NICKELMOUNTAIN

2014-11-27

9 month interim report for the period January – September 2014 - Nickel Mountain Group (publ) AB

Highlights during the 3rd quarter 2014

- **A Norwegian new main owner, Strata Marine & Offshore AS, on August 29th acquired a 28.9% interest in NMG from Altro Invest AB.**
- **The new main owner in September called for an EGM, which took place after the end of the report period in October.**
- **The net result after tax for the 9-month period January – September 2014 amounted to MSEK –11.8 (MSEK –90.0). This corresponds to earnings per share (EPS) of SEK –0.55 (SEK –0.50). The EPS figure for 9 m 2013 is before a reversed share split 10:1 conducted in end of December 2013. The sale of former subsidiary IGE Diamond in June 2014 has positively affected the net result for the report period by approximately MSEK +2.**
- **The total comprehensive loss for the first nine months of 2014 was MSEK –12.9 (MSEK –96.1).**
- **The net result after tax for the July – September quarter of 2014 amounted to MSEK –1.6 (MSEK –4.3). This corresponds to earnings per share (EPS) of SEK –0.07 (SEK –0.02).**
- **The total comprehensive loss for the 3rd quarter of 2014 was MSEK –1.6 (MSEK -2.6).**

Events after the end of the report period

- **NMG called for an EGM on September 10, which took place on October 10, 2014. A new Board of Directors was appointed and a fully underwritten rights issue was approved.**
- **The rights issue amounted to some 68 million NOK, and the terms of the issue were 3 new shares for 1 existing share on the record date. Issue price was 1 NOK/share.**
- **The subscription period lasted between October 23 and November 6. All the new shares were subscribed. The guarantee consortium that had underwritten the rights issue picked up some 12% of the issued shares.**
- **During autumn 2014 the first statements of defence from the defendants in the civil court case initiated by NMG against its former board members have been received. The ruling by the Stockholm District Court is expected not earlier than towards year end 2015, maybe not until 2016.**
- **The financial and liquidity situation of the group is following the completed rights issue for the first time in some 20 months satisfactory.**
- **On October 20, the Supreme Administrate Court issued a positive ruling from NMG's point of view in terms of the granted exploitation permits.**
- **An EGM of NMG will be convened on December 17, 2014 where it is being proposed to elect PricewaterhouseCoopers as new auditor of the parent company and of the group.**

Key figures, Nickel Mountain Group

SEK thousand	*Q3 2014*	*9 months 2014*	*Q3 2013*	*9 months 2013*	*2013*
Sales	-	-	-	-	-
Other income	33	108	121	121	8
Total revenues	33	108	121	121	8
EBITDA	-1 286	-8 048	-3 841	-13 549	-21 437
Impairment losses and depreciation	-34	-121	-28	-43	-20 044
Net result attributable to shareholders of parent company	-1 573	-11 771	-4 276	-89 977	-110 088
Investments in period (MSEK)	1,5	5,0	0,4	1,7	3,1
Cash at end of period	834	834	267	267	15 288
Interest bearing long term debt at end of period	9 000	9 000	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 Rönnbäcken nickel sulphide deposit located in Northern Sweden in Västerbotten county. The Rönnbäcken resource report by SRK Consulting (Sweden) AB was updated most recently in January 2012. The resultant technical report demonstrated a NI 43-101 compliant resource of 668.3 million tons measured and indicated resources 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%. For a break-down of the resource categories, please refer to the NMG website, http://nickelmountain.se/assets-operations/geology-and-resources/

NMG was previously involved in mineral exploration activities in a number of African countries. In order to concentrate on the Rönnbäcken 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 took place 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 remaining operations (excluding the business segment “Diamonds” that was shifted out to the shareholders of NMG in June 2014) for the 9 month period January to September 2014 amounted to MSEK –7.0 (MSEK –13.8 during the corresponding period in 2013). The net result from discontinued operations (business segment “Diamonds”) was MSEK –4.8 (MSEK –76.2). For the last quarter July – September 2014 in isolation, the net result after tax from remaining operations was MSEK –1.6 (MSEK –4.1). The result from discontinued operations for the last quarter was MSEK 0 (MSEK –0.2). Earnings per share (EPS) for the 9-month period 2014 was SEK -0.55 (SEK -0.50). For the last quarter July – September 2014 EPS amounted to SEK –0.07 (SEK -0.02).

There were no sales revenues for the report period (MSEK 0). Other operating income amounted to MSEK 0.3 (0.1), whereof MSEK 0.2 (0) related to discontinued operations. For the last quarter, other operating income amounted to 0 (0).

Operating costs excluding depreciation and impairment from remaining operations amounted to MSEK –8.2 during the full nine month period 2014 (MSEK –13.7 in same period 2013). The same cost item for the quarter July – September 2014 amounted to MSEK –1.3 (MSEK –4.0). For the discontinued operations the operating costs excluding depreciation and impairment were MSEK -1.3 during the 9 month report period (-0.3). For the quarter July – September 2014 the corresponding costs were MSEK 0 (0).

Depreciation and impairment from remaining operations were MSEK -0.1 during the first nine months of 2014 (0). For the third quarter 2014 in isolation this item amounted to MSEK 0 (MSEK 0). The corresponding figures for the discontinued operations were MSEK -3.7 for the 9 month report period (-109.9). During the quarter July – September 2014 the figure was MSEK 0 (MSEK -0.2)

Nickel Mountain Group had a negative cash flow of MSEK –14.5 during the first nine months of 2014 (MSEK –68.9).

Cash and cash equivalents at the end of September 2014 were MSEK 0.8 compared to MSEK 0.3 at the same point in time a year earlier.

Nickel Mountain Group's total assets at the end of September 2014 were MSEK 143.6, compared to MSEK 164.8 at the end of the same period in 2013.

Investments during the first nine months of 2014 amounted to MSEK 5.0, mainly related to the Rönnbäcken Nickel project (MSEK 1.7). The corresponding figure for the third quarter of 2014 was MSEK 1.5 (MSEK 0.4).

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 Rönnbäcken 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. For those shareholders of NMG who held their NMG shares via Swedish Euroclear, no such delays occurred and they hence 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.

In end of August 2014, previous Swedish NMG main owner Altro Invest sold its entire holding of shares to Norwegian Strata Marine & Offshore AS ("Strata"). Strata's main owner is the Norwegian investor Øystein Stray Spetalen. Strata asked NMG to convene an EGM, which took place on October 10. As a result, a new Board of Directors was appointed, a fully underwritten 68 million rights issue was resolved (and closed in early November) and an authorization for the new Board to issue new shares and other financial instruments was given. The November rights issue was fully underwritten by a consortium of guarantors. The final allocation implied that in total some 573 investors were allocated shares. Thereof a smaller part, 132 investors, derived from the Swedish Euroclear system whereas the remainder was subscribed by holders of VPS-accounts in Norway. Approximately 12% of the total shares offered in the rights issue were allocated to the guarantee consortium. The new shares from the rights issue are about to be delivered to the share accounts of the subscribers via the Euroclear- and VPS-systems. This is expected to happen within the next few days.

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") and final ruling by the Supreme Administrative Court ("SAC")

The exploitation concessions granted to NMG by the Swedish Chief Mine Inspector have been a heavily debated issue over time. Vapsten reindeer husbandry co-operative conducts its reindeer husbandry in the area of the Rönnbäcken nickel project. Vapsten has tried to stop or delay the project with reference to its concerns that the project will negatively influence the reindeer husbandry around the area of the future nickel mine. NMG respects Vapsten's position, although NMG considers that the mining activities and the reindeer herding can co-exist.

Vapsten appealed the Chief Mine Inspector's decisions to grant three exploitation concessions for the Rönnbäcken nickel project. In 2013 Vapsten applied to the SAC (*Sw: Högsta Förvaltningsdomstolen*) for a judicial review of the Swedish Government's decision to dismiss the appeals. A hearing took place in Stockholm in June this year.
The SAC has now published its ruling dated October 29, according to which the Government's decision is upheld. The SAC finds that Government's decision is not in conflict with any rule of law.

The ruling by the SAC is not a decision that assesses the detailed environmental issues relating to the possible future mining activities. These issues will be assessed by the Land and Environment Court in the coming process for a permit under the Environmental Code.

For NMG this SAC ruling is important since the pending process has created a lot of uncertainty for the project. NMG can now move forward with the initiated pre-feasibility study (PFS) and later on submit its application for an environmental permit.

Operations; diamonds (discontinued business)

As described in other sections of 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 proportionate 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. Those NMG shareholders with Swedish Euroclear accounts received their dividend during June and July 2014. However, the larger part of the shareholders holding their NMG shares via VPS-accounts in Norway has not yet received the ADIAM-shares. The VPS account operator has so far not been in a position to carry out the final distribution of the ADIAM shares making reference to certain technical issues.

African Diamond AB now has its own board of Directors and own management, and has cut the ties with NMG. The ADIAM shares have been shifted out according to Swedish legislation.

More information can be obtained via ADIAM's website [www.africandiamond. se](http://www.africandiamond.se). Please also read page 4, heading "Corporate" for further information on the ADIAM distribution process.

Events after the end of the report period

Summary of events:

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- NMG called for an EGM on September 10 which took place on October 10, 2014. A new board of was appointed and a fully underwritten rights issue was approved. Also an authorization was given to the new Board to decide on issues of shares and other financial instruments.
- The rights issue amounted to some 68 million NOK, and the terms of the issue were 3 new shares for 1 existing share on the record date. Issue price was 1 NOK/share.
- The subscription period lasted between October 23 and November 6. All of the new shares were subscribed. The guarantee consortium that had underwritten the rights issue picked up some 12% of the share issue.
- During autumn 2014 the first statements of defence from the defendants in the civil court case

initiated by NMG against its former board members have been received. The ruling by the Stockholm District Court is expected not earlier than towards year end 2015, maybe not until 2016.

- The financial and liquidity situation of the group is following the completed rights issue for the first time in some 20 months satisfactory.
- On October 20, the Supreme Administrate Court issued a positive ruling from NMG's point of view in terms of the granted exploitation permits
- An EGM of NMG will be convened on December 17, 2014 where it is being proposed to elect PricewaterhouseCoopers as new auditor of the parent company and of the group.

Financial position

Cash and cash equivalents at the end of the third quarter 2014 amounted to MSEK 0.8, compared to MSEK 0.3 at the end of September 2013. Total equity at the end of the report period was MSEK 129.8 (MSEK 147.3 at end of the corresponding period in 2013), representing an equity ratio of 90 per cent (89 per cent at the end of the third quarter of 2013).

The Company's interest bearing long-term debt as at end of September 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 September 2014 amounted to MSEK 4.8 (MSEK 6.5). 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. The short term debt as at end of third quarter includes some 1.1 MSEK of short term interest bearing loans attracted in summer 2014 from a number of private individuals in Norway. These loans mature in end of June 2015 and carry an interest rate of 10 percent per annum.

Group outlook

The financial situation of the Group has in November 2014 improved dramatically following the closing of the 68 million NOK rights issue. The net proceeds amount to some 65 MSEK after issue costs. For the first time in some 20 months NMG can state that it has working capital for sustaining normal business operations during a coming 12 month period.

Parent company

The Parent Company's business activity is to manage the Group's operations. The result after tax during the first 9 months of 2014 amounted to MSEK –5.7 (MSEK -10.3 in the first 9 months of 2013). The corresponding result for the last quarter, July – September 2014, was MSEK –2.0 (MSEK –2.2).

Cash and cash equivalents in the Parent Company amounted to MSEK 0.7 at the end of September 2014 (MSEK 0).

Employees

At the end of September 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.

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 amounted to 22,702,340.

After the end of the report period, in November 2014, a NOK 68 million rights issue was completed. The conditions were 3 new shares for each existing share at an issue price of NOK 1 per new share. The share capital increase pertaining to the 68,107,020 new shares was registered in the Swedish Companies Register on 18 November 2014. The new shares from the rights issue are about to be delivered to the share accounts of the subscribers via the Euroclear- and VPS-systems. This is expected to happen within the next few days.

Total number of outstanding shares in NMG following the rights issue amounts to 90,809,360

At the EGM held on October 10, 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 50% given the number of shares outstanding at end of November 2014. 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.

Reporting dates in 2015

12-month Interim Report for financial year 2014: *February 26, 2015*
Publication of annual report for 2014: *April 29, 2015*
First quarter report Jan – March 2015: *May 28, 2015*
Half year report Jan – June 2015: *August 27, 2015*
Nine month report Jan – Sept 2015: *November 26, 2015*
Annual General Meeting 2015: To be announced later

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

Stockholm, November 26, 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 July -Sept 2014	3 m July -Sept 2013	9 m Jan - Sept 2014	9 m Jan - Sept 2013	12 m Jan-Dec 2013
Other operating income		**33**	**121**	**108**	**121**	**8**
Other external expenses		-1 687	-2 146	-8 084	-8 295	-14 812
Personnel expenses		368	-1 816	-72	-5 300	-6 558
Results from equity accounted participations		0	0	0	-75	-75
Operating result before depreciation and impairment losses		**-1 286**	**-3 841**	**-8 048**	**-13 549**	**-21 437**
Depreciation/amortization and impairment loss on tangible, intangible and financial fixed assets	4	-34	-28	-121	-43	-20 044
Financial revenue		0	8	2 009	5	38
Financial expenses		-251	-211	-842	-225	-788
Total financial items	3	-251	-203	1 167	-220	-750
Result before tax		**-1 571**	**-4 072**	**-7 002**	**-13 812**	**-42 231**
Income tax		0	0	0	0	9 599
Result for the period from remaining operations		**-1 571**	**-4 072**	**-7 002**	**-13 812**	**-32 632**
Loss from discontinued operations	4,5, 10	0	-211	-4 789	-76 178	-77 557
Result for the period	10	**-1 571**	**-4 283**	**-11 791**	**-89 990**	**-110 189**
Result for the period attributable to:						
Equity holders of the Parent Company		-1 573	-4 276	-11 771	-89 977	-110 088
Non controlling interest		2	-7	-20	-13	-101
Result for the period		**-1 571**	**-4 283**	**-11 791**	**-89 990**	**-110 189**
Result per share before and after dilution		-0,07	-0,02	-0,55	-0,50	-6,06
Average number of shares (Millions) *)		22,7	181,7	21,6	181,7	18,2

Consolidated Statement of comprehensive loss

	3 m July -Sept 2014	3 m July -Sept 2013	9 m Jan - Sept 2014	9 m Jan - Sept 2013	12 m Jan-Dec 2013
Result for the period	-1 571	-4 283	-11 791	-89 990	-110 088
Items that could be reclassified to the income statement:					
Foreign currency translation differences - foreign operations	0	1 659	-1 081	-6 110	-6 856
Total other comprehensive loss	-1 571	-2 624	-12 872	-96 100	-116 944
Total comprehensive loss for the period attributable to:					
Equity holders of the Parent Company	-1 573	-2 617	-12 852	-96 087	-116 843
Non controlling interest	2	-7	-20	-13	-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	2014-09-30	2013-09-30	2013-12-31
ASSETS				
Fixed assets				
Intangible fixed assets				
Mineral interests		110 906	110 528	110 113
Tangible fixed assets				
Plant and machinery		585	347	246
Long-term financial assets				
Claim on Alluvia Mining	*6*	30 000	-	30 000
Participation in equity accounted companies		359	283	359
Long-term receivables		31	113	31
Total fixed assets		**141 881**	**111 271**	**140 749**
Current Assets				
Other receivables		640	2 964	2 626
Prepaid expenses		279	336	208
Receivable Alluvia Mining	6	-	50 000	-
Cash and cash equivalents		834	267	15 288
Total current assets		**1 753**	**53 567**	**18 122**
TOTAL ASSETS		**143 634**	**164 838**	**158 871**
EQUITY				
Equity attributable to equity holders of the parent company				
Share capital		11 351	45 437	45 437
Other paid in capital		1 225 575	1 175 737	1 174 207
Reserves		0	1 827	1 081
Retained earnings and profit for the period		-1 107 249	-1 075 836	-1 096 021
		129 677	*147 165*	*124 704*
Non controlling interest		160	167	80
Total equity		**129 837**	**147 332**	**124 784**
Long term Liabilities				
Other provisions		-	1 018	-
Long term liabilities				
Convertible loan	7	5 000	5 000	5 000
Other long term liabilities	8	4 000	4 958	4 931
Total long term liabilities		**9 000**	**10 976**	**9 931**
Current liabilities				
Accounts payable		1 822	1 674	2 925
Short term loans and borrowings	9	1 099	3 466	12 927
Other liabilities		83	0	4 458
Accrued expenses and prepaid income		1 793	1 390	3 846
Total current liabilities		**4 797**	**6 530**	**24 156**
TOTAL EQUITY AND LIABILITIES		**143 634**	**164 838**	**158 871**
Pledged assets		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				-89 976	-89 976	-13	-89 989
Comprehensive loss for the period			-6 110		-6 110		-6 110
Total comprehensive result	45 437	1 175 737	1 827	-1 075 836	147 165	167	147 332
					0		0
Costs referable to fund-raising					0		0
Other transactions					0		0
Translation reserve					0		0
Closing balance at 30 september 2013	**45 437**	**1 175 737**	**1 827**	**-1 075 836**	**147 165**	**167**	**147 332**
Balance on 1 October 2013	45 437	1 175 737	1 827	-1 075 836	147 165	167	147 332
Net result for the period				-20 112	-20 112	-87	-20 199
Comprehensive loss for the period			-746		-746		-746
Total comprehensive result	45 437	1 175 737	1 081	-1 095 948	126 307	80	126 387
Costs referable to fund-raising		-1 530			-1 530		-1 530
Other transactions				-73	-73		-73
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				-11 771	-11 771	-20	-11 791
Comprehensive loss for the period			-1 081		-1 081		-1 081
Total comprehensive result	45 437	1 174 207	0	-1 107 792	111 852	60	111 912
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		222			222		222
Dividend				-568	-568		-568
Other transactions				762	762	100	862
Closing balance on September 30 2014	**11 351**	**1 225 924**	**0**	**-1 107 598**	**129 677**	**160**	**129 837**

The total number of shares outstanding as per September 30, 2014 is 22,702,340

Consolidated statement of cash flow

(TSEK)	Jan-Sept 2014	Jan-Sept 2013	Jan-Dec 2013
Cash flow from operations			
Result after financial items	-11 791	-124 077	-153 875
Adjustments for non cash items*	2 967	103 559	134 054
Income tax paid	-	-	-
Total cash flow from operations before change in working capital	**-8 824**	**-20 518**	**-19 821**
Change in working capital			
Increase/decrease receivables	1 991	-49 106	-49 245
Increase/decrease in short term liabilities	-5 047	-1 582	3 117
Total cash flow from operations	**-11 880**	**-71 206**	**-65 949**
Cash flow used for investments			
Purchase of intangible assets	-4 479	-1 628	-3 129
Sale of intangible assets	-	75	-
Purchase of tangible assets	-485	-91	-
Sale of financial assets	2 000	-	-
Total cash flow used for investments	**-2 964**	**-1 644**	**-3 129**
Financial activities			
Cost referable to fund raising	222	-	-1 530
Transfer of paid premium related to warrants issue by the company	-	-	-
Raised credits	1 077	4 120	16 927
Dividend	-	-	-
Amortization of debt	-909	-197	-224
Total cash flow from financial activities	**390**	**3 923**	**15 173**
Change in cash and bank	-14 454	-68 927	-53 905
Cash and bank at 1 January	15 288	69 193	69 193
Cash and bank at the end of reporting period	**834**	**266**	**15 288**

***Adjustments for non cash items**			
Impairment losses on intangible fixed assets	*3 685*	*109 233*	*130 907*
Depreciation on tangible fixed assets	*146*	*344*	*228*
Exchange loss	*-1 081*	*-6 110*	*-6 856*
Tax effect from partnership acquisition	*0*	*0*	*9 700*
Share of loss on equity accounted companies	*-*	*75*	*75*
Others	*217*	*17*	*0*
Total	***2 967***	***103 559***	***134 054***

Parent company income statement

(TSEK)	Note	3 m July - Sept 2014	3 m July - Sept 2013	9 m Jan - Sept 2014	9 m Jan - Sept 2013	12 m Jan-Dec 2013
Other operating income		-	-	75	-	6
Other external expenses		-1 548	-1 595	-6 837	-6 985	-13 266
Personnel expenses		-241	-451	-111	-3 194	-3 350
Depreciation / impairment of financial fixed assets	4	-	-	-	-	-100 379
Operating result		**-1 789**	**-2 046**	**-6 873**	**-10 179**	**-116 989**
Result from financial items	3					
Result from participations in group companies		-	-	-	-	7 275
Financial revenue		0	3	2 002	5	38
Financial expenses		-247	-134	-823	-151	-712
Total financial items		**-247**	**-131**	**1 179**	**-146**	**6 601**
Result before tax		**-2 036**	**-2 177**	**-5 694**	**-10 325**	**-110 388**
Income tax		-	-	-	-	-
Result for the period		**-2 036**	**-2 177**	**-5 694**	**-10 325**	**-110 388**

Statement of comprehensive income

(TSEK)	3 m July - Sept 2014	3 m July - Sept 2013	9 m Jan - Sept 2014	9 m Jan - Sept 2013	12 m Jan - Dec 2013
Result for the period	-2 036	-2 177	-5 694	-10 325	-110 388
Other comprehensive income	-	-	-	-	-
Total other comprehensive income	**-2 036**	**-2 177**	**-5 694**	**-10 325**	**-110 388**

Balance sheet - Parent company

(TSEK)	Note	2014-09-30	2013-09-30	2013-12-31
ASSETS				
Tangible fixed assets				
Long-term financial fixed assets				
Receivable on Alluvia Mining Ltd		30 000	-	30 000
Shares in subsidiaries		97 247	102 635	97 247
Receivables from subsidiaries		69 551	137 080	65 091
Total fixed assets		**196 798**	**239 715**	**192 338**
Current Assets				
Other receivables		522	497	8 329
Receivable Alluvia Mining		-	50 000	-
Prepaid expenses		29	96	160
Cash and cash equivalents		718	-	5 036
Total current assets		**1 269**	**50 593**	**13 525**
TOTAL ASSETS		**198 067**	**290 308**	**205 863**
SHAREHOLDERS EQUITY				
Restricted equity				
Share capital		11 351	45 437	45 437
Statutory reserve		2 300	2 300	2 300
Total restricted equity		*13 651*	*47 737*	*47 737*
Non restricted equity				
Share premium reserve		1 199 537	1 149 572	1 148 042
Retained earnings		-1 022 709	-911 164	-911 163
Result for the period		-5 694	-10 325	-110 388
Total non restricted equity		*171 134*	*228 083*	*126 491*
Total shareholders equity		**184 785**	**275 820**	**174 228**
Long term liabilities				
Convertible loan		5 000	5 000	5 000
Interest bearing long term liabilities		4 000	4 000	4 000
Total long term liabilities		**9 000**	**9 000**	**9 000**
Current liabilities				
Accounts payable		1 601	1 621	2 440
Short term loans and borrowings		1 099	-	12 927
Other liabilities		-	2 957	4 116
Accrued expenses		1 582	910	3 152
Total current liabilities		**4 282**	**5 488**	**22 635**
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		**198 067**	**290 308**	**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					-10 325	-10 325
Closing balance on 30 september 2013	**45 437**	**2 300**	**1 149 572**	**-911 164**	**-10 325**	**275 821**
Balance on 1 October 2013	45 437	2 300	1 149 572	-911 164	-10 325	275 821
Costs referable to fund-raising			-1 530			-1 530
Result for the period					-100 063	-100 063
Closing balance on 31 December 2013	**45 437**	**2 300**	**1 148 042**	**-911 164**	**-110 388**	**174 228**
Balance on1 January 2014	45 437	2 300	1 148 042	-911 164	-110 388	174 228
Transfer of prior year's net result				-110 388	110 388	0
Costs referable to fund-raising				222		222
Dividend				-568		-568
Other transactions				-812		-812
New share issue	2 263		15 146			17 409
Share capital reduction	-36 349		36 349			0
Result for the period					-5 694	-5 694
Closing balance on 30 September 2014	**11 351**	**2 300**	**1 199 537**	**-1 022 710**	**-5 694**	**184 785**

The total number of shares outstanding as per September 30, 2014 is 22,702,340

Key ratios and share data for the consolidated group

		30/9/2014	30/9/2013	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	21 577 828	181 749 225	18 174 922	140 846 758	2 930 566 085	1 346 291 141
Operating result	TSEK	-8 048	-13 549	-21 991	-24 645	-62 531	-149 987
Result after tax	TSEK	-11 791	-89 990	-110 189	-121 490	-185 944	-477 330
Operating result per share	SEK	-0,37	-0,07	-1,21	-0,17	-0,02	-0,11
Result after financial items per share	SEK	-0,32	-0,08	-2,32	-1,07	-0,19	-0,41
Result per share after tax	SEK	-0,55	-0,50	-6,06	-0,86	-0,06	-0,35
Shareholders equity per share before dilution *,**	SEK	5,72	0,81	6,87	1,34	7,61	0,22
Dividend	TSEK ****	-568	-	-	-	-	-
Price per share at the end of reporting period	SEK	1,34	0,29	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 first 9 months of 2013 has not been adjusted for this reversed share split.

**** The dividend was non-cash (subsidiary African Diamond AB was distributed in a relation 1:1)

In calculating income per share, the average number of shares during the report 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 report 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 at the NMG website, (www.nickelmountain.se). In addition, a detailed risk factor account is given in the most recent rights issue prospectus of NMG also available at the website.

3. Financial items Group

Financial revenue	Group		
(TSEK)	2014-09-30	2013-09-30	2013-12-31
Interests	6	1	24
Sales of group company	2 000	-	-
Exchange gains	3	4	14
Total financial revenue	**2 009**	**5**	**38**
Financial expenses			
Interest	-664	-208	-647
Exchange losses	-178	-17	-141
Total financial expenses	**-842**	**-225**	**-788**

4. Depreciation and impairment

Impairment during the first nine 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). Impairment during the corresponding period in 2013 was MSEK 109.6 and was all attributable to the discontinued operations (note 10).

Depreciation for the 9-month period January to September 2014 was TSEK 146 (TSEK 345), whereof TSEK 34 related to the last quarter July – September 2014 (TSEK 265).

5. Segment reporting

Jan - Sept 2013

(TSEK)	Gold	Diamonds	Nickel	Other	Total remaining operations	Discontinued operations	Total
Other operating income			121		**121**		**121**
Operating result before depreciation and impairment losses			-3 370	-10 179	**-13 549**	-343	**-13 892**
Impairment of mineral interests and claim					**0**	-109 620	**-109 620**
Depreciation according to plan			-43		**-43**	-302	**-345**
Financial items			-74	-146	**-220**	0	**-220**
Result before tax			-3 487	-10 325	**-13 812**	-110 265	**-124 077**
Fixed assets			107 238		**107 238**	4 033	**111 271**
Current assets		50 000	62	592	**50 654**	2 913	**53 567**
Long term liabilities			1 018	9 000	**10 018**	958	**10 976**
Short term liabilities			802	5 489	**6 291**	239	**6 530**
Investments			1 719		**1 719**		**1 719**

Jan - Sept 2014

(TSEK)	Gold	Diamonds	Nickel	Other	Total remaining operations	Discontinued operations	Total
Other operating income				108	**108**	186	**294**
Operating result before depreciation and impairment losses			-1 174	-6 874	**-8 048**	-1 091	**-9 139**
Impairment of mineral interests					**0**	-3 685	**-3 685**
Depreciation according to plan			-121		**-121**	-25	**-146**
Financial intems			-13	1 180	**1 167**	12	**1 179**
Result before tax			-1 307	-5 695	**-7 002**	-4 789	**-11 791**
Fixed assets	30 000		111 881		**141 881**		**141 881**
Current assets			484	1 269	**1 753**		**1 753**
Long term liabilities				9 000	**9 000**		**9 000**
Short term liabilities			515	4 282	**4 797**		**4 797**
Investments			4 964		**4 964**		**4 964**

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 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 submitted a writ of summons at the Stockholm District Court in June 2014. A pre-trial hearing is expected to be held in 2015. The defendants submitted their statements of defence after the end of the report period.

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.
The interest component included in the claim gets compounded over time, and will be payable to NMG given a successful court ruling. For reasons of prudence this interest rate component is not included in the external accounts.

7. Convertible loan extended by Norrlandsfonden

In June 2010, NMG issued a convertible debenture 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 third quarter of 2014 and thereafter:
Altro Invest, NMG's former main owner, at end of September 2014 had a negative balance (debt to NMG) in an amount of some TSEK 300. This amount has been repaid after end of the report period.

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 also 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.

Discontinued operations

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.

TSEK	**3 m July - Sept 2014**	**3 m July - Sept 2013**	**9 m Jan - Sept 2014**	**9 m Jan - Sept 2013**	**12 m Jan - Dec 2013**
Other operating income	-	-	186	-	-
Other exernal expenses	-	106	-1 276	-90	-96
Personnel expenses	-	-81	-	-253	-458
Depreciation/impaiment of fixed assets	-	-236	-3 710	-109 922	-111 090
Operating result		-211	-4 800	-110 265	-111 644
Result from financial items					
Financial revenue	-	-	11	0	-
Financial expenses	-	-	-	-	-
Total financial items	-	-	11	0	-
Result before tax	-	-211	-4 789	-110 265	-111 644
Income tax	-	-		34 087	34 087
Loss from discontinued operations	**-**	**-211**	**-4 789**	**-76 178**	**-77 557**

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