

**2014-04-08**

## **Nickel Mountain Group activities focused on moving company forwards**

**Nickel Mountain Group AB (publ) (OSE: NMG) is pleased to provide the following update of on-going activities of the company in recent months.**

### **Highlights:**

- An updated Pre-feasibility Study plan for the Rönnebäcken Project has been completed by SRK Consulting.
- The final share capital reduction has been registered.
- Work is proceeding on the plan for separation of the Diamond business segment.
- A court process against previous board members is being prepared by Company solicitors.
- The Board and management are evaluating various financing options.

“The Board and management of Nickel Mountain Group have undertaken a number of initiatives aimed at establishing a stable footing for the company, so that it can focus on steady development of its key asset the Rönnebäcken Nickel Project. SRK has provided us with a framework for moving forwards with the Pre-feasibility Study and has incorporated flexibility into the plan to allow adjustability of the work program, according to fund availability. We have a number of processes currently underway this year including restructuring, directed at placing the company on a stronger financial base. The Board of Directors is taking measures aimed at enabling a positive future direction for this company,” commented Torbjörn Ranta, Managing Director.

### **Updated Pre-feasibility Study plan completed for Rönnebäcken Nickel Project**

Nickel Mountain Group (NMG) was presented with a detailed plan for proceeding with a Pre-feasibility Study (PFS). The international mining consultancy SRK Consulting (Sweden) AB (SRK) reviewed previous related work conducted by NMG, and evaluated the remaining project tasks required to complete a full PFS. PFS work was already initiated early in 2014, including a program of re-logging of 29,000 meters of drill core, and additional flotation trials aimed at achieving higher recovery factors and/or lower operating costs. Environmental consultants Golder Associates were engaged to conduct long-term testing of waste rock and tailings from the Rönnebäcken Nickel Project. Each of these tasks represents an important milestone in a PFS, and the results will be published when received later in the year.

SRK estimates remaining PFS activities to cost Swedish kronor 62 million (MSEK) including contingencies, which is lower than earlier estimates, primarily due to a need for less in-fill drilling. Given stable financing, SRK expects completion of the PFS to require 18 months.

**Share capital reduction finally registered**

The Extraordinary Shareholders' Meeting (EGM) on November 22, 2013 elected to lower the share capital by reducing par value per share from Swedish Kronor (SEK) 2.50 to SEK 0.50. The share capital reduction was registered by the Swedish Companies Registrar ("Bolagsverket"), following expiry of the notice period at the end of March 2014. The share capital of NMG now amounts to SEK 10,613,860.50.

**Ongoing plan for separating the Diamonds business segment**

The Board of NMG has decided on a plan to finally separate the Diamonds business segment from the rest of the group. Ahead of the separation and as previously announced, NMG needs to conduct a share issue to the Board members Svein Breivik and Ole Weiss, Deputy Board member Erlend Dunér Henriksen and the largest owner Altro Finans AB, in connection with loan repayments and conversion of receivables. Such a share issue requires an approved prospectus and the special approval of an EGM, which NMG will shortly call for. The share issue will be conducted on the same conditions as the share issue conducted in late January 2014.

**Preparations for conducting court process**

NMG is pursuing all measures to recover a 50 MSEK receivable on Alluvia Mining Ltd. Swedish regulators have invalidated the acquisition of Ghana Gold AB from Alluvia Mining. Moreover, company solicitors have been engaged to prepare a civil court process against those previous board members of NMG responsible for damages arising from the invalidated transaction. NMG's claims will be submitted to the Stockholm District Court in the spring, barring any new information coming to light. As this legal process may be drawn-out, NMG has reclassified the claim on Alluvia Mining from a current asset to a financial fixed asset in its 2013 year-end accounts. The value of the claim has, for reasons of prudence, been impaired to 30 MSEK, as informed in the most recent interim report.

**External financing options evaluated**

At the same time as it is pursuing its claim on Alluvia Mining, the Board of Directors and management of NMG are actively investigating opportunities for external financing to cover working capital requirements during the second half of 2014. The market will be updated, once specific options have been selected.

Norwegian translation can be obtained from the company by request.

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