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**Nickel Mountain Group (“NMG”) puts further development costs relating to Rönnebäcken nickel project (“RNP”) on hold**

- **NMG puts further RNP development costs on hold. The decision necessitates an impairment of the immaterial fixed assets in the group balance sheet of MSEK 82 booked in the second quarter of 2015.**
- **The impairment does not have any impact on net liquidity or cash flow of the group and the group balance sheet remains strong**
- **NMG Board and management will re-analyze the RNP project and also review other business opportunities in accordance with the amended Articles of Association approved at the recent June 3 AGM**

As previously informed, NMG has during the first quarter of 2015 looked in to the RNP magnetite concentrate by-product issue more in depth. A global leading steel industry consultancy firm submitted a report at the end of April 2015. The report suggested that NMG cannot rely on selling the magnetite by-product as a substitute for iron ore, but needs to invest significant amounts in order to produce a value added product based on the magnetite.

As stated in the Q1 2015 report the most favored value adding option would be to construct a plant for producing merchant pig iron (“MPI”). NMG would potentially be able to produce and sell up to 1.1 million tons per annum of MPI. This would correspond to some 10% of the available net exports on the global market. The surplus electricity generated would in such a case amount to almost 1 billion kWh per annum (1 TWh). The capital expenditure would be approximately 800 MUSD for such a facility. This is an increase by 50% compared to the capex estimate of 1.6 billion USD performed by consulting firm SRK in 2011 – 2012. The latter report was for RNP as a stand alone nickel project.

The Board of Directors and management of NMG have thoroughly considered the information received and consequently arrived at the following conclusions:

- The suggested commercialization option of the by-product makes the whole project more capital intensive and complex than earlier anticipated.
- If the project shall be restarted, the pre-feasibility study (“PFS”) would need to be redesigned to include the MPI plant and the electricity generation.
- The future nickel price would need to be significantly higher than today in order to generate a fair return on a potentially redesigned RNP-investment.

All these issues listed above combined with the continued and repeated challenges of the various permits awarded by the Swedish Chief Mine Inspector, makes it necessary for NMG to reconsider its RNP project approach. This will take time and involvement of partners.

To conclude, NMG has decided to temporarily discontinue the ongoing Pre-Feasibility Study and to put further development costs on hold. This decision also necessitates an adjustment in the group balance sheet of the immaterial fixed assets. The whole RNP-project is therefore impaired by approximately 75% with immediate effect. This results in an impairment charge estimated at MSEK 82, which is booked in the second quarter of 2015. Group equity amounted to MSEK 159.8 as at end of March 2015. Remaining group equity after the impairment charge will therefore proforma amount to MSEK 78 corresponding to approximately SEK 0.86 SEK per share. The size of the impairment charge is of preliminary nature at this stage, and NMG will review its internal valuation models, and arrive at a final figure in the Q2 2015 report in August.

The write-down will also be reflected in the Parent company balance sheet, where the value of the subsidiary shares and receivables from subsidiaries will need to be adjusted, and on subsidiary level loans from the Parent company will be largely converted to new equity in order to preserve a sound financial situation in all group entities.

The impairment charge is not in itself tax deductible, but in the longer run if realizing a loss on subsidiary level, a tax asset may arise.

The NMG group balance sheet remains very strong with liquid assets of MSEK 57.8 and external interest bearing debt of approximately MSEK 9 as at end of Q1 2015. It should be added that NMG has for IFRS reasons at end of 2014 removed the claim on Alluvia Mining Ltd/the old board directors with a nominal amount of MSEK 55 plus accrued interest from the group balance sheet. This has nothing to do with the legal process. NMG believes the prerequisites are favourable for returning a significant part of this claim in the coming years.

The impairment charge does not affect cash flow or net liquidity of the group.

Quoting Torbjörn Ranta, Managing Director of NMG: *"NMG is a small public junior exploration company appraising one the largest nickel projects in the world. We can definitely not finance the development stage on our own, and even financing the PFS program is a challenge. The understanding that NMG not only must deal with the current depressed nickel price, but also be able to take a 10% market share of the global MPI trade and produce 1 billion kWh per annum of electricity makes the project much more complex. We simply need to reconsider the project approach together with our advisors to ascertain that we maximize shareholder value in NMG. While we re-analyze RNP we will also review other business opportunities. NMG has, through its major shareholder in Norway, access to a continuous deal flow."*

For and on behalf of the Board of Directors of Nickel Mountain Group AB

Torbjörn Ranta

Managing Director

For information, please contact Torbjörn Ranta

Mail: [torbjorn.ranta@nickelmountain.se](mailto:torbjorn.ranta@nickelmountain.se)

Tel: + 46 8 402 28 00  
Cell Phone: +46 708 855504

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