



2014-08-28

**6 month interim report for
the period January – June
2014**

**- Nickel Mountain
Group (publ) AB**

Highlights during the 2nd quarter 2014

- Work continued on the Rönnebäcken project's Pre-feasibility Study (PFS) during the second quarter of 2014.
- A debt set-off issue amounting to Swedish Krone 5.6 million (MSEK) was conducted in May 2014, whereby 1,474,619 new shares were issued at an issue price of SEK 3.80 per share.
- In June 2014, finally, the separation of the African operations was completed via a dividend 1:1 pro-rata of subsidiary African Diamond AB (ADIAM) to the shareholders of NMG.
- A civil law suit against previous board members was filed with the Stockholm District Court in June.
- At end of June NMG sold the nearly empty subsidiary IGE Diamond AB for a consideration of MSEK 2 up front. In the future, NMG may get an additional MSEK 2 given the fulfilment of certain criteria.
- The net result after tax for the six month period January - June 2014 amounted to MSEK -10.2 (MSEK -85.7). This corresponds to earnings per share (EPS) of SEK -0.49 (SEK -0.47). The EPS figure for 6 m 2013 is before a reversed share split 10:1 conducted in end of December 2013. The sale of IGE Diamond has positively affected the net result by approximately MSEK +2.
- The total comprehensive loss for the first half year of 2014 was MSEK -11.3 (MSEK -85.6).
- The net result after tax for the April - June quarter of 2014 amounted to MSEK -3.3 (MSEK -79.7). This corresponds to earnings per share (EPS) of SEK -0.15 (SEK -0.44).
- The total comprehensive loss for the second quarter of 2014 was MSEK -4.4 (MSEK -76.7).
- At the AGM held on June 4, 2014 a new board of Directors was elected and the shareholders authorized the Board to decide on new issues of shares or convertible debt instruments with or without observing the preferential rights of shareholders. The maximum dilution allowed is 20%.
- The Vapsten Reindeer Herding Co-operative in Northern Sweden, the major opponent to the Rönnebäcken Nickel Project, was in the middle of June granted the opportunity to attend a session of the Supreme Administrative Court in Sweden (Högsta Förvaltningsdomstolen), in which the Government's decision not to re-consider the granting of three exploitation licenses to Nickel Mountain Group underwent a judicial review. The Court's considerations are expected to be published before the end of this year.

Events after the end of the reporting period

- In July 2014, NMG took up short-term interest bearing straight loans from a limited group of investors. The term of the loan is 12 months and the interest rate agreed is 10% p.a. in SEK. A total amount equivalent to some MSEK 1.1 was attracted and improved the financial situation somewhat.

- The financial and liquidity situation of the group is however still very critical, and the Board and management are together with their financial advisors investigating ways of attracting more external financing. If this does not happen in the closest future, the company may potentially face an insolvency situation.

Key figures, Nickel Mountain Group

SEK thousand	Q2 2014	First half 2014	Q2 2013	First half 2013	2013
Sales	-	-	-	-	-
Other income	75	75	-	-	8
Total revenues	75	75	-	-	8
EBITDA	-3 796	-6 762	-3 941	-9 708	-21 437
Impairment losses and depreciation	-43	-87	-	-14	-20 044
Net result attributable to shareholders of parent company	-3 286	-10 198	-79 651	-85 701	-110 088
Net Investments in period (MSEK)	0,9	3,5	0,0	1,3	3,1
Cash at end of period	1 233	1 233	1 442	1 442	15 288
Interest bearing long term debt at end of period	9 022	9 022	9 000	9 000	9 000

Background

Nickel Mountain Group AB (publ) (NMG) is a Swedish mineral exploration company. The company name was IGE Resources (IGE) until the end of 2013. The Group structure consists of the Swedish parent company, which in turn owns two subsidiary companies. The shares of NMG are listed on the Oslo Stock Exchange in Norway. Ticker name is "NMG". The number of shareholders is around 6,000.

The key asset of NMG is the Rönnebäcken nickel sulphide deposit located in Northern Sweden in Västerbotten County. The Rönnebäcken project was evaluated by SRK Consulting (Sweden) AB in December 2011. The resultant technical report in the form of a Preliminary Economic Assessment demonstrated a NI 43-101 compliant resource of 668.3 million tons with an average total nickel content of 0.176% of which 0.097% was nickel in sulphide (Ni-AC), and an iron content of 5.67%. Of the resource, 97% was in the Measured & Indicated categories.

NMG was previously involved in mineral exploration activities in a number of African countries. In order to concentrate on the Rönnebäcken Nickel Project (RNP), a decision was taken to separate the African assets

owned by subsidiary African Diamond AB and to distribute to shareholders pro-rata free shares. This distribution was completed in June 2014.

NMG is focusing on completing a Pre-feasibility Study of RNP, and in parallel, is undertaking activities towards preparation of an application for an environmental permit according to Swedish legislation.

Results, Group

The net result after tax of NMG from continued operations (excluding the business segment "Diamonds" that was shifted out to the shareholders of NMG in June) for the 6 month period January to June 2014 amounted to MSEK -5.4 (MSEK -9.7 during the corresponding period in 2013). The net result from discontinued operations (business segment "Diamonds") was MSEK -4.8 (MSEK -76.0). For the last quarter April – June 2014 in isolation, the net result after tax from continued operations was MSEK -2.1 (MSEK -4.0). The result from discontinued operations for the last quarter was MSEK -1.2 (MSEK -75.7).

There were no sales revenues for the reporting period (MSEK 0.0). Other operating income amounted to MSEK 0.1 (0).

Operating costs excluding depreciation and impairment from remaining operations amounted to MSEK –6.8 during the full six month period 2014 (MSEK –9.7 in same period 2013). The same cost item for the quarter April – June 2014 amounted to MSEK –3.9 (MSEK –3.9).

Depreciation and impairment were MSEK 0.1 during the first six months of 2014 (0). For the second quarter 2014 in isolation, this item reached MSEK 0 (MSEK 0). An impairment of MSEK -3.7 was recorded during the report period, in the first quarter, related to discontinued operations (business segment Diamonds) (MSEK -109.7). No impairment was booked in the quarter April – June 2014 (MSEK – 109.6). The first quarter 2014 write-down was done based on a continued review of the immaterial assets in this business segment. It convinced the Board of Directors to carry out a write-down relating to certain mineral licenses in South Africa. The focus of the Diamonds business segment is currently on the Democratic Republic of Congo. As stated in several places in this report, the African operations were spun-off from the rest of the group pro-rata to NMG's shareholders in June 2014.

Nickel Mountain Group had a negative cash flow of MSEK –14.1 during the first half of 2014 (MSEK –68.0).

Cash and cash equivalents at the end of June 2014 were MSEK 1.2, compared to MSEK 1.4 at the same point in time a year earlier.

Nickel Mountain Group's total assets at the end of June 2014 were MSEK 144.1, compared to MSEK 166.4 at the end of the same period in 2013.

Investments during the first six months of 2014 amounted to MSEK 3.5, mainly related to the Rönnebäcken Nickel project (MSEK 1.3). The corresponding figure for the second quarter of 2014 was MSEK 0.9 (MSEK 0).

Corporate

As is by now well-known, the 2013 financial year was extremely challenging for Nickel Mountain Group AB (previously named IGE Resources). Essentially, all liquid assets of the Group were lost in early 2013 in connection

with a proposed, but subsequently cancelled, acquisition of an African gold asset by the name of Ghana Gold AB. The lost cash in the amount of MSEK 50 has so far not been recovered despite considerable efforts. NMG, through its legal representatives, has taken legal action against the people responsible for this decision, all of whom were previous Board Directors of NMG. These liquid assets had originally been designated towards financing of the long planned Pre-feasibility Study of the Rönnebäcken Nickel Project in Northern Sweden.

During the autumn of 2013, the new Board of Directors appointed by the August AGM managed to attract more than MSEK 25 in external financing which allowed the Company to continue with its programme for evaluating its nickel project in the North of Sweden.

A new Group management, including a new Managing Director with experience from publicly listed junior mining companies in Sweden, was appointed in January 2014.

The shareholders of NMG at EGMs in 2013 and 2014 decided to separate the Diamonds business segment and its African assets from the rest of the group. This was found to be a relatively complicated undertaking due to financial, legal and tax issues. The final step of the transaction was approved at the June 4, 2014 AGM in Stockholm. The distribution was executed as a dividend of the wholly owned subsidiary African Diamond AB (ADIAM). The ADIAM shares were in June 2014 distributed pro-rata to the shareholders of NMG in a share ratio of 1:1. Certain problems in finding a willing Norwegian bank to distribute the already shifted out shares in the Norwegian VPS-system has caused delays with the ADIAM-shares reaching their final recipients. In Sweden, no such delays have occurred and shareholders of NMG holding their NMG shares via Swedish Euroclear accounts have received their ADIAM shares on time.

The 2014 AGM also decided not to discharge previous Board members from responsibility for the catastrophic Ghana Gold-transaction and for the resultant liability incurred during financial year 2013. A new Board of Directors was also appointed at this AGM. As described more in detail under the heading "NMG share", the AGM furthermore authorized the Board of Directors to decide on certain share issues with or without observing the customary preferential rights of the existing shareholders. Lastly, the principles for appointing a new

board nomination committee for next year's Board election was approved by the AGM.

Operations; nickel

The Company is now focused on preparations for a Pre-feasibility Study (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 that consultations be held with affected authorities and stakeholders.

SRK Consulting (Sweden) AB (SRK) has during the first quarter of this year conducted a review of the remaining project tasks and the time needed to complete the PFS work. Their estimate is that remaining work will require 18 months to complete given stable financing (see also below). The total cost for completion of the PFS was estimated at MSEK 62 including contingency, which is lower than previous estimated due to a lower needed volume of infill drilling. This estimate excludes corporate administration costs of NMG.

In December 2013, NMG approved a 2014 work program for RNP (Rönnbäcken nickel project) mainly related to the planned PFS being coordinated by SRK. The main components of the approved work program are as follows:

Re-logging of project drill core

The first part of the PFS work program involved re-logging of all RNP drill core. This program is now finalised with a total of 26 919 metre of drill core completed. The re-logging has reaffirmed the good geological continuity of the deposits as well as gathered a broad range of additional data.

Among the data gathered are measurements of mineralogy by use of Infra-Red Spectroscopy, over 26 000 individual measurements have been taken and will be used to improve both resource and geological models.

In addition to this 1 893 measurements of rock compressive strength, 1 776 geochemical point analyses and over 100 measurements of rock hardness have been gathered.

The NMG geology team concludes that the geologic understanding of the project has been greatly improved. The different core sections

demonstrate a clear geological continuity and often a predictable stratigraphy as well. This is key knowledge to be used in geometallurgical domain modelling which will be an integral part of the PFS.

Ore processing test work

As demonstrated in previous tests, the ore beneficiation process involving crushing and milling followed by flotation, yields good recoveries and a high grade nickel concentrate. During the first half of 2014 NMG conducted 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 took place at the Outotec Research Centre in Finland and were coordinated by Eurus Mineral Consultants (EMC) and NMG staff. The test data demonstrated that it is possible to do most of the flotation at natural pH with limited effect on the flotation recoveries. This will result in both better economics (lower OPEX) as well as in a more limited environmental impact (less use of acids in the flotation fluids).

Furthermore, the two stage milling process reduces overgrinding of the gangue minerals and thereby reduces the amount of magnesium rich fines in the final concentrates.

Long-term testing of tailings and waste rock from Rönnbäcken

NMG is continuously focused on the environmental aspects of a 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 Rönnbäcken 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 Rönnbäcknäset and Sundsberget deposits. No results are yet available but NMG anticipates that the tests will be finalized by end of 2014 or early 2015.

PFS planning phase

A fourth major component of the approved 2014 work program was the planning of the PFS program described above. SRK Consulting completed a scoping study for a detailed PFS program by the end of first quarter 2014. This scoping study delineates 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 18 months given stable financing at a total cost of SEK 62 million.

Position of Vapsten Reindeer Husbandry Co-operative (“Vapsten”)

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

However, on November 21, 2013, Vapsten petitioned the Supreme Administrative Court (SAC) in Sweden for a judicial review of the Swedish Government’s decision to dismiss Vapsten’s appeals. This judicial review was held in the middle of June 2014 in Stockholm. The implication of the judicial review, according to NMG’s understanding, is not that the SAC will take a decision on the substance of the matter, but rather that it will review whether or not the Swedish Government has correctly followed the procedural requirements when it ruled that the exploitation concessions had been granted correctly. The SAC ruling is according to NMG’s information due before the end of 2014.

As an additional move, Vapsten submitted a complaint to the UN Committee on the Elimination of Racial Discrimination (CERD). In the complaint, Vapsten argues 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. Nickel Mountain notes that Vapsten’s above described petition to the Supreme Administrative Court has resulted in the judicial review.

The Swedish Government responded to CERD on January 22, 2014, stating that it believed CERD should reject the complaint from Vapsten because the Supreme Administrative Court in Sweden had at that time not yet done the 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 from Vapsten, CERD should at least wait with its next move until the Supreme Administrative Court has completed its repeated review as described above.

Operations; diamonds (discontinued business)

As described in numerous places in this report, the diamond operations in Africa were by end of the second quarter 2014 finally separated via a dividend to the shareholders of NMG. The record date was June 4, 2014, and the shareholders were entitled to receive the shares of the previous NMG subsidiary African Diamond AB (ADIAM) in a relation 1:1 proportional to the holding of NMG shares on the record date.

The ADIAM shares were after some administrative hurdles booked out from NMG. Numerous questions have been received by NMG management on the exact day of delivery of the shares. This depends largely on the custodians of the individual shareholders. As far as NMG knows, at least the shareholders with Swedish Euroclear accounts received their dividend during June and July 2014.

African Diamond AB now has its own board of Directors and own management, and has cut the ties with NMG. ADIAM board of Directors aims to organize a listing at some suitable market place in Scandinavia as soon as practically possible. More information can be obtained via ADIAM’s website www.africandiamond.se. Please also read page 4, heading “Corporate” for further information on the ADIAM distribution process.

Events after the end of the reporting period

Summary of events:

- In July, NMG took up short-term interest bearing straight loans from a limited group of investors. The term of the loan is 12 months and the interest rate agreed 10% p.a. in SEK. A total amount equivalent to some MSEK 1.1 was attracted and improved the liquidity situation somewhat.
- The financial and liquidity situation of the group is however still very critical, and the Board and management are together with their financial advisors investigating ways of attracting more external financing. If this does not happen in the closest future, the

company may potentially face an insolvency situation.

Financial position

Cash and cash equivalents at the end of the second quarter 2014 amounted to MSEK 1.2, compared to MSEK 1.4 at the end of June 2013. Total equity at the end of the reporting period was MSEK 131.1 (MSEK 150.0 at end of the corresponding period in 2013), representing an equity ratio of 91 per cent (90 per cent at the end of the second quarter of 2013).

The Company's interest bearing long-term debt as at end of June 2014 amounted to MSEK 9, which included an MSEK 5 convertible loan, granted by Norrlandsfonden in 2010 for the development of Rönnbäcken nickel project. This loan matures in August 2018 and carries an interest rate component of STIBOR + 4 per cent annually. It is described more in detail in note 7 to this report. In addition, there was an MSEK 4 unsecured loan for working capital purposes extended in May 2013 by Mr. Ulrik Jansson, the former Chairman of NMG. This loan has a 3-year term and carries an interest rate of 12 per cent annually. It is also described more in detail in note 8.

Short-term loans and other short-term liabilities at the end of June 2014 amounted to MSEK 4.1 (MSEK 5.4). This represents a significant reduction from year end 2013 and is due to two different debt conversions for newly issued NMG shares carried out in late January and in early May 2014, respectively.

Group outlook

The financial situation of the Group has been very strained since the beginning of 2013 when the Group was deprived of MSEK 50 of liquid assets in the disputed Ghana Gold-transaction, which was subsequently invalidated by the Swedish courts. The new Board appointed at the August 2013 AGM during the autumn of 2013 took measures to stabilize the situation.

As a company active with mineral exploration and project evaluation, NMG has no sales revenues. Therefore, the Company is in need of regular external financing in order to maintain its business. During the first part of 2014, the Board and management of NMG

have continued their efforts to secure more financing in parallel with the process of trying to reclaim the funds transferred to Alluvia Mining Ltd and receive 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. The documentation of this civil case was filed with the Stockholm District court in June. In addition, NMG board in the very end of June 2014 managed to sell 100% of the essentially empty subsidiary IGE Diamond AB for a consideration of MSEK 2. Under certain circumstances, the seller may in the future pay NMG an additional MSEK 2 for IGE Diamond. This will in such case not happen until earliest in second half of 2015.

Further, NMG in July 2014 took up straight loans from a limited group of investors. In total some MSEK 1.1 of straight SEK-loans with a 12 month term were attracted. Interest rate agreed is 10% p.a.

The financial and liquidity situation of the group as at the report date is therefore still very critical. There is not enough liquidity for financing the operations during a coming 12-month period in the absence of more external financing. In the absence of progress, the Company may face severe liquidity problems in the closest future.

Parent company

The Parent Company's business activity is to manage the Group's operations. The result after tax during first half of 2014 amounted to MSEK -3.7 (MSEK -12.8 in the first 6 months of 2013). The corresponding result for the last quarter, April – June 2014, was MSEK -0.9 (MSEK -8.6).

Cash and cash equivalents in the Parent Company amounted to MSEK 0.9 at the end of June 2014 (MSEK 0.7).

Employees

At the end of June 2014, NMG had four employees, two men and two women.

The NMG share

There were 18,174,922 shares outstanding as at January 1, 2014 following a reversed share

split 10:1 conducted in December 2013. Par value per share was by year-end 2013 still SEK 2.50. However, an EMG held on November 22, 2013 decided to reduce the share capital by changing the par value per share from SEK 2.50 to SEK 0.50. This share capital reduction was finally registered by end of first quarter of 2014.

There is only one class of shares. All shares carry one vote.

The EGM held on November 22, 2013 gave a mandate to the Board of Directors to decide on share issues of up to 9,087,461 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 conversion transaction at end of January 2014. In that context, some MSEK 11.8 of short-term loans were converted. Thereafter there were 21,227,721 shares outstanding.

An additional EGM was held on May 8, 2014. On this occasion, another MSEK 5.6 of short term loans were converted for newly issued shares. In total 1,474,619 new shares were issued as a result of the transaction. The total number of shares outstanding post this second set off issue amounts to 22,702,340.

At the AGM held on June 4, 2014 the present shareholders authorized the Board of Directors to decide on a new issues of shares or convertible debt instruments with or without a deviation from the shareholders' preferential rights. The maximum dilution permitted according to his authorization is 20%. The issue price shall, in case of a directed issue, be in line with the market price of the share with a deduction for any reasonable discount needed.

Remaining reporting dates in 2014

November 27 – Interim Report for 9 months
Jan – Sept 2014

This report has not been reviewed by the Company's auditors.

Stockholm, August 28, 2014

For and on behalf of the Board of Directors

Torbjörn Ranta
Managing Director

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.

Consolidated statement of loss

(TSEK)	Note	3 m April - June 2014	3 m April - June 2013	6 m Jan - June 2014	6 m Jan - June 2013	12 m Jan-Dec 2013
Other operating income		75	-	75	-	8
Other external expenses		-3 626	-3 805	-6 397	-6 149	-14 812
Personnel expenses		-245	-136	-440	-3 484	-6 558
Results from equity accounted participations		-	-	-	-75	-75
Operating result before depreciation and impairment losses		-3 796	-3 941	-6 762	-9 708	-21 437
Depreciation/amortization and impairment loss on tangible, intangible and financial fixed assets	4	-43	-	-87	-14	-20 044
Financial revenue		2 000	2	2 009	10	38
Financial expenses		-260	-22	-591	-27	-788
Total financial items	3	1 740	-20	1 418	-17	-750
Result before tax		-2 099	-3 961	-5 431	-9 739	-42 231
Income tax		-	-	-	1	9 599
Result for the period from remaining operations		-2 099	-3 961	-5 431	-9 738	-32 632
Loss from discontinued operations	4, 5, 10	-1 192	-75 696	-4 789	-75 968	-77 557
Result for the period	10	-3 291	-79 657	-10 220	-85 706	-110 189
<i>Result for the period attributable to:</i>						
Equity holders of the Parent Company		-3 286	-79 651	-10 198	-85 701	-110 088
Non controlling interest		-5	-6	-22	-6	-101
Result for the period		-3 291	-79 657	-10 220	-85 707	-110 189
Result per share before and after dilution *)		-0,15	-0,44	-0,49	-0,47	-6,06
Average number of shares (Millions) *)		21,7	181,7	21,0	181,7	18,2

Consolidated Statement of comprehensive loss

	3 m April - June 2014	3 m April - June 2013	6 m Jan - June 2014	6 m Jan - June 2013	12 m Jan-Dec 2013
Result for the period	-3 291	-79 657	-10 220	-85 707	-110 088
<i>Items that could be reclassified to the income statement:</i>					
Foreign currency translation differences - foreign operations	-1 081	2 914	-1 081	132	-6 856
Total other comprehensive loss	-4 372	-76 743	-11 301	-85 575	-116 944
<i>Total comprehensive loss for the period attributable to:</i>					
Equity holders of the Parent Company	-4 367	-76 737	-11 279	-85 569	-116 843
Non controlling interest	-5	-6	-22	-6	-101

*) In this context the average number of shares for 12 m 2013 has been adjusted for the reversed share split

10:1 carried out on December 13, 2013.

Consolidated statement of financial position

(TSEK)	Note	2014-06-30	2013-06-30	2013-12-31
ASSETS				
Fixed assets				
<i>Intangible fixed assets</i>				
Mineral interests		109 557	110 201	110 113
<i>Tangible fixed assets</i>				
Plant and machinery		619	487	246
<i>Long-term financial fixed assets</i>				
Claim on Alluvia Mining	6	30 000	-	30 000
Participation in equity accounted companies		359	359	359
Long-term receivables		31	31	31
Total fixed assets		140 566	111 078	140 749
Current Assets				
Other receivables		293	3 236	2 626
Prepaid expenses		2 054	603	208
Receivable Alluvia Mining	6	-	50 000	-
Cash and cash equivalents		1 233	1 442	15 288
Total current assets		3 580	55 281	18 122
TOTAL ASSETS		144 146	166 359	158 871
EQUITY				
<i>Equity attributable to equity holders of the parent company</i>				
Share capital		11 351	45 437	45 437
Other paid in capital		1 225 575	1 175 737	1 174 207
Reserves		0	132	1 081
Retained earnings and profit for the period		-1 106 028	-1 071 572	-1 096 021
		130 898	149 734	124 704
Non controlling interest		160	175	80
Total equity		131 058	149 909	124 784
Long term Liabilities				
Other provisions		-	1 018	-
<i>Long term liabilities</i>				
Convertible loan	7	5 000	5 000	5 000
Other long term liabilities	8	4 022	5 059	4 931
Total long term liabilities		9 022	11 077	9 931
<i>Current liabilities</i>				
Accounts payable		2 124	2 420	2 925
Short term interest free loans and borrowings	9	-	-	12 927
Other liabilities		236	1 069	4 458
Accrued expenses and prepaid income		1 706	1 884	3 846
Total current liabilities		4 066	5 373	24 156
TOTAL EQUITY AND LIABILITIES		144 146	166 359	158 871
<i>Pledged assets</i>		31	10 990	31

Consolidated Statement of changes in equity (TSEK)							
Equity related to the shareholders of the parent company							
	Share capital	Other paid in capital	Exchange differences	Retained earnings and profit for the year	Total	Non controlling interest	Total Equity
Balance at 1 January 2013	45 437	1 175 737	7 937	-985 860	243 251	181	243 432
Net result for the period				-85 701	-85 701	-6	-85 707
Comprehensive loss for the period			-7 805		-7 805		-7 805
Total comprehensive loss	45 437	1 175 737	132	-1 071 561	149 745	175	149 920
					0		0
Costs referable to fund-raising					0		0
Other transactions				-11	-11		-11
Translation reserve					0		0
Closing balance at 30 June 2013	45 437	1 175 737	132	-1 071 572	149 734	175	149 909
Balance on 1 July 2013	45 437	1 175 737	132	-1 071 572	149 734	175	149 909
Net result for the period				-24 286	-24 286	-95	-24 381
Comprehensive loss for the period			949		949		949
Total comprehensive loss	45 437	1 175 737	1 081	-1 095 858	126 397	80	126 477
Costs referable to fund-raising		-1 530			-1 530		-1 530
Other transactions				-163	-163		-163
Closing balance at 31 December 2013	45 437	1 174 207	1 081	-1 096 021	124 704	80	124 784
Balance on 1 January 2014	45 437	1 174 207	1 081	-1 096 021	124 704	80	124 784
Net result for the period				-10 198	-10 198	-22	-10 220
Comprehensive loss for the period			-1 081		-1 081		-1 081
Total comprehensive loss	45 437	1 174 207		-1 106 219	113 425	58	113 483
New share issue	2 263	15 146			17 409	0	17 409
Share capital reduction	-36 349	36 349			0	0	0
Cost referable to fund raising		-127			-127		-127
Dividend				-568	-568		-568
Other transactions				759	759	102	861
Closing balance on June 30 2014	11 351	1 225 575	0	-1 106 028	130 898	160	131 058
<i>The total number of shares outstanding as per June 30, 2014 is 22,702,340</i>							

Consolidated statement of cash flow

(TSEK)	Note	6 m Jan - June 2014	6 m Jan - June 2013	12 m Jan-Dec 2013
Cash flow from operations				
Result after financial items **		-10 220	-119 795	-153 875
Adjustments for non cash items*		-60	101 584	134 054
Income tax paid			-	-
Total cash flow from operations before change in working capital		-10 280	-18 211	-19 821
Change in working capital				
Increase/decrease receivables		1 063	-49 763	-49 245
Increase/decrease in short term liabilities		-2 682	-2 737	3 118
Total cash flow from operations		-11 900	-70 712	-65 948
Cash flow used for investments				
Purchase of intangible and tangible fixed assets		-3 529	-1 302	-3 129
Sale of intangible fixed assets		-	37	-
Sale of financial assets		1 500	-	-
Total cash flow used for investments		-2 028	-1 264	-3 129
Financial activities				
Costs referable to fund-raising		-127	-	-1 530
Raised credits		-	4 121	16 927
Amortization of debt		-	-96	-224
Total cash flow from financial activities		-127	4 025	15 173
Change in cash and bank		-14 055	-67 951	-53 905
Cash and bank at 1 January		15 288	69 193	69 193
Cash and bank at the end of reporting period		1 233	1 242	15 288
*Adjustments for non cash items				
Depreciation and impairment losses on intangible fixed assets		87	109 233	110 907
Depreciation and impairment losses on tangible fixed assets		25	81	228
Exchange loss		-	-7 806	-6 856
Impairment of financial fixed asset		-	-	20 000
Tax effect from partnership acquisition		-	-	9 700
Share of loss on equity accounted companies		-	75	75
Other		-172	-	-
Total		-60	101 584	134 054
** Financial items				
Interest income		9	10	38
Interest charges		-591	-27	-788
Total financial items		-582	-17	-750

Parent company income statement

		3 m	3 m	6 m	6 m	12 m
		April - June	April - June	Jan - June	Jan - June	Jan-Dec
(TSEK)	Note	2014	2013	2014	2013	2013
Other operating income		75	-	75	-	6
Other external expenses		-2 707	-6 042	-5 289	-7 962	-13 266
Personnel expenses		-	-2 454	130	-4 727	-3 350
Depreciation / impairment of financial fixed assets	4	-	-	-	-	-100 379
Operating result		-2 632	-8 496	-5 084	-12 689	-116 989
<i>Result from financial items</i>	3					
Result from participations in group companies		-	-	-	-	7 275
Financial revenue		2 000	46	2 002	53	38
Financial expenses		-248	-127	-576	-129	-712
Total financial items		1 752	-81	1 426	-12 765	6 601
Result before tax		-880	-8 577	-3 658	-12 765	-110 388
Income tax		0	0	0	0	0
Result for the period		-880	-8 577	-3 658	-12 765	-110 388

Statement of comprehensive income

		3 m	3 m	6 m	6 m	12 m
		April - June	April - June	Jan - June	Jan - June	Jan - Dec
(TSEK)	Note	2014	2013	2014	2013	2013
Result for the period		-880	-8 577	-3 658	-12 765	-110 388
Other comprehensive income		-	-	-	-	-
Total other comprehensive income		-880	-8 577	-3 658	-12 765	-110 388

Balance sheet - Parent company

(TSEK)	Note	2014-06-30	2013-06-30	2013-12-31
ASSETS				
Tangible fixed assets				
<i>Long-term financial assets</i>				
Receivable on Alluvia Mining Ltd	6	30 000	-	30 000
Shares in subsidiaries		97 247	102 635	97 247
Receivables from subsidiaries		68 084	130 616	65 091
Total fixed assets		195 331	233 251	192 338
Current Assets				
Other receivables		1 764	50 239	8 329
Prepaid expenses		44	296	160
Cash and cash equivalents		916	682	5 036
Total current assets		2 724	51 217	13 525
TOTAL ASSETS		198 055	284 468	205 863
SHAREHOLDERS EQUITY				
<i>Restricted equity</i>				
Share capital		11 351	45 437	45 437
Statutory reserve		2 300	2 300	2 300
<i>Total restricted equity</i>		<i>13 651</i>	<i>47 737</i>	<i>47 737</i>
<i>Non restricted equity</i>				
Share premium reserve		1 199 537	1 149 572	1 148 042
Retained earnings		-1 023 059	-911 163	-911 163
Result for the period		-3 658	-12 765	-110 388
<i>Total non restricted equity</i>		<i>172 820</i>	<i>225 644</i>	<i>126 491</i>
Total shareholders equity		186 471	273 381	174 228
Long term liabilities				
Convertible loan	7	5 000	5 000	5 000
Interest bearing long term liabilities	8	4 022	4 000	4 000
Total long term liabilities		9 022	9 000	9 000
Current liabilities				
Accounts payable		1 440	385	2 440
Short term interest free loans and borrowings	9	-	-	12 927
Other liabilities		94	1 582	4 116
Accrued expenses		1 029	121	3 152
Total current liabilities		2 563	2 088	22 635
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		198 055	284 468	205 863
Pledget assets		-	-	-
Contingent liabilities		-	-	-

Parent Company Statement of changes in equity						
(TSEK)	Restricted Equity		Non-restricted Equity			
	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Result for the period	Total Equity
Closing balance on 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
Result for the period					-12 765	-12 765
Closing balance on 30 June 2013	45 437	2 300	1 149 572	-911 164	-12 765	273 381
Balance on 1 July 2013	45 437	2 300	1 149 572	-911 164	-12 765	273 381
Costs referable to fund-raising			-1 530			-1 530
Result for the period					-97 623	-97 623
Closing balance on 31 December 2013	45 437	2 300	1 148 042	-911 164	-110 388	174 228
Balance on 1 January 2014	45 437	2 300	1 148 042	-911 164	-110 388	174 227
Transfer of prior year's net result				-110 388	110 388	0
Costs referable to fund-raising				-127		-127
Dividend				-568		-568
Other transactions				-813		-813
New share issue	2 264		15 146			17 410
Share capital reduction	-36 349		36 349			0
Result for the period					-3 658	-3 658
Closing balance on 30 June 2014	11 352	2 300	1 199 537	-1 023 060	-3 658	186 471

Key ratios and share data for the consolidated group

		30/6/2014	30/6/2013	2013	2012	2011	2010
Number of outstanding shares at beginning of reporting period	Number	18 174 922	181 749 225	18 174 922	51 928 350	1 805 618 810	795 709 953
New share issues	Number	4 527 418	-	-	129 820 875	2 348 649 150	1 009 908 857
Number of outstanding shares at the end of reporting period *,**	Number	22 702 340	181 749 225	18 174 922	181 749 225	51 928 350	1 805 618 810
Average number of shares ***	Number	21 015 572	181 749 225	18 174 922	140 846 758	2 930 566 085	1 346 291 141
Operating result	TSEK	-7 852	-10 076	-21 991	-24 645	-62 531	-149 987
Result after tax	TSEK	-10 220	-85 707	-110 088	-121 490	-185 944	-477 330
Operating result per share	SEK	-0,37	-0,06	-1,21	-0,17	-0,02	-0,11
Result after financial items per share	SEK	-0,49	-0,66	-8,47	-1,07	-0,19	-0,41
Result per share after tax	SEK	-0,49	-0,47	-6,06	-0,86	-0,06	-0,35
Shareholders equity per share before dilution *,**	SEK	5,77	0,82	6,87	1,34	7,61	0,22
Dividend	TSEK	-568	-	-	-	-	-
Price per share at the end of reporting period **	SEK	2,05	0,30	3 **	0,45	1,66*	0,23

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

** A reversed share split of 1:10 was conducted on December 13, 2013

*** The average number of shares during the 12 m period 2013 has been adjusted for the reversed split as from the beginning of the year, but the average number of shares for the 1st half year of 2013 has not been adjusted for this reversed share split.

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

NMG possessed none of its own shares at the end of the reporting period.

Further information regarding key ratio definitions can be obtained from the Annual Report for the Financial Year 2013.

Notes to the financial report

1. Accounting principles

This interim report has been prepared in accordance with IAS 34 and recommendation RFR 1 of the Swedish Financial Reporting Board (RFR), and recommendation RFR 2 with regard to the Parent Company. The accounting principles applied correspond to those described in the Annual Report for the Financial Year 2013.

Effective January 1, 2014, NMG applied the following new or amended IFRS's: IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements shall be applied, as of 1 January 2014 and are described in NMG's 2013 Annual Report. They have had no effect on the accounts. The accounting principles and calculation methods applied and utilized have otherwise remained unchanged from those applied in the Annual Report for the Financial Year 2013.

The new or amended IFRS's are not expected to have any material impact on the Group. Other changes are not expected to have any material impact on the Group or Parent Company's result of operations, financial position or disclosures. This interim report does not contain all of the information and disclosures available in the annual report and the interim report should be read together with the annual report for 2013.

2. Risks and Uncertainties

The operations of NMG involve certain significant risks, including but not limited to credit risk, foreign exchange risk, and political risk. For a complete discussion of the aforementioned risks, refer to the Company's Annual Report for the Financial Year 2013, which is available on the NMG website, (www.nickelmountain.se).

Management and the Board of Directors are, as described repeatedly in previous interim

reports and in the Annual Report for Financial Year 2013, working on finding a more long term solution to the financial situation of the Group following the disastrous Ghana Gold-transaction a year ago when all of the liquid assets of the Group were lost. This has created significant disturbance to management and implies that ever since the beginning of 2013 there has not existed enough liquid assets to allow the Company and Group to have stable financing for the upcoming 12-month period. This continues to be the case, and hence the financial risk of the Group is at an elevated level.

3. Financial items Group

Financial revenue (TSEK)	Group		
	2014-06-30	2013-06-30	2013-12-31
Interests	2	9	24
Sales of group company	2 000		0
Exchange gains	7	1	14
Total financial revenue	2 009	10	38
Financial expenses			
Interest	-482	-25	-647
Exchange losses	-109	-2	-141
Total financial expenses	-591	-27	-788

4. Depreciation and impairment

Impairment during the first six months of 2014 amounted to MSEK 3.7 and relates to the first quarter of the year and to diamond concessions held in South Africa (discontinued operations – see note 10). Impairments during the corresponding period in 2013 were 109.7 and were all attributable to the discontinued operations (note 10).

Depreciation for the 6-month period January to June 2014 was TSEK 87 (TSEK 14).

5. Segment reporting

Jan - June 2013						
(TSEK)	Gold	Diamonds	Nickel	Other	Total remaining operations	Discontinued operations
Other operating income					0	
Operating result before depreciation and impairment losses			-1 577	-8 131	-9 708	-368
Impairment of mineral interests and claim					0	-109 620
Depreciation according to plan			-14		-14	-66
Financial items			-2	-15	-17	
Result before tax			-1 593	-8 147	-9 739	-110 054
Fixed assets		4 535	106 153	390	111 078	
Current assets	50 000	2 591	1 231	711	54 533	
Long term liabilities		1 059	1 018	9 000	11 077	
Short term liabilities		82	910	3 214	4 206	
Investments (gross amounts)			1 302		1 302	

Jan - June 2014						
(TSEK)	Gold	Diamonds	Nickel	Other	Total remaining operations	Discontinued operations
Other operating income				75	75	186
Operating result before depreciation and impairment losses			-1 679	-5 083	-6 762	-1 090
Impairment of mineral interests					0	-3 685
Depreciation according to plan			-87		-87	-25
Financial items			-7	1 425	1 418	11
Result before tax			-1 773	-3 658	-5 431	-4 789
Fixed assets	30 000		110 556		140 556	
Current assets			856	2 724	3 580	
Long term liabilities				9 022	9 022	
Short term liabilities			1 505	2 561	4 066	
Investments (gross amounts)			3 529		3 529	

6. Receivable Alluvia Mining Ltd

Receivable 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 MSEK 50 plus an additional 50 million newly issued NMG shares. A prepayment of MSEK 50 was made on the January 23, 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 at the EGM voted against it. Thereafter the EGM decision was appealed by a minority shareholder group, and as a result 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 August 2, 2013, but the meeting voted against the proposal. According to the purchase agreement, the pre-payment of MSEK 50 should be repaid immediately if a General Meeting voted against the proposed purchase. This has resulted in NMG having a claim on the seller Alluvia Mining Ltd amounting to MSEK 50, before interest compensation and additional claims in respect of damage caused to NMG by the transaction. The Board is currently working on getting the money refunded by Alluvia. In addition, an EGM held on November 22, 2013 cleared the way for NMG to go after the individual board members by claiming compensation for the

damage caused. The AGM in June 2014 reconfirmed this matter. A leading Swedish law firm is handling the case. The ability of the former board members to pay compensation to NMG will become evident following a potential future successful court ruling from NMG's perspective. The law firm engaged by NMG filed the civil case with the Stockholm District Court in June 2014. The first hearing is expected to take place within some 12 months. NMG is also potentially in possession of pledged collateral for Alluvia Mining's obligation to return the MSEK 50 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, however, delisted this company, from public quotations early in 2012. Furthermore, it does not seem to have filed any annual reports or interim reports since 2010. In addition, AMTO appears to have conducted limited work at its main asset, the Tillicum property, during its possession of Tillicum. Lastly, there are yearly costs associated with keeping mineral licenses, and it is not certain that AMTO's licenses are 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 all these reasons, NMG finds it prudent not to

assign any value to the AMTO pledge for the time being.

There is, however, another element, which should be taken in to consideration when analysing the value of NMG's claim on Alluvia Mining Ltd. At the time of the Ghana Gold transaction, NMG had paid for a Board and management liability insurance. The insurer was an international insurance company. The nature of such liability insurance is that it covers the individual Board- and management members from claims up to a ceiling amount, provided the damage or claim is deemed to fall within the framework of the insurance. It is, therefore, not the company NMG, which is insured and claims insurance compensation. The insurance coverage can in such case be claimed by the old Board members of NMG should they potentially be ruled as being liable to pay compensation to NMG in a court process. The international insurance company has not yet accepted liability for paying out compensation. The legal advisors of NMG believe 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 prudence reasons, NMG has decided to write down the claim on Alluvia Mining by MSEK 20 in the last quarter of 2013. This has no implication on the legal case whatsoever.

7. Convertible loan to Norrlandsfonden

In June 2010, NMG issued a convertible loan that provided the Company with an amount of totally MSEK 5 to Norrlandsfonden, a Swedish public sector fund investing primarily in to business projects in the North of Sweden. The convertible loan was issued based on the following conditions:

- The maturity date of the convertible loan was set to August 31, 2018.
- The loan runs with an annual interest rate of STIBOR 90 (Stockholm Interbank Offering Rate) plus an interest surcharge of 4% to be paid quarterly.
- The conversion price gets recalculated as a result of share issues and bonus issues etc., which implies that the current conversion price is deeply out of the

money.

- NMG has 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% (on an annual basis) on the loan amount during the period that it has been utilised by NMG.

Since the conversion price is deeply out of the money the whole convertible loan amount is in the balance sheet being treated as a loan and not partially as equity.

8. Other long-term liabilities

As a consequence of the MSEK 50 payment to Alluvia Mining in January 2013, the Group was drained of cash at the end of May 2013, creating the need for external funding. At the time, former Board member Ulrik Jansson lent MSEK 4 to NMG. The loan carries an interest of 12 per cent per annum for a duration of three years. NMG retains the right to offset this MSEK 4 loan against its claim on the former Board Members.

9. Related party transactions

The following related party transactions took place in the second quarter of 2014 and thereafter: At an EGM conducted on May 8, 2014, short-term loans from related parties in an amount of MSEK 5.6 were converted for newly issued shares in accordance with plans announced in the autumn of 2013. In total, 1,474,619 new shares were issued for an issue price of SEK 3.80 per share, which was significantly above the market price of the shares at that point in time.

NMG's single biggest owner Altro Invest has assisted the Company with loans during 2013, which were converted to equity in the above described debt set-off issue. According to the external accounts, Altro Invest now owes NMG a limited amount of some TSEK 300.

In addition, after the end of the report period, as described above, NMG took up some MSEK 1.1 of short-term interest bearing loans. NMG's board member Svein Breivik was one of the lenders lending NMG some TSEK 100.

10. Discontinued operations

An Extraordinary Shareholders meeting (EGM) held on November 22, 2013, approved in principle a proposal by the Board of Directors to separate all remaining African assets held by the group, and to give the shareholders pro-rata rights to receive said assets. During the first quarter of 2014, a new company for holding the African operations was incorporated and named African Diamond AB (ADIAM). All relevant assets in Africa were transferred to ADIAM. Following a second resolution at the EGM held on May 8, 2014, and a third resolution at the AGM held on June 4, 2014 the ADIAM shares in June got separated as a dividend on a 1:1 basis in proportion to the number of Parent Company shares held on the record date. The Board of Directors and management of ADIAM plan to list the company at a suitable market place in due time.

*The below table shows the revenues and costs referable to the African operations.
These amounts have been excluded from the consolidated statement of loss for the group.*

Discontinued operations

	3 m April - June 2014	3 m April - June 2013	6 m Jan - June 2014	6 m Jan - June 2013	12 m Jan - Dec 2013
TSEK					
Other operating income	-	-	186	-	-
Other external expenses	-1 203	-163	-1 276	-196	-96
Personal expenses	-	-	-	-172	-458
Depreciation/impairment of fixed assets	-	-109 620	-3 710	-109 687	-111 090
Operating result	-1 203	-109 783	-4 800	-110 055	-111 644
<i>Result from financial items</i>					
Financial revenue	11	-	11	-	-
Financial expenses	-	-	-	-	-
Total financial items	11	0	11	-	-
Result before tax	-1 192	-109 783	-4 789	-110 055	-111 644
Income tax	-	34 087	-	34 087	34 087
Loss from discontinued operations	-1 192	-75 696	-4 789	-75 968	-77 557

Nickel Mountain Group AB (Publ)

Kungsgatan 44

SE-111 35 Stockholm

Sweden

Telephone +46 8 402 28 00

Org. Reg. No 556227-8043

www.nickelmountain.se