

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 dependent upon 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. The accompanying financial statements have been prepared using accounting principles applicable to a going concern, which considers the realization of assets and settlement



Flotation concentrate from the Rönnebäcken Nickel Project.

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 to 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.

NMG's 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 favorable terms and in the amount necessary to conduct its ongoing and future operations, should this be required. Reference is in this context also made to what is stated under heading "Group Outlook" further below in this annual report.

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 krona. Additionally, the Company still conducts certain limited operations in other countries, but most of the business in those cases is restricted to the US Dollar. This foreign exchange exposure may affect the Company's results and the amount of liquid assets, since conversion exposures are not hedged.



Measuring magnetic susceptibility on Rönnbäcken outcrops.

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

NMG had some 6,000 registered shareholders in March 2014. Approximately 99 percent of the shares were owned by shareholders in the Norwegian securities registration system, VPS. The remaining 1 percent was registered in the Swedish securities registration system Euroclear. The five biggest single shareholders represent 32.1 per cent of the share capital. See note 21 for additional information.

The 30 biggest shareholders of Nickel Mountain Group AB (publ) as per March 7, 2014

	Number of shares	% ownership	Shareholder	Nationality of shareholder
1	5,395,000	25.4%	Dnb Bank Asa *	SWE
2	481,367	2.3%	Aroma Holding AS	NOR
3	355,000	1.7%	Abk Villmarkshytta AS	NOR
4	342,513	1.6%	Danske Bank A/S	DNK
5	250,000	1.2%	Johannessen Svein Børge	NOR
6	203,350	1.0%	Clearstream Banking	LUX
7	197,069	0.9%	Avanza Bank AB	SWE
8	196,072	0.9%	Saxo Privatbank A/S	DNK
9	190,683	0.9%	Heggelund Jan	NOR
10	188,032	0.9%	Dnb Bank Asa, Emi	NOR
11	180,000	0.8%	Kvamme Kjartan	NOR
12	166,764	0.8%	Hostad Henning	NOR
13	162,439	0.8%	Nordnet Bank AB	SWE
14	150,000	0.7%	Wikborg Trond	NOR
15	146,103	0.7%	Teir Maged Elabd Soliman	ROU
16	127,700	0.6%	Breivik Svein Halvor	NOR
17	127,444	0.6%	Nordnet Pensjonsforsikring	NOR
18	120,411	0.6%	Ngo Tuyet Thi	NOR
19	120,000	0.6%	Engelsen Glenn	NOR
20	108,800	0.5%	L Langedal Holding AS	NOR
21	108,684	0.5%	Eidem Oddbjørn	NOR
22	101,388	0.5%	Aktiv Kapitalinvest	NOR
23	101,369	0.5%	Tuff-Jo As	NOR
24	100,000	0.5%	Capilan Invest AS	NOR
25	100,000	0.5%	Sæby Herbjørn Schwei	NOR
26	100,000	0.5%	Grimsmo Størker Hallvard	NOR
27	100,000	0.5%	Flatås Karl Martin	NOR
28	98,100	0.5%	Nguyen Chuong Khac	NOR
29	88,500	0.4%	Rygg Jan Wiggo	NOR
30	87,793	0.4%	Drøyvold Bjørn Arve	NOR
Subtotal 30 biggest shareholders	10,194,581	48.0%		
Other approximately 6,000 shareholders	11,033,140	52.0%		
Total number of shares outstanding	21,227,721	100.0%		

¹⁾ DNB is nominee holder for Altro Invest and also holds 5,000 shares in Swedish depository.

The NMG share and share capital

There were 181,749,225 shares outstanding as at January 1, 2013. Par value per share was SEK 0.25. The share capital at the beginning of 2013 was SEK 45,437,306. During the rest of the financial year 2013 there were no share issues registered. At the Annual General Meeting (AGM) on August 2, 2013, a reversed share split of 10:1 was approved. Thereafter, there were 18,174,922 shares outstanding. The EGM held on November 22, 2013 elected to reduce the share capital by changing the par value per share from SEK 2.50 to SEK 0.50. The effective date was December 13, 2013. This share capital reduction was registered by the end of first quarter of 2014.

There is only one class of shares, and all of the shares carry one vote. The EGM held on November 22, 2013 gave the Board of Directors a mandate to issue up to 18,174,922 new shares with a deviation from the shareholders' preferential rights valid until the next Annual General Meeting. Thereof, 3,052,799 shares were issued in a debt off-set transaction at the end of January 2014. Thereafter, there were 21,227,721 shares outstanding.

By the end of 2013, the share capital reduction was not completed. When finally approved and registered, the share capital was reduced to SEK 10,613,860.50 (given the current outstanding number of shares). The limits of the share capital are a minimum of SEK 8,000,000 and a maximum of SEK 32,000,000.

Corporate Governance Report

The Company has established a Corporate Governance Report separate from the Annual Report. See enclosure on page 56 for the NMG Corporate Governance Report.

Personnel

The average number of employees amounted to 5 during 2013, comprised of 3 men and 2 women (previous year 16). For more information about personnel, see note 6.

Investments

Net investments during the financial year 2013 amounted to MSEK 3.1 (MSEK 16.3). Nearly all of this was related to the RNP.

Financial position

Cash and cash equivalents at the end of December 2013 amounted to MSEK 15.3, compared to MSEK 69.2 at the end of fourth quarter 2012. Total equity at the end of the reporting period amounted to MSEK 124.8 (MSEK 243.4 at end of the corresponding period 2012), representing an equity ratio of 79 percent (83 percent at the end of fourth quarter of 2012).

The Company's interest bearing long-term debt as at the end of December 2013 amounted to MSEK 9, which included a MSEK 5 convertible loan, granted by Norrlandsfonden in 2010 for the development of RNP. This loan matures August 2018 and carries an interest rate component of STIBOR + 4 percent per annum. In addition, there was a MSEK 4 unsecured loan extended in May 2013 by the former Chairman of NMG, Mr. Ulrik Jansson, for working capital purposes. This loan has a 3-year term and carries an interest rate of 12 percent per annum.

Short-term loans by year-end 2013 amounted to MSEK 17.4 (MSEK 0.2). Thereof, 11.8 MSEK was allocated for newly issued NMG shares in late January 2014. Another 5 MSEK are allocated for an issue of new shares planned for spring 2014. Board members and their related parties are also creditors to NMG, and are agreeable to accept loan repayment via share issues on the same conditions as with previously executed issues. A new share issue requires the special approval of an EGM according to Chapter 16 provisions of Swedish Company Law. An EGM will be convened on May 8, 2014 to decide on the matter.

Group outlook

The financial situation of the Group has been very strained during much of 2013 due to matured and overdue invoices left by former management. The situation improved during the second half of the year following receipt of loans from main shareholder Altro Invest, as described above, and from a large number of primarily Norwegian minority shareholders.

The efforts to secure financing have been running in parallel with the process of trying to reclaim the funds transferred to Alluvia Mining Ltd, and to obtain compensation for consequential damage in connection with the invalidated Ghana Gold transaction. A leading Swedish law firm

has been mandated by the Board of NMG to handle all issues associated with the claim on Alluvia Mining.

Towards the end of December 2013, the MSEK 9.7 cash injection as a result of the partnership acquisition provided certain relief to the Company. However, NMG is a company without sales revenues, which means that the company is in need of the availability of regular external financing.

The Board and management of NMG therefore are investigating and evaluating various alternatives for securing additional financing for the second half of 2014. As per the date of this Annual Report, there is not sufficient working capital for carrying out daily operations during the coming 12-month period. The Board and management are of the opinion that there is a reasonable chance of an acceptable financing proposal being presented before the June 2014 AGM.

Board nomination committee

The board nomination committee consists of the Chairman of the Board, Mr. Stefan Persson; Mr. Håkan Eriksson, a representative of the Company's main shareholder Altro Invest; and Mr. Erlend Dunér Henriksen representing Norwegian Aroma Holding and a number of the other minority shareholders, and who is presently a Deputy Board member of NMG. The committee can be reached via email at "valberedning@nickelmountain.se".

AGM's resolution on remuneration guidelines for management personnel

At the AGM held on August 2, 2013, the following resolution was taken regarding guidelines for the remuneration of personnel in management. The guidelines below are in force until the AGM of 2014.

General

NMG shall have a level of remuneration and employment benefits necessary to recruit and retain management of high competence and sufficient capacity to be able to achieve Company goals at a suitable cost. The guiding principle in setting salary and other remuneration for management personnel in NMG shall be market oriented and be aligned with the Company's costs.

Fixed salary

The basic remuneration of management personnel is a fixed salary based on the market, and 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 defined by cost.

Non-monetary benefits

Non-monetary benefits (e.g. cell phone and computer) for management personnel shall assist in their 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 conditions. The non-fixed salary shall be linked to the employee's main area of responsibility and consist of one or more financial and/or operational parameters. The maximum amount will be no more than 50 percent of the fixed salary paid out to the



Drill rig wintertime from top of Vinberget deposit.

employee in question during the period covered by the non-fixed salary.

In those cases where a non-fixed salary is agreed for key management personnel, the salary shall be determined based on (a) achieving previously established 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.

All matters relating to share benefit programs shall be decided upon by the AGM.

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.

Parent Company's result and financial position

The Parent Company's business activity is to manage the Group's operations. The result after tax during full financial year 2013 amounted to MSEK –110.4 (MSEK –161.6 in 2012).

In the 2013 net result, depreciation and Impairment of financial fixed assets amounted to MSEK –100.4 and was included for the period January to December, recorded in entirety in the fourth quarter of the year. During 2012, the corresponding amount was MSEK 0. Impairment in 2013 related to inter-group receivables and to the claim on Alluvia Mining.

Cash and cash equivalents in the Parent Company amounted to 5.0 MSEK by the end of December 2013 (68.6 MSEK).

Shareholders' equity in the Parent Company amounted to MSEK 174.2 as at December 31, 2013 (MSEK 286.1).

Proposed allocation of the Company's result (SEK)

At the disposal of the AGM is the following:

Share premium reserve	1,148,043,440
Retained earnings	–911,164,645
Result for the period	–110,388,063
Total non restricted equity	126,490,732

The Board of Directors recommend the following allocation:

Retained earnings brought forward	126,490,732
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Regarding the Company's result and overall financial position, please refer to the Statement of Comprehensive Income and the Statement of Financial Position that are included in this report.

Events after the end of the reporting period

Summary of events:

- A new group CEO was appointed on January 1, 2014 replacing the acting Managing Director, who remains on the Board of Directors. Mr. Torbjörn Ranta, the new CEO, has over the last 17 years served as CEO of a number of public Swedish junior mineral exploration and production companies.
- At the end of January 2014, NMG conducted a share issue whereby some MSEK 11.8 of short-term debt was converted to 3,052,799 new shares. The total number of shares post this issue amounted to 21,227,721.
- Mr. Fredric Bratt, the group's Nickel Project Manager left the Company in the middle of January 2014 to take on new challenges. Mr. Rolf Ritzén, a former senior Swedish mining executive, stepped in as Chief Operating Officer in the nickel business area, on a consultancy basis. Chief geologist Johan Sjöberg has assumed certain strategic work on the group level in support of the new CEO.
- Three exploration permits in the Rönnbäcken area were extended by the Swedish Mining Inspectorate following NMG's applications submitted earlier in 2013.
- SRK Consulting (Sweden AB) was engaged by NMG to co-ordinate the already launched activity program under the PFS. SRK's updated PFS work program was presented to NMG at the end of the first quarter 2014. It is the belief of SRK that the PFS program can be

completed over 18 months provided the availability of regular financing. The estimated cost for the PFS was estimated at 62 MSEK, including contingencies.

- A new wholly-owned subsidiary named African Diamond AB (ADIAM) was incorporated. It will serve as a vehicle for the planned distribution to NMG shareholders of the remaining diamond related assets of the group, in accordance with previously released information.
- As mentioned in other sections of the Annual Report, the final share capital reduction by reducing par value per share from SEK 2.50 to SEK 0.50 was finally approved and registered by end of March 2014.
- The legal process for reclaiming the 50 MSEK receivable on Alluvia Mining will most likely take time. A decision was therefore taken after year end to retroactively reclassify this receivable, already impaired to 30 MSEK for reasons of prudence, from a current asset to a financial fixed asset.
- An EGM will take place on May 8, 2014 to firstly decide on the proposal to set off SEK 5,603,552.20 of short term debt for 1,474,619 new NMG shares. Secondly, the same EGM will decide on the proposal to dividend out all the shares in subsidiary African Diamond AB. Each share in the parent company will, if the proposal gets approved, result in one new share in African Diamond AB. The record date for the dividend will get decided by the Board of Directors following the EGM.

The shares of Nickel Mountain Group (publ.) are listed on the Oslo Stock Exchange, ticker symbol NMG

Cautionary Statement: Statements and assumptions made in this document with respect to Nickel Mountain Group AB's ("NMG") current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of NMG. Forward-looking statements include, but are not limited to, those using words such as "may", "might", "seeks", "expects", "anticipates", "estimates", "believes", "projects", "plans", "strategy", "forecast" and similar expressions. These statements reflect management's expectations and assumptions in light of currently available information. They are subject to a number of risks and uncertainties, including, but not limited to, (i) changes in the economic, regulatory and political environments in the countries where NMG operates; (ii) changes relating to the geological information available in respect of the various projects undertaken; (iii) NMG's continued ability to secure enough financing to carry on its operations as a going concern; (iv) the success of its potential joint ventures and alliances, if any; (v) metal prices, particularly as regards nickel. In the light of the many risks and uncertainties surrounding any mineral project at an early stage of its development, the actual results could differ materially from those presented and forecast in this document. NMG assumes no unconditional obligation to immediately update any such statements and/or forecasts.

Reporting dates in 2014:

May 27, 2014	First Quarter Report for the period January 1–March 31, 2014
June 4, 2014	Annual General Meeting in Stockholm
August 28, 2014	Second Quarter Report for the period January 1–June 30, 2014
November 27, 2014	Third Quarter Report for the period January 1–September 30, 2014

Consolidated statement of loss

(TSEK)	Note	12 months 2013	12 months 2012
Other operating income		8	0
Other external expenses	7	-14,907	-13,624
Personnel expenses		-7,016	-10,022
Results from equity accounted participations	10	-75	-999
Operating result before depreciation and impairment losses		-21,991	-24,645
Depreciation/amortization and impairment loss on tangible, intangible and financial fixed assets	11	-131,134	-126,229
Financial revenue	13	38	605
Financial expenses	13	-788	-252
Total financial items		-750	353
Result before tax		-153,875	-150,521
Income tax	14	43,787	29,031
Result for the period		-110,088	-121,490
<i>Result for the period attributable to:</i>			
Equity holders of the Parent Company		-110,088	-121,450
Non controlling interest		-101	-40
Result for the period		-110,189	-121,490
Result per share before and after dilution	15	-6.06	-8.63
Average number of shares (Millions) ¹⁾		18.2	14.1

¹⁾ The average number of shares outstanding during 2012 and 2013 has been adjusted for the reversed share split 10:1 carried out on December 13, 2013.

Consolidated Statement of comprehensive loss

TSEK	2013	2012
Result for the period	-110,088	-121,490
<i>Other comprehensive income</i>		
Foreign currency translation differences – foreign operations	-6,856	-1,637
Total other comprehensive income	-116,944	-123,127
<i>Total comprehensive income for the period attributable to:</i>		
Equity holders of the Parent Company	-116,843	-123,087
Non controlling interest	-101	-40

Consolidated statement of financial position

(TSEK)	Note	2013-12-31	2012-12-31
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Mineral interests	11	110,113	218,489
<i>Tangible fixed assets</i>			
Plant and machinery	11	246	605
<i>Financial fixed assets</i>			
Claim on Alluvia Mining	11	30,000	–
Participation in equity accounted companies	10	359	434
Long-term receivables	16	31	31
Total fixed assets		140,749	219,559
Current Assets			
Other receivables	17	2,626	3,461
Prepaid expenses	18	208	591
Cash and cash equivalents	19	15,288	69,193
Total current assets		18,122	73,245
TOTAL ASSETS		158,871	292,804
EQUITY			
	20, 21		
<i>Equity attributable to equity holders of the Parent Company</i>			
Share capital		45,437	45,437
Other paid in capital		1,174,207	1,175,737
Reserves		1,081	7,937
Retained earnings and result for the period		–1,096,021	–985,860
		124,704	243,251
Non controlling interest		80	181
Total equity		124,784	243,432
Long term Liabilities			
Deferred tax liabilities	22	–	34,087
Other provisions	23	–	1,018
<i>Long term liabilities</i>			
Convertible loan	24	5,000	5,000
Other long term liabilities	25	4,931	1,155
Total long term liabilities		9,931	41,260
<i>Current liabilities</i>			
Accounts payable	26	2,925	6,261
Short term interest free loans and borrowings	27	12,927	–
Other liabilities	27	4,458	189
Accrued expenses and prepaid income	28	3,846	1,662
Total current liabilities		24,156	8,112
TOTAL EQUITY AND LIABILITIES		158,871	292,804
<i>Pledged assets</i>	29	31	10,990

Consolidated Statement of changes in equity

Equity related to the shareholders of the Parent Company

(TSEK)	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 2012	12,982	1,107,044	9,574	-848,462	281,138	-15,727	265,411
Net result for the period				-121,450	-121,450	-40	-121,490
Reallocation of paid premium related to warrants issued by the company		-510			-510		-510
<i>Other comprehensive income:</i>							
Translation reserve			-1,637		-1,637		-1,637
Transactions with shareholders:							
New share issue	32,455	82,003			114,458		114,458
Majority's takeover of minority's commitment				-15,948	-15,948	15,948	0
Costs referable to fundraising		-12,800			-12,800		-12,800
Closing balance at 31 December 2012	45,437	1,175,737	7,937	-985,860	243,251	181	243,432
Balance at 1 January 2013	45,437	1,175,737	7,937	-985,860	243,251	181	243,432
Net result for the period				-110,088	-110,088	-101	-110,189
<i>Other comprehensive income:</i>							
Costs referable to fundraising		-1,530			-1,530		-1,530
Other transactions				-73	-73		-73
Translation reserve			-6,856		-6,856		-6,856
Closing balance at 31 December 2013	45,437	1,174,207	1,081	-1,096,021	124,704	80	124,784

As of December 31, 2013 the total number of shares outstanding in the Company amounted to 18,174,922 with a nominal value of SEK 2.50 (reduction of par value to 0.50 per share ongoing at year end). Each share represents one vote at the General meetings of share-

holders. See note 20 for additional information related to the 'Equity' of the Company.

The company carried out a reversed share split 10:1 as of December 13, 2013, in which 10 old shares were consolidated into 1 new share.

Consolidated statement of cash flow

(TSEK)	Note	Jan–Dec 2013	Jan–Dec 2012
Cash flow from operations			
Result after financial items ¹⁾		–153,875	–150,521
Adjustments for non cash items ²⁾		134,054	122,278
Income tax paid		–	–
Total cash flow from operations before change in working capital		–19,821	–28,243
Change in working capital			
Increase/decrease receivables		755	865
Increase/decrease in short term liabilities		3,118	261
Total cash flow from operations		–15,948	–27,117
Cash flow used for investments			
Purchase of intangible assets	11	–3,129	–18,460
Sale of intangible assets		–	2,072
Investment in financial fixed assets		–50,000	63
Total cash flow used for investments		–53,129	–16,325
Financial activities			
Costs referable to fundraising		–1,530	101,658
Raised credits		16,927	–
Amortization of debt		–224	–
Total cash flow from financial activities		15,173	101,658
Change in cash and bank		–53,905	58,216
Cash and bank at 1 January		69,193	10,977
Cash and bank at the end of reporting period		15,288	69,193
¹⁾ Financial items			
Interest income		38	605
Interest charges		–788	–252
Total financial items		–750	353
²⁾ Adjustments for non cash items			
Depreciation and impairment losses on intangible fixed assets		110,907	125,563
Depreciation and impairment losses of tangible fixed assets		228	666
Exchange loss		–6,856	–1,637
Reposted option		–	–510
Capital loss		–	212
Impairment of financial fixed asset		20,000	–
Tax effect from partnership acquisition		9,700	–
Share of loss on equity accounted companies		75	999
Other		–	–3,015
Total		134,054	122,278

Income statement – Parent company

(TSEK)	Note	12 months 2013	12 months 2012
Other operating income		6	0
Other external expenses	7	–13,266	–7,114
Personnel expenses	5,6	–3,350	–5,117
Depreciation/impairment of financial fixed assets	11	–100,379	–10
Operating result		–116,989	–12,241
<i>Result from financial items</i>			
Result from participations in group companies	12	7,275	–149,848
Financial revenue	13	38	596
Financial expenses	13	–712	–135
Total financial items		6,601	–149,387
Result before tax		–110,388	–161,628
Income tax	14	0	0
Result for the period		–110,388	–161,628

Balance sheet – Parent company

(TSEK)	Note	2013-12-31	2012-12-31
ASSETS			
Financial fixed assets			
Receivable on Alluvia Mining Ltd	11	30,000	–
Shares in subsidiaries	30	97,247	102,635
Receivables from subsidiaries	31	65,091	121,120
Total fixed assets		192,338	223,755
Current Assets			
Other receivables	17	8,329	277
Prepaid expenses	18	160	210
Cash and cash equivalents	19	5,036	68,562
Total current assets		13,525	69,049
TOTAL ASSETS		205,863	292,804
SHAREHOLDERS EQUITY			
<i>Restricted equity</i>	20, 21		
Share capital		45,437	45,437
Statutory reserve		2,300	2,300
<i>Total restricted equity</i>		<i>47,737</i>	<i>47,737</i>
<i>Non restricted equity</i>			
Share premium reserve		1,148,042	1,149,572
Retained earnings		–911,163	–749,536
Result for the period		–110,388	–161,628
<i>Total non restricted equity</i>		<i>126,491</i>	<i>238,408</i>
Total shareholders equity		174,228	286,145
Long term liabilities			
Convertible loan	24	5,000	5,000
Interest bearing long term liabilities	25	4,000	–
Total long term liabilities		9,000	5,000
Current liabilities			
Accounts payable	26	2,440	572
Short term interest free loans and borrowings	27	12,927	–
Other liabilities	27	4,116	48
Accrued expenses	28	3,152	1,039
Total current liabilities		22,635	1,659
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		205,863	292,804
Pledged assets	29	–	–
Contingent liabilities	29	–	–

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
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					-161,628	-161,628
Reallocation option premium			-510			-510
Reallocation of restricted equity to non restricted equity		-241,467	241,467			0
Transactions with shareholders:						
New share issue	32,455		82,003			114,458
Costs referable to fundraising			-12,800			-12,800
Closing balance at 31 December 2012	45,437	2,300	1,149,572	-749,536	-161,628	286,145
Balance at 1 January 2013	45,437	2,300	1,149,572	-749,536	-161,628	286,145
Transfer of prior year's net result				-161,628	161,628	0
Costs referable to fundraising			-1,530			-1,530
Result for the period					-110,388	-110,388
Closing balance at 31 December 2013	45,437	2,300	1,148,042	-911,164	-110,388	174,228

As of December 31, 2013 the total number of shares outstanding in the Company amounted to 18,174,922 with a nominal value of SEK 2.50 (reduction of par value to SEK 0.50 per share ongoing at year end). Each share represents one vote at the General meetings of share-

holders. See note 20 for additional information related to the 'Equity' of the Company.

The company carried out a reversed share split 10:1 as of December 31, 2013, in which 10 old shares were consolidated into 1 new share.

Cash flow statement – Parent company

(TSEK)	Note	Jan–Dec 2013	Jan–Dec 2012
Cash flow from operations			
Result after financial items ¹⁾		–110,338	–161,628
Adjustments for non cash items ²⁾		100,328	149,348
Income tax paid		–	–
Total cash flow from operations before change in working capital		–10,010	–12,280
Change in working capital			
Increase/decrease receivables		–7,999	–29,746
Increase/decrease in short term liabilities		20,975	–384
Total cash flow from operations		2,966	–42,410
Cash flow used for investments			
Investment in financial fixed assets		–50,000	–
Loan financing to subsidiaries		–18,962	–
Total cash flow used for investments		–68,962	0
Financial activities			
New share issue net of transaction costs		–	101,658
Expenditure relating to fundraising		–1,530	–
Raised credits		4,000	–
Total cash flow from financial activities		2,422	101,658
Change in cash and bank		–63,526	59,248
Cash and bank at 1 January		68,562	9,314
Cash and bank at the end of reporting period		5,036	68,562
¹⁾ Financial items			
Interest income		38	596
Interest charges		–712	–135
Total financial items		–674	461
²⁾ Adjustments for non cash items			
Reposted option		–	–510
Depreciation and impairment of tangible fixed assets		–	10
Impairment of financial fixed assets		100,379	149,848
Other		–51	–
Total		100,328	149,348

Notes

General Information

The Parent Company Nickel Mountain Group AB (publ), until year end 2013 named IGE Resources AB (publ), Swedish corporate identity number 556227-8043 is a joint stock corporation, domiciled in Stockholm. The registered address is Kungsgatan 44, 7th floor, SE-111 35 Stockholm. The company's shares are traded in Norway on the Oslo Stock Exchange. The corporation's activities consist of mining and mineral prospecting. The Annual Report and Parent Company Report for Nickel Mountain Group AB (publ) were prepared by the board on the April 28, 2014 and will be submitted for approval to the Annual General Meeting on June 4, 2014.

Note 1 Accounting Principles

Statement of conformity with regulations applied

The Consolidated Statements have been compiled in accordance with EU-approved International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC). In addition, the Group applies the Swedish Financial Reporting Board's recommendation RFR 1 "Supplementary accounting regulations for corporate conglomerates" specifying the supplements to IFRS required pursuant to the stipulations of the Swedish Annual Accounts Act.

The Parent Company's functional currency is the Swedish krona (SEK) and this is also the reporting currency for both the Group and the Parent Company. All amounts in the financial reports are stated in thousands of Swedish kronor (TSEK) unless otherwise specified.

Items have been valued at their acquisition value in the consolidated accounts, with the exception of certain financial assets and liabilities, which have been valued at their fair value. The Parent Company's accounting principles follow those of the Group with the exception of the mandatory regulations stipulated in the Swedish Financial Reporting Board's recommendation, RFR 2 "Accounting for legal entities". The most important accounting principles that have been applied are described below. These principles have been applied consistently for all years presented, unless otherwise specified.

New or amended standards and interpretations from IASB and IFRIC pronouncements that came into force in the 2013 calendar year

IAS 1 Presentation of Financial Reports (revised):

Presentation of Items of Other Comprehensive Income. This standard prescribes a new categorization of 'Other comprehensive income' that differentiates between items that will, in future, be reclassified into profit or loss and items that will never be reclassified into profit or loss. This new standard has not yet had any material impact on the financial position of the group.

IAS 19 Employee benefits (revised). The revision means that revaluations of the defined benefit net pension liability must be reported immediately, which means that previously used equalization mechanisms, such as the corridor method, disappear. Actuarial profits and losses are reported directly under 'Other comprehensive income'. The financing cost of the net pension liability shall, furthermore, be calculated with the help of the discount rate for the pension liability. The cost of service, financing costs and special payroll tax shall be reported in the Income Statement, while the effects of revaluations shall be reported under 'Other comprehensive income'. Special payroll tax shall, furthermore, be included in the pension liability.

This new standard has not yet had any material impact on the financial position of the group.

IFRS 7 Financial Instruments: Disclosures (revised).

This revision refers to the requirement for disclosure of rights to net report payments of financial assets and liabilities. The aim is to clarify the importance of the financial instruments for the company's financial position and results, and to illustrate the company's exposure to associated risks entailed by these financial instruments. The revised standard provides additional information by gross reporting the asset and the liability and the effects of off-setting under specific circumstances, such as breach of contract or insolvency. NMG has not used any off-setting mechanisms for the time being.

IFRS 13 Fair Value Measurement (new). The standard provides a unified framework for the valuation of assets and liabilities at fair value. The standard defines fair value and provides instructions on how to determine fair value, but does not change the requirements with regard to which items shall be valued at fair value. The aim of a valuation at fair value is to estimate the price on the valuation date for the sale of the asset or the transfer of the liability under current market conditions, including risk assumptions. IFRS 13 also states that all of NMG's financial assets and liabilities reported at fair value in the Balance Sheet, and the financial assets and liabilities not reported at fair value in the Balance Sheet but for which fair value data is presented, shall be classified on the basis of a three-level fair value hierarchy. The new standard has no significant effect on the valuation of financial assets and liabilities, but has entailed the disclosure of supplementary information.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. This interpretation addresses the accounting of costs for waste rock stripping during the production phase of an open-pit mine. Waste rock, which is stripped in order to release the ore, and the costs of waste rock stripping, shall be carried forward as part of an asset when it is possible to identify that part of an ore body where access is improved. NMG is not yet in a nickel production phase, so this new standard has not yet had any impact on NMG's external accounts.

IAS 36 Impairment of Assets. IAS 36 was revised in conjunction with changes arising as a result of the revision of IFRS 13, and now requires disclosure of the recovery value per cash-generating unit in the 2013 annual accounts. In May 2013, however, IASB issued a revision that eliminates this requirement. NMG has not chosen to implement this standard in advance.

New standards and interpretations that come into force in the 2014 calendar year or thereafter

The standards and interpretations presented are those that may, in the opinion of the Group, have an effect in future. The Group intends to implement these standards when they become applicable.

IAS 32, Financial Instruments: Presentation (revised).

The revision of the standard provides a clarifying guideline stating that financial assets and liabilities shall be off-set against one another when this reflects the company's anticipated cash flows when settling two or more financial instruments. This new standard will, in NMG's opinion, not have any significant effect on NMG's future financial reporting. The standard will apply as of January 1, 2014.

IFRS 9, Financial Instruments, Recognition and Measurement. The revision is part of a complete revision of the existing standard, IAS 39. The standard entails a reduction in the number of valuation categories for financial

assets and means that the main categories for reporting are at accrued acquisition value and fair value, via the Income Statement. The potential exists, for certain investments in shareholders' equity instruments, to report at fair value in the Balance Sheet with the change in value reported directly under 'Other comprehensive income', where no transfer to the profit/loss for the period occurs in conjunction with disposal. The standard has been complemented with regulations regarding write-downs in the Balance Sheet. A combined view on the way in which NMG's financial reporting will be affected will be taken in conjunction with the publication of the final version of all elements of the project. The EU has postponed approval of the standard to an unspecified later date.

IFRS 10 Consolidated Financial Statements. This standard entails the introduction of a single model for determining whether a controlling influence exists for all of a company's investments. This will result in uniform regulations for consolidation. A controlling influence exists if the investor 1) is exposed to or is entitled to variable returns from the investment, 2) has the ability to affect the return through its power over the investee, and/or 3) there is a link between the return received and the power over the investee. NMG is not of the opinion that the new standard will result in changes in terms of the companies to be consolidated within the company.

IFRS 11 Joint arrangements. This standard divides existing joint ventures into joint operations – the owners are entitled to assets and undertakings for liabilities in the investment – or joint ventures – the owners are entitled to the net assets of the investment. The proportional method shall be used for joint operations while, for joint ventures, the equity method shall be used. NMG is not of the opinion that the new standard will have any effect on its financial reporting, based on a review conducted of the Group's associated companies. The standard will apply as of 1st January 2014.

IFRS 12 Disclosures of Interest in Other Entities. This standard brings together disclosure requirements regarding subsidiary companies, joint arrangements and associated companies in a single standard. A number of new disclosure requirements are included. The standard will apply as of January 1, 2014.

Consolidation principles

Subsidiaries are the companies in which the Parent Company has control, which is indicated by ownership of more than 50 percent 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 group accounts 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 fair market value.

Business combination 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 acquired entity. For each business combination, the acquirer measures the non-controlling interest (minority interest) in the acquired entity either at fair value or at the proportionate share of the acquired entity'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 acquired entity is re-measured to fair value as at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized 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 recognized 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 re-measured. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized 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 recognized 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 acquired entity 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.

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 estimation of 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, and aerial surveys. Capitalized mineral interests at year end 2013 amounted to 110.1 MSEK. The value is assessed at least once a year. Depreciation of capitalized mineral interests is measured in accordance with the information provided under the heading 'Intangible assets'. See the section "Impairment of assets" 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 the 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 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 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 disassembly, removal, clearing and like actions, around drilling sites within the Group's exploration permits. The estimates are based on legal requirements established from 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 dependent 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 recognized 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 utilization value. When calculating the utilization 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 exploration and development costs related to the Company's licenses for mineral exploitation. Nickel Mountain Group AB has more exploration licenses than have 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

NMG reports the costs associated with prospecting and development of mines as follows.

Direct costs are entered by project and are reported under the '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 NMG 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 NMG 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 'Mineral interests' is revalued by NMG's senior management whenever it is 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 recognized.

For projects in which NMG 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 in a straight-line basis 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 recognized 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 recognized 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 from dividends 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 of work carried out by Company personnel that is directly related to the development of tangible and intangible assets of the Company.

Cash flow statement

The cash flow statement shows cash receipts and cash payments, using the indirect method. 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 recognized when the Group has a current obligation (legal or constructive) as a result of a past event, if 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 recognized 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 recognized 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. NMG 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 exclusion 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 exclusion when the liability is repaid by NMG.

Financial instruments are reported using the fair value, accumulated value or acquisition value, depending on the initial categorization 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 related 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 related 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 in which the company's liability in terms of retirement payments are limited to the fees that already have been undertaken. The retirement of the individual employee is dependent 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 related 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 on a straight line basis over the duration of the lease, beginning from the time of utilization. See note 8 for more information.

Segment reporting

Within NMG, 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 are 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 of unused loss carry forwards/back 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 NMG'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 authorized 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 Nickel Mountain Group 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 party 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 relating 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, and (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 continuous 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

NMG's 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 NMG 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 in the market's interest rate which can affect the net profit. The Board of directors and the management have made an assessment that NMG's interest rate 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 krona. Additionally, the Company conducts certain 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. NMG has therefore decided to carry out active coverage of the political situations within the countries of its operations. NMG also has established close relationships with the governments and decision makers in all relevant markets. The management of NMG 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, NMG 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 sulphur dioxide 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 NMG 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 NMG's business, financial condition, liquidity or operating results.

Additional financing

NMG's 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 favorable 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 organized 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 Rönnebäcken within the group.
- The segment "Other" refers to group eliminations cost items occurring as a result of the consolidation of the Group and other 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 "Other" has very limited activities, as have also the two operating segments, Gold and Diamonds, following the scaling down of business activities in Africa during the last few years.

NOT 3 – CONT

(TSEK)

	Jan–Dec 2013				
	Gold	Diamonds	Nickel	Other	Total
Revenue from sales					0
Operating result before depreciation and impairment losses		–568	–4,944	–16,479	–21,991
Impairment of mineral interests and claim	–20,000	–110,906		0	–130,906
Depreciation according to plan		–184	–43		–227
Result before tax	–20,000	–111,658	–4,987	–17,230	–153,875
Fixed assets	30,000	3,599	106,589	561	140,749
Current assets		1,287	489	16,346	18,122
Long term liabilities		931	0	9,000	9,931
Short term liabilities		0	2,902	21,254	24,156
Investments (net amounts)			3,129	0	3,129

(TSEK)

	Jan–Dec 2012				
	Gold	Diamonds	Nickel	Other	Total
Revenue from sales	–	–	–	–	0
Operating result before depreciation and impairment losses	–	–2,469	–9,947	–12,229	–24,645
Impairment of mineral interests	–1,351	–124,211	–	–	–125,562
Depreciation according to plan	0	–537	–119	–11	–667
Result before tax	–1,351	–127,215	–10,175	–11,780	–150,521
Fixed assets	–	114,630	104,318	611	219,559
Current assets	56	2,697	1,442	69,050	73,245
Long term liabilities	–	1,155	5,000	–	6,155
Short term liabilities	–	69	6,382	1,661	8,112
Investments (net amounts)	–	–	16,325	–	16,325

Geographical distribution of revenues

(TSEK)

	2013	2012
Sweden	8	–
Angola	–	–
South Africa	–	–
The Democratic Republic of Congo	–	–
Kenya	–	–
Total	8	0

Geographical distribution of tangible, intangible and financial fixed assets

(TSEK)

	2013	2012
Sweden	136,923	104,845
South Africa	–	7,572
Angola	–	–
The Democratic Republic of Congo	3,826	107,142
Total	140,749	219,559

Note 4 Revenue from sales

No sales revenue deriving from minerals has been registered during 2012–2013.

Note 5 Employees, salaries and other compensations

(TSEK)	2013		2012	
	Average number of employees	Of which men	Average number of employees	Of which men
Parent Company	1	50%	2	50%
Subsidiaries	4	50%	14	79%
Group Total	5	50%	16	75%
Of which Sweden	5	50%	6	50%
Of which Angola	—	—	—	—
Of which South Africa	—	—	—	—
Of which Congo, DRC ¹⁾	—	—	10	100%

¹⁾ Personnel related costs DRC in 2013 are in respect of consultants and not for steadily employed staff.

Percentage of women at corporate management level

	2013	2012
Board of Directors	—	—
Group Management	—	—

(TSEK)	2013			2012		
	Salaries and other compensations	Of which pension costs	Of which social contribution costs	Salaries and other compensations	Of which pension costs	Of which social contribution costs
Parent Company						
Sweden	7,493	358	849	5,117	271	328
Subsidiaries						
Sweden	4,317	418	998	3,288	376	762
Angola	—	—	—	—	—	—
South Africa	—	—	—	—	—	—
Congo, DRC	458	—	—	1,617	—	—
Total Group ¹⁾	12,268	776	1,847	10,022	647	1,090

¹⁾ Part of total remuneration to Board Members has been invoiced and is recognized in the group P&L as "other external costs".

Also, a certain part of salary costs on subsidiary level has been capitalized and attributed to "Mineral interests" in the group balance sheet.

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

(TSEK)	2013		2012	
	Board of Directors and CEO	Other employees	Board of Directors and CEO	Other employees
Parent Company				
Sweden	6,884	608	3,000	2,117
Subsidiaries				
Sweden	3,182	1,135	1,818	1,470
Angola	—	—	—	—
South Africa	—	—	—	—
Congo, DRC	458	—	—	1,617
Total Group	12 268	1,743	4,818	5,204

NOT 5 – CONT

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

(TSEK)	2013		2012	
	Board of Directors	CEO	Board of Directors	CEO
Parent Company				
Sweden	–	299	–	272
Subsidiaries				
Sweden	–	351	–	330
Angola	–	–	–	–
South Africa/Congo, DRC	–	–	–	–
Total Group	0	650	–	602

Information on absence due to illness is not relevant with so few employees. The Board of Directors had between 3–4 members during 2013, all of whom were men.

AGM's resolution on remuneration guidelines for management personnel

At the AGM held on August 2, 2013, the following resolution was made regarding guidelines for the remuneration of management personnel. The guidelines below are in force until the AGM of 2014

General

NMG shall have a level of remuneration and employment benefits necessary to recruit and retain management of high competence and sufficient capacity to achieve Company goals at a suitable cost. The guiding principle in setting salary and other remuneration for management personnel in NMG shall be market oriented and be aligned with the Company's costs.

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 defined by cost.

Non-monetary benefits

Non-monetary benefits (e.g. cell phone and computer) for management personnel shall assist in their 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 conditions. The non-fixed salary shall be linked to the employee's main area of responsibility and consist of one or more financial and/or operational parameters. The maximum amount will be no more than 50 percent of the fixed salary paid out to the employee in question during the period covered by the non-fixed salary.

In those cases where non-fixed salary is agreed for key management personnel, the salary shall be determined based on (a) achieving previously established 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.

All matters relating to share benefit programs shall be decided upon AGM.

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 6 Compensations and other benefits: Board, MD and management officials

(TSEK)	2013			2012		
	Director fee (according to resolution from general meeting)	Salary including social contribution	Other Benefits	Director fee (according to resolution from general meeting)	Salary including social contribution	Other Benefits
Board elected on May 2012 AGM						
Jaques McMullen	—	—	—	351	—	115.83
Fredrik Lindgren	—	—	—	585	—	193.05
Cheryl Brandon	—	—	—	351	—	115.83
Phil Gross	—	—	—	351	—	115.83
Tim George	—	—	—	351	—	—
Anton Esterhuizen	—	—	—	—	—	—
Magne Aaby	—	—	—	—	—	—
Magnus B Lindseth	—	—	—	351	—	115.83
Board elected on EGM of Dec 2012 and April 2013						
Ulrik Jansson						
Hans Lindroth						
Jukka Kallio						
Terje Engstrom Lien						
Arto Kuusinen						
Board elected on August 2013 AGM						
Stefan Persson	250	—				
Björn Rohdin	150	—				
Svein Breivik	150	—				
Ole Weiss	150	—				
Erlend Dunér Henriksen (Deputy Board Member)	—	—				
Management						
Thomas Carlsson (CEO January–April 2013)	—	2,096	372		1,433	387
Terje Lien (CEO May–June 2013)	—	926 ¹⁾	—			
Björn Rohdin (CEO August–December 2013)		236 ²⁾				
Fredric Bratt (CEO of subsidiary Nickel Mountain Resources AB)	—	2,746	436			

¹⁾ Net amount invoiced from private company. ²⁾ This is a net amount to the company, in other words it includes remuneration as well as social charges thereon.

The number of employees in corporate management amounts to 1 (1). Thomas Carlsson, former Chief Financial Officer was appointed Acting Managing Director in 2012. He remained in the position until April 2013, when asked to leave by the Board appointed on December 27, 2012. He was replaced by Mr. Terje Lien, Board Member at the time. Mr. Lien was both Board Member and Acting Managing Director until August 2, 2013, when asked to leave by the Board appointed by the AGM on the same day. Mr. Lien was replaced as Acting Managing Director by Mr. Björn Rohdin.

Mr. Rohdin was also elected Board Member at the 2013 AGM, and remained as Acting Managing Director until January 1, 2014, when he was replaced by Mr. Torbjörn Ranta. Mr. Rohdin remains a Board Director of NMG. The new Managing Director, Mr. Ranta, has been granted a one-month notice period in his contract with NMG.

Board members appointed at the August 2013 AGM receive a fee of SEK 250 thousand per year for the Chairman and SEK 150 thousand per year for each ordinary Board Member, as established by the AGM.

Note 7 Other external expenses

(TSEK)	Group		Parent Company	
	2013	2012	2013	2012
Costs related to raising of funds	–	–1,461	–	–
Financial advisory	–2,060	–875	–2,060	–273
Rent	–731	–953	–346	–384
Fuel	–4	–	0	–
Travel	–1,058	–1,268	–891	–726
Legal counselling	–2,840	–1,438	–2,797	–1,438
Administrative costs related to listing	–409	–1,087	–346	–1,007
Food and Subsistence	–42	–	–42	–
Auditing	–2,308	–1,375	–1,756	–727
Consulting fees	–2,858	–3,232	–2,653	–2,366
Insurance	–99	–174	–98	–120
Others	–2,498	–1,762	–2,277	–74
Total	–14,907	–13,624	–13,266	–7,114

Remuneration to Auditors**Mazars**

Audit fees	1,756	–	1,756	–
Audit-related fees	–	–	–	–
Tax fees	–	–	–	–
Other fees	–	–	–	–

KPMG

Audit fees	553	1,074	–	611
Audit-related fees	–	–	–	–
Tax advisory fees	–	253	–	92
Other fees	–	48	–	23
Total	2,309	1,375	1,756	726

Auditing comprises a review of the Annual Report and a review of accounts and the management carried out by the Board and the CEO. It also includes other assignments related to the work carried out by the auditor, as well as any need for advisory or other assistance that occurs as a result of the ordinary work carried out by the auditor. Audit-related fees concern different types of services for assurance. Review of tax forms is considered as tax consultancy. Other assignments, for instance legal consultancy in excess of auditing, are related to issues other than taxes. The part of the Audit fees that is directly related to fundraising is accounted for in 'Equity'.

As follows from other sections of this Annual Report, KPMG, the auditor appointed for auditing the 2012 financial year accounts, in spring 2013 resigned from all assignments

in the Group despite the degree to which the audit work had progressed at the time. A new auditor was appointed, Mr. Johan Kaijser from Mazars Set auditing firm. Mr. Kaijser had to re-start the 2012 audit process from the beginning, and as such, the 2012 audit was basically completed twice. The costs for the work of Johan Kaijser in respect of the 2012 financial year audit were included in the 2013 financial accounts of NMG. Mr. Kaijser also audited the 2013 financial accounts. The Mazars Set auditing costs for both 2012 and 2013, were accounted for in 2013, thus inflating the total auditing costs for financial year 2013. It is believed that the auditing costs for financial year 2014 will return to a normal level. In the fall of 2013, KPMG was re-elected to audit the subsidiary companies in the Nickel business segment of NMG.

Note 8 Leasing

(TSEK)	Premises
Matures 2014 ¹⁾	761
Matures 2015–2016	–
Matures 2017 <	–

¹⁾ The amount relates to the rental contract in respect of the headquarters at the address Kungsgatan 44 in central Stockholm. Notice has been given and the rental contract expires in autumn 2014.

Note 9 Transactions with related parties

(TSEK)	2013	2012
Agbaelo AB, a company owned by Mr. Fredrik Lindgren, former Chairman of IGE Resources AB, invoiced this amount for advisory work to group management	–	470
Jack McMullen & Associates for advisory work related to the prefeasibility study undertaken by Nickel Mountain Resources. Mr. McMullen was the owner of this company, and he was a Board Member of IGE during 2012	–	595
Tim George, Chairman of the Board of IGE, for work related to business development of the Group's diamond assets in southern Africa	–	841
Paul Sagberg, board member in Nickel Mountain Resources, for work related to business development and strategy	–	463
Magnus B Lindseth, board member in IGE, for work related to fundraising for the group	–	910
Mace 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	–	272
Mr. Ole Weiss, Board Member of NMG AB, has via his private company invoiced NMG AB a net amount of 220,000 Danish kronor (DKK) for professional services related primarily to the African assets of the group	261	–
Mr. Stefan Persson, current Chairman of NMG AB, has during autumn 2013 via his private company extended legal and administrative services over and above his normal duties as Chairman	861	–
Mr. Erlend Dunér Henriksen, Deputy Board Member of NMG AB, was the main force behind the successful issue of interest free promissory notes to a circle of Norwegian investors during autumn 2013. For these financial advisory services, and for certain other investor relations work, Mr. Henriksen has via his private company Renud Invest AS invoiced NMG 740 thousand NOK	790	–

Mr. Svein Breivik, Board Member of NMG, was asked to handle an extensive process of negotiations with Norwegian banks and authorities in autumn 2013. For this work Mr. Breivik has received remuneration in addition to his Director fee

50 –

Mr. Bjorn Rohdin, current Board Member of NMG, and acting CEO during autumn 2013, has extended certain administrative services to NMG over and above his normal duties as Board Member

236 –

Total in TSEK 2,198 3,551

In January 2013, NMG transferred 50 MSEK as an advance partial payment related to the proposed purchase of Ghana Gold AB from Alluvia Mining Ltd. Alluvia Mining, at the time, was a related party through its Director of the Board, Terje E Lien, who was also a Director of the NMG Board at the time of the transfer. This transaction is described in greater detail in other sections of this Annual Report.

Altro Invest, the single largest shareholder of NMG since August 2013, supported NMG with a short-term loan facility during the second half of 2013. The facility was extended with a maximum drawdown amount of 4 MSEK. The interest rate is 7.5 percent per annum, with the loan formally expiring in early May 2014. Altro Invest has declared its intention to allow conversion of the loan to equity by accepting a directed issue of shares. An EGM will be convened on May 8, 2014 to decide on the matter.

A 4 MSEK loan was offered to NMG in May 2013 by former Board member Ulrik Jansson. It carries an interest rate of 12 percent per annum and has a term of 3 years. Mr. Jansson resigned from the Board of NMG at the end of April 2013.

In addition, Board member Svein Breivik and Deputy Board member Erlend Henriksen offered short-term interest free loans to NMG in the fall of 2013. In total, NMG has borrowed the equivalent of 600 TSEK from these two representatives.

During the first half of 2013, following the takeover by main shareholder Amarant Mining, a new Board was appointed. Soon after, members of the old management either left or were asked to leave. When Altro Invest and the Norwegian minority shareholders appointed a new Board of Directors on August 2, 2013, NMG was in deep crisis, without enough cash to pay daily bills, and without a proper management. The newly elected Board on August 2, therefore elected to take over the executive management of the Company. A Board member was appointed as Acting Managing Director, however, all of the Board members and the Deputy Board member became involved in overseeing the business of the Company during the second half of 2013, thus ensuring its survival. NMG has been invoiced for professional services provided by Board members over and above normal board duties. In total, professional services amounting to 2,198 TSEK were invoiced to NMG for 2013 as detailed in the attached table.

Note 10 Other long term investments

Via subsidiary Nickel Mountain Resources AB (owned to 99.6%)	Ownership	Book value
Nordic Iron Ore AB	2.4%	214
Tasman Metals	0.03%	145

NMG subsidiary Nickel Mountain Resources' share of the 2013 result of Nordic Iron Ore AB amounts to –75 TSEK (–778 TSEK). The book value of the shares in Nordic Iron Ore AB amounted to 214 TSEK by year end 2013 (previous year 289 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 145 TSEK (145 TSEK). Nickel Mountain Resources' share of the 2013 result of Tasman Metals Ltd amounts to 0 TSEK (0).

Note 11 Tangible, Intangible and financial fixed assets

(TSEK)	Group		Parent Company	
Mineral interests	2013-12-31	2012-12-31	2013-12-31	2012-12-31
Acquisition value at opening of period	717,528	700,467	–	–
Acquisition during the report period (year)	3,129	18,460	–	–
Acquisition of operations	–	–	–	–
Sales and retirements	–	–2,284	–	–
Exchange differences	–	885	–	–
Book-value at year-end of the existing mineral interests	720,657	717,528	0	0
Depreciations and impairments				
Accumulated write downs at beginning of year	–499,039	–373,476	–	–
Depreciation and impairments during the year	–110,906	–125,563	–	–
Sales and retirements	–	–	–	–
Accumulated write downs at year end	–609,945	–499,039	0	0
Exchange differences	–598	0	–	–
Book-value at year-end	110,113	218,489	0	0

Tangible assets

Plant and machinery	Group		Parent Company	
	2013-12-31	2012-12-31	2013-12-31	2012-12-31
Acquisition value at opening of period	43,519	44,102	0	152
Acquisition of operations	–	–	–	–
Sales and retirements	–	–583	–	–152
Exchange differences	0	–	–	–
Acquisition value at year-end of existing plant and machinery	43,519	43,519	0	0
Depreciations and impairments				
Accumulated depreciation according to plan at beginning of period	–47,234	–47,151	0	–
Sales and retirements	–	583	–	–
Depreciation and impairments during the year	–228	–666	–	–
Accumulated depreciation at year end according to plan	–47,462	–47,234	0	0
Exchange differences	4,189	4,320	–	–
Book value at year-end of plant and machinery	246	605	0	0

NOT 11 – CONT

Financial Fixed Assets

Long term receivables and securities	Group		Parent Company	
	2013-12-31	2012-12-31	2013-12-31	2012-12-31
Acquisition value at opening of period	434	1,545	223,755	344,002
Acquisition during the report period (year)	–	–	18,962	29,611
Acquisition of operations	50,000	–	50,000	–
impairment/Value reduction	–20,075	–1,111	–100,379	–149,958
Exchange differences	–	–	–	–
Book value at year-end of financial fixed assets	30,359	434	192,338	223,755
Depreciation and impairment loss on tangible and intangible fixed assets	Group		Parent Company	
	2013	2012	2013	2012
Impairment loss related to concessions in Kenya	–	–1,352	–	–
Impairment loss related to projects in Efidium	–110,906	–124,211	–	–
Depreciation according to plan of plant and machinery	–228	–666	–	–10
	–111,134	–126,229	–	–10

Depreciation and impairment of tangible and intangible fixed assets in 2013 are mainly attributable to the Group's assets in Democratic Republic of Congo. This depended on the group's lost ability to maintain its operations in Africa following loss of liquid assets as a result of the acquisition of Ghana Gold described elsewhere in this annual report. Divided on business segments the depreciation and impairment are distributed as follows:

	2013
Diamonds	–111,090
Nickel	–43
Others	–
Total	–111,134

Impairment of receivable on Alluvia Mining Ltd at year end 2013

The receivable on Alluvia Mining is related to the proposed purchase of Ghana Gold in the spring of 2013. The purchase consideration was supposed to consist of a cash payment of 50 MSEK plus an additional 50 million of newly issued NMG shares. A pre-payment of 50 MSEK was made on the 23rd of January 2013, subject to approval by an EGM, which was held during the second quarter 2013. The EGM decision approved of the share issue, but a minority on the EGM voted against it. Thereafter, the EGM decision was appealed by a minority shareholder group, and was declared invalid by a court ruling. The Board, at the time, made a second attempt to pass the proposed purchase at the Annual General Meeting held on August 2, 2013, but the meeting voted against the proposal. According to the purchase agreement, the pre-payment of 50 MSEK is required to be repaid immediately if a General Meeting votes against the proposed purchase. The result is that NMG has a claim on the seller Alluvia Mining Ltd amounting to 50 MSEK, before interest compensation and additional claims in respect of damage caused to NMG by the transaction. The Board is currently working on having the money refunded by Alluvia. In addition, an EGM held on November 22, 2013 cleared the way for NMG to proceed against individual former board members with claims for compensation for damages. A leading Swedish law firm has been engaged to pursue this process through the court system. The ability of former board

members to pay compensation to NMG will become evident following a potential successful court ruling from NMG's perspective.

NMG is also potentially in possession of pledged collateral for Alluvia Mining's obligation to return the 50 MSEK prepayment. The pledge consists of a share interest in an American non-listed mineral exploration company named Advanced Mineral Technologies Inc. ("AMTO"). The American SEC delisted this company from public quotations already in early 2012. Further, it does not appear to have filed any annual reports or interim financial reports since 2010. Further, AMTO appears to have conducted limited work at its main asset, the Tillicum property, and only during the period of its possession of Tillicum. Lastly, there are yearly costs associated with keeping mineral licenses, and it is not certain that AMTO's licenses are still in good standing. The value of NMG's pledge is further restricted by the fact that the pledge agreement, if valid, is construed according to American Law while the SPA-agreement regarding Ghana Gold is interpreted according to Swedish Law. For these reasons, NMG finds it prudent not to assign any value to the AMTO pledge for the time being.

There is another element, which needs to be considered when analysing the value of NMG's claim on Alluvia Mining Ltd. At the time of the Ghana Gold transaction, NMG paid for Board and management liability insurance from an international insurance company. Such liability insurance covers individual Board and management members from claims up to a ceiling amount, provided the damages or claim is deemed to fall within the framework of the insurance. The implications is that former Board members with this insurance coverage can potentially make claims, if the courts rule that they are liable to pay compensation to NMG. The international insurance company has not yet accepted being liable for paying out such compensation. NMG's legal advisors believe that NMG has a good case for convincing the insurance company to pay out compensation to the old board members, and therefore indirectly to NMG.

For reasons of prudence, NMG has decided to write down the claim on Alluvia Mining by MSEK 20 in the last quarter of 2013. This has no implications on the legal case whatsoever. In view of the fact that the legal process for recovering the receivable may be drawn-out, this receivable was classified at year end 2013 from a short-term asset to a financial fixed asset.

Note 12 Result from participations in group companies

	Parent Company	
	2013	2012
	7,275	–149,848
Total	7,275	–149,848

The positive result from participation in group companies in 2013 relates to the Parent Company's 75% ownership of a Swedish partnership acquired in December 2013.

Note 13 Financial items

(TSEK)	Group		Parent Company	
	2013	2012	2013	2012
Exchange gains	14	49	14	42
Interests	24	556	24	554
Total financial revenue	38	605	38	596
Financial expenses				
Exchange losses	–141	–249	–139	–134
Interests	–647	–3	–573	–1
Total financial expenses	–788	–252	–712	–135

Note 14 Income tax

(TSEK)	Group		Parent Company	
	2013	2012	2013	2012
Actual tax	9,700	–	–	–
Adjustment actual taxes earlier years	–	–	–	–
Deferred tax	34,087	29,031	–	–
Actual tax reported in the income statement	43,787	29,031	0	0
Profit before tax	–153,875	–150,521	–110,388	–161,628
Adjustment for costs accounted for in equity	–1,530	–12,800	–1,530	–12,800
Result after tax after adjustment for costs accounted for in equity	–155,405	–163,321	–111,918	–174,428
Expected tax according to Swedish tax rate (22% in 2013 and 26.3% in 2012)	34,189	42,953	24,622	45,875
Other non-taxable/non-deductible	–28 959	–37,045	–24 393	–42,328
Deferred taxes in theory from losses and other tax effecting items	38 557	–5,909	–229	–3,546
Total tax costs/reversal of tax provision	43,787	29,031	0	0

The accumulated tax related deficit of the Group amounted to 225 MSEK by year end 2012. To this should be added the negative results of the Swedish entities for 2013 in the amount of approximately 22 MSEK.

By the end of December 2013, the Group acquired a Swedish partnership with taxable profits deriving from a property sale. The parent company Nickel Mountain Group AB acquired 75 percent and the subsidiary Nickel Mountain Resources AB the remaining 25 percent.

The taxable income of the partnership for 2013 is estimated at 222 MSEK. According to Swedish law, the owners of the partnership at year end are liable to pay the income tax of the partnership. Thereby the two acquiring

entities of the NMG group will utilize their accrued tax losses and offset the taxable income of the partnership.

After this, it is estimated that the NMG group's remaining accumulated tax related deficit will amount to approximately 25 MSEK.

No current or deferred tax claims or tax liabilities are accounted for at year end 2013. 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 related to subsidiaries registered outside Sweden has not been considered as the Board of NMG has estimated its future value to 0.

Note 15 Earning per share

	2013	2012
Result related to Parent company's shareholders (TSEK)	-109,987	-121,450
Average number of shares during the reporting period ¹⁾	18,174,922	14,084,676
Result per share (SEK)	-6.05	-8.62

¹⁾ Average number of shares for 2012–2013 has been adjusted for the reversed split 1:10 carried out on December 13, 2013.

Note 16 Long term receivables

(TSEK)	2013	2012
Deposition Bergsstaten	31	31
Total	31	31

Note 17 Other short term receivables

(TSEK)	Group 2013	2012	Parent Company 2013	2012
V A T receivables	146	726	133	238
Rec on partnership	—	1,102	7,275	—
Guarantees South Africa	—	580	—	—
Other receivables not subjected to interests	2,556	1,053	921	40
Total	2,626	3,461	8,329	278

There is no provision for doubtful receivables.

As of December 31, 2013, the analysis of other short-term receivables that were past due, but not impaired is as follows:

(TSEK)	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30–60 days	60–90 days	90–120 days	>120 days
2013	2.626	0	133	921	0	0	1.572

Note 18 Prepaid expenses and accrued income

(TSEK)	Group 2013	2012	Parent Company 2013	2012
Prepaid insurance fees	21	172	7	104
Prepaid costs	147	13	147	13
Prepaid rentals	39	208	6	93
Prepaid leasing fees	—	—	—	—
Others	1	198	—	—
Year-end balance	208	591	160	210

Note 19 Cash and cash equivalents

As of December 31, 2013, cash and cash equivalents of the Group were 15,288 TSEK (69,193 TSEK). These liquid assets all consisted entirely of bank deposits. The Parent Company's cash and cash equivalents as of December 31, 2013 were 5,036 TSEK (68,562 TSEK).

Note 20 Development of the share capital

Date	Transaction	Increase of number of shares	Increase of share capital	Total number of shares	Total share capital	Face value (SEK)
1983-04-18	Incorporation	500	50,000	500	50,000	100
1983-09-20	Split 50:1	24,500	–	25,000	50,000	2
1989-09-22	New share issue	5,000	10,000	30,000	60,000	2
1989-10-10	New share issue	200,000	400,000	230,000	460,000	2
1989-11-22	New share issue	560,000	1,120,000	790,000	1,580,000	2
1997-01-01	Split 40:1	30,810,000	–	31,600,000	1,580,000	0.05
1997-11-18	New share issue	25,000,000	1,250,000	56,600,000	2,830,000	0.05
2000-07-18	New share issue	21,120,000	1,056,000	77,720,000	3,886,000	0.05
2001-11-19	New share issue	77,560,000	3,878,000	155,280,000	7,764,000	0.05
2002-10-02	New share issue	37,920,000	1,896,000	193,200,000	9,660,000	0.05
2004-05-12	New share issue	5,000,000	250,000	198,200,000	9,910,000	0.05
2005-03-16	Exercise of warrant	50,000,000	2,500,000	248,200,000	12,410,000	0.05
2005-05-24	New share issue	19,000,000	950,000	267,200,000	13,360,000	0.05
2005-07-05	New share issue	25,000,000	1,250,000	292,200,000	14,610,000	0.05
2005-10-19	New share issue	18,000,000	900,000	310,200,000	15,510,000	0.05
2005-12-12	New share issue	800,000	40,000	311,000,000	15,550,000	0.05
2006-12-07	New share issue	30,000,000	1,500,000	341,000,000	17,050,000	0.05
2008-04-16	New share issue	34,000,000	1,700,000	375,000,000	18,750,000	0.05
2008-12-08	Conversion loan	9,000,000	450,000	384,000,000	19,200,000	0.05
2008-12-29	Conversion loan	8,000,000	400,000	392,000,000	19,600,000	0.05
2009-01-20	Issue in kind	26,161,828	1,308,091	418,161,828	20,908,091	0.05
2009-02-11	Conversion loan	11,000,000	550,000	429,161,828	21,458,091	0.05
2009-03-31	Issue in kind	312,000	15,600	429,473,828	21,473,691	0.05
2009-04-01	Conversion loan	35,600,000	1,780,000	465,073,828	23,253,691	0.05
2009-04-03	Conversion loan	4,400,000	220,000	469,473,828	23,473,691	0.05
2009-04-16	Conversion loan	10,000,000	500,000	479,473,828	23,973,691	0.05
2009-07-06	Exercise of warrant	12,000,000	600,000	491,473,828	24,573,691	0.05
2009-07-07	Issue in kind	367,336	18,367	491,841,164	24,592,058	0.05
2009-10-09	Conversion of debt	68,000,000	3,400,000	559,841,164	27,992,058	0.05
2009-10-09	New share issue	221,800,000	11,090,000	781,641,164	39,082,058	0.05
2009-11-26	New share issue	14,068,789	703,439	795,709,953	39,785,498	0.05
2010-03-31	Issue in kind (purchase of Efidium)	495,399,057	24,769,953	1,291,109,010	64,555,451	0.05
2010-05-12	New share issue	64,632,664	3,231,633	1,355,741,674	67,787,084	0.05
2010-06-28	New share issue	10,802,538	540,127	1,366,544,212	68,327,211	0.05
2010-07-22	New share issue	53,675,699	2,683,785	1,420,219,911	71,010,996	0.05
2010-09-30	New share issue	385,398,899	19,269,945	1,805,618,810	90,280,941	0.05
2011-05-30	New share issue	2,348,649,150	117,432,458	4,154,267,960	207,713,398	0.05
2011-11-25	New share issue	40	2	4,154,268,000	207,713,400	0.05
2011-11-25	Reversed split	–4,102,339,650	0	51,928,350	207,713,400	4
2011-11-25	Bonus issue	0	46,735,515	51,928,350	254,448,915	4.9
2011-11-25	Reduction of the share capital without redemption of shares	0	–241,466,828	51,928,350	12,982,088	0.25
2012-04-25	New share issue	129,820,875	32,455,219	181,749,225	45,437,306	0.25
2013-12-13	Reversed share split	–111,645,953	0	18,174,922	45,437,306	2.50
2013-12-31	Reduction of the share capital without redemption of shares ¹⁾	0	–36,349,844	18,174,922	9,087,462	0.50
2014-01-27	Set-off issue	3,052,799	1,526,400	21,227,721	10,613,860.50	0.50

¹⁾ The share capital reduction followed by a transfer of this amount to non-restricted equity is a decision that gets finally approved after expiry of a notice period to known and unknown creditors. The Swedish Companies Registrar (Bolagsverket) first registers the share capital reduction interimistically. Thereafter the final registration takes effect. This happened by end of first quarter 2014.

NOT 20 – CONT

There were 181,749,225 shares outstanding as at January 1, 2013. Par value per share was SEK 0.25. The share capital was SEK 45,437,306 at the beginning of 2013. During the rest of the financial year 2013, there were no share issues registered. At the AGM on August 2, 2013, a reversed share split of 10:1 was approved. The EMG held on November 22, 2013 elected to reduce the share capital by changing the par value per share from SEK 2.50 to SEK 0.50. The effective date was December 13, 2013. The share capital reduction was finally registered by the end of first quarter 2014. Thereafter there were 18,174,922 shares outstanding.

There is only one class of shares, and all of the shares

carry one vote. The EGM held on November 22, 2013 gave a mandate to the Board of Directors to issue up to 18,174,922 new shares with a deviation from the shareholders' preferential rights valid until the next Annual General Meeting. Thereof, 3,052,799 shares were issued in a debt off-set transaction at the end of January 2014. Thereafter there were 21,227,721 shares outstanding.

When the share capital reduction was approved at end of March 2014, share capital was reduced to SEK 10,613,860.50 (given currently outstanding number of shares). The limits of the share capital are a minimum of SEK 8,000,000 and a maximum of SEK 32,000,000.

Note 21 Ownership structure as at March 7, 2014

Name	Country	Holdings	Ownership, %
Dnb Bank ASA	SWE	5,395,000	25.41%
Aroma Holding AS	NOR	481,367	2.27%
Abk Villmarkshytta AS	NOR	355,000	1.67%
Danske Bank A/S	DNK	342,513	1.61%
Johannessen Svein Børge	NOR	250,000	1.18%
Clearstream Banking	LUX	203,350	0.96%
Avanza Bank AB	SWE	197,069	0.93%
Saxo Privatbank A/S	DNK	196,072	0.92%
Heggelund Jan	NOR	190,683	0.90%
Dnb Bank Asa, Emi	NOR	188,032	0.89%
Kvamme Kjartan	NOR	180,000	0.85%
Hostad Henning	NOR	166,764	0.79%
Nordnet Bank Ab	SWE	162,439	0.77%
Wikborg Trond	NOR	150,000	0.71%
Teir Maged Elabd Soliman	ROU	146,103	0.69%
Breivik Svein Halvor	NOR	127,700	0.60%
Nordnet Pensjonsforsikring	NOR	127,444	0.60%
Ngo Tuyet Thi	NOR	120,411	0.57%
Engelsen Glenn	NOR	120,000	0.57%
L Langedal Holding AS	NOR	108,800	0.51%
Subtotal 20 biggest owners		9,208,747	43.38%
Others		12,018,974	56.62%
Total		21,227,721	100%

Source: VPS AS in Norway.

Note 22 Deferred tax liabilities

(TSEK)	Group		Parent Company	
	2013	2012	2013	2012
Deferred tax at beginning of the year	-34,087	-63,119	–	–
Reversal of deferred tax provision resulting from impairments	34,087	29,031	–	–
Total	0	-34,087	0	0

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 related to each acquired project. The deferred tax liabilities were removed from the Group balance sheet in autumn 2013 as result of the near full impairment of the diamond related assets in Africa.

Note 23 Other provisions

(TSEK)	Group		Parent Company	
	2013	2012	2013	2012
Mine site restoration related provisions (incoming balance)	-1,018	-2,996	–	–
Release of mine site restoration provision	–	1,978	–	–
Expiry of MRG option and release of related provision	1,018	–	–	–
Balance	0	-1,018	0	0

The option that expired in December 2013 was vested to Mitchell River Group (MRG) of Australia. If MRG would have decided to exercise the option in respect of 10 percent of RNP, this provision of 1.02 MSEK would have been deducted

from the price to be paid for the project participation. Since MRG waived their right to exercise the option in December 2013, the above provision was by year-end 2013 removed from the balance sheet of NMG.

Note 24 Convertible loan

Norrlandsfonden provided a 5 MSEK convertible loan during 2010 to be used unconditionally as working capital for RNP. 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 percent to be paid quarterly.
- In case of conversion, following the reversed share split 1:10 in December 2013, the conversion rate per share will be SEK 560.
- NMG has got the right to repay the loan in cash in advance at any time during the duration of the loan. NMG will then be forced to pay a compensation for the lost interest to Norrlandsfonden of 15 percent (on an annual basis) on the loan amount during the period that it has been utilized by NMG.

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

Note 25 Other long term liabilities

Other long term liabilities are primarily represented by a long term loan provided by Mr. Ulrik Jansson. As a consequence of the 50 MSEK payment to Alluvia Mining in January 2013, the Group was drained of cash at the end of May and was in need of external funding. At the time, former Board member Ulrik Jansson lent 4 MSEK to NMG. The loan carries an interest of 12 percent per annum payable at the end of the term. The loan has a duration of three years. NMG retains the right to off-set this 4 MSEK loan against its claim against former Board Members.

Note 26 Accounts payable

(TSEK)	Group 2013	2012	Parent Company 2013	2012
Accounts payable	2,925	6,261	2,440	572
Total	2,925	6,261	2,440	572

Accounts payable are non interest-bearing amounts and typically fall due within 30 days.

Note 27 Other liabilities

(TSEK)	Group 2013	2012	Parent Company 2013	2012
Personnel related liabilities	659	120	317	48
Short term interest bearing loan from Altro Invest AB	3,799	–	3,799	–
Interest free promissory note loans	11,806	–	11,806	–
Other short term liabilities	1,121	69	1,121	–
Total	17,385	189	17,043	48

Note 28 Accrued expenses and prepaid income

(TSEK)	Group 2013	2012	Parent Company 2013	2012
Accrued personnel vacations costs	320	243	12	115
Accrued social security charges	27	78	15	37
Calculated accrued social security charges	101	76	4	36
Special remuneration taxes	239	52	87	7
Accrued remuneration of the board	1,027	–	1,027	–
Accrued consultant fees	1,125	607	1,124	300
Accrued interest rate related to long term loans	511	70	511	70
Other accrued costs	496	536	371	474
Year-end balance	3,846	1,662	3,152	1,039

Note 29 Pledged assets and contingent liabilities

(TSEK)	Group 2013	2012	Parent Company 2013	2012
Deposition "Bergsstaten"	31	31	–	–
Deposition "DME" in South Africa	–	580	0	–
Pledged share of Rönnbäcken Nickel project	–	10,379	0	–
Total	31	10,990	0	0

The decision by MRG of Australia to not exercise an option to acquire 10 percent of the RNP implies that the pledged part of Rönnbäcken project was released by the end of 2013. Please refer to note 23 above for more information.

Note 30 Shares and participations in subsidiaries and associated companies**Parent Company**

Company	Corporate id no	Domicile	No of shares	Share	Currency	Book value (SEK)	Equity (SEK)	Result (SEK)
IGE Kenya Ltd	27481	Nairobi	10,000	100%	KES	0	neg	-304,472
Nickel Mountain Resources AB	556493-3199	Stockholm	26,816,042	99.6%	SEK	97,247,101	44,977,658	-2,573,004
IGE Diamond AB	556668-1630	Stockholm	1,000	100%	SEK	0	neg	-75,234,987
KB Hotellet inom Vallgraven	969648-0681	Gothenburg	—	75%	SEK	0,75	10,000	199 430 642 ¹⁾

Subsidiary to IGE Diamond AB

Efidium Ltd	102307C	Isle of Man	1000	100%	USD	0	neg	-2,023,216
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Subsidiaries of Nickel Mountain Resources AB

Nickel Mountain AB	556819-1596	Stockholm	10,100,000	100%	SEK	57,050,991	42,475,232	-84,205
KB Hotellet inom Vallgraven	969648-0681	Gothenburg	—	25%	SEK	0,25	10,000	199 430 642 ¹⁾

¹⁾ The interest in the partnership was acquired on December 18, 2013, and only the result relating to the time period after the acquisition is included in the group accounts. It was 0.

Indirect ownership

Company	Domicile	Share
Subsidiary to Efidium Ltd (owned 100% by IGE Diamond AB)		
Effidium DRC Exploration SPRL	DRC	100%
Nanzambi Mining SPRL	DRC	100%
Pangea Diamonds (Pty) (owned 74% by Efidium Ltd)		
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))		
Bluedust 23 (Pty) Ltd	South Africa	49%
Crestwave 68 (Pty) Ltd	South Africa	49%

Book value of shares in subsidiaries (TSEK)

	2013	2012
Acquisition value at opening of period	102,635	102,635
Acquisition during the report period (year)	—	—
Write down of shares in subsidiary	-5,388	—
Acquisition value at year-end	97,247	102,635

Note 31 Receivables on group companies

(TSEK)	Parent Company	
	2013	2012
Opening balance receivables related to subsidiaries	121,120	241,357
Impairment of receivables related to subsidiaries	-74,991	-149,848
Lending to subsidiaries	18,962	29,611
Receivables related to Group companies at year end	65,091	121,120

Note 32 Financial risk management

NMG is exposed to a number of financial risks. Changes in metal prices, exchange rates and interest rates affect the Group's profits and cash flows. NMG is also exposed to refinancing and liquidity risks, as well as credit and counterparty risks. Below are the most material financial risks which the Group is exposed to.

Exchange rate and metal price risks

Through its operations, NMG 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 NMG'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

NMG'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. NMG continuously calculates the way in which market changes in the currency markets or metal markets affect the Group's future financial position. NMG's policy is not to hedge metal prices, nor to hedge the currencies of the Group's future income in a normal commercial environment. NMG will use financial derivative instruments in order to limit the risks in certain scenarios. The Group will 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.

Interest rate risk

Fluctuations in 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 end of the year 2013, the Group had a limited interest bearing loan burden, such 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 NMG will be unable to extend existing loans or to meet its payment undertakings due to insufficient liquidity. NMG limits its refinancing risk by aiming for a good spread in terms of financing sources. The refinancing requirement is reviewed regularly by NMG. 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 with respect to profit performance and financial position, including the risk of NMG incurring conflicts with loan terms and conditions.

Credit and counterparty risk

The term 'credit and counterparty risk' refers to the risk that a counterparty in a transaction may fail to fulfil its obligation, thus causing the Group to incur a loss. In order to limit credit and counterparty risk, only highly credit-worthy counterparties are accepted, and wherever possible, the commitment per counterparty is limited. The inability of Alluvia Mining Ltd to pay back the 50 MSEK partial payment made by NMG in early 2013 may be considered a counterparty risk, which unfortunately has proven to be very serious.

Risk management and insurance

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

Note 33 Financial instruments

Financial assets within the 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 related to long-term liabilities, accounts payable and other payables. Financial liabilities are valued at amortized cost.

The book value does in all material aspects correspond to fair value. Input for the assets and liabilities is not based on observable market data, but contains the assumptions and estimates of management (level 3 in fair value hierarchy).

Sensitivity analysis – Financial liabilities

By the end of 2013, the Group had two interest bearing long-term loans amounting to 5 MSEK and 4 MSEK, respectively. The 5 MSEK loan matures on August 31, 2018 and carries an interest rate equal to STIBOR 90 (Stockholm

Interbank Offered Rate) plus 4 percent per annum. A change in STIBOR of +/- 10 percent affects the result of the Group by +/- SEK 10.6 thousand on an annual basis. The second loan of 4 MSEK matures in May 2016 and it carries a fixed interest rate of 12 percent per annum. Since NMG does not expect that it will be required to repay either the loan principal or the interest, and given that the interest rate is fixed during the period, NMG is not concerned with interest rate sensitivity in respect of this particular loan.

The short-term interest bearing loan amounting to 4 MSEK and due by year end 2013 was extended by main shareholder Altro Invest AB in the fall of 2013. The loan formally carries an interest rate of 7.5 percent per annum payable at maturity of the loan. The loan from Altro Invest is planned to be off-set for equity in spring 2014.

Note 34 Related party disclosure

Company	Domicile	Share (%)
IGE Kenya Ltd	Nairobi	100%
Nickel Mountain Resources AB	Stockholm	99.60%
IGE Diamond AB	Stockholm	100%
KB Hotellet inom Vallgraven	Göteborg	100%

Board and management of Nickel Mountain Group AB

Board members elected prior to AGM 2013	Elected	Resigned
Ulrik Jansson	December 2012	April 2013
Hans Lindroth	December 2012	April 2013
Jukka Kallio	December 2012	August 2013
Terje Engstrom Lien	December 2012	August 2013
Arto Kuusinen	April 2013	August 2013

Board members elected on AGM on August 2, 2013

Stefan Persson	August 2013	Still serving
Björn Rohdin	August 2013	Still serving
Svein Breivik	August 2013	Still serving
Ole Weiss	August 2013	Still serving
Erlend Dunér Henriksen ¹⁾	August 2013	Still serving
Thomas Carlsson (Acting CEO between Jan–April 2013)		
Terje Engstrom Lien (Acting CEO between May–July 2013)		
Björn Rohdin (Acting CEO between August–December 2013)		
Fredric Bratt (CEO Nickel Mountain Resources AB between January–April 2013)		

¹⁾ Deputy Board Member.

Compensation of key management personnel in the Group

Refer to note 6 for information concerning compensation to management personnel and members of the Board.

Balances of the Parent Company, its subsidiaries and associates are shown in the balance sheet and in the notes 30 and 31. The Parent Company has provided administrative services free of charge.

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 5, 6 and 9.

Note 35 Capital management

The primary objective of the Group's capital management is to ensure maintenance of a strong credit rating and healthy capital ratios in order to support business and maximize shareholder value.

The Group manages its capital structure and makes adjustments based on 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 December 31, 2012 and December 31, 2013.

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)	2013	2012
Interest-bearing loans and borrowings (note 24, 25)	9,000	5,000
Trade and other payables (note 26, 27, 28)	24,156	8,112
Less: cash and short-term deposits (note 19)	-15,288	-69,193
Net debt	17,868	-56,081
Equity	124,784	243,432
Capital and net debt	142,652	187,351
Gearing ratio	12.53%	-29.93%

Note 36 Events after the end of the reporting period

Summary of events:

- A new group CEO was appointed January 1, 2014 replacing the acting Managing Director, who remains on the Board of Directors. Mr. Torbjörn Ranta, the new CEO, has over the last 17 years served as CEO of a number of public Swedish junior mineral exploration and production companies.
- At the end of January 2014, NMG conducted a share issue whereby some MSEK 11.8 of short-term debt was converted to 3,052,799 new shares. The total number of shares post this issue amounts to 21,227,721.
- Mr. Fredric Bratt, the group's Nickel Project Manager left the company in the middle of January 2014 to take on new challenges. Mr. Rolf Ritzén, a former senior Swedish mining executive, stepped in as Chief Operating Officer in the nickel business area, on a consultancy basis. Chief geologist Johan Sjöberg has assumed certain strategic work on group level to support of the new CEO.
- Three exploration permits in the Rönnebäcken area were extended by the Swedish Mining Inspectorate following NMG's applications submitted earlier in 2013.

- SRK Consulting (Sweden) AB was engaged by NMG to co-ordinate the already launched activity program under the PFS. SRK's updated PFS work program was presented to NMG at the end of the first quarter 2014. It is the belief of SRK that the PFS-work can be completed over 18 months provided the availability of regular financing. The estimated cost for the PFS was estimated at some 62 MSEK including contingencies.
- A new wholly-owned subsidiary named African Diamond AB (ADIAM) was incorporated. It will serve as vehicle for the planned distribution to NMG shareholders of the remaining diamond related assets of the group in accordance with previously released information.
- As mentioned in other sections of the annual report, the final share capital reduction by reducing par value per share from SEK 2.50 to SEK 0.50 was finally approved and registered by end of March 2014.
- The legal process for reclaiming the 50 MSEK receivable on Alluvia Mining will most likely take time. A decision was therefore taken after year end to retroactively reclassify this receivable, already impaired to 30 MSEK for reasons of prudence, from a current asset to a financial fixed asset.
- An EGM will take place on May 8, 2014 to firstly decide on the proposal to set off SEK 5,603,552.20 of short term debt for 1,474,619 new NMG shares. Secondly, the same EGM will decide on the proposal to dividend out all the shares in subsidiary African Diamond AB. Each share in the parent company will, if the proposal gets approved, result in one new share in African Diamond AB. The record date for the dividend will get decided by the Board of Directors following the EGM.

Note 37 Financial key ratios

Return on shareholders' equity

The 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.

NOT 37 – CONT**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

The share price divided by earnings per share.

Earnings per share

The 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

The 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 the 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, April 28, 2014

Stefan Persson
Chairman of the Board

Björn Rohdin
Board Member

Svein Breivik
Board Member

Erlend Dunér Henriksen
Deputy Board Member

Torbjörn Ranta
Managing Director
(as from January 1, 2014)

My report differs from the standard form and has been submitted on April 28, 2014.

Johan Kaijser
Authorized Public Accountant
Mazar Set Revisionsbyrå AB

Auditor's report

To the Annual General Meeting of Nickel Mountain Group AB (Publ), previously named IGE Resources AB (Publ), with corporate identification number 556227-8043

Report on the annual accounts and consolidated accounts

I have audited the annual accounts and consolidated accounts of Nickel Mountain Group AB (Publ) for the year 2013. The annual accounts of the Company and of the group are part of this printed document on pages 5–53.

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

My responsibility is to express an opinion on these annual accounts and consolidated accounts based on my audit. I conducted my 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 I refrain from opinion, I 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 nickel operations in Sweden. 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 and the group are in need of additional financing in

order to be able to continue to develop the nickel assets. The assets have been valued under the assumption of going concern. I have not been able to obtain enough audit evidence regarding the availability of financing in order to ascertain that the going concern assumption is correct. Therefore I cannot make any statement on the value of the nickel related assets of the Company.

No opinions are expressed

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 2013 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 2013. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

As a result of these circumstances, I can 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.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, I 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 Nickel Mountain Group AB (Publ) (former IGE Resources AB) for the year 2013.

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.

Auditor's responsibility

My 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 my audit. I have conducted the audit in accordance with generally accepted auditing standards in Sweden.

Due to what is stated below in the next paragraph, that describes why I cannot make a statement, I have not been able to collect sufficient and appropriate audit evidence to allow me to provide a basis for my opinion in the audit report.

As basis for my opinion concerning discharge from liability, in addition to my audit of the annual accounts and consolidated accounts, I have 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. I have 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. I believe that the audit evidence I have obtained as above is sufficient and appropriate to provide a basis for my statement regarding an adverse opinion.

Basis to refrain from statement and to express an adverse opinion

As stated in my Report on the financial statements, I can neither agree nor disagree that the annual meeting of shareholders adopt the income statement or the balance sheet.

During January 2013 the then appointed Board of Directors consisting of Jukka Kallio, Ulrik Jansson, Hans Lindroth and Terje Lien decided to acquire 100 percent of the capital and votes of Ghana Gold AB. The decision to acquire Ghana Gold AB demanded the consent of a General Meeting. Before the General Meeting was provided with the opportunity to vote on the matter, the Board of Directors decided to disburse a prepayment to the sellers in an amount of 50 million SEK. The General Meeting subsequently rejected the proposed acquisition, which implied that the prepayment was to be returned. This has not yet happened. I have demanded explanations and documentation from the Board of Directors concerning the transaction, which I have

received. My opinion is that even considering these presented explanations and documentation, it may be questionable if the acquisition and prepayment have been conducted with sufficient data and reasonable analysis of the risks that have resulted for the Company and its shareholders given the financial position of the Company. The appointed auditor of the Company at the time of the decision to acquire Ghana Gold AB, Mrs. Birgitta Gustafsson, decided to submit a notice to the prosecutors regarding suspected crime in accordance with the provisions in the Swedish Companies Act. The notice was not submitted on grounds of evident criminal activity, but on suspicion of such activity. I consider that the responsible Board Directors at that time have acted in negligence and that they may be held responsible for the damage caused to the Company as a result of the prepayment in respect of the Ghana Gold AB acquisition.

No statement is made and an adverse opinion is expressed

As a result of the conditions described in paragraph "Basis to refrain from statement and to express an adverse opinion" I can neither agree nor disagree that the annual meeting of shareholders decides on the appropriation of the profit and loss in accordance with the proposal in the statutory administration report.

As a result of the conditions described in paragraph "Basis to refrain from statement and to express an adverse opinion" I recommend the Annual General Meeting not to discharge the previous Board Directors Jukka Kallio, Ulrika Jansson, Hans Lindroth and Terje Lien from liability for the financial year 2013. I do recommend to discharge the other Board Directors and Managing Director active during financial year 2013 from liability.

Stockholm, April 28, 2014

Johan Kaijser
Authorized Public Accountant

Corporate Governance Report

This Corporate Governance Report is published within the context of the annual report of NMG for the financial year 2013. As is explained in a number of sections of this Annual Report, during the financial year 2013 there occurred a very serious violation of good corporate governance within NMG. However, thanks to attentive and decisive minority shareholders, a large part of the negative effects of this violation of good corporate governance was overcome by the Company. Therefore, it is underlined by the current Board of Directors and management, that shareholders need to continue to monitor the corporate governance issues within NMG.

NMG is a Swedish limited liability company listed on the Oslo Stock Exchange. NMG's corporate governance is based on the Swedish Companies Act and the regulations of the Oslo Stock Exchange.

Governance of the NMG Group

Corporate Governance is designed to ensure that NMG is governed in line with the owners' interests. Increased transparency provides different groups of owners good insight into the company's operations, thereby contributing to efficient governance. 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 at the Annual General Meeting. The Chairman of the Board is also appointed as Chairman of the Nomination Committee, which is authorized to appoint two additional members as representatives of the two largest 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

NMG has a share capital of currently SEK 10,613,860.50 divided on 21,227,721 outstanding shares at the date of the annual report for financial year 2013. There were a total of

about 6,000 shareholders at the end of 2013. The individually largest owner at the turn of the year was Swedish leasing company Altro Invest AB. For further information on the shareholder structure of NMG, see note 21 of the Annual Report for financial year 2013.

Annual General Meeting

The assignments 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 the discharge from liability of 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 2013 Annual General Meeting was held on August 2 in Stockholm. 104,643,202 shares (before reversed share split 10:1) were represented at the AGM, either in person or through proxies. The shares represented comprised 57.6 percent of the total number of shares in NMG at the time. The AGM resolved to elect four new Board Members and one Deputy Board Member. The ordinary elected Board Members were Stefan Persson, Björn Rohdin, Ole Weiss and Svein Breivik. Stefan Persson was elected as the Chairman of the Board. Erlend Dunér Henriksen was elected as Deputy Board Member.

The AGM further resolved:

– *Discharge from liability:* The AGM decided not to discharge four Board Members and previous Board Members from liability. These included Mr. Ulrik Jansson, Mr. Hans Lindroth, Mr. Jukka Kallio and Mr. Terje Lien. Mr. Lien, apart from being an ordinary Board Member, was also Chief Executive Officer up to the day of the AGM on August 2, 2013.

– *Fees:* The fees to be paid to the new Board of Directors were set at a total of SEK 700 thousand (preceding year: NOK 2 million), with SEK 250 thousand to the Chairman and SEK 150 thousand to each of the other

members of the Board. It was resolved that the fees to the auditors would be paid according to reasonable invoices which are Company approved.

– *Nomination Committee:* The AGM resolved to establish a Nomination Committee for the next AGM whereby the two largest shareholders in the Company, as per September 30, 2013, would appoint one representative each, who together with the Chairman of the Board should comprise the Nomination Committee.

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

NMG's corporate governance structure

Duties of the Nomination Committee

The Nomination Committee is tasked with drafting proposals for resolution by NMG's AGM. 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

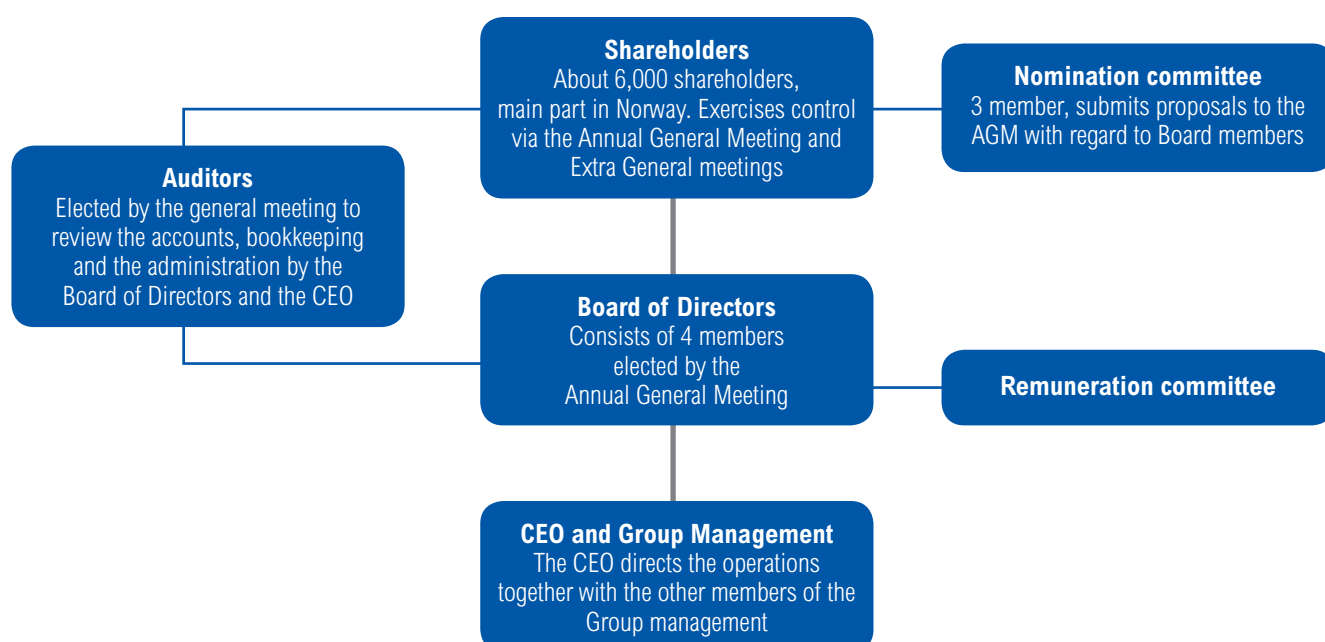
to the requirements made on the company's most senior governing body by the shareholders. Information on the way in which shareholders can submit proposals to the Nomination Committee is published on NMG's website and in the 12-month interim report for 2013. Full details of the Nomination Committee's proposals will be presented in the Notice convening the Annual General Meeting and in information provided on the company's website.

The Board of Directors

NMG's Board of Directors shall, under the provisions of the Articles of Association, comprise a minimum of three and a maximum of six ordinary members, with a maximum of six Deputy members, elected by the AGM.

The composition of the Board

The Board of Directors has comprised four ordinary members plus one non-ordinary member elected by the 2013 AGM. Board meetings are attended both by the ordinary members, the non-ordinary member and by the CEO, who attends the meetings on behalf of the Group's management. Other members of Group management and other executives also attend and present reports on individual issues as required. Of the ordinary Board members



elected by the most recent AGM, two are regarded as being independent of the major shareholder. The members of the Board are presented below, and on NMG's website. For more detailed information on attendance of Board meetings and independence, refer to the table below.

The responsibilities of the Board of Directors and the Chairman

The Board of Directors is appointed by NMG's owners to take the utmost responsibility for the organization and management of the company's affairs. The Board adopts a Work Plan every year at the Board meeting following the election at the AGM. An Audit Committee has not yet been appointed, however a Nomination Committee has been at work. The Chairman of the Board guides the work of the Board and monitors NMG's operations through an on-going dialogue with the CEO. The Board receives information on NMG's economic and financial position through regular 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 supporting documents concerning the issues for the Board's discussion are sent to the members approximately one week before each Board meeting (at least one weekend is targeted

to fall in between the reception of the supporting documents and the actual meeting).

The Board of Directors' work in 2013

The Board of Directors held eighteen Board meetings in 2013. Eleven were held up to the AGM held on August 2, 2013, where a new Board of Directors was appointed. Seven meetings were held between the AGM and the end of the year 2013.

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.

Remuneration Committee

There was no Remuneration Committee during 2013 due to the limited amount of employees and the absence of a regular CEO during most of the financial year. Otherwise the Remuneration Committee submits proposals for resolution by the Board regarding salaries and other terms of employment for the CEO. The Committee approves proposals regarding salaries and other terms of employment for Group management, as proposed by the CEO. The Remuneration Committee

Name	Elected	Resigned	Presence at board meetings 2013	Determined Board director Remuneration (SEK) ¹⁾	Independent of major shareholders ²⁾
Board members elected prior to AGM 2013					
Ulrik Jansson	December 2012	April 2013	5/18	None	Yes
Hans Lindroth	December 2012	April 2013	5/18	None	Yes
Jukka Kallio	December 2012	August 2013	10/18	None	Yes
Terje Engstrom Lien	December 2012	August 2013	10/18	None	Yes
Arto Kuusinen	April 2013	August 2013	7/18	None	Yes
Board members elected on AGM on August 2, 2013					
Stefan Persson	August 2013	Still serving	7/18	250 000	No
Björn Rohdin	August 2013	Still serving	7/18	150 000	No
Svein Breivik	August 2013	Still serving	7/18	150 000	Yes
Ole Weiss	August 2013	Still serving	7/18	150 000	Yes
Erlend Dunér Henriksen ³⁾	August 2013	Still serving	7/18	0	Yes

¹⁾ The approved board member fees on the 2012 AGM were paid out to the board members then appointed. The EGM on December 27, 2012 appointed a new board.

These board members were not entitled to board member fees for their services in NMG up to the AGM of 2013.

²⁾ The main shareholder as per the date of the annual report for 2013 is not the same main shareholder that controlled the single biggest share interest as at end of 2012.

³⁾ Deputy Board Member.

works on the basis of a set of Instructions for the Remuneration Committee adopted every year by the AGM. The Remuneration Committee during the financial year 2013, has in effect been comprised by the entire Board.

Business management

Management by the Board moves through a chain of command from the CEO to the operating units. NMG has an organization in which responsibilities and authority are delegated within clear frameworks. These frameworks are defined by an annual budget which is segmented by business unit, a strategic plan, and NMG's steering documents.

The CEO and the Group's management

NMG's Group management presently comprises the CEO and the Chief Geologist. They are from time to time supported by subsidiary personnel working in Västerbotten county and by the senior project consultants, who interact with group management on an as-needed-basis. 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

Mr. Johan Kaijser from the auditing firm Mazars Set Revisionsbyrå AB was re-elected at the 2013 Annual General Meeting to serve as the company's auditors of the Parent Company and on a Group level until the conclusion of the 2014 Annual General Meeting. Remuneration is paid to the company's auditors in accordance with invoices received as agreed. See note 7 for information on remuneration disbursed in 2013.

Control environment

The control environment within NMG is characterized by the fact that the Group has relatively few operating units, but these have carried out their operations for many years, using well-established processes and control activities.

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 NMG Group, almost the entire cash balance within the Group is held in accounts controlled by the Parent Company of the Group, Nickel Mountain Group AB in Stockholm. The subsidiaries submit cash requirements on a regular basis which are reviewed by management in the Parent Company and then discussed with the MD of each subsidiary, respectively. An external book-keeping firm is handling the external accounting for all of the units of the Group. The book-keeping firm is also handling payments for most of the Group's units. These require confirmations from a number of different people for authorization of any payment.

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, analyzed and executed.

Board of Directors/Management

Stefan Renee Persson



Chairman, member of the Board of Directors since August 2013.

Mr Stefan Persson has worked as an Attorney since 1984 with a focus on Civil Law, Bankruptcy Law and Criminal Law. Mr. Persson has been a member of the Swedish Bar Association since 1984 and is a member of the

board of several, non-listed companies. He studied Law at the University of Stockholm from 1973–1978, followed by legal practice between 1979 and 1981. He worked as an Assistant Legal Counsel for different law firms between 1981–1984.

Shareholdings in NMG: 0

Ole Henrik Kikkenborg Weiss



Member of the Board of Directors since August 2013.

Mr. Weiss is the CEO of Weiss International, an engineering Company wholly owned by Ole Henrik Kikkenborg Weiss since 1979. Weiss International specializes in wastewater treatment and other environmental technologies.

Prior to this, Mr. Weiss was Sales Engineer at Sala Tolu AB, Sweden from 1976–1979. Ole Weiss is a Danish citizen.

Shareholdings in NMG: 366

Svein Breivik



Member of the Board of Directors since August 2013.

A lawyer from Oslo University. Mr. Breivik held various positions in Norsk Hydro for 30 years, including those of Senior Vice President International Exploration and Production, and country manager for Russia and Angola/Sub-

Saharan Africa. Mr. Breivik has also been Statoil's country manager for Iraq and Managing Director of Nord-Offshore a.s in Sandnessjøen, Nordland. Svein Breivik is a Norwegian citizen.

Shareholdings in NMG: 127,700

Erlend Dunér Henriksen



Deputy Member of the Board of Directors since August 2013.

Mr. Henriksen studied Economics at the University of Mannheim in Germany from 1985 to 1990. From 1990 to the present, he has been self-employed in Germany and Norway. Since 2007 he has served as a director of a wholly

owned construction company.

Shareholdings in NMG: 33,501

Björn Gustav Rhodin



Member of the Board since August 2013 and CEO between August 2–December 31, 2013.

Mr. Rhodin holds a Bachelor of Law degree from 1977 and has taken further academic studies in Economics and Business Administration. A career judge from 1977–1985, he served as an expert in international taxation at the Swedish National Tax Board from 1986–1987 and as Head of their International Tax section from 1988–1991. He worked as a solicitor from 1991 onwards and was a member of the Swedish Bar Association from 1993–2008. He became a Partner with Landahl Advokatbyrå, later on Landahl & Wistrand Advokatbyrå, specializing in international law and tax law. In 2008, he was employed by Eclipse Trading AG, in Switzerland as Corporate Legal Counsel, mainly concerned with trading but also acted as a consultant for external clients concerning structural legal aspects. Since the fall of 2012, he has operated his own international law consultancy in Zug.

Shareholdings in NMG: 0

Group management

Torbjörn Ranta



CEO (since January 1, 2014)

Mr. Ranta has more than 15 years of international and commercial experience from publicly listed companies in the natural resources industry (mainly in oil and gas). Mr. Ranta worked as CEO for Vostok Nafta Investment Ltd (1996–2001) and later as

CEO for Vostok Oil Ltd (2001–2002). Between 2004 and 2009 he was CEO for the gold exploration and production company Central Asia Gold. Since 2009, he has worked as a senior consultant to external clients such as Alpcot Capital Management Ltd. with a focus on Eastern Europe. He has held directorships on the boards of Vostok Nafta Investment Ltd (1996–2001), North Atlantic Natural Resources (1998–2001), Central Asia Gold AB (2004–2009), Malka Oil AB (2006–2009), Tomsk Refining AB (2007–2011) and Urals Energy Ltd (2012–2013). He has a degree in Business Administration from the Stockholm School of Economics. Mr. Ranta is a Swedish citizen and resides in Stockholm, Sweden.

Shareholdings in NMG: 0

Johan Sjöberg



Chief Geologist

Johan Sjöberg holds a B.Sc. Honours in Geology from Uppsala University in Sweden. He has worked in the mining and exploration industry in gold and base metals exploration and project geology. He began his career in 2004 with Dragon Mining Sweden AB, as Mine Geologist and was

later involved in near mine exploration, drilling campaigns, resource estimation and generation of geological models. In 2010, he joined Wiking Mineral AB as Project Geologist for Northern Sweden, where he managed field exploration including deep exploration drilling and geophysical surveys. Johan Sjöberg joined Nickel Mountain AB as Chief Geologist 2012.

Shareholdings in NMG: 0

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