



# Distribution of shares in African Diamond AB to the shareholders of Nickel Mountain Group AB



May 2014

The Extra General Meeting in Nickel Mountain Group AB resolved to transfer all its shares in the wholly owned subsidiary African Diamond AB to the shareholders of Nickel Mountain Group AB (publ) in the form of a dividend. This presentation, which contains a short description of African Diamond AB, is available in English at Nickel Mountain Group's offices in Stockholm, Sweden, and on Nickel Mountain Group's website, [www.nickelmountain.se](http://www.nickelmountain.se).

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## **Background and rationale**

The Board of Directors of Nickel Mountain Group AB proposed to Extra General Meeting on 8<sup>th</sup> May 2014 that the company's shareholders resolve to transfer all of the shares of African Diamond AB to the shareholders of Nickel Mountain Group in the form of a dividend. The intention is that the African Diamond's shares will be listed on a small stock exchange list in Norway or Sweden in the beginning of autumn 2014.

Such a separate listing of African Diamond is a natural step in the development of the operations of the Nickel Mountain Group. During recent years, Nickel Mountain Group (former IGE Resources AB) has evolved from an African focuses mineral company to a growing company with focus on the exploration and development of the Nickel project in Rönnbäcken, Sweden.

The reason for a separate listing of the Group's African early stage diamond assets is the difference in the strategy, funding requirements, management competence, type of risks etc that exists between the dealing with a large scale Nickel project in Sweden and small scale diamond projects in Africa. The spin-off will enable the management and Board of Directors of both Nickel Mountain Group and African Diamond to capitalize on the operational and strategic opportunities that arise in each company, including increased potential to continue to grow via the establishment of new operations and a potential acquisition of new projects.

Based on the current level of activities, African Diamond has sufficient resources in terms of management, administration, operational control and business development, and is ready to continue to develop as an independent company. Depending on the development of the projects during the autumn 2014, there might be a need of strengthening the administration in the parent company, African Diamond. The Company will apply a focused and well adapted growth strategy, with an organization and capital structure that supports this growth.

It is the opinion of the Board of Directors of Nickel Mountain Group AB, that the long-term value for the shareholders will increase through a spin-off of the operation and the distribution of the shares in African Diamonds. A later separate market listing of the African Diamond AB's shares will also enable both current and new shareholders to decide to invest directly in the Company. In the opinion of the Board of Directors of African Diamond, a distribution of the African Diamond shares and a separate listing of the Company will highlight the value of the company and create value for the shareholders of Nickel Mountain Group, who will thus also become direct owners of African Diamond AB.

Stockholm, Sweden, May 27<sup>th</sup>  
Nickel Mountain Group AB (publ)  
Board of Directors

# **How the distribution of African Diamond shares will be implemented**

## **Resolution regarding distribution**

The Extra General Meeting of Nickel Mountain Group AB on 8<sup>th</sup> of May 2014 resolved in accordance with the Board of Directors' proposal to distribute all of the shares in the wholly owned subsidiary African Diamond AB. Persons who on the record date set for the receipt of such a dividend are registered as shareholders of Nickel Mountain Group will be entitled to be allotted African Diamond shares. Apart from being registered as a Nickel Mountain Group shareholder, no actions need to be taken in order to obtain African Diamond shares. Terms, conditions and instructions concerning the proposed distribution are presented below.

## **Terms, conditions and instructions**

In accordance with the "Lex ASEA" rules, the intention is that the shares in African Diamond will be distributed to the Nickel Mountain Group shareholders in proportion to their current shareholding in Nickel Mountain Group. For each share, one share of the African Diamond share will be received.

## **Record date**

The record date at VPC for receipt of African Diamond shares is Wednesday 4<sup>th</sup> of June 2014. The last day the shares in Nickel Mountain Group will be traded including rights to African Diamond shares is Friday 30<sup>th</sup> of May 2014.

## **Receipt of shares**

Those persons who on the record date are registered in the share register of shareholders in Nickel Mountain Group maintained by Euroclear will receive African Diamond shares without having to take any action. On the day after the record date, the Nickel Mountain Group shares will be available in the shareholders' VP accounts.

## **Listing**

The Board of Directors of African Diamond intends to apply for a listing of the company's share on a stock exchange list in Sweden or Norway during early autumn 2014.

## **Right to dividend**

The African Diamond shares entitle the owner to dividends as of the 2014 financial year. Payment of any dividend will be executed by Euroclear or, if the shares are nominee-registered, in accordance with the procedures of the particular nominee.

## **Important dates**

- 30 May 2014: Final date for trading in Nickel Mountain shares including rights to the distribution of African Diamond shares
- 2 June 2014 Nickel Mountain Group shares traded ex-rights to African Diamond shares
- 4 June 2014 Record date for receipt of African Diamond shares

## **Tax**

The distribution of African Diamond shares is intended to be made under the Lex ASEA provisions and will thus not result in any tax consequences related to the actual reception of the distributed shares. The tax basis of the shares in Nickel Mountain Group giving entitlement to the distribution shall be allocated between these shares and the African Diamond shares received.

Below follows a summary of certain Swedish tax provisions that apply in conjunction with Nickel Mountain Group's distribution and listing of African Diamond shares for shareholders who are unconditionally resident in Sweden for tax purposes, unless otherwise stated below. The summary is based on prevailing legislation and is intended as general information only. The summary below does not cover situations where the shares in Nickel Mountain Group or African Diamond are held for business purposes or as current assets in business operations or by a partnership. Special rules apply for certain categories of tax payers. The tax implications for each shareholder depend in part on the shareholder's specific circumstances. Accordingly, each shareholder should consult a tax advisor as to the tax consequences relating to his or her particular circumstances, including the applicability and effect of foreign rules and tax treaties.

### **Taxation of the distribution of African Diamond shares**

The distribution of African Diamond shares is intended to be made under the Lex ASEA provisions, which means it will not result in any immediate tax consequences. Nickel Mountain Group has requested that the Swedish Tax Agency confirm this. In connection with the distribution of African Diamond shares, the tax basis of the shares in Nickel Mountain Group providing entitlement to the distribution shall be allocated between these shares and the African Diamond shares received.

The allocation of the tax basis will be based on the change in value of the shares in Nickel Mountain Group due to the distribution of the African Diamond shares. Nickel Mountain Group will request guidelines from the Swedish Tax Agency on the allocation of the tax basis. Information regarding the guidelines will be published as soon as possible on the websites of Nickel Mountain Group, African Diamond and the Swedish Tax Agency.

### **Taxation on the disposal of shares or share fractions in African Diamond**

Capital gains taxation arises upon the disposal of African Diamond shares. The same applies to shareholders who receive fractions of African Diamond shares that are sold on their behalf. The capital gain or capital loss on quoted shares is computed as the difference between the sales proceeds, after deduction for sales costs, and the tax basis (acquisition expense). The tax basis of the African Diamond shares received through the distribution is to be determined on the basis of the guidelines that the Swedish Tax Agency will render. The tax basis for every fraction of a share in African Diamond should amount to the corresponding part of the tax basis of one African Diamond share, as determined pursuant to the Swedish Tax Agency's guidelines. When the capital gain or the capital loss is computed, the tax basis of all shares in African Diamond are added together and calculated collectively under the "average method".

For individuals, a capital gain is normally taxed in the capital income category at a rate of 30 per cent. A capital loss on quoted shares may be fully offset against taxable capital gains on shares and other listed securities that are taxed as shares and other publicly traded participatory rights, except for shares in investment funds containing only receivables denominated in Swedish currency. A capital loss that cannot be offset will be deductible from other income from capital at 70 per cent.

Deficits may not be saved for a later taxation year. For limited companies, capital gains on shares that are not held for business purposes are taxed as income from business operations. Capital losses on such shares are normally only deductible against taxable capital gains on shares and other participatory rights. Such a capital loss may also, if certain conditions are fulfilled, be offset against capital gains on shares and participatory rights in companies within the same group. Capital losses that have not been utilized within a certain year may be carried forward and be offset against capital gains on shares and participatory rights in future years without limitation in time.

## **Taxation of dividends from African Diamond**

Dividends from African Diamond are taxed in the capital income category for individuals at 30 per cent and as income from business operations at a rate of 28 per cent for limited companies. For individuals resident in Sweden, a preliminary tax of 30 per cent is withheld. The preliminary tax is generally withheld by Euroclear or, for nominee-registered shares, by the nominee.

## **Taxation of shareholders not resident in Sweden**

For shareholders who are not fiscally resident and who receive dividends from Swedish limited companies, Swedish withholding tax is generally payable. However, the distribution of African Diamond shares is exempt from Swedish withholding tax under the "Lex ASEA provisions". The distribution may, however, entail tax consequences in the shareholder's country of residence.

For shareholders who are conditionally resident in Sweden for tax purposes, Swedish withholding tax will normally be payable on dividends paid by African Diamond. The tax rate is 30 per cent, which is normally reduced by tax treaties that Sweden has concluded with other countries for the avoidance of double taxation. Accordingly, most of Sweden's tax treaties enable a reduction of the Swedish tax to the tax rate stipulated in the treaty immediately on the dividend-payment date, if requisite details of the domicile of the person entitled to the dividend are known. However, this does not apply to the tax treaty with Switzerland. In Sweden, the withholding tax is normally withheld by EUROCLEAR or, for nominee-registered shares, by the nominee.

In cases where the 30 per cent tax on dividends is withheld in connection with payment to a person who is entitled to be taxed at a lower rate, or if the tax on dividends has otherwise been withheld in an excessive amount, a refund may be requested from the Swedish Tax Agency prior to the end of the fifth calendar year following the distribution.

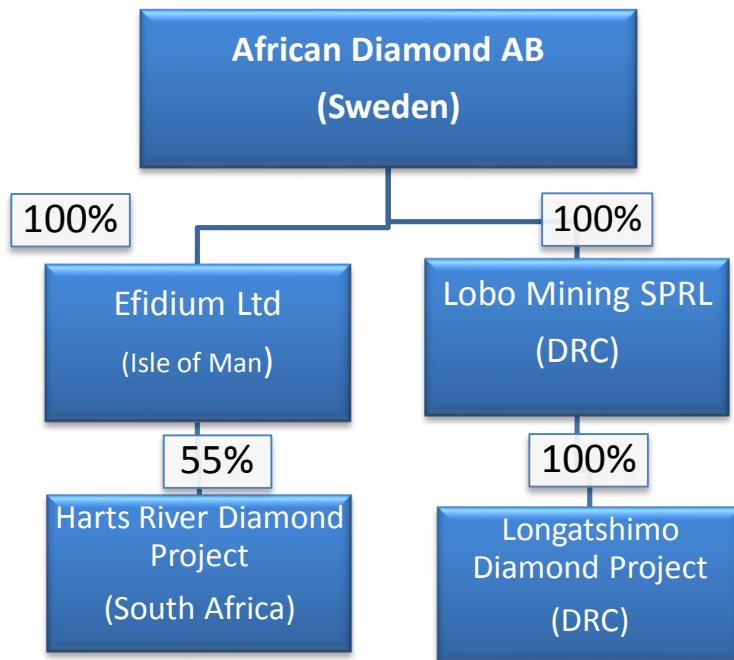
Shareholders who are not fiscally resident in Sweden and are not conducting business operations from a fixed place or a permanent establishment in Sweden are generally exempt from capital gains taxation in Sweden on the disposal of shares, although such shareholders may be liable for tax in their countries of residence. According to a special tax provision, however, individuals who are conditionally resident in Sweden for tax purposes may be subject to capital gains taxation in Sweden in connection with, for example, the disposal of Swedish shares or fractions of such shares, if such an individual has been resident or lived permanently in Sweden at any time during the calendar year of the sale or the ten calendar years immediately preceding the year of the sale. In several cases, this rule has been limited by tax treaties that Sweden has concluded with other countries.

## Brief description of African Diamond

African Diamond AB was incorporated under the laws of Sweden in February 2014 company, registration number 556962-8323. Its registered office is Kungsgatan 44, SE-111 35 Stockholm, Sweden, telephone: +46 (0)8 402 28 00, facsimile: +46 (0)8 402 28 01. Number of outstanding shares: 22 702.340. An extra General Meeting held in April 2014 authorized the board to issue an additional 57 259 698 shares until the next Annual General Meeting to be held in 2015. The authorization that was resolved on the EGM can be used for the issuance of shares by way of directed share issues, to set off liabilities, to issue warrants and to issue shares directed towards the existing shareholders of the company. If fully utilized it will result in a dilution of the existing shares amounting to about 72%.

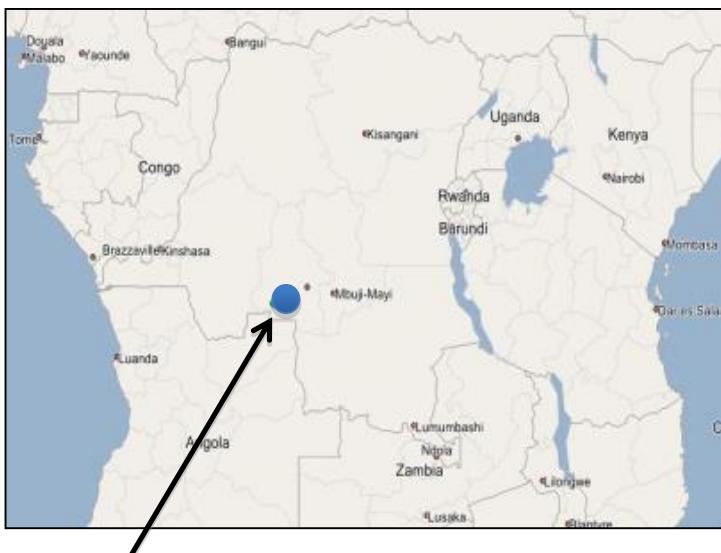
The background to the registration of the new company is a decision by the present board to try to re-establish the African Diamond line of business within the Group. The company has founded a local subsidiary in DRC after discussions with the former local partners holding the Longatshimo concession previously held by NMG before the contracts entered in to a default situation. Now that the company has managed to re-establish the contracts with the local partners of Longatshimo, the Board of NMG has finalized the process of distributing the shares to the existing shareholders of the parent company and thereby separated the NMG Group in to one nickel arm in Sweden and one Diamond arm in Africa.

African Diamond AB is the parent company in the African Diamond Group constituted by the following legal entities:



## The current situation (DRC)

As a result of the measures taken by the new board during autumn 2013 and beginning of 2014, the company has managed to re-establish the contracts with the two local partners in DRC concerning the Longatshimo project in southern part of the country, close to the border of Angola. Based on an independent NI 43-101 compliant resource, estimate made by Venmyn/Deloitte in 2009, the diamond resource within the project amounts to 3,567,214 carats (inferred and indicated category).



### Longatshimo Project

There is also an assembly of machinery related to the diamond projects in DRC that was lost as a result of the mismanagement by the former board of the parent company in the Nickel Mountain Group in 2013. The new board in African Diamond has made strong efforts to be able to recuperate that machinery during 2013 and has managed to take it back through a settlement with the creditors that seized the machinery based on a court order during summer 2013. The machinery is constituted by some earth moving machines and a 20 t/hour DMS plant for production of alluvial diamonds.

## The current situation (South Africa)

The former IGE Resources/Nickel Mountain Group's projects in South Africa were entering in to a default situation as the former board and management during 2013 neglected to pay the required fees etc related to the diamond projects Bakerville and Harts River. The new board and management are currently trying to recuperate these projects and consider the chances to get them back as relatively good.

## Vision

African Diamond's vision is to be an African focused diamond exploration and mining company, with an efficient, humble and fast decision making organization aiming to generate growth and shareholder value. Social responsibility is key for all people involved in the group and its operations.

## Strategy

To achieve sustainable profitability and competitiveness, the following strategies are applied:

- Cost efficiency
- Focus on projects with short ramp up period towards small scale production and revenue generating operations
- Competent and experienced management
- Continuous assessment of new business opportunities within the diamond business in Africa, constantly considering the access to external funding on acceptable terms for the existing shareholders
- Speed management based on short and fast decision making procedures

## **Board of Directors, management and auditors**

### **Board of directors**

#### **Ole Henrik Kikkenborg Weiss**

Chairman of the Board of Directors since February 2014.

Sales Engineer at Sala Tolu AB, Sweden from 1976-1979. Existing CEO of Weiss International since 1979. Weiss International is an engineering Company 100 % owned by Ole Henrik Kikkenborg Weiss. Weiss International is mainly into wastewater treatment and other environmental technologies. Ole is a Danish citizen.

#### **Erlend Dunér Henriksen**

Member of the Board of Directors since February 2014.

Studies in Economics at the University of Mannheim in Germany from 1985 to 1990. From 1990 to the present founder and self-employed in Germany and Norway. From 2007 to the present director of a 100% owned Construction Company. Since August 2013 Erlend has worked as a financial advisor to the Nickel Mountain Group AB. Erlend is a Norwegian citizen.

#### **Tony Saetre**

Member of the Board of Directors since February 2014

Saetre is craftsman of education, and has worked as Nickel Mountain Groups IR since 2009

Tony is a Norwegian citizen.

#### **Thomas Häggkvist**

Member of the Board of Directors since February 2014.

Häggkvist has a background as CFO and CEO within a number of listed mineral and exploration companies, mainly with financing and accounting. Thomas holds a Master's Degree in Finance from Stockholm University. Thomas is a Swedish citizen.

### **Auditor**

Mazars, with authorized auditor Johan Kaijser as head auditor is the independent auditor for the Company, and has been the Company's head auditor since April 2013. Johan Kaijser's address at Mazars AB is Mäster Samuelsgatan 56, Box 1317, SE-111 83 Stockholm.

Johan Kaijser, is a member of the Swedish Institute of Public Accountants (Sw. Föreningen Auktoriserade Revisorer).

### **Management**

The company has no employees at present. The board member Erlend Dunér Henriksen serves as the Group CEO and Thomas Häggkvist is responsible for administration and financial management of the Group, both on a consultancy basis at present.

## African Diamond AB – Condensed balance sheet

The company was incorporated in February 2014 and has not been audited since incorporation. Below follows an unaudited balance sheet of the parent company as per 30<sup>th</sup> of March.

The parent company is responsible for the funding of the subsidiaries in Africa and is lending money on a current basis based on cash calls received from the local management. The parent company is accounting for the money transferred to the subsidiaries as receivables on Group companies that corresponds to debts accounted for in the subsidiaries.

As a result of the current uncertainty related to the ownership and tenure of the assets in the African subsidiaries, the company has, as a precautionary measure decided to not assign any value to these at present.

### Parent company – African Diamond AB

(SEK)	2014-04-30
<b>Assets</b>	
<b>Fixed assets</b>	
<i>Long term financial assets</i>	
Shares in subsidiaries	18,500
Receivables on group companies	257,198
<b>Total fixed assets</b>	<b>275 698</b>
<b>Current assets</b>	
Cash & bank	291,861
<b>Total current assets</b>	<b>291,861</b>
<b>Total assets</b>	<b>567,559</b>
<b>Shareholders' equity and liabilities</b>	
Equity	567,559
<b>Total shareholders' equity and liabilities</b>	<b>567,559</b>

## Shareholder structure

The shares in African Diamond will be distributed at a ratio of 1:1, one share in Nickel Mountain Group held at the record date will receive one share in African Diamond AB.

Below follows a list of the 30 biggest shareholders in Nickel Mountain group as per May 19<sup>th</sup> 2014. The shareholder structure in African Diamonds after the spinoff will most likely be similar to below.

	Number of shares	% of total	Investor	Country
1	5 395 000	25,52	ALTRO INVEST AB	SWE
2	497 000	2,35	AROMA HOLDING AS	NOR
3	355 000	1,68	ABK VILLMARKSHYTTA AS	NOR
4	303 205	1,43	DANSKE BANK A/S	DNK
5	300 000	1,42	JOHANNESSEN SVEIN BØRGE	NOR
6	237 334	1,12	SAXO PRIVATBANK A/S	DNK
7	192 172	0,91	AVANZA BANK AB	SWE
8	190 683	0,90	HEGGLUND JAN	NOR
9	188 032	0,89	DNB BANK ASA	NOR
10	184 693	0,87	BEHRENS VOLKER	NOR
11	180 000	0,85	KVAMME KJARTAN	NOR
12	166 764	0,79	HOSTAD HENNING	NOR
13	160 394	0,76	NORDNET BANK AB	SWE
14	150 000	0,71	WIKBORG TROND	NOR
15	146 103	0,69	TEIR MAGED ELABD SOLIMAN	ROU
16	130 411	0,62	NGO TUYET THI	NOR
17	127 700	0,60	BREIVIK SVEIN HALVOR	NOR
18	120 000	0,57	ENGELSEN GLENN	NOR
19	117 312	0,55	NORDNET PENSJONSFORSIKRING	NOR
20	108 800	0,51	L LANGEDAL HOLDING AS	NOR
21	108 684	0,51	EIDEM ODDBJØRN	NOR
22	103 625	0,49	FLATÅS KARL MARTIN	NOR
23	103 463	0,49	TUFF-JO AS	NOR
24	101 388	0,48	AKTIV KAPITALINVEST	NOR
25	100 000	0,47	SÆBY HERBJØRN SCHWEI	NOR
26	100 000	0,47	GRIMSMO STØRKER HALLVARD	NOR
27	98 100	0,46	NGUYEN CHUONG KHAC	NOR
28	89 590	0,42	CLEARSTREAM BANKING	LUX
29	89 199	0,42	PPP AS	NOR
30	88 500	0,42	RYGG JAN WIGGO	NOR

Total number of shares (from VPS) held by top 30 shareholders: 10,233,152 (48,4%)