Nickel Mountain Group AB (publ)

Annual Report 2014

Nickel Mountain Group AB (publ) Annual Report for the Financial Year 2014

Contents

Cover picture: The colour of geology – weathering outcrops of sedimentary rocks by the river south of the village Lövlund.

Message from the Managing Director

Dear shareholders of Nickel Mountain Group:

Another eventful year in the history of our company is now behind us. The financial year 2014 began with a relatively challenging situation of having insufficient working capital. Legacy issues from the disastrous Ghana Gold transaction continued to have a major impact on Nickel Mountain Group (NMG). Further, Swedish Altro Invest, the main owner at the time, exerted good effort to carry out its main owner's duties, but was unable to provide full strategic support to NMG, a junior mining company without regular sales revenues. All of these factors underlined the many risks NMG was facing at the beginning of the year. In the summer of 2014, the situation became critical, as was clearly reported in our interim reports.

Due to a number of events, we have managed to bring the company to a more positive position by year-end. Firstly, the company acquired a new main owner at the end of August, when Norwegian company Strata Marine & Offshore A/S (Strata) secured 29.9% of the capital and votes of NMG from Altro Invest AB. Strata's main investor is Mr. Oysten Spetalen, a well-known and successful Norwegian businessman. Mr. Spetalen has ownership stakes in a large number of Scandinavian business projects, some publicly listed, and almost all of them based in Norway. Strata personnel have much experience in developing business projects, both mature and at early stages, and are well acquainted with regulations applying to publicly listed entities. Strata's first step with regard to NMG was to appoint a new Board of Directors. As the main owner, they took on a leading role in the 68 million Norwegian Krona (NOK) rights issue completed in November last year, and which has resulted in a relatively satisfactory financial situation for NMG.

On the legal front, the claim on Alluvia Mining Ltd in respect of the Ghana Gold-transaction is still not settled. In 2014, NMG took legal action against the people deemed responsible for the loss related to this transaction. The events related to this transaction have been described in detail in our interim reports. Suffice it to say that NMG incurred heavy legal costs last year, in order not to lose momentum on this initiative. In June 2014, a civil law suit was filed against four previous Board members. This dispute is now slowly progressing through the legal system, and a pre-trial hearing is expected to take place before year-end 2015, or later in the worst case. NMG's legal advisors believe the chances of winning this court case are favourable, though there can be no guarantees of such. Within the next 24 months, even after a possible appeal to a second court instance, we expect this matter to be finally resolved. The outcome is important, but not critical to NMG's business activities; however, it carries certain importance as to perceptions in the Scandinavian financial market place.

A strategic decision was implemented in 2014 aimed at transforming NMG to a more focused nickel development company. To this end, the former African operations were spun off in June 2014 by way of a free distribution of all shares in the former subsidiary African Diamond AB. These shares were distributed on a 1:1 basis to all eligible shareholders on the record day. While the share dividend was received on time in the Euroclear system in Sweden, certain delays occurred for NMG shareholders holding their NMG shares via the VPS-system in Norway. The Board of Directors of African Diamond has determined a solution to the problem, as far as NMG knows, and all shareholders who have not yet received their African Diamond shares are recommended to directly contact African Diamond Company. This spin-off has resulted in NMG becoming more streamlined, with no foreign subsidiaries or foreign business projects.

The remaining key asset of NMG, the Rönnbäcken Nickel Project (RNP), is now more visible. It is, to our knowledge, Europe's largest undeveloped nickel sulphide project, making it huge in all aspects, and in particular in relation to the size of NMG itself. This project is worth all of the effort to keep the enterprise ongoing. During 2014, a significant obstacle was overcome concerning the three key exploitation concessions assigned to NMG by the Swedish Mining Inspectorate in 2010 and 2012. Without going into details, the granting of these licenses was challenged from the beginning. The process went all the way to the Swedish Supreme Administrative Court (SAC). The formal defendant was not NMG, but rather the Swedish state, which was accused of not having formally acted in a correct way when the licenses were granted. In October 2014, this issue was finally laid to rest, when the SAC in a final ruling concluded that the Swedish state had not acted in a wrongful manner, and thus the license decision was upheld. This has removed much uncertainty for NMG allowing it to move forwards permissibly with RNP.

As such, NMG is continuing with a pre-feasibility study (PFS) of RNP, which was initiated last year. The aim of the PFS is to evaluate all technical, economic and safety aspects of RNP. In parallel, NMG, together with its contractors and staff, is preparing for the submission of an application for an environmental permit, including plans to conduct all investigations and discussions necessary for the task. Even though the exploitation license problem has been resolved, there are many challenges left to deal with; the aim of the work involved in a PFS work is to prove that these difficulties can be managed. NMG has already begun this process, which will take a few years to complete. We have gained a lot of good results and knowledge within the context of the PFS as a result of the 2014 work program. During 2015, further emphasis will be placed on reviewing by-products, and on continuing with additional nickel enrichment trials and environmental tests.

The new Board of Directors has taken many decisions for optimizing the value of the company. A cost savings program was promptly initiated in order to free as many resources as possible for investment into RNP. To this end, the head office in Stockholm was abandoned by year-end 2014 leading to reduced rental costs for 2015. A couple of expensive consultancy agreements have been terminated, and the number of Board Directors has been reduced. Furthermore, NMG's management has been trimmed, and an accompanying critical review was carried out with regard to administrative costs. This is all good for shareholder value in NMG.

In summary, NMG is now in a much better position than a year ago. It is of course much too early to say that the risky phase is entirely over – this never happens in a junior mining company. However, we allow ourselves to view the future with a bit more optimism.

Sincerely,

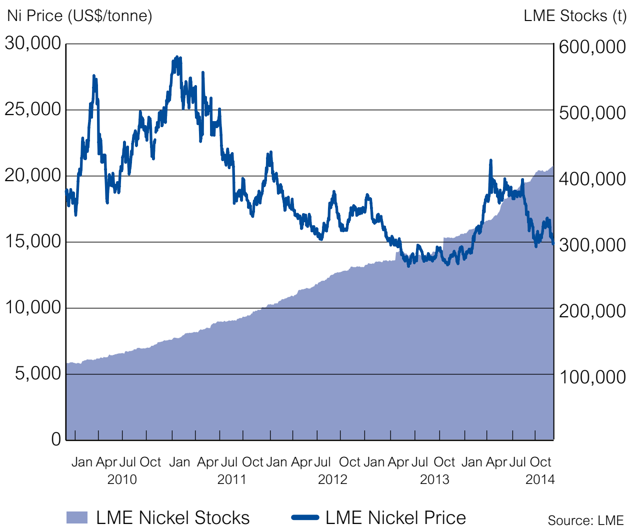
Torbjörn Ranta
Managing Director

Commodities Outlook

Nickel market review

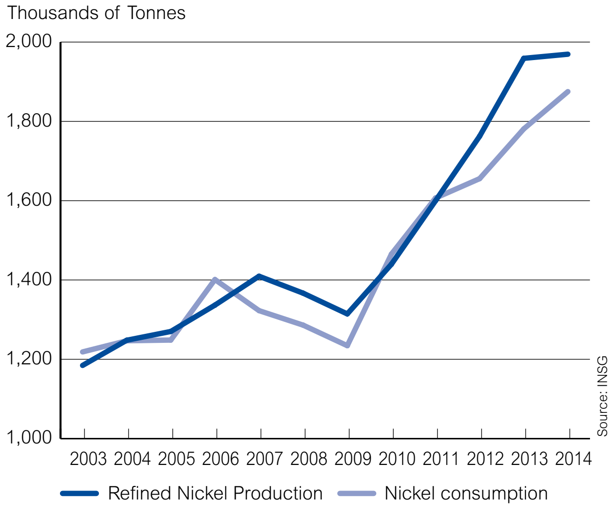
The nickel market in the first half of 2014 was dominated by one key event namely Indonesia's ban on nickel ore exports which prompted the nickel price to rise by 52% to peak at $21,200/tonne in May, a two year high. After hovering in the range of $18,000–20,000/tonne over the summer months, the nickel price reversed its trend in the latter part of the year losing most of the ground it had gained to end up at $14,935/tonne by year-end. Much of the rise in the nickel price was from anticipation that the ban on Indonesian nickel ore exports would lead to reduced finished nickel output on the part of China. However, despite the loss of nickel ore supply from Indonesia, inventories on the LME continued on their long-term trend of steady increase, gaining over 153,000 tonnes to reach 414,900 tonnes at the end of 2014, an increase of over 50%, as oversupply continued to influence the market. During the summer months, Chinese monthly exports of nickel metal more than doubled due to de-stocking of off-warrant stocks in China. Moreover, higher exports of ore from the Philippines blended with stock-piles of Indonesian ore, built-up ahead of the ban, allowed the Chinese to maintain nickel pig iron (NPI) production levels. In addition, weakening macroeconomic data for Europe and China and liquidity issues in China further impacted market sentiment and hence the nickel price.

LME Nickel Inventories & Price



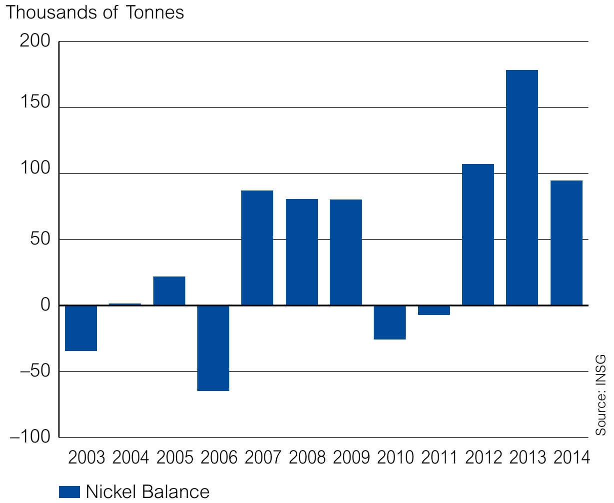
Despite lower demand growth in China, absolute demand volumes are still significantly large. Overall nickel consumption is estimated by INSG to have grown 5.2% in 2014, reflecting strong demand levels from the stainless steel sectors in North America, China, Japan and India and robust demand from the non-stainless sectors.

Nickel Supply/Demand



Global nickel metal supply in 2014, was basically unchanged from the previous year as production from on-going ramp-up of new projects offset any declines at existing operations and in NPI production, thus maintaining an oversupply of nickel in the global market, albeit, the overall surplus position decreased to an estimated 94,000 tonnes. Nonetheless, the average LME cash settlement price for 2014 was $16,869/tonne an increase of 12% over 2013.

Nickel Balance



For 2015, the market is expected to turnaround and move into a growing deficit thereafter. In March, the rate of increase in LME stocks appears to have halted with levels plateauing. As Chinese NPI producers draw down their inventories of high-grade Indonesian ore and subsequently need to rely to a greater degree on lower grade Philippine ores, their production costs will inevitably rise. Already, NPI output was cut in the 4th quarter of 2014 as the nickel price fell below production costs. Moreover, there are questions whether the Philippine ore producers with their lower grade ores have the ability to make up the volumes lost from the Indonesian exports, forcing Chinese stainless steel producers to turn to more costly imports of ferronickel and nickel cathode. Moreover, there is speculation on whether the Philippine government will follow Indonesia's initiative and impose export bans on unprocessed nickel ore. Near-term market estimates are that NPI production could fall by about 100,000–200,000 tonnes in 2015.

Future deficits will continue to mainly be supply driven. Nickel demand growth is expected to remain on trend growth rates of 5% annually for the medium-term. On the supply side, the building of ore processing facilities in Indonesia is expected to be slow thus the country is not foreseen to become a major supplier of nickel metal to the market for some time. Moreover, there is a dearth of new large-scale nickel projects coming on stream from other parts of the world. The end result will be a sustained period of material deficit in the medium-term. As a result, prospects for the nickel price are positive. Movement of the market into deficit is expected to drive the price up.

Administration Report

All figures are presented in Swedish Krona thousands ("TSEK") unless otherwise specified.

The Board of Directors and the Managing Director of Nickel Mountain Group AB (publ) (formerly named IGE Resources AB), Swedish corporate identification number 556227-8043, domiciled in Stockholm, hereby submit the annual consolidated accounts and the Parent Company accounts for the financial year January 1, 2014 to December 31, 2014.

Activities and background

Nickel Mountain Group AB (publ) (NMG or the Company or the Group or Parent Company) is a Swedish mineral exploration and appraisal company. The Company name was, until the end of 2013, IGE Resources (IGE).The group structure consists of the Swedish Parent Company which in turn owns two Swedish subsidiary companies. The shares of NMG are listed on the Oslo Stock Exchange in Norway with ticker "NMG". The number of shareholders amounts to around 6,000. The market capitalization is as per the middle of April 2015 around 100 Swedish Krona millions (MSEK).

Spring view of Rönnbäcknäset across the drained hydro power reservoir in lake Säjman.

Another view of Rönnbäcknäset, this time in autumn when the water levels in the reservoir have risen again.

The key asset of NMG is the Rönnbäcken nickel sulphide deposit located in Northern Sweden in Västerbotten county. The Rönnbäcken Nickel Project was evaluated by SRK Consulting (Sweden) AB (SRK) in December 2011. The resultant Preliminary Economic Assessment at that time demonstrated a NI 43-101 compliant resource of 668.3 million tonnes with an average total nickel content of 0.173 percent of which 0.097 percent is nickel in sulphide (Ni-AC), and an iron content of 5.67 percent. About 97 percent of the resource was in the Measured and Indicated categories. For a break-down of the resource categories, please refer to the NMG website, http://nickelmountain.se/assets-operations/geology-and-resources/

NMG has historically also been involved in mineral exploration activities in a number of African countries. In order to concentrate on the RNP, the African assets owned by the subsidiary African Diamond AB were in June 2014 distributed to the NMG shareholders via a dividend on a 1:1 basis. Since the African assets had for reasons of prudence been impaired to nearly zero value in the year end 2013 group accounts, the total book value of the dividend in the external accounts was only 568 TSEK. Divided by the number of NMG shares on the record day of 22,702,340, the dividend amounted to SEK 0.025 per share (2.5 Swedish öre). Certain delays occurred for NMG shareholders holding their NMG shares via the VPS-system in Norway while the dividends were received on time in the Euroclear system in Sweden.

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

Group structure

By year-end 2014, NMG was, in addition to the parent company, comprised of two wholly- or majority-owned subsidiaries. These were:

- Nickel Mountain Resources AB (publ) (formerly named IGE Nordic AB), corporate identification number 556493-3199, with a registered address in Stockholm (owned 99.6% by NMG). This company is owned directly by the parent company.
- Nickel Mountain AB, corporate identification number 556819-1596, with a registered address in Stockholm. This subsidiary is owned 100% by Nickel Mountain Resources AB (publ).

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

Summary of operations and key events during 2014

Group

- In early January 2014, new management including a new Managing Director was appointed in the Parent Company and in the Group.
- At the end of January 2014, a shares for debt issue was conducted by NMG whereby loan debentures held primarily by Norwegian private investors were converted to newly issued NMG shares. Some 11.8 MSEK of short-term loans were exchanged for 3,052,799 new NMG shares. The issue price was around SEK 3.86 per issued share.
- At the end of the first quarter, global mining consultancy SRK delivered an estimate of the time and costs required for completing a PFS for the RNP. Their conclusions were that it would require about 18 months in an ideal world and would cost around 62 MSEK. This cost estimate did not include recurring administrative costs in NMG.
- During the first quarter of 2014, NMG's staff, within the framework of the PFS, initiated a re-logging program of all RNP drill core in NMG's possession. A total of 26,919 meters of drill core were examined. With the assistance of external geologists, the work was completed in the summer of 2014. As a result, the geologic understanding of the RNP was greatly improved.
- In early May 2014, another EGM was conducted in Stockholm, during which a second shares for debt issue was approved. In total, 5.6 MSEK of short-term debt was converted to newly issued NMG shares. In total, 1,474,619 shares were issued at an issue price of SEK 3.80 per share.
- At the end of May, NMG published its first quarter report and informed the market of the relatively critical financial situation of the group. This was a recurring theme in the external information distribution of NMG during most parts of 2014. The demanding financial situation was a consequence of the catastrophic Ghana Gold-transaction in early 2013, whereby NMG lost 50 MSEK of cash.
- The Annual General Meeting of NMG was held on June 4, 2014 in Stockholm. A board of four ordinary directors were appointed with one alternate director designated. In addition, the long planned separation within NMG of the primary Swedish nickel unit (Nickel Mountain Group) from the residual unit holding African mineral interests (African Diamond AB) was approved and carried out. African Diamond AB was distributed as a free dividend on a 1:1 basis in relation to the number of NMG shares held on the record day. The book value of the dividend was only 568 TSEK. Prior to this, African Diamond AB had been registered as a public Swedish entity with the share register managed by

The northern end of the Rönnbäcknäset deposit viewed from the north across the empty hydro power reservoir.

Euroclear Sweden AB. A separate board of Directors along with a separate management was appointed for African Diamond AB. At the time, African Diamond AB's Board of Directors published their intent to list the entity in a suitable market place in due time.

- In early June 2014, NMG also, via its contracted law firm, filed a formal civil law suit against four former Board members deemed responsible the loss incurred in connection with the above mentioned Ghana Gold transaction in 2013. The size of the filed claim was 55 MSEK plus interest from the day of the filing of the complaint. This law suit is expected to be reviewed by the Stockholm District Court sometime during 2015 to 2016.
- In the middle of June 2014, the Vapsten Reindeer Herding Co-operative in Northern Sweden, the major opponent to the Rönn-bäcken Nickel Project, was granted the opportunity to attend a session of the Supreme Administrative Court in Sweden (Högsta Förvaltningsdomstolen), in which a judicial review was conducted of the Government's decision not to re-consider the granting of three exploitation licenses to Nickel Mountain Group. The Court's considerations were finally published in late October 2014. The Court ruled that no errors had been committed by the Swedish Government in connection with the assignment of the exploitation licenses. For NMG, one major uncertainty factor has now been resolved positively.
- In the end of June, NMG sold its shell sub-sidiary IGE Diamond AB for a consideration of 2 MSEK. In the future, NMG may receive an additional 2 MSEK for IGE Diamond provided certain circumstances are in place. This sales price helped NMG bridge the liquidity needs of the group during the summer of 2014.
- Further, NMG was able to attract a minor straight loan from a group of private investors primarily based in Norway during the summer of 2014. In total, 1 million NOK of loan funding was received at an interest rate of 10 per cent per annum. This loan was repaid entirely in early February 2015.
- During the summer of 2014 results from nickel ore processing trials conducted in Finland were obtained. The aim of these trials was to investigate whether a two-stage milling process followed by flotation at natural PH could provide similar or better recoveries than the basic one-stage milling process with acids. The results were positive.

Looking west toward Rönnbäcknäset with Mount Södra Storfjället in the background.

- On August 29, 2014, NMG announced a principal owner. Norwegian entity Strata Marine & Offshore AS ("Strata") informed that they had acquired the 29.9 percent interest in NMG previously held by Swedish company Altro Invest. Strata is a reputable company in Norway owned by well-known local businessman Mr. Oysten Spetalen.
- Following this, Strata called for an EGM on October 10 whereby a new board consisting of three directors was appointed and a 68 million NOK rights issue was approved. Said rights issue was fully underwritten and closed in early November 2014. Following this rights issue, the financial situation of NMG was more stable.
- A final EGM for 2014 was held on December 17. In order to rationalize costs, a new auditor, PricewaterhouseCoopers, was appointed for both the Parent Company and the subsidiaries. Previously, two separate auditors had conducted audit work for the group.
- At the end of December, the new board approved an investment program for 2015 allowing work on the PFS for the RNP to continue at a measured pace.

The Vinberget deposit viewed from the north.

Results, Group

The net result of NMG from remaining operations (excluding the business segment “Diamonds” which was transferred to the shareholders of NMG in June 2014) for the twelve-month period January to December 2014 amounted to MSEK –41.2 (MSEK –32.6 during the corresponding period in 2013). The sale of former subsidiary IGE Diamond AB in late June 2014 impacted the net result by about MSEK +2.0 The net result from discontinued operations (business segment “Diamonds”) for the twelve-month period of 2014 was MSEK –4.8 (MSEK –77.6).

Earnings per share (EPS) for the 12-month period ending December 2014 amounted to SEK –1.54 (SEK –6.06).

There were no sales revenues for the reporting period (MSEK 0). Other operating income amounted to MSEK 0.3 (0), of which MSEK 0.2 (0) related to discontinued operations.

Operating costs, excluding depreciation and impairment for remaining operations, amounted to MSEK –11.2 during the full twelve-month period of 2014 (MSEK –21.4 in same period of 2013). Operating costs for the full financial year 2014 were burdened by significant legal costs of about MSEK 3. These latter were mainly related to the claim against former board members; this legal cost item will most likely decline in the medium and longer term. For discontinued operations, the operating costs, excluding depreciation and impairment, were MSEK –1.3 during the twelve-month reporting period (–0.6).

Personnel costs were slightly positive for the full financial year. This is based on all salary costs related to steadily employed personnel in the subsidiary Nickel Mountain AB being capitalized and classified as mineral interests on the group level. Costs relating to staff in the Parent Company are treated as other external costs. The positive aspect for personnel costs in 2014 arose mainly as a consequence of staff changes at the end of 2013 and early in 2014 which included the resignation of the responsible manager for the nickel project. During early 2014, pension premiums paid earlier with respect to group management were repaid to NMG, and accrued pension benefits were paid out.This lead to a minor positive item arising in regard to group personnel costs in 2014.

Depreciation and impairment for remaining operations were MSEK –30.2 during the first twelve months of 2014 (–20.0). The bulk thereof, MSEK 30, relates to the claim on Alluvia Mining Ltd. This claim was by year-end 2014 reclassified to a so called contingent asset, and was accordingly removed from the balance sheet. The corresponding figures for discontinued operations were MSEK –3.7 for the 12 month report period (–111.1).

Net financial items in remaining operations amounted to MSEK 0 (–0.8) during the twelve-month reporting period. The financial net amount for the twelve-month reporting period was positively affected by an IFRS-item amounting to MSEK 1.1. This represents a positive equity component arising as a result of the spin-off of the former subsidiary African Diamond AB during the year. It does not affect cash flow, but needs to be recognized in net financial items. Also, in the last quarter of 2014, there arose an exchange rate loss amounting to MSEK –2.3 on part of the cash held in banks. Following the completed rights issue, the major part of liquid assets at year-end was held in Norwegian NOK, a currency which had undergone weakening in the last part of 2014. The currency has since recovered. Net financial items were neutral in the discontinued operations for the full 2014 financial year.

There was no income tax effect for the financial year 2014 related to remaining operations. In the preceding financial year, the acquisition of a Swedish partnership resulted in a positive tax effect of MSEK +9.6 in the last quarter of that year.

NMG had a positive cash flow of MSEK +46.2 during the twelve-month period 2014 (MSEK –53.9). The positive cash flow figure for 2014 was the result of the 68 million NOK rights issue carried out in October and November 2014. The contested pre-payment of MSEK 50 in respect of the Ghana Gold transaction in January 2013 was the main explanation for the negative cash flow figure in that year.

Cash and cash equivalents at the end of December 2014 were MSEK 61.5 compared to MSEK 15.3 at the same time in the previous year.

NMG's total assets at the end of December 2014 were MSEK 175.0, compared to MSEK 158.9 at the end of the same period in 2013.

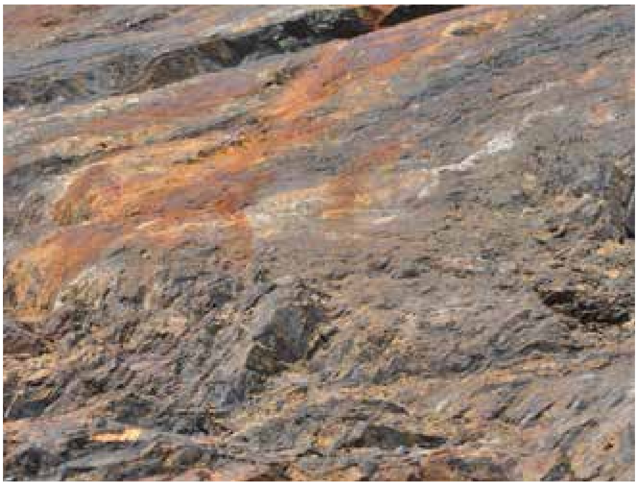
Investments during the first twelve months of 2014 amounted to MSEK 5.9, mainly related to the RNP (MSEK 3.1).

Activities within NMG's Nickel business segment during 2014 and the planned program for 2015

- Previously in February 2013, ÅF Infraplan completed a Preliminary Socio-Economic Impact Assessment (PSEIA), which evaluates the expected contribution of the Rönnbäcken nickel project to long-term local and regional development. With the majority of mine employees expected to live locally, tax revenues for the Storuman municipality alone are estimated to increase by some 1.6–1.8 billion SEK during the life of mine. The PSIEA highlights some of the key planning challenges in this regard, namely provision of sufficient housing, resolution of issues with regard to traffic and infrastructure, and how to create an attractive society to draw families to the municipality. If these challenges are met successfully, the negative population trend of the past can be expected to reverse, and the Hemavan–Tärnaby community should experience positive, sustained development. The PSEIA is available in Swedish and has been posted on NMG's website.
- NMG in 2014 focused on preparations for a PFS and a permit application under the Environmental Code. The latter permit application will be reviewed by the Environmental Court, hence the Company will conduct any and all investigations necessary for the Court's assessment. The drafting of an environmental impact assessment will require consultations to be held with authorities and stakeholders in affected jurisdictions. The studies and preparation work for the PFS are outlined below.
- A total re-logging of all project drill core from the RNP was undertaken in 2014 amounting to 26,919 meters. The aim of the re-logging program was to study in closer detail the lithologies of the deposits and to gather additional data regarding hardness of the rocks, additional mineralogy, vein frequency and composition, as well as gaining a better understanding of the overall geology. The NMG geology team concluded 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 modeling, an integral part of the PFS.
- As demonstrated in previous tests, the ore beneficiation process involving crushing and one-stage milling followed by flotation yields good recoveries and a high grade nickel concentrate. In 2014, NMG 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 were carried out at the Outotec Research Centre in Finland and were coordinated by consultancy Eurus Mineral Consultants (EMC) and NMG staff. Positive results were obtained in this regard.

Vinberget viewed from the west.

- NMG is continuously focused on the environmental aspects of the future nickel mine. One important environmental aspect is the long-term behavior of the resultant tailings and waste rock from nickel production. NMG has contracted international consultancy Golder Associates (Golder) to conduct long-term trials of the Rönnbäcken waste rock and tailings. Golder in 2014 started by monitoring a number of parameters from an initial batch of four samples of waste from various parts of the RNP. The waste rock tests were completed in early 2015, and NMG is now waiting for the final report from Golder before commencing next steps as regards environmental tests
- As described above, a fourth major component of the approved 2014 work program was the planning of the PFS program. SRK in the spring of 2014 completed a scoping study for a detailed PFS program, delineating cost estimates and a corresponding timeline. In the study, SRK concluded that "The resultant schedule and budget provide a framework for management of the PFS going forward and should allow NMG to adjust the work program as funds become available. The current schedule reflects an overall timeline of approximately two years at a total cost of SEK 62 million. The PFS cost estimate excludes NMG's normal administration costs."
- In 2015, the PFS work will initially focus on the magnetite by-product recoverable from the nickel flotation tailings. The intention is to clarify the potential use of the by-product magnetite for producing a value added product for direct sale to steel producers. NMG is also currently looking at the possibility to launch another series of processing trials in Finland in order to get an even better understanding of the optimal flotation scheme for RNP nickel mineralisation. The Company thus intends to continue to take on the large number of PFS-related activities in a systematic and timely manner. Priority will be given to addressing the most critical tasks first and not necessarily in the shortest possible time, but according to a critical path in order to preserve a sound financial situation.



Outcropping sedimentary rocks just south of Lövlund.

Activities within NMG's Diamond business segment during 2014

As stated above, a strategic decision to separate within the NMG group of the primary Swedish nickel unit from the residual unit holding African mineral assets was taken by the Board of Directors in the autumn of 2013. Since the issue was legally complex, including tax issues, implementation took time. An EGM held in May 2014 prepared the ground for separation, and during the AGM on June 4, 2014, the decision was finally approved. The separation implied that all the previous Africa based mineral assets of NMG were distributed to shareholders via a dividend of the former NMG subsidiary African Diamond AB. The dividend was issued on a 1:1 ratio base on the number of NMG shares held on the record day in June 2014. As a result, 22,702,340 shares in African Diamond AB were distributed to approximately 6,000 shareholders of NMG at that time. Since most of the African mineral interests had been partly or fully impaired already in 2013, the book value of the dividend in the NMG external accounts was limited. Total book value of African Diamond at the moment of the dividend amounted to 568 TSEK or some 2.5 Swedish öre (SEK 0.025) per entitled NMG share.

African Diamond AB is at the time of reporting not listed. A separate board and management had been appointed prior to the dividend.

The separation of the African assets means that NMG now has a strict Swedish nickel profile and that no foreign subsidiaries form part of NMG group. As stipulated by IFRS accounting rules, due to the separation, NMG still reports financial results applicable to discontinued operations in 2014, and will do so for a period of time in 2015.

The dividend was received on time by NMG shareholders holding their NMG shares in Sweden via Euroclear Sweden AB. In Norway the situation was more complicated. Due to certain technical difficulties African Diamond AB was not able to find an operator willing and able to manage the new African Diamond shares in the Norwegian VPS system (equivalent of Euroclear in Norway). African Diamond AB board and management have addressed this issue in a number of ways, and more information on this process can be obtained directly from African Diamond AB (www.africandiamond.se).

Key ratios and share data for the consolidated group

		2014	2013	2012	2011	2010
Number of outstanding shares at beginning of reporting period	Number	18,174,922	18,174,922	51,928,350	1,805,618,810	795,709,953
New share issue	Number	72,634,438	–	129,820,875	2,348,649,150	1,009,908,857
Number of outstanding shares at the end of reporting period [1) 2)]	Number	90,809,360	18,174,922	181,749,225	51,928,350	1,805,618,810
Average number of shares [3)]	Number	29,804,775	18,174,922	140,846,758	2,930,566,085	1,346,291,141
Operating result before depreciation and impairment losses [5)]	TSEK	–11,046	–21,437	–24,645	–62,531	–149,987
Result after tax	TSEK	–45,986	–110,088	–121,490	–185,944	–477,330
Operating result per share	SEK	–1.38	–1.21	–0.17	–0.02	–0.11
Result after financial items per share	SEK	–1.38	–8.47	–1.07	–0.19	–0.41
Result per share after tax	SEK	–1.54	–6.06	–0.86	–0.06	–0.35
Shareholder equity per share before and after dilution [1) 2)]	SEK	1.77	6.87	1.34	7.61	0.22
Dividend [4)]	TSEK	568	–	–	–	–
Price per share at the end of reporting period	NOK	1.42	3 [2)]	0.45	1.66 [1)]	0.23

1) A reverse split of 1:80 was executed on the 8th of December 2011.
2) A reverse share split of 1:10 was conducted on December 13, 2013.
3) The average number of shares during 2013 has been adjusted for the reverse split as from the beginning of the year.
4) The dividend was a dividend in kind of the former subsidiary African Diamond AB on a 1:1 basis. Per entitled share, it amounted to about SEK 0.025.
5) Relates only to remaining operations in 2013–2014.


Vinberget in late autumn, viewed from the north.

Risk factors

Environment

The Company follows a policy of efficient, environmentally friendly energy, land and material utilization within all of the Company's areas of operation. The primary effects of NMG's operations on the environment are through land and energy utilization, as well as waste management. Currently, the Company's operations are not at a stage as to require environmental permits. However, there is a broad scope of Swedish environmental legislation and regulations which the Company must adhere to. Long before any mining activity is begun, a formal environmental permit must be applied for and granted by the Swedish authorities. The reviewing entity is the Environmental Court (Swedish "Mark och Miljödomstolen"). Any decision by this court can later be appealed to the Supreme Environmental Court (Swedish "Mark och Miljööverdomstolen"). The process of obtaining an environmental permit is time consuming and complex. NMG has already launched certain long-term activities, which need to be cleared and approved within the framework of the process to obtain an environmental permit.

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

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

Going Concern

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for mineral property interests is dependent upon the discovery of economically recoverable resources and reserves, confirmation of the Company's interest in the underlying mineral claims (exploration permits and exploitation concessions), the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such property at a profit.

Changes in future conditions could require material write-downs of the carrying values of mineral properties. The accompanying financial statements have been prepared using accounting principles applicable to a going concern, which considers the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Company's ability to continue as a going concern as described in the following paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and balance sheet classifications that would be necessary were the going concern assumption not appropriate. These adjustments could be material.

In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its existing commitments for exploration and development programs and to pay general and administration costs. Any funding shortfall may be met in the future in a number of ways including, but not limited to, the issuance of new debt or equity instruments, expenditures reductions and/or the introduction of joint venture partners and/or business combinations. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements.

NMG's future development will depend on access to long-term funding. There is no assurance that the Company may not experience net cash flow shortfalls exceeding the Company's available funding sources, nor can it be assured that the Company will be able to raise new equity or arrange borrowing facilities on favorable terms and in the amount necessary to conduct its ongoing and future operations, should this be required. Reference is in this context also made to what is stated under heading "Group Outlook" further below in this annual report.

Vinberget as seen when standing on the Sundsberget deposit.

Currency risk
Currency risk refers to the risk that the value of a financial instrument may shift as a result of changes in currencies' conversion rates. The Company's accounts are held in Swedish krona. Additionally, the Company still conducts certain limited operations in other countries from time to time, but most of the business in those cases is restricted to the US Dollar. This foreign exchange exposure may affect the Company's results and the amount of liquid assets, since conversion exposures are not hedged.

Other risks
There are several potential risks within this industry and the Company's area of operations that could significantly impact the Company's ability to achieve its stated goals regarding development and production of its mineral assets. The most significant risks and uncertainties are described in note 2 to these financial statements.

Ownership structure
NMG had around 6,000 registered shareholders in March 2015. Approximately 99.9 percent of the shares were owned by shareholders in the Norwegian securities registration system, VPS. The remaining 0.1 percent was registered in the Swedish securities registration system Euroclear. The five largest single shareholders represented 50.2 percent of the share capital in early March 2015. See note 21 for additional information.

The NMG share and share capital
There were 90,809,360 shares outstanding as at end of December 2014 (as well as by the end of April 2015). Par value per share was SEK 0.50. The share capital hence amounted to SEK 45,404,680. There is only one class of shares, and all of the shares carry one vote. The EGM held on October 10, 2014 gave the Board of Directors a mandate to issue up to 90,809,360 new shares as a rights issue or with a deviation from the shareholders' preferential rights valid until the next Annual General Meeting.

The limits of the share capital are a minimum of SEK 32,000,000 and a maximum of SEK 128,000,000.

Corporate Governance Report
The Company has established a Corporate Governance Report separate from the Annual Report. See enclosure on page 54 for the NMG Corporate Governance Report.

Personnel
The average number of employees amounted to 4 during 2014, comprised of 2 men and 2 women (previous year 5). For more information about personnel, see note 5.

Investments
Net investments during the financial year 2014 amounted to MSEK 5.9 (MSEK 3.1). Nearly all of this was related to the RNP.

Financial position
Cash and cash equivalents at the end of December 2014 amounted to MSEK 61.5, compared to MSEK 15.3 at the end of December 2013. Total equity at the end of the reporting period was MSEK 160.8 (MSEK 124.8 at the end of the corresponding period in 2013), representing an equity ratio of 93 percent (78 percent at the end of the fourth quarter of 2013).

The Company's interest bearing long-term debt as at the end of December 2014 amounted to MSEK 9, which included an MSEK 5 convertible loan, granted by Norrlandsfonden in 2010 for the development of the RNP. This loan matures in August 2018 and carries an interest rate component of STIBOR +4 percent annually. It is described in detail in note 23 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 percent annually. It is also described in greater detail in note 24.

Short-term loans and other short-term liabilities at the end of December 2014 amounted to MSEK 5.2 (MSEK 24.2). The higher figure by year end 2013 contained mainly interest free short-term loans of MSEK 17, which were converted to equity in the spring of 2014 via two different share issue transactions.

The short-term debt as at the end of the fourth quarter 2014 included 1.1 MSEK of short-term interest bearing loans obtained in the summer of 2014 from a number of private individuals in Norway. These interest bearing loans were fully repaid by NMG in early February 2015.


A splendid view of Vinberget across the brim-full reservoir.

Group outlook
The financial situation of the Group improved dramatically in November 2014 following completion of the 68 million NOK rights issue. The net proceeds amounted to 65 MSEK after issue costs. For the first time in two years, NMG can state that it has sufficient working capital for sustaining normal business operations during the subsequent twelve-month period.

Board nomination committee
As previously announced, a Nomination Committee was appointed for presenting recommendations to the Annual General Meeting in the spring of 2015. Nomination Committee members comprise the Chairman of the Board of Nickel Mountain Group, Mr. Martin Nes, and two representatives from each of the two largest shareholders on the share register. These are Mr. Lars Christian Stugaard representing Strata Marine & Offshore AS and Mr. Gunnar Hvammen representing Solan Capital AS. Martin Nes is the Chairman of the Nomination Committee. Proposals and questions to the Nomination Committee can be forwarded to the e-mail address "nc2015@nickelmountain.se"

AGM's resolution on remuneration guidelines for management personnel
At the AGM held on June 4, 2014, the following resolution was approved regarding guidelines for

the remuneration of personnel in management. The guidelines below are in force until the AGM of 2015.

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

Fixed salary
The basic remuneration of management personnel is a fixed salary based on the market, and is determined on an individual basis according to the criteria above, and the special skills of the person.

Retirement benefits
Retirement benefits for management shall be determined according to market standards for equivalent positions, and are adjusted according to the special skills of the person. The retirement benefits shall, if possible, be defined by cost.

Non-monetary benefits
Non-monetary benefits (e.g. cell phone and computer) for management personnel shall be deemed of assistance in their work performance, and shall be consistent with customary benefits in the market.

Termination compensation and severance salary
Termination compensation and severance salary shall in no case exceed twelve months' salary.

Non-fixed salary
In addition to fixed-salary arrangements, non-fixed salary arrangements shall be available in certain situations. This type of compensation shall be clearly related to specific set goals, based on simple and transparent conditions. The non-fixed salary shall be linked to the employee's main area of responsibility and consist of one or more financial and/or operational parameters. The maximum amount will be no more than 50 percent of the fixed salary paid out to the employee in question during the period covered by the non-fixed salary.

In those cases where a non-fixed salary is agreed for key management personnel, the salary shall be determined based on (a) achieving previously established goals on a group and individual level which are related to management and production results, as well as the financial development of the Company, and (b) taking into consideration the individual's personal development.

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

Positions covered under these guidelines
The guidelines shall cover the Managing Director and other positions which are part of the Group management.

Exception from the guidelines in special cases
The board has the right to make exceptions from the guidelines in individual cases where there are special reasons to do so.

Parent Company's result and financial position
The Parent Company's business activity is to manage the Group's operations. The result after-tax during the financial year 2014 amounted to MSEK –41.1 (MSEK –110.4 for the financial year 2013).

Cash and cash equivalents in the Parent Company amounted to MSEK 61.4 at the end of December 2014 (MSEK 5.0).

The northern end of Rönnbäcknäset viewed from Sundsberget.

Shareholders' equity in the Parent Company amounted to MSEK 216.1 as at December 31, 2014 (MSEK 174.2).

Proposed allocation of the Company's result (SEK)

At the disposal of the AGM is the following:	
Share premium reserve	1,239,565,447
Retained earnings	–1,030,071,396
Result for the period	–41,141,755
Total non-restricted equity	**168,352,296**
The Board of Directors recommend the following allocation:	
Retained earnings brought forward	168,352,296

In regard to the Company's result and overall financial position, please refer to the Statement of Comprehensive Income and the Statement of Financial Position that are included in this report.

Events after the end of the reporting period

Summary of events:

Following the end of the reporting period, NMG's legal representatives assessed and responded to the statements of defense from defendants of the legal claim process initiated by NMG in relation to the 2013 Ghana Gold transaction. In addition, NMG began further work on tasks within the framework of the ongoing RNP PFS. In early February 2015, the Company repaid in full the minor short-term interest bearing debt of about 1.1 MSEK secured in the summer of 2014 for working capital purposes. On the currency markets, the Norwegian NOK currency has strengthened versus the Swedish SEK since the beginning of 2015; NMG holds the major part of its liquid assets in NOK. In the middle of April 2015, NMG decided to view the claim on Alluvia Mining as a contingent asset according to IAS 37 instead of as a conventional asset. The consequence of this was a removal of this asset from the balance sheet and an additional cost item of MSEK 30 booked in the last quarter of 2014. Lastly, the prolongation of one of NMG's exploration permits has been appealed to the courts by various project opponents. NMG believes this granted permit will be upheld, just as was the case with the exploitation concessions challenged earlier.

Reporting dates in 2015:	
May 28, 2015	First Quarter Report for the period January 1–March 31, 2015
June 3, 2015	Annual General Meeting in Stockholm
August 27, 2015	Second Quarter Report for the period January 1–June 30, 2015
November 26, 2015	Third Quarter Report for the period January 1–September 30, 2015

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 NMG's 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	12 months 2014	12 months 2013
Continued operations			
Other operating income		**108**	**8**
Other external expenses	7	–11,380	–14,812
Personnel expenses		226	–6,558
Results from equity accounted participations	10	–	–75
Operating result before depreciation and impairment losses		**–11,046**	**–21,437**
Depreciation/amortization and impairment loss on tangible, intangible & financial fixed assets	11	–30,155	–20,044
Operating result after depreciation and impairment losses		**–41,201**	**–41,481**
Financial revenue	13	3 112	38
Financial expenses	13	–3 129	–788
Total financial items		–17	–750
Result before tax		**–41,218**	**–42,231**
Income tax	14	–	9,599
Result for the period from remaining operations		**–41,218**	**–32,632**
Loss from discontinued operations	31	–4 789	–77,557
Result for the period including discontinued operations		**–46,007**	**–110,189**
Result for the period attributable to:			
Equity holders of the Parent Company		–45,986	–110,088
Non-controlling interest		–21	–101
Result for the period		**–46,007**	**–110,189**
Result per share before and after dilution including discontinued operations	15	–1.54	–6.06
Result per share before and after dilution excluding discontinued operations	15	–1.38	–1.79
Average number of shares (Millions) [1]		29.8	18.2

[1] 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 Dec 13, 2013

Consolidated Statement of comprehensive loss

TSEK	12 months 2014	12 months 2013
Result for the period	–46,007	–110,089
Items that could be reclassified to the income statement:		
Foreign currency translation differences – foreign operations	–1,081	–6,856
Total other comprehensive result	**–47,088**	**–117,045**
Total comprehensive income for the period attributable to:		
Equity holders of the Parent Company	–47,067	–116,944
Non-controlling interest	–21	–101

Consolidated statement of financial position

(TSEK)	Note	2014-12-31	2013-12-31
ASSETS			
Fixed assets			
Intangible fixed assets			
Mineral interests	11	111,676	110,113
Tangible fixed assets			
Plant and machinery	11	551	246
Financial fixed assets			
Claim on Alluvia Mining	11	–	30,000
Participation in equity accounted companies	10	–	359
Other long-term investments	10	359	–
Long-term receivables	16	31	31
Total fixed assets		**112,617**	**140,749**
Current Assets			
Other receivables	17	696	2,626
Prepaid expenses	18	161	208
Cash and cash equivalents	19	61,502	15,288
Total current assets		**62,359**	**18,122**
TOTAL ASSETS		**174,976**	**158,871**
EQUITY	20, 21		
Equity attributable to equity holders of the Parent Company			
Share capital		45,405	45,437
Other paid-in capital		1,256,648	1,174,207
Reserves		–	1,081
Retained earnings and result for the period		–1,141,416	–1,096,021
		160,637	*124,704*
Non-controlling interest		157	80
Total equity		**160,794**	**124,784**
Long term Liabilities			
Convertible loan	23	5,000	5,000
Other long-term liabilities	24	4,000	4,931
Total long-term liabilities		**9,000**	**9,931**
Current liabilities			
Accounts payable	25	1,560	2,925
Other liabilities	26	1,146	17,385
Accrued expenses and prepaid income	27	2,475	3,846
Total current liabilities		**5,181**	**24,156**
TOTAL EQUITY AND LIABILITIES		**174,976**	**158,871**
Pledged assets	28	31	31
Contingent liabilities		–	–

Consolidated Statement of changes in equity

(TSEK)	Share capital	Other paid in capital	Exchange differences	Retained earnings and profit for the year	Total	Non controlling interest	Total Equity
	Equity related to the shareholders of the Parent Company						
Balance at 1 January 2013	**45,437**	**1,175,737**	**7,937**	**–985,860**	**243,251**	**181**	**243,432**
Net result for the period	–	–	–	–110,088	–110,088	–101	–110,189
Other comprehensive income:	–	–	–6,856	–	–6,856	–	–6,856
Comprehensive loss for the period	**–**	**–**	**–6,856**	**–110,088**	**–116,944**	**–101**	**–117 045**
Cost related to fund raising	–	–1,530	–	–	–1,530	–	–1,530
Other transactions	–	–	–	–73	–73	–	–73
Closing balance on 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	–	–	–	–45,987	–45,987	–20	–46,007
Comprehensive loss for the period	–	–	–1,081	–	–1,081	–	–1,081
Total comprehensive result	**–**	**–**	**–1,081**	**–45,987**	**–47,068**	**–20**	**–47,088**
Set-off and new share issue	36,317	55,174	–	–	91,490	–	91,490
Share capital reduction	–36,349	36,349	–	–	–	–	0
Cost related to fund raising	–	–7,950	–	–	–7,950	–	–7,950
Dividend	–	–	–	–568	–568	–	–568
Other transactions	–	–1,132	–	1,161	29	97	126
Closing balance on 31 December 2014	**45,405**	**1,256,648**	**–**	**–1,141,415**	**160,637**	**157**	**160,794**

The total number of shares outstanding as at the end of December 2014 is 90,809,360.

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

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

As of December 31, 2014, the total number of shares outstanding in the Company amounted to 90,809,360 with a par value of SEK 0.50.

Consolidated statement of cash flow

(TSEK)	Note	Jan–Dec 2014	Jan–Dec 2013
Cash flow from operations			
Result after financial items including discontinued operations [1]		–46,007	–153,875
Adjustments for non-cash items [2]		31,468	134,054
Total cash flow from operations before change in working capital		**–14,539**	**–19,821**
Change in working capital			
Increase/decrease in receivables		2,041	755
Increase/decrease in short-term liabilities		–4,665	3,118
Total cash flow from operations		**–17,163**	**–15,948**
Cash flow used for investments			
Purchase of intangible assets	11	–5,162	–3,129
Purchase of tangible assets		–691	–
Purchase of financial assets		–	–50,000
Sale of financial assets		2,000	–
Total cash flow used for investments		**–3,853**	**–53,129**
Financial activities			
New share issue		74,081	–
Costs related to fundraising		–7,950	–1,530
Raised credits		1,098	16,927
Amortization of debt		–	–224
Total cash flow from financial activities		**67,229**	**15,173**
Change in cash and bank		46,213	–53,904
Cash and bank on 1 January 2014		15,289	69,193
Cash and bank at the end of the reporting period		**61,502**	**15,289**

[1] Financial items		
Interest income	*3,112*	*38*
Interest charges	*–3,129*	*–788*
Total financial items	***–17***	***–750***
[2] Adjustments for non cash items		
Impairment losses on intangible fixed assets	*3,685*	*110,907*
Depreciation and impairment losses on tangible fixed assets	*180*	*228*
Impairment losses on financial fixed assets	*30,000*	*20,000*
Exchange loss	*–1,081*	*–6,856*
Tax effect from partnership acquisition	*–*	*9,700*
Share of loss on equity accounted companies	*–*	*75*
Other	*–1,316*	*–*
Total	***31,468***	***134,054***

2013 includes discontinued operations, see note 31.

Income statement – Parent company

(TSEK)	Note	12 months 2014	12 months 2013
Other operating income		**75**	**6**
Other external expenses	7	–10,316	–13,266
Personnel expenses	5,6	187	–3,350
Depreciation/impairment of financial fixed assets	11,29,30	–30,000	–100,379
Operating result		**–40,054**	**–116,989**
Result from financial items			
Result from participations in group companies	12	–	7,275
Financial revenue	13	2,023	38
Financial expenses	13	–3,111	–712
Total financial items		**–1,088**	**6,601**
Result for the period		**–41,142**	**–110,388**

Balance sheet – Parent company

(TSEK)	Note	2014-12-31	2013-12-31
ASSETS			
Financial fixed assets			
Receivable on Alluvia Mining Ltd	11	–	30,000
Shares in subsidiaries	29	97,247	97,247
Receivables from subsidiaries	30	70,468	65,091
Total fixed assets		**167,715**	**192,338**
Current Assets			
Other receivables	17	584	8,329
Prepaid expenses	18	65	160
Cash and cash equivalents	19	61,366	5,036
Total current assets		**62,015**	**13,525**
TOTAL ASSETS		**229,730**	**205,863**
SHAREHOLDERS EQUITY			
Restricted equity	20, 21		
Share capital		45,405	45,437
Statutory reserve		2,300	2,300
Total restricted equity		*47,705*	*47,737*
Non restricted equity			
Share premium reserve		1,239,565	1,148,042
Retained earnings		–1,030,070	–911,163
Result for the period		–41,142	–110,388
Total non-restricted equity		168,353	126,491
Total shareholders´ equity		**216,057**	**174,228**
Long term liabilities			
Convertible loan	23	5,000	5,000
Interest bearing long-term liabilities	24	4,000	4,000
Total long-term liabilities		**9,000**	**9,000**
Current liabilities			
Accounts payable	25	1,388	2,440
Other liabilities	26	1,099	17,043
Accrued expenses	27	2,186	3,152
Total current liabilities		**4,673**	**22,635**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**229,730**	**205,863**
Pledged assets	28	–	–
Contingent liabilities	28	–	–

Changes in Equity – Parent company

	Restricted Equity		Non restricted Equity			
(TSEK)	Share capital	Statutory reserve	Share premium reserves	Retained earnings	Result for the period	Total Equity
Balance at 1 January 2013	**45,437**	**2,300**	**1,149,572**	**–749,536**	**–161,628**	**286,145**
Transfer of prior year's net result				–161,628	161,628	0
Costs referable to fundraising			–1,530			–1,530
Result for the period					–110,388	–110,388
Closing balance at 31 December 2013	**45,437**	**2,300**	**1,148,042**	**–911,164**	**–110,388**	**174,228**
Balance on 1 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	–
Costs relating to fund raising				–7,950		–7,950
Dividend				–568		–568
Set-off and new share issues	36,317		55,174			91,490
Share capital reduction	–36,349		36,349			–
Result for the period					–41,142	–41,142
Closing balance on 31 December 2014	**45,405**	**2,300**	**1,239,565**	**–1,030,070**	**–41,142**	**216,057**

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

As of December 31, 2014, the total number of shares outstanding in the Company amounted to 90,809,360 each with a par value of SEK 0.50.

Cash flow statement – Parent company

(TSEK)	Note	Jan–Dec 2014	Jan–Dec 2013
Cash flow from operations			
Result after financial items [1)]		–41,142	–110,338
Adjustments for non-cash items [2)]		29,431	100,328
Total cash flow used in operations before change in working capital		**–11,711**	**–10,010**
Change in working capital			
Increase/decrease in receivables		7,840	–7,999
Increase/decrease in short-term liabilities		–553	20,975
Total cash flow used in operations		**–4,424**	**2,966**
Cash flow used for investments			
Investment in financial fixed assets		–	–50,000
Loan financing to subsidiaries		–5,377	–18,962
Total cash flow used for investments		**–5,377**	**–68,962**
Financial activities			
New share issue before transaction costs		74,081	–
Expenditure relating to fundraising		–7,950	–1,530
Raised credits		–	4,000
Total cash flow from financial activities		**66,131**	**2,470**
Change in cash and bank		56,330	–63,526
Cash and bank on 1 January, 2014		5,036	68,562
Cash and bank at the end of reporting period		**61,366**	**5,036**

[1)] *Financial items*		
Interest income	*2,023*	*38*
Interest charges	*–3,111*	*–712*
Total financial items	***–1,088***	***–674***
[2)] *Adjustments for non cash items*		
Dividend	*–569*	*–*
Impairment of financial fixed assets	*30,000*	*100,379*
Other	*–*	*–51*
Total	***29,431***	***100,328***

Notes

General Information

The Parent Company Nickel Mountain Group AB (publ), until year-end 2013 named IGE Resources AB (publ), Swedish corporate identity number 556227-8043 is a joint stock corporation, domiciled in Stockholm. The registered address is Hovslagargatan 5B, bottom floor, SE-111 48 Stockholm. The company's shares are traded in Norway on the Oslo Stock Exchange. The corporation's activities consist of mining and mineral prospecting. The Annual Report and Parent Company Report for Nickel Mountain Group AB (publ) were adopted by the board on April 28, 2015 and will be submitted for approval to the Annual General Meeting on June 3, 2015.

Note 1 Accounting Principles

Statement of conformity with regulations applied

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

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

Items have been valued at their acquisition value in the consolidated accounts, with the exception of certain financial assets and liabilities, which have been valued at their fair value. The Parent Company's accounting principles follow those of the Group with the exception of the mandatory regulations stipulated in the Swedish Financial Reporting Board's recommendation, RFR 2 "Accounting for legal entities".

The most important accounting principles that have been applied are described below. These principles have been applied consistently for all years presented, unless otherwise specified.

Of the new or amended standards and interpretations from IASB and IFRIC pronouncements that came into force in the 2014 calendar year, the following standards and interpretations presented are those that may, in the opinion of the Group, have an effect in the future.

IAS 32, Financial Instruments: Presentation (revised). The revision of the standard provides a clarifying guideline stating that financial assets and liabilities shall be off-set against one another when this reflects the company's anticipated cash flows when settling two or more financial instruments. This new standard has not had any effect on NMG's financial reporting.The standard applies as of January 1, 2014.

IAS 36, Amendment, Impairment of Assets on Recoverable Amount Disclosures: This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

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

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

New standards and interpretations that come into force in the 2015 calendar year or thereafter

IFRS 9, Financial instruments: The standard comes into force for financial years beginning in 2018 or thereafter and replaces IAS 39. It is divided into three sections: classification, hedge accounting and impairment. The standard requires the classification of financial assets in accordance with three valuation categories, namely amortized cost, fair value through other comprehensive income, or fair value through the Income Statement. The classification is determined when the asset is first accounted for on the basis of the characteristics of the financial asset and the company's business model. No major changes apply with regard to financial liabilities. IFRS 9 also includes augmented regulations regarding disclosures in relation to risk management and the effects of hedge accounting. The standard has been complemented with regulations governing the impairment of financial assets, where the model is based on anticipated losses. An overall assessment of the effects on NMG's accounting will be made at a later date.

IFRS 15, Revenue from Contracts with Customers: The standard comes into force on 1st January 2017 and replaces existing standards and interpretations on revenues. The standard introduces a new revenue recognition model for contracts with customers and shall be applied to all contracts with customers with the exception of insurance contracts, financial instruments and leasing contracts in that separate standards exist in these areas. The new standard also entails new starting points for when revenue shall be recognized and requires new evaluations by the company management that differ from those currently applied. The principal areas in which existing regulations differ from the new ones are:

- Control-based model for determining when revenue shall be recognized (transfer of risks and benefits is only retained to indicate that control may have been transferred).
- The valuation of the revenue shall be based on what the vendor expects to receive, rather than on fair value.
- New rules governing the way in which a contract's goods and services shall be distinguished in the financial reporting.
- Revised criteria governing how revenue shall be recognized over time.
- Expenditure for the acquisition and fulfilment of contracts.
- Significantly augmented disclosure requirements.

NMG will probably not be affected to any substantial degree by IFRS 15 as long as it has not yet commenced nickel production. The standards and interpretations presented are those that may, in the opinion of the Group, have an effect in future. The Group intends to implement these standards when they become applicable.

Consolidation principles

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The balance sheets of the subsidiaries located outside Sweden, if any, are converted using the current exchange rates of the last day of the reporting period. The currency rate used in the income statements is the average rate for the entire reporting period. All group transactions and group unsettled matters, and profit and losses for transactions between group companies that are put into effect, are eliminated at the consolidation.

A subsidiary is included in group accounts from the date of the acquisition, which is the day when the Group obtains control of the company. The company is consolidated until such control ceases to exist. Control is considered to exist when the group has the right to form the future strategies of a subsidiary, in order to achieve economic advantages.

A non-controlling interest is the part of a subsidiary's result and net assets that is not, directly or indirectly, owned by the Parent Company. The non-controlling interest's part of the result is included in the consolidated result after tax. The non-controlling interest's part of the equity is included in the consolidated equity, but is accounted for separately from the equity that is related to the shareholders of the Parent Company.

Basis for preparation

The consolidated accounts and the Parent Company accounts are based on historical acquisition values except for financial instruments which are valued fair market value.

Business combination and goodwill

Business combinations are accounted for using the acquisition accounting method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquired entity. For each business combination, the acquirer measures the non-controlling interest (minority interest) in the acquired entity either at fair value or at the proportionate share of the acquired entity's identifiable net assets. Acquisition costs incurred are expensed and included within the item other external expenses. When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquired entity is re-measured to fair value as at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39 within the profit or loss for the year. If the contingent consideration is classified as equity it shall not be re-measured. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquired entity are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of assets

The Group assesses each cash generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the actual value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Actual value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Cash generating units correspond to the segments of the group.

Impairment test for tangible and intangible assets and participations in subsidiaries

If there is an indication that an asset is impaired, the recoverable amount of the asset is calculated in accordance with IAS 36. For goodwill, other intangible assets with indefinite useful lives and intangible assets not yet ready for use, the recoverable amount is assessed annually. If it is not possible to establish significantly independent cash flows for an individual asset, and its fair value minus selling costs cannot be used, the assets are grouped for assessment of impairment at the lowest level at which it is possible to identify significantly independent cash flows (a so-called cash-generating unit). An impairment loss is recognized when an asset's or a cash generating unit's (or group of units') carrying value is higher than the recoverable amount. An impairment loss is charged to the profit/loss account. An impairment loss for a cash-generating unit (group of units) is allocated to reduce the carrying amount of the assets of the unit, firstly to goodwill and then to other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset. The recoverable amount is the higher of the fair value minus selling costs and utilization value. When calculating the utilization value, future cash flows are discounted using a discount factor based on risk-free interest and the risk associated with the specific asset.

Intangible assets
Intangible assets consist of capitalized exploration and development costs related to the Company's licenses for mineral exploitation. However, whenever prospecting has not yet begun, all project-related costs are reported directly in the income statement.

Mineral interests – accounting principles
NMG reports the costs associated with prospecting and development of mines as follows.

Direct costs are entered by project and are reported under the 'Mineral interests' in these financial statements. Indirect costs are reported directly in the income statement during the period in which they arise. Depreciation of mineral assets begins in conjunction with the start of production at mining facilities and continues over the estimated useful life of the mining facility.

For accounting purposes, projects conducted within NMG are defined as mineral interests for which the Company has started to capitalize costs in the balance sheet. Mineral interests are reported in accordance with the full cost method, which means that all of the costs related to the acquisition of concessions, licenses, prospecting, drilling and the development of such interests are fully capitalized. However, this is allowed under the assumption that it is expected that the amounts can be reclaimed in the future through a successful development of the project, by selling the project, or if the project is still in an early phase and it is not possible for NMG to reliably estimate the value of the project or determine if the project contains commercially mineable deposits. Capitalized expenses in the form of mineral interests are entirely written-off as soon as the exploration license is returned to the issuer.

The carrying amount for all projects that is included as part of 'Mineral interests' is revalued by NMG's senior management whenever it is determined that the carrying amount is higher than the estimated fair value. When it has been determined that the carrying amount is higher than the estimated fair value, an impairment loss is recognized.

For projects in which NMG is only a partner, direct project costs are reported as mineral interests in accordance with the terms of the partnership agreement.

Tangible fixed assets
Plant and equipment consists of machinery and equipment. Machinery and equipment is reported at cost in the balance sheet, with a deduction for accumulated depreciation. Depreciation is made on a straight-line basis over the asset's estimated useful life, which is assessed on an individual basis, ranging from 3 to 10 years.

Technical installations and equipment are depreciated in a straight-line basis over the assets' expected useful lives. The estimated useful life is ten years for technical installations and five years for equipment.

Interest income
For all financial instruments measured at amortized cost, and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash flow or receipts through the expected duration of the financial instrument.

Dividends
Revenue from dividends is recognized when the Group's right to receive the payment is established.

Work performed by the entity and capitalized
Work performed by the entity and capitalized is attributable to costs of work carried out by Company personnel that is directly related to the development of tangible and intangible assets of the Company.

Cash flow statement
The cash flow statement shows cash receipts and cash payments, using the indirect method. In addition to cash and bank balances, short-term deposits with an original term of less than three months are classified as cash and cash equivalents.

Provisions
Provisions, such as restoration of mining sites, are recognized when the Group has a current obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Contingent assets and liabilities
Management is required to apply judgement in assessing the probability of the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. This judgement is supported by external advice and precedent case law where appropriate and is continually assessed to ensure that developments are appropriately reflected in the financial statements. Further details of contingent assets are disclosed in note 11.

Classification of assets and liabilities
Current assets and current liabilities are comprised of amounts that are expected to be recovered or paid respectively, within twelve months of the reporting date. Other assets and liabilities are reported as non-current assets or long-term liabilities, respectively.

Financial instruments
Financial instruments reported as assets in the balance sheet include: long-term receivables, other receivables, prepaid expenses and accrued income, liquid funds, accounts receivable, and short-term investments. All financial assets are classified as loans and receivables, and are reported at amortized cost. The liabilities consist of long-term liabilities, convertible loans, other liabilities, accrued expenses and prepaid income and accounts payable. The liabilities are classified as other financial liabilities and are reported as amortized cost. Financial instruments are initially recorded at acquisition value corresponding to the instrument's fair value. A financial asset or liability is reported in the balance sheet as soon as the Company has a contractual commitment regarding such instrument. NMG does not have any derivatives and does not engage in hedging. Cost of interest is calculated using the effective interest rate method.

A financial asset is considered for exclusion when the contractual rights to the cash flows from the financial asset expire, or the Group has either transferred the contractual right to receive the cash flows from that asset, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

A financial liability is considered for exclusion when the liability is repaid by NMG.

Financial instruments are reported using the fair value, accumulated value or acquisition value, depending on the initial categorization under IAS 39. On each reporting occasion, the company performs an impairment test to determine whether objective indications exist of the need to write-down a financial asset or group of financial assets.

Convertible loan
The part of the convertible loan that is related to debt is accounted for as a debt in the balance sheet to accrued value at cost until the debt is converted or redeemed. The remaining value is related to the option part of the convertible loan. The option part is accounted for in the Equity of the Group, net of tax.

Pension plans
There are only defined contribution retirement plans within the Group. Defined contribution retirement plans comprise plans in which the company's liability in terms of retirement payments are limited to the fees that already have been undertaken. The retirement of the individual employee is dependent on the fees paid to the retirement plan or an insurance company by the employer, and the return of capital invested in the retirement insurance. Consequently, it is the employee that holds the risk of return (that the return will be lower than expected) and the risk of the investment (the risk that the invested pension provision will not be sufficient to cover expected retirement compensation in the future). The obligations of the Company related to payments of defined contribution retirement plans are expensed in the income statement as they are earned by the employee for services conducted on behalf of the employer during the period.

Leases
Leases are classified in the Group accounts as either finance leases or operating leases. Finance leases exist when the economic risks and the benefits associated with ownership in all essential points are transferred to the lessee; all other leases are classified as operating leases. Within the Group, there are no finance leases. Operating leases are accounted for as an expense on a straight line basis over the duration of the lease, beginning from the time of utilization. See note 8 for more information.

Segment reporting
Within NMG, segmentation is according to the different minerals that the Company is operating within. See note 3 for more information.

Taxes
Current tax and deferred tax are reported in the financial statements. Current tax is the tax that will be paid or refunded based on the current year, using the tax rates that were in effect/decided upon on the closing date applied to taxable income. An adjustment is also made for current tax related to prior periods. Deferred tax is calculated using the balance sheet approach. This involves determining the tax base of assets and liabilities in order to calculate temporary differences. Deferred tax assets are reported for deductible temporary differences of unused loss carry forwards/backs to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. No deferred tax asset is currently recorded for loss carried forward, since it is difficult to determine whether utilization will be possible in the future.

Conversion of foreign currency
The financial statements are presented in SEK, which is NMG's functional currency, as well as being the presentation currency. Transactions in foreign currency are accounted for in the functional currency, at the current rate of exchange of the transaction date. Both monetary and non-monetary assets and liabilities are converted per the balance sheet date, at the day's current exchange rate. Currency differences which arise during conversion are accounted for in profit or loss. Assets and liabilities in foreign subsidiaries are valued at the closing currency rates at the end of the reporting period. Income statements are converted to the average of currency rates for the entire reporting period. Exchange differences that may occur at conversion are reported under other comprehensive income.

Differences between accounting principles of the Group and of the Parent Company
According to the Swedish Financial Reporting Board's standard RFR 2, Accounting for Legal Entities, legal entities with securities listed on a Swedish stock exchange or authorized market on the balance sheet date shall, as a general rule, apply those IFRS standards that are applied in the consolidated financial statements. There are however certain exceptions from and additions to this rule depending on legal provisions – principally those in the Annual Accounts Act – and the relationship between accounting and taxation.

For Nickel Mountain Group AB (the Parent Company) this means that IFRS measurement and disclosure rules are applied, but the format differs from the Group's financial reports since the Parent Company's financial reports follow the Annual Accounts Act.

In the Parent Company, shares in subsidiaries, associated companies and joint ventures are reported at cost (full consolidation and the equity method is used in the Group).

Important estimates and assumptions for accounting purposes

The Board of Directors and senior management have together identified certain areas (described below) that could have a significant impact on estimation of the Company's profit and financial position. Senior management and the Board of Directors continuously monitor developments within each of these areas.

Recovery of the value of development expenditure

The Company has invested significant amounts in its mineral interests. The reported amounts are primarily related to mineral interests in which the Company has made qualified efforts in such areas as geology, geophysics, drilling, and aerial surveys. Capitalized mineral interests at year-end 2014 amounted to MSEK 111.7 (110.1) MSEK. The value is assessed at least once a year. Depreciation of capitalized mineral interests is measured in accordance with the information provided under the heading 'Intangible assets'. See the section "Impairment of assets" above for additional information regarding impairments. This principle may need to be re-examined at a later date, which could lead to additional impairment losses. Please also refer to note 11 for further information on the sensitivity analysis as regards various economic key assumptions.

Estimates and assumptions of mineral resources

Accounting for discovery of a mineral resource is subject to accounting rules which are unique to the exploration and mining industry. The accounting principles and areas requiring the most estimation and assumptions, when preparing the consolidated accounts, are related to exploration and mining accounting, including the estimation and assumption of resources.

The valuation of mineral resources is based on estimates and assumptions of both proven and probable resources at the time of acquisition, or in the case of the identification of a potential deposit, valuation is based on the expected volume of minerals that can be produced on a yearly basis. Estimates and assumptions of proven and probable resources are performed with the help of third-party valuations, and are based on annual adjustments of the resources in relation to the volume of minerals produced, as well as new discoveries made during the year. There will always be uncertainties of the valuations performed. Should there be any new estimates and assumptions reflecting a decrease of resources, or if production does not encounter profitable quantities, there is a significant risk that the recorded assets relative to a specific concession have to be written down. This is evaluated through impairment tests.

Changes in proven resources also affect discounted cash flows, depreciations and write-downs, amortizations and provisions, and are an important factor of the capital market's assessment of the company and its share value. Based on performed third-party valuations, management is required to assess the results. In those cases where the valuations show a discrepancy between estimated proven and probable resources compared with valuations performed within the Group, management has to analyze the differences and assess which valuation is more correct. Please also refer to note 11 for further information on the sensitivity analysis as regards various economic key assumptions.

Estimation and assumptions of provisions for restoration expenses

Provisions for restoration are based on estimates of expected future obligations, and requirements for disassembly, removal, clearing and like actions, around drilling sites within the Group's mining permits. The estimates are based on legal requirements established from authorities' assessments of mine closure expenses. Due to changes to these factors, future real cash outflow may differ from the provisions for restoration. In order to take any such changes into account, there is a continuous review of the recorded values of the provisions for restoration. When calculating the provisions for future restoration, management must perform its assessments with regards to future investments and development within the mining permits of the Group; any changes in the requirements of the local authorities concerning restoration obligations; as well as other factors which may significantly affect the provision. Since the development phase of the nickel project has not yet been commenced, there are currently no provisions for site restoration expenses to account for.

Going Concern

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for mineral property interests is dependent upon completion of the acquisition of the mineral property interests, the discovery of economically recoverable resources and reserves, confirmation of the Company's interest in the underlying mineral claims (exploration permits and exploitation concessions), the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such property at a profit.

Changes in future conditions could require material write-downs of the carrying values of mineral properties. Although the Company has taken steps to verify title to the property on which it is conducting exploration and in which it is acquiring an interest, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, native Saami claims, and noncompliance with regulatory requirements. The accompanying financial statements have been prepared using accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware in making its assessment of material uncertainties related to events and conditions that lend a significant doubt upon the Company's ability to continue as a going concern as described in the following paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and balance sheet classifications that would be necessary were the going concern assumption not appropriate. These adjustments could be material.

In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its existing commitments for exploration and development programs and to pay general and administration costs. Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new debt or equity instruments, expenditures reductions and/or the introduction of joint venture partners and/or business combinations. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these financial statements.

Deferred taxes

The accumulated tax related deficit of the Group amounted to 70 MSEK by year end 2013. To this should be added the estimated negative tax deductible results of the Swedish entities for 2014 in the amount of approximately 19 MSEK.

No current or deferred tax claims or tax liabilities were accounted for at year-end 2014. Deferred tax claims were not accounted for as deductions of loss because their realization was difficult to estimate. Deficit deduction can be used without any time limit. Deferred tax related to subsidiaries registered outside Sweden was not considered as the Board of NMG has estimated its future value to be 0 and furthermore because these subsidiaries were separated from the group in June 2014 via the dividend pro-rata to all NMG shareholders of former subsidiary African Diamond AB.

Note 2 Risks and uncertainties

The business of exploration and mining of minerals involves a high degree of risk. Few prospects that are explored are ultimately developed into producing mines. Significant expenditure is required to establish the extent of mineral resources through geophysical surveys and drilling and there is no certainty that viable mineral resources will be found. The exploration and development of mineral resources may be curtailed, delayed or cancelled by unusual or unexpected geological formation pressures, hazardous weather conditions or other factors. There are numerous risks inherent in exploration and operating mines, many of which are beyond the Company's control. The Company's operations may be curtailed, delayed or cancelled as a result of environmental hazards, industrial accidents, occupational and health hazards, technical failures, shortage or delays in the delivery of equipment, labour disputes and compliance with governmental requirements.

Exploration activities may involve unprofitable efforts, not only with respect to empty drill core results, but also with respect to drill results which, though yielding some mineralization, are not sufficiently productive to justify commercial development or cover operating and other costs. The Company may, as a result of its participation and/or operations, be further subjected to third part liabilities, including environmental remediation, fines, penalties and claims. The resources data included in this document are estimates and are subject to change, possibly material, as more information is acquired. The nature of resource quantification studies means that there is no guarantee that estimates of quantity and quality of mineral resources disclosed will be available for extraction. Therefore actual production, revenues, cash flows, royalties and development and operating expenditures may vary from these estimates. Such variances may be material.

Reliance on key persons

The Company's development and prospecting activities are dependent upon the continued services and performance of its senior management and other key personnel. The loss of the services of any of the senior management or key personnel may have an adverse impact on the Company.

Market risk

The company is subjected to the general risk factors pertaining to the mining and metal industry, such as (i) volatility of metal prices, (ii) uncertainty pertaining to estimated mineral reserves, (iii) uncertainties linked to the company's ability to acquire, develop and exploit new reserves, and (iv) operational risks.

Potential dilution of shareholders

The company may issue additional shares in the future. Shareholders of the Company may suffer from dilution in connection with future issuances of shares.

Price volatility of publicly traded securities

In recent years, the securities markets in Europe have experienced a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying assets values or prospects of such companies.

There is no assurance that continuous fluctuations in price will not occur. It is likely that the quoted market price for the Nickel Mountain Group shares will be subjected to market trends generally, notwithstanding the financial and operational performance of the Company.

Fluctuating commodity prices

NMG's future earnings are affected by fluctuations in the prices of the metals the Company is exploring for and may produce. The prices are subjected to volatile price movements over short periods of time. Market prices can be affected by numerous factors beyond the Company's control, including expectations for inflation, speculative activities, relative exchange rates to the US Dollar, production activities of other companies, global and regional demand and supply, political and economic conditions including availability of subsidies and tax incentives to competitors and production costs in major producing regions. The prices for nickel and other metals explored by NMG may decline significantly from current levels. A reduction in the prices of one or more of these metals could adversely affect the value of the Company's ore reserves, mineral resources and business, financial condition, liquidity and operating results.

Interest rate risk

Interest rate risk is related to the risk the group is exposed to from changes in the market's interest rate which can affect the net profit. The Board of directors and the management have made an assessment that NMG's interest rate risk exposure is small, since the majority of its liquid assets are placed in bank accounts in SEK.

Currency risk

Currency risk refers to the risk that the value of a financial instrument may shift as a result of changes in currencies conversion rates. The Company's accounts are held in Swedish krona. Additionally, the Company conducts certain operations in other countries from time to time, but most of the business transacted is restricted to the US Dollar. This foreign exchange exposure may affect the Company's results and the amount of liquid assets.

Political risks

Political risk is defined as the business risk that may occur as a result of different political decisions. Examples are uncertainty of the validity of the group's agreements, uncertainty of a new political majority or changes in local finance and fiscal policies. Another example may be changes in the legislation concerning the mineral and mining line of business, in terms of tax rates, environmental fees and changes in the situation concerning the governmental opinions regarding monopoly. These types of risks are more difficult to predict, and consequently, are more difficult to hedge.

Environmental risks

Compliance with environmental legislation can require significant expenditures, including expenditures for clean-up costs and damages arising out of contaminated properties. In addition to current requirements, NMG expects that additional environmental regulations will likely be implemented to protect the environment and quality of life, given issues of sustainable development and other similar requirements which governmental and supra-governmental organizations and other bodies have been pursuing. Some of the issues currently under review by environmental regulatory agencies include reduction or stabilization of various emissions, including sulphur dioxide and greenhouse gas emissions, mine reclamation and restoration, as well as, water, air and soil quality and absolute liability for spills and trespassing of borders.

Failure to comply with environmental legislation may result in the imposition of fines and penalties, liability for clean-up costs, damages and the loss of important licenses or permits. There is no assurance that NMG will at all times be in compliance with all environmental regulations or that steps required to bring the Company into compliance would not affect adversely NMG's business, financial condition, liquidity or operating results.

Additional financing

NMG's future development will depend on access to long-term funding. There is no assurance that the Company may not experience net cash flow shortfalls exceeding the Company's available funding sources, nor can it be assured that the Company will be able to raise new equity or arrange borrowing facilities on favorable terms and in the amount necessary to conduct its ongoing and future operations, should this be required.

Note 3 Segment reporting

For management purposes, the group is organized into business units based on the type of mineral and has three reportable operating segments. Internal reporting is made for each of the segments. The group CEO is the ultimate decision maker.

- The ”Gold” segment refers to the exploration and project development activities focused on gold licenses. NMG during 2014 disposed of its Africa related assets, which implies NMG no longer has any gold licenses. The claim on Alluvia Mining in respect of the Ghana Gold transaction in 2013 is however still accounted for in the “Gold” segment.
- The “Nickel” segment refers to the exploration and project development activities focused on the RNP.
- The segment “Other” refers to group eliminations cost items occurring as a result of the consolidation of the Group and other items that are difficult to attribute to a specific mineral.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments. The operating segment “Other” has very limited activities, as has the segment “Gold”, following the scaling down of business activities in Africa during the last few years.

NOTE 3 – CONT

(TSEK) Jan–Dec 2014	Gold	Nickel	Other	Total remaining operations	Discontinued operations	Total
Other operating income	–	33	75	108	186	294
Operating result before depreciation and impairment losses	–	–1,381	–9,665	–11,046	–1,091	–12,137
Impairment of mineral interests and financial fixed assets	–30,000	–	–	–30,000	–3,685	–33,685
Depreciation according to plan	–	–155	–	–155	–25	–180
Financial items	–	–11	–6	–17	12	–5
Result before tax	–30 000	–1,547	–9,671	–41,218	–4,789	–46,007
Fixed assets	–	112,617	–	112,617	–	112,617
Current assets	–	344	62,015	62,359	–	62,359
Long-term liabilities	–	–	9,000	9,000	–	9,000
Short-term liabilities	–	508	4,673	5,181	–	5,181
Investments	–	5,853	–	5,853	–	5,853

(TSEK) Jan–Dec 2013	Gold	Nickel	Other	Total remaining operations	Discontinued operations	Total
Other operating income	–	–	8	8	–	8
Operating result before depreciation and impairment losses	–	–4,944	–16,493	–21,437	–554	–21,991
Impairment of mineral interests	–20,000	–	–	–20,000	–110,906	–130,906
Depreciation according to plan	–	–44	–	–44	–184	–228
Financial items	–	–74	–676	–750	–	–750
Result before tax	–20,000	–5,062	–17,169	–42,231	–111,644	–153,875
Fixed assets	30,000	106,589	561	137,150	3,599	140,749
Current assets	–	489	16,346	16,835	1,287	18,122
Long–term liabilities	–	–	9,000	9,000	931	9,931
Short–term liabilities	–	2,902	21,254	24,156	–	24,156
Investments	–	3,129	–	3,129	–	–3,129

Geographical distribution of revenues, remaining operations

(TSEK)	2014	2013
Sweden	108	8
Total	**108**	**8**

Geographical distribution of tangible, intangible and financial fixed assets

(TSEK)	2014	2013
Sweden	112,617	136,923
South Africa	–	3,826
Total	**112,617**	**140,749**

Note 4 Revenue from sales

No sales revenue deriving from minerals was registered during 2013–2014.

Note 5 Employees, salaries and other compensations

(TSEK)	2014		2013	
	Average number of employees	Of which men	Average number of employees	Of which men
Parent Company	–	–	1	100%
Subsidiaries	4	50%	4	50%
Group Total	**4**	**50%**	**5**	**60%**
Of which Sweden	4	50%	5	60%

The CEO's remuneration in 2014 was invoiced by his private company and is therefore accounted for as "other external costs". As evidenced in note 6 below, the total amount invoiced by the CEO's private company was TSEK 984 in financial year 2014.

Percentage of women at corporate management level

	2014	2013
Board of Directors	–	–
Group Management	–	–

(TSEK)	2014			2013		
	Salaries and other compensa-tions	Of which pension costs	Of which social contribution costs	Salaries and other compensa-tions	Of which pension costs	Of which social contribution costs
Parent Company						
Sweden	–191	–196	6	7,493	358	849
Subsidiaries						
Sweden	1,569	86	239	4,317	418	998
Congo, DRC	–	–	–	458	–	–
Total Group [1) 2)]	**1,378**	**–110**	**245**	**12,268**	**776**	**1,847**

[1)] Part of the total remuneration to Board members was invoiced and is recognized in the group P&L as "other external costs". In addition, a certain part of salary costs at the subsidiary level was capitalized and attributed to "Mineral interests" in the group balance sheet.
[2)] The CEO's remuneration in 2014 was invoiced by his private company and is therefore accounted for as "other external costs. As evidenced in note 6 below, the total amount invoiced by the CEO's private company was TSEK 984 in financial year 2014.

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

(TSEK)	2014		2013	
	Board of Directors and CEO	Other employees	Board of Directors and CEO	Other employees
Parent Company				
Sweden	–	–191	6,884	608
Subsidiaries				
Sweden	216	1,353	3,182	1,135
Congo, DRC	–	–	458	
Total Group	**216**	**1,162**	**10,525**	**1,743**

NOTE 5 – CONT

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

(TSEK)	2014		2013	
	Board of Directors	CEO	Board of Directors	CEO
Parent Company				
Sweden	–	–	–	299
Subsidiaries				
Sweden	–	–	–	351
Total Group	**–**	**–**	**–**	**650**

Information on absence due to illness is not relevant with so few employees. The Board of Directors had between 3–4 members during 2014, all of whom were men.

AGM's resolution on remuneration guidelines for management personnel
At the AGM held on June 4, 2014, the following resolution was made regarding guidelines for the remuneration of management personnel. The guidelines below are in force until the AGM of 2015.

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

Fixed salary
The basic remuneration of management personnel is a fixed salary based on the market, which is determined on an individual basis according to the criteria above, and the special skills of the person.

Retirement benefits
Retirement benefits for management shall be determined based on the market for equivalent positions, and are adjusted according to the special skills of the person. The retirement benefits shall, if possible, be defined by cost.

Non-monetary benefits
Non-monetary benefits (e.g. cell phone and computer) for management personnel shall assist in their work performance, and shall be consistent with customary benefits in the market.

Termination compensation and severance salary
Termination compensation and severance salary shall in no case exceed twelve months' salary.

Non-fixed salary
Non-fixed salary arrangements shall be available, in addition to fixed-salary arrangements, in certain situations. This type of compensation shall be clearly related to specific set goals, based on simple and transparent conditions. The non-fixed salary shall be linked to the employee's main area of responsibility and consist of one or more financial and/or operational parameters. The maximum amount will be no more than 50 percent of the fixed salary paid out to the employee in question during the period covered by the non-fixed salary.

In those cases where non-fixed salary is agreed for key management personnel, the salary shall be determined based on (a) achieving previously established goals on a group and individual level which are related to management and production results, as well as the financial development of the Company, and (b) taking into consideration the individual's personal development.

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

Positions covered under these guidelines
The guidelines shall cover the Managing Director and other positions which are part of the Group management.

Exception from the guidelines in special cases
The board has the right to make exceptions from the guidelines in individual cases where there are special reasons to do so.

Note 6 Compensations and other benefits: Board, CEO and management officials

(TSEK)	2014			2013		
	Director fee (according to resolution from general meeting)	Salary including social contribution	Other Benefits	Director fee (according to resolution from general meeting)	Salary including social contribution	Other Benefits
Board elected at August 2013 AGM						
Stefan Persson	–	–	–	250	–	–
Björn Rohdin, resigned October 2014	52	–	–	150	–	–
Svein Breivik, resigned October 2014	52	–	–	150	–	–
Ole Weiss	–	–	–	150	–	–
Erlend Dunér Henriksen (Deputy Board Member), resigned October 2014	–	–	–	–	–	–
Management 2013						
Thomas Carlsson (CEO January–April 2013)	–	–	–	–	2,096	372
Terje Lien (CEO May–July 2013)	–	–	–	–	926 [1]	–
Björn Rohdin (CEO August–December 2013)	–	–	–	–	236	–
Fredric Bratt (CEO of subsidiary Nickel Mountain Resources AB)	–	–	–	–	2,746	436
Board elected on June 2014 AGM						
Rikard Ehnsiö, resigned October 2014 [1]	100	–	–	–	–	–
Frank Dinhoff Pedersen, resigned October 2014	52	–	–	–	–	–
Board elected on October 2014 EGM						
Martin Nes	56	–	–	–	–	–
Jan Frode Andersen	33	–	–	–	–	–
Per Dalemo	33	–	–	–	–	–
Management 2014						
Torbjörn Ranta [1]	–	984	–	–	–	–

[1] Net amount invoiced from private company.

The number of employees in corporate management amounts to 1 (1).

Board members appointed at the June 2014 AGM receive a fee of SEK 250 thousand per year for the Chairman, and SEK 150 thousand per year for each ordinary Board Member, as established by the AGM.

The approved board member fees at the 2013 AGM were paid out to the Board members then appointed.

The EGM on October 10, 2014 appointed a new board. These new Board members were essentially allotted the same fees as decided by the June 2014 AGM. Fees paid were allocated in that those leaving in October 2014 received the determined fees proportionate to the shorter term served (June to October). For the three directors appointed in October 2014, fees are to be paid for the period October 2014 to June 2015. In this way, only the total fees determined by the June 4, AGM will be paid by the company and nothing else.

In fact, given that the EGM on October 10, 2014 maintained the fee levels paid to each Director, and the number of Directors was reduced from 4 to 3, overall board fees paid out will be slightly less than decided by the June 2014 AGM.

Note 7 Other external expenses

(TSEK)	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Financial advisory	–	–2,060	–	–2,060
Rent	–856	–731	–	–346
Fuel	–	–4	–	0
Travel	–240	–1,058	–115	–891
Legal counselling	–3,039	–2,840	–3,039	–2,797
Administrative costs related to listing	–672	–409	–654	–346
Food and subsistence	–25	–42	–20	–42
Consulting fees	–2,423	–2,858	–2,417	–2,653
Insurance	–233	–99	–202	–98
Others	–3,892	–4,710	–3,869	–4,033
Total	**–11,380**	**–14,812**	**–10,316**	**–13,266**

Remuneration to Auditors

Mazars				
Audit fees	650	1,756	400	1,756
Audit-related fees	19	–	19	–
Other fees	227	–	127	–
KPMG				
Audit fees	254	553	–	–
Tax advisory fees	215	–	215	–
PricewaterhouseCoopers				
Audit fees	388	–	338	–
Other fees	210	–	210	–
Total	**1,963**	**2,309**	**1,309**	**1,756**

Auditing comprises an audit of the Annual Report and an audit of accounts and the management carried out by the Board and the CEO. It also includes other assignments related to the work carried out by the auditor, as well as any need for advisory or other assistance that occurs as a result of the ordinary work carried out by the auditor.

Audit-related fees concern different types of services for assurance. Review of tax forms is considered as tax consultancy. Other assignments, for instance legal consultancy in excess of auditing, are related to issues other than taxes. The part of the Audit fees that is directly related to fundraising is accounted for in 'Equity'.

Note 8 Leasing

(TSEK)	Premises
Matures 2015 [1]	178
Matures 2016–2017	–
Matures 2018 <	–

[1] The amount relates to the rental contracts in Stockholm, Tärnaby and Boliden.

Note 9 Transactions with related parties

(TSEK)	2014	2013
Mr. Ole Weiss, Board Member of NMG AB, in 2013/2014, via his private company, invoiced NMG AB a net amount of 220,000 Danish kronor (DKK) for professional services related primarily to the African assets of the group. The work with African Diamond continued in spring 2014, and for this work NMG was invoiced 72,000 SEK.	72	261
Mr. Stefan Persson, current Chairman of NMG AB, during the autumn of 2013, via his private company, extended legal and administrative services over and above his normal duties as Chairman.	–	861
Mr. Erlend Dunér Henriksen, Deputy Board Member of NMG AB, was the main force behind the successful issue of interest free promissory notes to a circle of Norwegian investors during the autumn of 2013. For these financial advisory services, and for certain other investor relations work, Mr. Henriksen, via his private company Renud Invest AS, invoiced NMG 740 thousand NOK in that year. In the summer and autumn of 2014 he again provided certain additional administrative services which were invoiced to NMG in an amount of 47,000 SEK.	47	790
Mr. Svein Breivik, Board Member of NMG, was asked to handle an extensive process of negotiations with Norwegian banks and authorities in the autumn of 2013. For this work, Mr. Breivik received remuneration in addition to his Director fee.	–	50
Mr. Bjorn Rohdin, Board Member of NMG, and acting CEO during autumn 2013, extended certain administrative services to NMG over and above his normal duties as Board Member.	–	236
Total in TSEK	**119**	**2,198**

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

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

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

Altro Invest, the single largest shareholder of NMG between August 2013 and August 2014, supported NMG with a short-term loan facility during the second half of 2013. The facility was extended with a maximum drawdown amount of 4 MSEK. The interest rate was 7.5 percent per annum, with the loan formally expiring in early May 2014. Altro Invest converted this loan to equity in May 2014.

In addition, Board member Svein Breivik and Deputy Board member Erlend Henriksen offered short-term interest free loans to NMG in the fall of 2013. In total, NMG borrowed the equivalent of 600 TSEK from these two representatives. These loans were converted to equity in the spring of 2014. Then again Mr. Breivik was one amongst a group of 30 lenders extending NMG a one year interest bearing loan in the summer of 2014. In total, 1.1 MSEK was made available to NMG at an annual interest rate of 10 percent. Mr. Breivik's share of the loan amounted 100 TNOK. This loan of 1.1 MSEK was entirely repaid by NMG in early February 2015.

Altro Invest AB, NMG's former main owner repaid a negative balance (debt to NMG) in an amount of some 300 TSEK in the fourth quarter of 2014.

Further, Renud Invest AS, a company controlled by former Deputy Board Director Erlend Henriksen, extended certain minor consultancy services to NMG during the summer and autumn of 2014. These were settled after year-end 2014 in an amount of approximately 47 TSEK.

In the spring of 2014, much work was undertaken in order to prepare for and later carry out the spin-off of subsidiary African Diamond AB. Former Board member Ole Weiss through his private company Weiss International invoiced NMG 72 TSEK for part of the work.

During the autumn of 2014, due diligence (DD) work relating to NMG was undertaken by PwC (financial DD) and by Wistrand Advokatbyrå (legal DD) at the request of the new Board of Directors. While Board member Per Dalemo is a lawyer at Wistrand, the legal DD-work was conducted by other team members of this law firm. The cost for the legal DD work amounted to 162 TSEK net of VAT.

Related party balances as per year end

(TSEK)	2014
Long term loan from Ulrik Jansson	4,520
Accounts payable, invoices from Wistrands Law Firm	52
Short term loan from Svein Breivik	110
Total Debts	**4,682**

Note 10 Other long term investments

Via subsidiary Nickel Mountain Resources AB (owned to 99.6%)	Ownership	Book value
Nordic Iron Ore AB	1,93%	214
Tasman Metals	0.03%	145
Total		**359**

The long-term investments reported for 2013 were related to participation in equity accounted companies. At year-end 2014, these minor share interests in companies were transferred to other long-term investments for reporting purposes. This shift has had no effect on the Group result for 2013 or for 2014.

NMG subsidiary Nickel Mountain Resources' share of the 2013 result of Nordic Iron Ore AB amounts to –75 TSEK.

The book value of the shares in Nordic Iron Ore AB amounted to 214 TSEK by year end 2014 (previous year 214 TSEK). Nickel Mountain Resources also holds a minor interest in the company Tasman Metals Ltd. The book value of the shares held in Tasman Metals amounts to 145 TSEK (145 TSEK). Nickel Mountain Resources' share of the 2013 result of Tasman Metals Ltd amounts to 0 TSEK (0).

Note 11 Contingent assets, tangible, Intangible and financial fixed assets

(TSEK)	Group		Parent Company	
Mineral interests	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Acquisition value at start of period	720,657	717,528	–	–
Acquisitions/Capitalized during the report period (year)	5,162	3,129	–	–
Sales and retirements	–513	–	–	–
Acquisition value at year-end of the existing mineral interests	**725,306**	**720,657**	**–**	**–**
Depreciation and impairment				
Accumulated depreciation and impairment at beginning of year	–609,945	–499,039	–	–
Impairment during the year, discontinued operations	–3,685	–110,906	–	–
Accumulated depreciation and impairment at year-end	**–613,630**	**–609,945**	**–**	**–**
Exchange differences	*–*	*–598*	*–*	*–*
Net book-value at year-end	**111,676**	**110,113**	**–**	**–**

The impairment charge of -3,685 TSEK was recorded in the first quarter of 2014 and related to remaining immaterial assets in the African operations of NMG at that time (diamond business segment). These particular mineral interests were located in South Africa. The decision to carry out the impairment was based on the fact that NMG board and management at that time did not have financial resources to continue to develop said mineral interests. Subsequently, as described in other sections of this annual report, all the Africa-related operations of NMG were in June 2014 shifted out pro-rata to NMG shareholders via a dividend 1:1 of subsidiary African Diamond AB.

Sensitivity analysis of immaterial fixed assets (mineral interests)
An impairment test of the net book value of immaterial fixed assets in the consolidated balance sheet of Nickel Mountain Group was conducted at year-end 2014. The tool used was a discounted cash flow model. The model has been designed by NMG's technical independent consultant SRK Consulting (Sweden) AB within the framework of their Preliminary Economic Assessment ("PEA") reported by year end 2011. The economic model reflects the following main assumptions for the future nickel mine:

- 2 year construction period followed by a 19 year production life
- 528 million tons of nickel ore processed during the 19 year production life
- 429 thousand tons of pure nickel recovered and sold during the period
- Main by-product is magnetite of which 28.8 million tons of magnetite concentrate gets sold during the whole period
- Nickel price is 9 USD/pound
- Magnetite concentrate price is 105 USD/ton
- Total capital costs are 1.67 billion USD
- Total operating costs are 5.46 billion USD
- Return demand is 8 percent per year
- Exchange rate USD/SEK is 8 during the period

The resultant economic model gives a net present value of USD 1,045 million. The invested capital is paid back in the 7th model year, or in the 5th production year. The economic model does not incorporate financial costs, in other words it assumes full equity financing of the project. Maximum negative accumulated cash flow reached in the model is slightly more than 1,135 million USD. The model does not include corporate profit tax. This gives an internal rate of return (IRR) of 19.9%.

NOTE 11 – CONT

A sensitivity analysis of the main parameters of the model produces the following results:

Nickel price change –10%/+10%	NPV changes by –37%/+36%
Magnetite concentrate price change by –10%/+10%	NPV changes by –12/+12%
USD/SEK exchange rate changes by –10%/+10%	NPV changes by –33%/+27%
Total CAPEX changes by –10%/+10%	NPV changes by +12%/–12%
Total OPEX changes by –10%/+10%	NPV changes by +23%/–23%

Discussion of capital requirements and possible financing strategies

As discussed for example on page 8 of this annual report, heading "Going concern", there are various ways for the nickel project owner to realize the underlying value of the project. Provided all permits are obtained, and nickel prices and other key factors are satisfactory, the expected return on investment will as shown in the sensitivity discussion above prove attractive. Then enough capital needs to be secured. Firstly, it is not certain that NMG will be the only project owner at such point in time. Quite to the contrary, it is customary in the mineral industry to farm out and form various types of joint ventures. This is one way of moderating the financial requirements on NMG. Further, provided the results of the various feasibility studies get acceptable, loan financing will be aimed for, which reduces the need for equity financing. Yet another potential strategy is to exit in full before the development phase commences. Usually project returns are relatively high in the early phase when risks are high, and accordingly lower in the development phase when risks are perceived to be lower. It is not a given that NMG needs to be present at all in the development phase, but it is likely that it will be active at such point in time. In addition, the total capital expenditure over the project life is not equal to the maximum needed capital requirement. The capital expenditure is done in phases over life of mine, and sales revenues are expected to start already in project year number 3. Therefore the total estimated capital required is estimated to be far lower than the total capital expenditure.

Tangible assets

	Group		Parent Company	
Plant and machinery	**2014-12-31**	**2013-12-31**	**2014-12-31**	**2013-12-31**
Acquisition value at start of period	43,519	43,519	–	–
Acquisition	687	–	–	–
Sales and retirements	–43,219	–	–	–
Acquisition value at year-end of existing plant and machinery	**987**	**43,519**	**–**	**–**
Depreciation and impairment				
Accumulated depreciation according to plan at beginning of period	–43,273	–43,045	–	–
Sales and retirements	42,992	–	–	–
Depreciation and impairments during the year	–155	–228	–	–
Accumulated depreciation at year-end according to plan	–436	–43,273	–	–
Net book value at year-end of plant and machinery	**551**	**246**	**–**	**–**

Financial fixed assets

	Group		Parent Company	
	2014-12-31	**2013-12-31**	**2014-12-31**	**2013-12-31**
Acquisition value at start of period	30,390	465	192,338	223,755
Acquisition during the report period (year)	–	–	5,377	18,962
Acquisition of operations	–	50,000	–	50,000
Impairment / Value reduction	–30,000	–20,072	–30,000	–100,379
Net book value at year-end of financial fixed assets	**390**	**30,390**	**167,715**	**192,338**

Depreciation and impairment loss on tangible, intangible and financial fixed assets, remaining operations	Group		Parent Company	
	2014	**2013**	**2014**	**2013**
Impairment loss related to claims	–30,000	–20,000	–30,000	–20,000
Depreciation according to plan of plant and machinery	–155	–44	–	–
	–30,155	**–20,044**	**–30,000**	**–20,000**

NOTE 11 – CONT

Based on business segment, depreciation and impairment are distributed as follows:

	2014	2013
Nickel	–155	–44
Gold	–30,000	–20,000
Total	**–30,155**	**–20,044**

Impairment of receivable on Alluvia Mining Ltd at year-end 2013 and as year-end 2014 and the treatment of it as a contingent asset according to IAS 37

The receivable from Alluvia Mining Ltd is related to the proposed purchase of Ghana Gold in the spring of 2013. This disastrous transaction from NMG's perspective was put forward for approval by a Shareholders' Meeting in the spring of 2013. The purchase consideration was supposed to consist of a MSEK 50 cash payment and 50 million newly issued NMG-shares. The transaction was never approved in a correct way by the above-mentioned Shareholders Meeting, and was therefore supposed to be reversed according to the sales purchase agreement. In January 2013 a pre-payment of MSEK 50 was made by NMG, however this payment should have been returned as the purchase was never completed. This did not happen. Further, as a result of suspicions of fraud arising, a criminal investigation was initiated, the results of which have not yet been officially published. In parallel, NMG shareholders appointed a new Board of Directors in August 2013. At successive shareholder meetings in 2013 and in 2014, resolutions were repeatedly taken to in order to clear the way for demanding compensation from the people considered responsible for the transaction. After the completion of a legal analysis by the Company's legal advisors, a civil law claim was in June 2014 filed by NMG with the Stockholm District Court against four former board directors deemed responsible for the transaction, with NMG thereby demanding MSEK 55 in compensation plus accrued interest from June 2014. In view of the uncertainty with regard to the financial situation of Alluvia Mining Ltd itself and the respondents' financial possibilities to in the future pay the claimed amount in full, the nominal value of the claim was written down to MSEK 30 in the external accounts at the end of 2013. Thereafter the value of the claim was not subject to change until at year end 2014. At that point in time the conclusion was that the principal claim on the debtor, Alluvia Mining Ltd, a foreign offshore company, most likely was worth nil. The debtor has not responded to numerous contact attempts and seems to be insolvent or maybe even bankrupt. Therefore the claim on Alluvia Mining is probably worth zero while as the claim in accordance with the civil law suit against the former board members is the main valuable asset. It should also be considered that at the time of the disastrous event, NMG had paid for a liability insurance provided by a foreign insurance company covering the Board of Directors and Management. The insurance coverage cannot be claimed by NMG itself, but only by the former Board Directors should they be deemed liable by a court for the caused loss to NMG. The insurance coverage according to the policy was some 25 million SEK. As far as NMG understands, the insurance company has thus far not accepted to pay out insurance compensation with reference to various circumstances. NMG's legal advisors consider that it is unlikely that in the end the insurance company will succeed in rejecting the claims. On balance, NMG and its legal advisors consider that the prerequisites are very good for NMG to, via a court decision, with or without insurance compensation, succeed in securing the mentioned amount of MSEK 55.

Given the circumstances described above, that at as of now the principal claim on the debtor Alluvia Mining Ltd has zero value, but instead the compensation claim on the former board members is the primary valuable asset, the decision has been taken to treat this item as a contingent asset in accordance with IAS 37. The consequence of this is that the item must be removed from the group balance sheet. In the external accounts, this leads to an impairment of 30 million SEK as per end of December 2014. It is repeated that this has no relation whatsoever to the legal assessment of the case.

A pre-trial hearing is expected to be held in early autumn 2015. The defendants submitted their statements of defence in late-autumn 2014. The ruling by the Stockholm District court is expected in 2016. NMG estimates that the legal process will cost some 1–2 million SEK per year. Given an appeal to a higher court instance, the final ruling may take a couple of more years.

Note 12 Result from participations in group companies

	Parent Company	
	2014	2013
Result from participation in group companies	–	7,275
Total	**–**	**7,275**

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

Note 13 Financial items

(TSEK)	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Exchange gains	1,084	14	–	14
Interests	28	24	23	24
Sale of group company	2,000	–	2,000	–
Total financial revenue	**3,112**	**38**	**2,023**	**38**
Financial expenses				
Exchange losses	–2,291	–141	–2,273	–139
Interest	–838	–647	–838	–573
Total financial expenses	**–3,129**	**–788**	**–3,111**	**–712**

Note 14 Income tax

(TSEK)	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Actual tax	–	9,700	–	–
Deferred tax	–	–101	–	–
Actual tax reported in the income statement	**–**	**9,599**	**–**	**–**
Result before tax for continued operations	–41,218	–42,231	–41,142	–110,388
Expected tax according to Swedish tax rate 22%	9,068	9,291	9,051	24,285
Other non-taxable/non-deductible	–6,167	–4,745	435	– 24 393
Tax losses for which no deferred tax asset was recognized	–2,901	5,053	–9,486	108
Tax related to remaining operations	**–**	**9,599**	**–**	**–**

The accumulated tax related deficit of the Group amounted to 70 MSEK by year end 2013. To this should be added the estimated negative tax deductible results of the Swedish entities for 2014 in the amount of approximately 19 MSEK.

No current or deferred tax claims or tax liabilities were accounted for at year-end 2014. Deferred tax claims were not accounted for as deductions of loss because it is not probable that future taxable profits will be available. Deficit deduction can be used without any time limit. Deferred tax related to subsidiaries registered outside Sweden was not considered as the Board of NMG has estimated its future value to be 0.

Note 15 Earning per share

	2014	2013
Result related to Parent Company's shareholders, including discontinued operations	–45,986	–110,088
Average number of shares during the reporting period [1)]	29,804,775	18,174,922
Result per share before and after dilution (SEK), including discontinued operations	–1.54	–6.06
Result per share before and after dilution (SEK), excluding discontinued operations	–1.38	–1.79

[1)] The average number of shares or 2013 was adjusted for the reverse share split of 10:1 carried out on December 13, 2013.

Note 16 Long term receivables

(TSEK)	2014	2013
Deposition Bergsstaten	31	31
Total	**31**	**31**

Note 17 Other short term receivables

(TSEK)	Group 2014	2013	Parent Company 2014	2013
V A T receivables	505	146	399	133
Receivable on partnership	–	–	–	7,275
Other receivables not subjected to interest	191	2,556	185	921
Total	**696**	**2,626**	**584**	**8,329**

There is no provision for doubtful receivables.

As of December 31, 2014, the analysis of other short-term receivables that were past due, but not impaired is as follows:

			Past due but not impaired				
(TSEK)	Total	Neither past due nor impaired	<30 days	30–60 days	60–90 days	90–120 days	>120 days
2013	**2,626**	–	133	921	–	–	1,572
2014	**696**	–	696	–	–	–	–

Note 18 Prepaid expenses and accrued income

(TSEK)	Group 2014	2013	Parent Company 2014	2013
Prepaid insurance fees	56	21	16	7
Prepaid costs	43	147	1	147
Prepaid rents	62	39	48	6
Others	–	1	–	–
Year-end balance	**161**	**208**	**65**	**160**

Note 19 Cash and cash equivalents

As of December 31, 2014, cash and cash equivalents of the Group were 61,502 TSEK (15,288 TSEK). These liquid assets all consisted entirely of bank deposits. The Parent Company's cash and cash equivalents as of December 31, 2014 were 61,366 TSEK (5,036 TSEK).

Note 20 Development of the share capital

Date	Transaction	Increase of number of shares	Increase of share capital	Total number of shares	Total share capital	Face value (SEK)
2013-01-01	Opening balance			181,749,225	45,437,306.25	0,25
2013-12-13	Reversed share split	–163,574,303	0	18,174,922	45,437,306.25	2.50
2013-12-31	Reduction of the share capital without redemption of shares	0	–36,349,845.25	18,174,922	9,087,461	0.50
2014-01-27	Set-off issue	3,052,799	1,526,400	21,227,721	10,613,860.50	0.50
2014-05-28	Set-off issue	1,474,619	737,309.50	22,702,340	11,351,170	0.50
2014-11-18	New share issue	68,107,020	34,053,510	90,809,360	45,404,680	0.50

There were 181,749,225 shares outstanding as at January 1, 2013. Par value per share was SEK 0.25. The share capital was SEK 45,437,306.25 at the beginning of 2013. During the rest of the financial year 2013, there were no share issues registered. At the AGM on August 2, 2013, a reverse share split of 10:1 was approved. Thereafter there were 18,174,922 shares outstanding. The EMG held on November 22, 2013 elected to reduce the share capital by changing the par value per share from SEK 2.50 to SEK 0.50. The effective date was December 13, 2013. The share capital reduction was finally registered by the end of the first quarter of 2014.

There is only one class of shares, and all of the shares carry one vote. The EGM held on November 22, 2013 gave a mandate to the Board of Directors to issue up to 18,174,922 new shares with a deviation from the shareholders' preferential rights valid until the next Annual General Meeting. Thereof, 3,052,799 shares were issued in a debt conversion transaction at the end of January 2014. Thereafter there were 21,227,721 shares outstanding. In May 2014 a second shares for debt issue was carried out that year. As a result 1,474,619 new shares were issued. Then, in October 2014, a fully underwritten rights issue was conducted. In total 68,107,020 shares were subscribed to at an issue price of NOK 1 per share. By year end 2014 total number of shares therefore amounts to 90,809,360.

Note 21 Ownership structure as at March 2, 2015

Name	Holdings	Ownership, %
Strata Marine & Offshore AS	27,151,999	29.9%
Solan Capital AS	9,427,581	10.4%
Kristianro AS	4,882,162	5.4%
Six-Seven AS	2,082,973	2.3%
Aroma Holding AB	2,000,000	2.2%
Tvenge Torsein Ingvald	1,785,160	2.0%
Obligasjon 2 AS	1,606,644	1.8%
ABK Villmarkshytta AS	1,400,000	1.5%
Frøiland Invest	1,000,000	1.1%
Saxo Bank A/S	965,647	1.1%
MP Pensjon PK	917,018	1.0%
Heggelund Jan	770,683	0.8%
Tanja A/S	769,232	0.8%
Myklebust Olav	746,014	0.8%
Arctic Funds PLC	722,989	0.8%
Sæter Haakon Invest	716,042	0.8%
Kvamme Kjartan	630,000	0.7%
Constratum AS Nil	500,000	0.6%
Hauglund Tom	500,000	0.6%
Fjellheim Verdi AS	485,000	0.5%
Total number of shares owned by top 20	**59,059,144**	**65.0%**
Total number of shares in Norwegian VPS-System	90,712,150	99.9%
Total number of shares including Swedish Euroclear-system	90,809,360	100.0%

Source: Oslo Market Solutions

Note 22 Deferred tax liabilities

(TSEK)	Group 2014	2013	Parent Company 2014	2013
Deferred tax at beginning of the year	–	–34,087	–	–
Reversal of deferred tax provision resulting from impairments	–	34,087	–	–
Total	**–**	**–**	**–**	**–**

Deferred tax liabilities

The recognition of the carrying amount of an asset will be recovered in the form of economic benefits that flow to the entity in future periods. When the carrying amount of the asset exceeds its tax base, the amount of taxable economic benefits will exceed the amount that will be allowed as a deduction for tax purposes. This difference is a temporary difference and the obligation to pay the resulting income taxes in future periods is a deferred tax liability. As the entity recovers the carrying amount of the asset, the taxable temporary difference will reverse and the entity will have taxable profit. This makes it probable that economic benefits will flow from the entity in the form of tax payments.

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

Note 23 Convertible loan

Norrlandsfonden provided a 5 MSEK convertible loan during 2010 to be used unconditionally as working capital for RNP. Norrlandsfonden provides risk capital loans for small- and medium-sized companies in Sweden's five northernmost counties.

The convertible loan was issued based mainly on the following conditions:

- The maturity date of the convertible loan was set for August 31, 2018.
- The loan runs with an annual interest rate of STIBOR 90 (Stockholm Interbank Offering Rate) plus an interest surcharge of 4 percent to be paid quarterly.
- In case of conversion, following the reverse share split 10:1 in December 2013, the conversion rate per share will be SEK 560.
- 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 percent (on an annual basis) on the loan amount during the period that it has been utilized by NMG.

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

The table shows the future payments on the convertible loan (including interest payment):

(TSEK)	Group 2014	2013	Parent Company 2014	2013
6 months or less	100	100	100	100
6-12 months	100	100	100	100
1-5 years	5,434	5,434	5,434	5,434
	5,634	**5,634**	**5,634**	**5,634**

Note 24 Other long-term liabilities

Other long term-liabilities are primarily represented by a long-term loan provided by Mr. Ulrik Jansson.

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

The table shows the future expected payments of other long-term liabilities loan (including interest payment):

(TSEK)	Group 2014	2013	Parent Company 2014	2013
6 months or less	0	0	0	0
6–12 months	0	0	0	0
1–5 years	5 440	5 440	5 440	5 440
	5 440	**5 440**	**5 440**	**5 440**

Note 25 Accounts payable

(TSEK)	Group 2014	2013	Parent Company 2014	2013
Accounts payable	1,560	2,925	1,388	2,440
Total	**1,560**	**2,925**	**1,388**	**2,440**

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

Note 26 Other liabilities

(TSEK)	Group 2014	2013	Parent Company 2014	2013
Personnel related liabilities	–	659	–	317
Short-term interest bearing loan from Altro Invest AB	–	3,799	–	3,799
Other short-term interest bearing loan	1,099	–	1,099	–
Interest free promissory note loans	–	11,806	–	11,806
Other short-term liabilities	46	1,121	–	1,121
Total	**1,146**	**17,385**	**1,099**	**17,043**

Note 27 Accrued expenses and prepaid income

(TSEK)	Group 2014	2013	Parent Company 2014	2013
Accrued personnel vacation costs	116	320	–	12
Accrued social security charges	10	27	–26	15
Calculated accrued social security charges	–	101	–	4
Special remuneration taxes	–	239	–	87
Accrued remuneration of the board	156	1,027	156	1,027
Accrued consultant fees	304	1,125	230	1,124
Accrued interest related to long-term loans	781	511	781	511
Accrued legal costs	377	–	377	–
Accrued audit costs	575	–	550	–
Other accrued costs	156	496	118	371
Year-end balance	**2,475**	**3,846**	**2,186**	**3,152**

Note 28 Pledged assets and contingent liabilities

(TSEK)	Group 2014	2013	Parent Company 2014	2013
Deposition "Bergsstaten"	31	31	–	–
Total	**31**	**31**	**–**	**–**

Note 29 Shares and participations in subsidiaries and associated companies

Parent Company

Company	Corporate id no	Domicile	No of shares	Share	Currency	Book value (TSEK)	Equity (TSEK)	Result (TSEK)
Nickel Mountain Resources AB	556493-3199	Stockholm	26,710,291	99.6%	SEK	97,247	43,473	–1,429
Subsidiaries of Nickel Mountain Resources AB								
Nickel Mountain AB	556819-1596	Stockholm	10,100,000	100%	SEK	57,051	56,748	–118

Book value of shares in subsidiaries

(TSEK)	2014	2013
Acquisition value at start of period	102,635	102,635
Accumulated write downs of shares in subsidiary at start of period	–5,388	–5,388
Net book value at year-end	**97,247**	**97,247**

NickelMountain

Note 30 Receivables on group companies

(TSEK)	Parent Company 2014	2013
Opening balance receivables related to subsidiaries	65,091	121,120
Impairment of receivables related to subsidiaries	–	–74,991
Lending to subsidiaries	5,377	18,962
Receivables related to Group companies at year-end	**70,468**	**65,091**

Note 31 Discontinued operations

The 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 at the time, and to confer to 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 were distributed as a dividend on a 1:1 basis in proportion to the number of Parent Company shares held on the record date.

The table below presents the revenues and costs related to discontinued operations. These amounts have been excluded from the consolidated statement of loss for the group.

(TSEK)	12 months 2014	12 months 2013
Other operating income	186	–
Other external expenses	–1,277	–96
Personnel expenses	–	–458
Depreciation/impairment of fixed assets	–3,710	–111,090
Operating result	**–4,801**	**–111,644**
Result from financial items		
Financial revenue	12	–
Financial expenses	–	–
Total financial items	**12**	**–**
Result before tax	**–4,789**	**–111,644**
Income tax	–	34,087
Loss from discontinued operations	**–4,789**	**–77,557**

The table below presents the cash flow related to discontinued operations. The amounts have not been excluded from the consolidated statement of cash flow.

(TSEK)	12 months 2014	12 months 2013
Cash flow from operations:		
Result after financial items	-4,789	-111,644
Adjustments for non-cash items [1]	3,710	111,090
Total cash flow from operations before change in working capital	**-1,079**	**-554**
Total cash flow from change in working capital	1,019	291
Total cash flow used for investments	-	-
Total cash flow from financial activities	-	-
Change in cash and bank	-60	-263
Cash and bank 1 January	60	323
Cash and bank at the end of reporting period	**0**	**60**

[1] *Adjustments for non-cash items*

Impairment losses on intangible fixed assets	*3,685*	*110,906*
Depreciation of tangible fixed assets	*25*	*184*
Total	*3,710*	*111,090*

Note 32 Financial risk management

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

Exchange rate and metal price risks

Through its operations, NMG is exposed to both exchange rate risks and metal price risks, in that changes in exchange rates and metal prices affect the Group's profits and projections of future cash flow. The pricing terms for NMG's products are principally determined on financial markets such as the London Metal Exchange (LME), the London Bullion Market (LBMA), and the currency and money markets. The Group's exchange rate and metal price exposure covers transaction exposure and translation exposure.

Transaction exposure

NMG's transaction exposure comprises both binding undertakings and forecast cash flows.

NOTE 32 – CONT

Exposure to forecast cash flows
Forecast exposure arises from the fact that a substantial percentage of the Group's future income – primarily that relating to extracted metals and to treatment and refining charges – is affected by fluctuations in metal prices and exchange rates. NMG continuously calculates the way changes in the currency markets or metals markets affect the Group's future financial position. NMG's policy is not to hedge metal prices, nor to hedge the currencies of the Group's future income in a normal commercial environment. NMG will use financial derivative instruments in order to limit the risks in certain scenarios. The Group will use futures and option agreements to hedge against metal price and/or exchange rate fluctuations in relation to income from forecast metal sales.

Translation exposure
When net investments in foreign operations are converted into Swedish kronor, a translation difference arises in conjunction with exchange rate fluctuations, and this has an impact on the Group's other comprehensive income.

Interest rate risk
Fluctuations in market interest rates affect the Group's profits and cash flows. The speed with which a change in interest rates impacts on the Group's net financial items depends on the fixed interest term of the loans. By the end of the year 2014, the Group had a limited interest bearing loan burden, such that the exposure to interest rate risk is considered limited.

Refinancing and liquidity risk
The term "refinancing and liquidity risk" refers to the risk that NMG will be unable to extend existing loans or to meet its payment undertakings due to insufficient liquidity. NMG limits its refinancing risk by aiming for a good spread in terms of financing sources. The refinancing requirement is reviewed regularly by NMG. The refinancing requirement is dependent, first and foremost, on market trends and investment plans. A deterioration in the global economic climate may entail increased risks with respect to profit performance and financial position, including the risk of NMG incurring conflicts with loan terms and conditions.

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

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

Note 33 Financial instruments

Financial assets within the Group mainly consist of short-term investments, other receivables, and cash. All financial assets are classified as loans and receivables, and are reported at amortized cost. Financial liabilities are mainly related to long-term liabilities, accounts payable and other payables. Financial liabilities are valued at amortized cost.

Sensitivity analysis – Financial liabilities
By the end of 2014, the Group had two interest bearing long-term loans amounting to 5 MSEK and 4 MSEK, respectively. The 5 MSEK loan matures on August 31, 2018 and carries an interest rate equal to STIBOR 90 (Stockholm Interbank Offered Rate) plus 4 percent per annum. Since STIBOR is nearly zero for the time being, a change in STIBOR of +/– 10 percent only affects the result of the Group by +/– SEK 305 on an annual basis. The second loan of 4 MSEK matures in May 2016 and carries a fixed interest rate of 12 percent per annum. Since NMG does not expect that it will be required to repay either the loan principal or the interest, and given that the interest rate is fixed during the period, NMG is not concerned with interest rate sensitivity in respect of this particular loan. At maturity, if NMG is obliged to repay the 4 MSEK loan, the final payment is estimated at some 5.44 MSEK.

Note 34 Related party disclosure

Company	Domicile	Share (%)
Nickel Mountain Resources AB	Stockholm	99.60%

Board and management of Nickel Mountain Group AB

Board members elected prior to AGM 2014	Elected	Resigned
Stefan Persson	August 2013	June 2014
Björn Rohdin	August 2013	October 2014
Sven Breivik	August 2013	October 2014
Ole Weiss	August 2013	June 2014
Erlend Dunér Henriksen [1]	August 2013	October 2014
New Board members elected at AGM on June 4, 2014		
Rickard Ehnsiö	June 2014	October 2014
Frank Pedersen	June 2014	October 2014
New Board members elected at EGM on October 10, 2014		
Martin Nes	October 2014	Still serving
Jan Frode Andersen	October 2014	Still serving
Per Dalemo	October 2014	Still serving

[1] Deputy Board Member.

NOTE 34 – CONT

Management 2013–2014
Thomas Carlsson (Acting CEO between January–April 2013)
Terje Engstrom Lien (Acting CEO between May–July 2013)
Björn Rohdin (Acting CEO between August–December 2013)
Fredric Bratt (CEO Nickel Mountain Resources AB between January–April 2013)
Torbjörn Ranta (CEO as from January 1, 2014)

Compensation of key management personnel in the Group
Refer to note 5 for information concerning compensation to management personnel and members of the Board.

Balances of the Parent Company, its subsidiaries and associates are shown in the balance sheet and in notes 29 and 30. The Parent Company has provided administrative services free of charge.

Transactions
The Group has not granted loans, issued guarantees or provided sureties to any of the members of the Board or senior executives of the company. For more information about transactions with related parties see note 5, 6 and 9.

Note 35 Capital management

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

The Group manages its capital structure and makes adjustments based on changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended December 31, 2013 and December 31, 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group includes within net debt, interest-bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

(TSEK)	2014	2013
Interest-bearing loans and borrowings (note 23, 24, 26)	10,099	9,000
Trade and other payables (note 25, 26, 27)	5,181	24,156
Less: cash and short-term deposits (note 19)	–61,502	–15,288
Net debt	**–46,222**	**17,868**
Equity	160,794	124,784
Capital and net debt	114,572	142,652
Gearing ratio	–40.34%	12.53%

Note 36 Fair value estimation

The table below analyses financial instruments as at December 2014 carried at fair value, by valuation method. The different levels have been defined as follows:

- **Level 1:** Quoted prices in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data.

Assets (TSEK)	Level 1	Level 2	Level 3	Total
Other long term investments	–	–	359 (0)	359 (0)
	–	**–**	**359 (0)**	**359 (0)**

All other financial assets and debts are a reasonable approximation of fair value and not reported according IFRS 7.29. The terms and conditions regarding the long term debts have not changed and are also a reasonable approximation of fair value.

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

Note 37 Events after the end of the reporting period

Summary of events:
Following the end of the reporting period, NMG's legal representatives assessed and responded to the statements of defense from defendants in the legal claim process, which NMG initiated in relation to the 2013 Ghana Gold transaction. In addition, NMG began further work on tasks within the framework of the ongoing RNP PFS. In early February 2015, the Company repaid in full the minor short-term interest bearing debt of about 1.1 MSEK secured in the summer of 2014 for working capital purposes. On the currency markets, the Norwegian NOK currency has strengthened versus the Swedish SEK since the beginning of 2015; NMG holds the major part of its liquid assets in NOK. In the middle of April 2015, NMG decided to view the claim on Alluvia Mining as a contingent asset according to IAS 37 instead of as a conventional asset. The consequence of this was a removal of this asset from the balance sheet and an additional cost item of MSEK 30 booked in the last quarter of 2014. Lastly, the prolongation of one of NMG's exploration permits has been appealed to the courts by various project opponents. NMG believes this granted permit will be upheld, just as was the case with the exploitation concessions challenged earlier.

Note 38 Financial key ratios

Return on shareholders' equity
The profit for the year as a percentage of average shareholders' equity in the last 12 months.

Return on capital employed
Operating profit divided by the average capital employed. The average capital employed for each year consists of an average of the closing capital employed in the last 12 months.

Balance Sheet total
The sum of the assets side or liabilities side of the Balance Sheet.

Dividend yield
Dividend per share as a percentage of the share price.

Equity/assets ratio
Shareholders' equity as a percentage of the Balance Sheet total.

Free cash flow
Cash flow from operating activities including cash flow from investment activities.

Average number of employees
The average number of employees during the year converted to full-time positions.

Cash flow per share
The cash flow for the period divided by the average number of outstanding shares.

Net debt
Interest-bearing current and long-term liabilities (including pension liabilities) less financial assets (including liquid assets).

P/E ratio
The share price divided by earnings per share.

Earnings per share
The net result for the period divided by the average number of outstanding shares.

Net debt/equity ratio
The net of interest-bearing provisions and liabilities less financial assets including liquid assets divided by shareholders' equity.

Operating profit (EBIT)
Revenues less all costs attributable to the operations, but excluding net financial items and taxes.

Capital employed
The Balance Sheet total less interest-bearing investments, tax receivables and non-interest-bearing provisions and liabilities.

Shareholders' equity per share
Shareholders' equity divided by the number of outstanding shares.

Total return
The total of the share's performance during the year plus dividend paid divided by the share price at the beginning of the year.

Abbreviations

Lb	= pound	= 0.4536 kg
Oz	= ounce = troy ounce	= 31.104 gram
Ct	= Carat	= 0.2 gram
USD	= American dollar	
SEK	= Swedish kronor	
NOK	= Norwegian kronor	
EUR	= Euro	
NI	= Nickel	
Au	= Gold	

Responsibility Statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2014 have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU, and generally accepted accounting principles in Sweden, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the Administration Report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Stockholm, April 28, 2015

Martin Nes *Chairman of the Board*	Jan Frode Andersen *Board Member*	Per Dalemo *Board Member*

Torbjörn Ranta
Managing Director

Our audit report has been submitted on April 28, 2015.

PricewaterhouseCoopers AB

Johan Palmgren
Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of Nickel Mountain Group AB (publ), corporate identity number 556227-8043

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of Nickel Mountain Group AB (publ) for the year 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 5–51.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Other matters
The audit of the annual accounts for 2013 was performed by another auditor who submitted an auditor´s report dated 2 June 2014, with modified opinions in the Report on the annual accounts. The auditor did not believe they had sufficient audit evidence concerning the financing of the

company to confirm if the going concern assumption was correct and as such also the value of assets connected to the company's exploration of nickel. The auditor could neither agree nor disagree to recommend the annual meeting of shareholders adopt the income and balance sheet statements for the parent company and the statement of comprehensive income and statement of financial positions for the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Nickel Mountain Group AB (publ) for the year 2014.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Gothenburg 28 April 2015

PricewaterhouseCoopers AB

Johan Palmgren
Authorized Public Accountant

Corporate Governance Report

This corporate governance report is published within the context of the annual report of NMG for the financial year 2014. As is now well known, and partly described in the attached annual report, in the preceding financial year (2013) there occurred a very serious violation of good corporate governance within the NMG group. However, thanks to attentive and decisive minority shareholders, a large part of the negative effects of this violation of good corporate governance was overcome by the company. Therefore, it is underlined by the current Board of Directors and management that shareholders need to continue to monitor the corporate governance issues in NMG group.

NMG is a Swedish limited liability company listed on the Oslo Stock Exchange. NMG's corporate governance is based on the Swedish Companies Act and the regulations of the Oslo Stock Exchange. The Corporate Governance Report has not been subject to review by the company's Auditors.

Governance of the NMG Group

Corporate Governance is designed to try to ensure that NMG is governed in line with the owners' interests. Increased transparency gives different groups of owners a good insight into the company's operations, thereby contributing to efficient governance. Shareholders exercise their right of decision at the Annual General Meeting (and at any Extraordinary General Meeting), which is the company's supreme decision-making body. The Board of Directors is normally appointed at the Annual General Meeting and the company's CEO is appointed by the Board of Directors. The company's accounting and the administration of the company by the Board of Directors and the CEO are reviewed by auditors appointed by the Annual General Meeting. The Chairman of the Board is also convening a Nomination Committee, which is authorized to appoint two additional members for the committee to be representatives of the two biggest shareholders. The Nomination Committee drafts proposals that are put to the Annual General Meeting with regard to elections of the Board of Directors and auditors.

Shareholders

NMG has a share capital of SEK 45,404,680 based on 90,809,360 outstanding shares at the date of the annual report for financial year 2014. There were a total of about 6,000 shareholders at the end of 2014. The largest individual owner at the turn of the year was Norwegian company Strata Marine & Offshore AS. For further information on the shareholder structure of NMG, see note 21 of the Annual Report for the financial year 2014.

Annual General Meeting

The assignments of the Annual General Meeting include the election of members of the Board and the Chairman of the Board, the adoption of the Income Statement and Balance Sheet, resolutions on allocation of the company's result and discharge from liability for the members of the Board and the CEO of the company, the determination of fees payable to the auditors and the principles governing conditions of employment and remuneration for the CEO and senior executives and, where relevant, the adoption of Articles of Association, the election of auditors, and resolutions on matters relating to the Nomination Committee. The 2014 Annual General Meeting was held on June 4 in Stockholm. There were 13,292,001 shares present and voting either in person or through their proxies representing some 58.5 percent of all shares and votes outstanding at that time. The Meeting resolved to elect four Board members and one Deputy Board Member. The ordinary elected Board Members were Rikard Ehnsiö, Björn Rohdin, Frank Pedersen and Svein Breivik. Rikard Ehnsiö was elected as the Chairman of the Board. Erlend Dunér Henriksen was elected as Deputy Board Member.

The Meeting further resolved:

- *Discharge from liability:* The Meeting decided not to discharge any of the Board members active between January 1 and August 2, 2013 from liability. The board members and management active during the period August 3 to December 31, 2013 were discharged from liability.

- *Fees:* The fees to be paid to the new Board of Directors were set by the Meeting at a total of SEK 700 thousand (preceding year: SEK 700 thousand), with SEK 250 thousand allotted to the chairman and SEK 150 thousand allotted to each of the other members of the Board. It was resolved that the fees to the auditors would be paid according to reasonable invoices approved by the Company.
- Nomination Committee: The Meeting resolved to establish a Nomination Committee for the next Annual General Meeting whereby the two largest shareholders in the Company as per September 30, 2014, would appoint one representative each who together with the Chairman of the Board should comprise the Nomination Committee.
- Guidelines for remuneration of senior management: The Meeting approved the guidelines proposed by the Board regarding remuneration to the CEO and other leading officials in the senior management.

Extraordinary General Meeting (EGM) held on October 10, 2014

Following Strata Marine & Offshore AS becoming the main owner of NMG on August 29, 2014, an EGM was convened for October 10, 2014. On the agenda items was the election of a new Board of Directors consisting of three ordinary board members and no deputies. At this meeting Martin Nes was elected Chairman of the Board and Jan Frode Andersen and Per Dalemo, respectively, were elected ordinary Board members.

NMG's corporate governance structure

Auditors

Elected by the general meeting to review the accounts, bookkeeping and the administration by the Board of Directors and the CEO.

Shareholders

About 6,000 shareholders, mainly based in Norway. Exercise control via Annual General Meetings and Extraordinary General Meetings.

Board of Directors

Consists presently of 3 ordinary members elected by the Extraordinary General Meeting held on October 10, 2014.

CEO and Group Management

The CEO directs the operations together with other members of the Group management

Remuneration Committee

Currently the entire board constitutes the Remuneration Committee

Nomination Committee

Comprised of 3 members, the committee submits proposals to the AGM

Duties of the Nomination Committee

The Nomination Committee is tasked with drafting proposals for resolution by NMG's Annual General Meeting. The proposals relate to the election of members of the Board, the Chairman of the Board and fees payable to the Board and its committees. The focus of the Nomination Committee's work is on ensuring that the company's Board of Directors comprises members who, collectively, possess the knowledge and experience that corresponds to the requirements made on the company's most senior governing body by shareholders. Information on the way in which shareholders can submit proposals to the Nomination Committee has been published on NMG's website and in a press release published on December 17, 2014. Full details of the Nomination Committee's proposals will be presented in the Notice convening the Annual General Meeting and in information provided on the company's website.

The Nomination Committee in Nickel Mountain Group AB ahead of the 2015 AGM has consisted of Mr. Martin Nes (Chairman), Mr. Lars Christian Stugaard (representing Strata Marine & Offshore AS) and Mr. Gunnar Hvammen (representing Solan Capital AS). Together they represent some 40 per cent of the capital and votes in Nickel Mountain Group AB.

The Board of Directors

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

The composition of the Board

The Board of Directors was initially comprised of four ordinary members plus one non-ordinary member elected by the Annual General Meeting on June 4, 2014. Thereafter, on October 10, 2014 at an Extraordinary General Meeting convened in Stockholm, a new Board was appointed consisting of three directors and no alternates.

The Board Meetings are attended both by the ordinary members and by the non-ordinary members (if any) and by the CEO, who attends the meetings on behalf of Group management. Other members of Group management and other executives also attend and present reports on specific issues, as required. Of the ordinary Board members elected by the EGM on October 10, 2014, one is to be regarded as independent in relation to major shareholders. The members of the Board are presented on page 58 in this annual report and on NMG's website. For more detailed information on attendance at Meetings and independence, see the table above.

The responsibilities of the Board of Directors and the Chairman

The Board of Directors is appointed by NMG's owners to bear the utmost responsibility for the organization and management of the company's affairs. The Board normally adopts a Work Plan every year at the Board Meeting following the election, held after the Annual General Meeting. An Audit Committee has not yet been appointed. The Chairman of the Board guides the work of the Board and monitors NMG's operations through an on-going dialogue with the CEO. The Board receives information on NMG's economic and financial position through regular updates and at Board Meetings. Prior to every Board Meeting, the Chairman and the CEO review the agenda to be discussed at the Meeting and supporting documents for the Board's discussion of the issues are sent to the members approximately one week before each Board Meeting (at least one weekend is targeted to be in between the reception of the supporting documents and the actual meeting).

Name	Elected	Resigned	Presence at board meetings 2014 4)	Determined Board director Remuneration (SEK) 2)	Independent of major shareholders 3)	Independent of Company and Management
Board members elected prior to AGM 2014						
Stefan Persson	August 2013	June 2014	9/20	250 000	No	Yes
Björn Rohdin	August 2013	October 2014	16/20	150 000	No	No
Svein Breivik	August 2013	October 2014	16/20	150 000	Yes	Yes
Ole Weiss	August 2013	June 2014	9/20	150 000	Yes	Yes
Erlend Dunér Henriksen 1)	August 2013	October 2014	14/20	None	Yes	Yes
New Board members elected at AGM on June 4, 2014						
Rikard Ehnsiö	June 2014	October 2014	1/20	250 000	No	Yes
Frank Pedersen	June 2014	October 2014	5/20	150 000	Yes	Yes
New Board members elected at EGM on October 10, 2014						
Martin Nes	October 2014	Still serving	4/20	250 000	No	Yes
Jan Frode Andersen	October 2014	Still serving	4/20	150 000	No	Yes
Per Dalemo	October 2014	Still serving	4/20	150 000	Yes	Yes

1) Deputy Board Member.
2) The approved board member fees at the 2013 AGM were paid out to the board membes then appointed. The EGM on October 10, 2014 appointed a new board. These new board members were essentially given the same fees as decided by the June 2014 AGM. Those fees were split in proportions so that those leaving in October 2014 got the determined fees but proportionate to the shorter term (June–October). For the 3 directors appointed in October 2014, fees will be paid out but for the period October 2014–June 2015. In this way, only fees determined by the June 4, AGM will be paid by the company and nothing else. In fact, since the EGM on October 10, 2014 decided to pay out unchaged fees per elected Director, and the number of Directors was reduced from 4 to 3, fees paid out will be slightly less than decided by the June 2014 AGM.
3) The main shareholder as per the date of the annual report for 2014 is not the same main shareholder that controlled the single biggest share interest as at end of 2013.
4) Of 20 BoD-meetings in 2014, 7 were held with physical presence, 9 were organized as telephone conferences and 4 were conducted per capsulam.

The Board of Directors' work in 2014
The Board of Directors held twenty Board Meetings in 2014. Of these, sixteen were held in the period between the start of the year and the Extraordinary General Meeting on October 10, 2014. Four Meetings were accordingly held between that EGM and the end of the year.

Evaluation of the Board's work
The Chairman ensures that the Board and its work are evaluated annually and that the results of the evaluation are conveyed to the Nomination Committee. The evaluation is carried out by the Board itself under the guidance of the Chairman.

Remuneration Committee
There was no work carried out on behalf of Remuneration Committee during 2014 due to the very limited number of employees. Otherwise the Remuneration Committee is required to submit proposals for resolution by the Board regarding salaries and other terms of employment for the CEO. The Committee also approves proposals regarding salaries and other terms of employment for Group management, as proposed by the CEO. The Remuneration Committee works on the basis of a set of Instructions for the Remuneration Committee adopted every year by the Annual General meeting. Thus during the financial year 2014, the remuneration committee was comprised of the whole Board.

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

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

Group management prepares proposals regarding strategic plans, business plans and budgets, which are submitted to the Board for approval. The CEO leads the work of the Group's management, which holds regular meetings to review operations.

Auditors
At the June 2014 AGM's of the parent company Nickel Mountain Group AB and of the two subsidiaries, Nickel Mountain Resources AB and Nickel Mountain AB, the following items were decided: Mr. Johan Kaijser, senior auditor from the audit firm Mazars Set Revisionsbyrå AB, was initially re-elected to serve as the auditor of the Parent Company and of the Group until the conclusion of the 2015 Annual General Meeting. For the two subsidiaries, audit firm KPMG with responsible main auditor Birgitta Gustafsson was also re-elected to serve until the spring 2015 AGM. In all cases, remuneration was to be paid to the auditors in accordance with invoices received as agreed. The system based on two different auditors for the two different corporate levels was deemed not optimal from a cost perspective. The new Board of Directors appointed at the October 10 EGM decided to address this issue. To this end, at the EGM held on December 17, 2014, only one audit firm was appointed to audit the accounts for financial year 2014 for both the Parent Company, and the subsidiaries. PricewaterhouseCoopers (PWC), with responsible auditor Johan Palmgren, was elected to serve until the conclusion of the AGM's in the spring of 2015. See note 8 for information on remuneration disbursed to auditors in 2014.

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

Control activities
Various types of control activities are carried out within the Group and within every different aspect of the accounting and reporting process on an ongoing basis. Control activities are carried out in order to manage known risks and to detect and rectify any errors and discrepancies in financial reporting. With regard to financial control within the NMG Group, almost the entire cash balance within the Group is held in accounts

owned by the Parent Company of the Group, Nickel Mountain Group AB in Stockholm. These are either located in Stockholm or in Oslo. NMG uses one major Swedish bank for these purposes. The subsidiaries submit cash requirements on a regular basis which are reviewed by Parent Company management and are then discussed with the Managing Director of each subsidiary, respectively. An external bookkeeping firm handles the external accounting for all units of the Group. Payments are handled by the bookkeeping firm for most of the Group units, and confirmations are required from a number of different people in order for payments to be authorized.

Information and communication

External information is provided and communication is conducted in accordance with the Oslo Stock Exchange regulations. All information must be communicated in a discerning, open and transparent manner.

Business Process Improvement

Systems, processes and controls within the Group are identified, followed up, improved and developed continuously. Areas identified, in conjunction with audits, as having scope for improvement are documented, analyzed and executed.

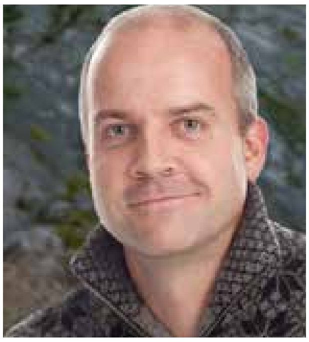
Group management

Torbjörn Ranta

CEO
(since January 1, 2014)

Mr. Ranta has more than 15 years of international and commercial experience from publicly listed companies in the natural resources industry (mainly in oil and gas).
Mr. Ranta worked as CEO for Vostok Nafta Investment Ltd. from 1996 to 2001 and later as CEO for Vostok Oil Ltd. from 2001 to 2002. Between 2004 and 2009, he was CEO of Central Asia Gold, a gold exploration and production company. Since 2009, he has worked as a senior consultant to external clients such Alpcot Capital Management Ltd. with a focus on Eastern Europe. He has held directorships on the boards of Vostok Nafta Investment Ltd, North Atlantic Natural Resources, Central Asia Gold AB, Malka Oil AB, Tomsk Refining AB and Urals Energy Ltd. He is currently a board member of Swedish oil company Petrogrand AB. He has a degree in Business Administration from the Stockholm School of Economics.
Mr. Ranta is a Swedish citizen and resides in Stockholm, Sweden.
Shareholdings in NMG: 0

Johan Sjöberg



Chief Geologist

Johan Sjöberg holds a B.Sc. Honours in Geology from Uppsala University in Sweden. He has worked in the mining and exploration industry in gold and base metals exploration and project geology. He began his career in 2004 with Dragon Mining Sweden AB, as Mine Geologist and was later involved in near mine exploration, drilling campaigns, resource estimation and generation of geological models. In 2010, he joined Wiking Mineral AB as Project Geologist for Northern Sweden, where he managed field exploration including deep exploration drilling and geophysical surveys. Johan Sjöberg joined Nickel Mountain AB as Chief Geologist in 2012. Mr. Sjöberg is a Swedish citizen and resides in Boliden, Sweden.
Shareholdings in NMG: 0

Board of Directors

Martin Nes

Chairman, member of the Board of Directors since October 2014.

Martin Nes is Chief Executive Officer and Partner of investment firm Ferncliff TIH AS. He has a law degree from the University of Oslo and also holds a Master of Laws' degree from the University of Southampton, UK. Mr. Nes has extensive board experience with listed companies, and is currently chairman in S.D. Standard Drilling Plc, board member in Diagenic ASA and Saga Tankers ASA, and is a deputy board member in Weifa ASA and Aqualis ASA. Mr. Nes joined Ferncliff TIH AS in March 2008 after having worked several years as a lawyer, both in Oslo and London. Mr. Nes is a Norwegian citizen and resides in Oslo, Norway.

Shareholdings in NMG: 0

Jan Frode Andersen

Member of the Board of Directors since October 2014.

Jan Frode Andersen is a Director of investment firm Strata Marine & Offshore AS which is the largest single shareholder of Nickel Mountain Group. He is also a board member at KA Rasmussen, a Norwegian-based leading firm within the precious metal industry He has an international business degree from the University of Arizona (Hons.) and also holds a MBA from the Norwegian School of Management in Oslo. Mr. Andersen has previously worked for Norwegian company Tandberg and for US based Cisco Systems. Mr. Andersen has extensive experience with M&A transactions, supply chain and change management. He has also worked as a TV commentator for NRK and ViaSat and has been among the 135 best tennis players in the world. Mr. Andersen joined Strata in April 2012. Mr. Andersen is a Norwegian citizen and resides in Oslo, Norway.

Shareholdings in NMG: 1,000,000

Per Dalemo

Member of the Board since October 2014.

Per Dalemo is a Partner and member of the board at Wistrand in Gothenburg. He has a law degree from the University of Gothenburg. He previously worked for MAQS Law firm and for New Wave Group. Mr. Dalemo advises public and private firms in a wide variety of M&A transactions, including strategic mergers and consolidations, purchases and sales of public and private companies. He frequently advises boards in connection with their evaluation of potential M&A opportunities and other strategic alternatives. Mr. Dalemo joined Wistrand in 2009. Mr. Dalemo is a Swedish citizen and resides in Gothenburg, Sweden.

Shareholdings in NMG: 0

Addresses

Head office – Stockholm, Sweden
Nickel Mountain Group AB (publ)
Hovslagargatan 5B, bv
111 48 Stockholm
Sweden
Office telephone: +46 8 402 28 00
Fax: +46 8 402 28 01
E-mail: info@nickelmountain.se
www.nickelmountain.se

Scandinavia, Stockholm
Nickel Mountain Resources AB
Hovslagargatan 5B, bv
111 48 Stockholm
Sweden
Office telephone: +46 8 402 28 00
Fax: +46 8 402 28 01
E-mail: info@nickelmountain.se
www.nickelmountain.se