

December 12, 2011

RÖNNBÄCKNÄSET RESOURCE BACKGROUND

Geology of the Rönnbäcknäset deposit

The Rönnbäcknäset deposit comprises two separate serpentinized orebodies separated by 80 m to 140 m of chloritic phyllite. The orebodies dip at approximately 45° west in the north and flatten out into a bowl shaped geometry to a dip of roughly 30° north in the southwest. The deposit has a strike length of roughly 2.4 km and a width of up to 400 m at its widest point.

The upper orebody is thin and of less economic interest and is likely not present in the southwestern area. It is overlain by pelitic phyllites, while chlorite dominates altered phyllite between the upper and lower slab. The lower serpentinite orebody that is of economic interest is divided into four units:

1. Upper serpentinite unit.
2. Lower serpentinite unit.
3. Mafic intrusion unit (pyroxenite).
4. Low sulphur unit.

The mafic intrusion is found mainly between the upper and lower serpentinite unit throughout the area. The low sulphur unit is found in the two western sections in the Rönnbäcknäset south area. Below the lower serpentinite horizon, pelitic phyllites occur. In the phyllite, minor quartz conglomerate horizons occur within a couple of metres of the serpentinite contact.

The dominant nickel mineralization is limited to the serpentinite body with a hard contact to the host metasediments. The internal mafic unit contains low levels of nickel mineralization, in addition to internal zones of non-mineralized serpentinite. The Rönnbäcknäset deposit consists of a single serpentinite body that strikes in an east-west orientation to the south-western portion of the deposit and a north-south orientation in the north-eastern portion of the deposit.

History of the Rönnbäcknäset Deposit

On December 11 2007, an exploration license was granted for Rönnbäcksjön nr 2, which encompassed the Rönnbäcknäset deposit. Subsequently, the Rönnbäcksjön nr 8 exploration permit was granted to Nickel Mountain AB on November 4, 2010, effectively replacing the previous permit.

On June 23, 2010 exploitation concession Rönnbäcken K nr 2 covering the Rönnbäcknäset deposit was granted by the Mining Inspectorate of Sweden (Bergsstaten).

The Company commenced its Phase 1 drilling campaign, comprising approximately 8,000 metres, in April 2008. In October 2008, the company commenced the Phase 2 drilling campaign, also comprising approximately 8,000 metres, which was completed in January 2009. A first NI 43-101 compliant Mineral Resource of the Vinberget and Rönnbäcknäset deposits was prepared by Scott Wilson RPA in April 2009. Subsequent to this, a winter drill programme was initiated in December 2009, part of which was aimed at drilling at Sundsberget. This programme continued into 2010 until the end of March. All drilling has been diamond core drilling. An update of the Resource Estimate for the Vinberget and Rönnbäcknäset deposits was prepared in April 2010 by SRK Consulting (Sweden)

AB to incorporate results of the 2009/2010 winter drill program, which provided a significant increase in volumes over the previous resource estimate. SRK stated following in this report: *"The Whittle optimisation was also run at Rönnbäcknäset to include all unclassified material and to highlight the down dip potential should future exploration drilling confirm the down dip extension to the mineralisation. It is the opinion of SRK that an additional tonnage of between 40 and 80 Mt exists at the Rönnbäcknäset deposit, when applying a metal price of 9 US\$/lb to the optimisation and assuming future exploration drilling succeeds in intersecting the mineralised serpentinite body"*.

In a drilling program, begun in the summer/fall of 2010 and ended March 2011, the down dip extension of the Rönnbäcknäset South deposit was one of the targets. The results for seven of the drill holes from this drill program have not yet been communicated. The seven drill holes included six holes drilled at the Rönnbäcknäset South down dip extension and one hole drilled at the proposed concentrator plant location.

The Rönnbäcknäset deposit is open down dip of the existing drill data, and pit optimization studies undertaken by SRK showed as mentioned above potential to increase the resources in this direction. Following this latest drill program, the company finalised testing of the drill holes to determine the depth extension of mineralization at Rönnbäcknäset. The holes intersected the serpentinite approximately at expected depths, and initial indications are that sulphide nickel grades are broadly consistent with the rest of Rönnbäcknäset.

The objective of testing of the new drill hole data from the Rönnbäcknäset down dip

In SRK's Mineral Resource Estimate report from April 2010, in order to determine the mineral resource estimate for Rönnbäcknäset, and to comply with the NI 43-101 guidelines, SRK subjected the resulting blocks in the block model to a Whittle pit optimization exercise. This exercise determined the proportion of the material defined that has a reasonable prospect of economic extraction. The exercise was not intended to generate a mineral resource estimate; it is purely used to assist in determining the possible extent of the resource model (refer to Figure 1). The Whittle optimization required the input of reasonable processing and mining cost parameters in addition to appropriate pit slope angles and processing recoveries. For Rönnbäcknäset, SRK assumed a nickel price of US\$11.00/lb in a Whittle open pit optimization exercise to limit the material reported to that which SRK considers has reasonable prospects for eventual economic extraction and applied a cut off grade of 0.031% Ni-AC representing the calculated marginal cut off grade for the deposits.

SRK also proposed a drill program based on the Whittle optimization model and designed to gain sufficient data from areas able to be included it to the mineral resource. Nickel Mountain Resources chose to drill six of SRKs proposed holes in the Rönnbäcknäset South down dip extension.

As seen in Figure 1 below, these new drill holes are shown with red collars located between the green and the brown pits. The green pit represents the latest mineral resource statement, and the brown pit defines the area of mineralization which has a reasonable prospect of economic extraction. The latter is intended to be incorporated into an updated resource estimation should its mineralisation grade, thickness and dip be similar to the previous resource. The company is also aiming to upgrade the Inferred resources in the Rönnbäcknäset South area (refer to Figure 2) to the Indicated category. The single drill hole shown to the north-west is a sterilization hole drilled to ensure that there is no mineralisation in this area, which is the planned location for the concentrator plant.

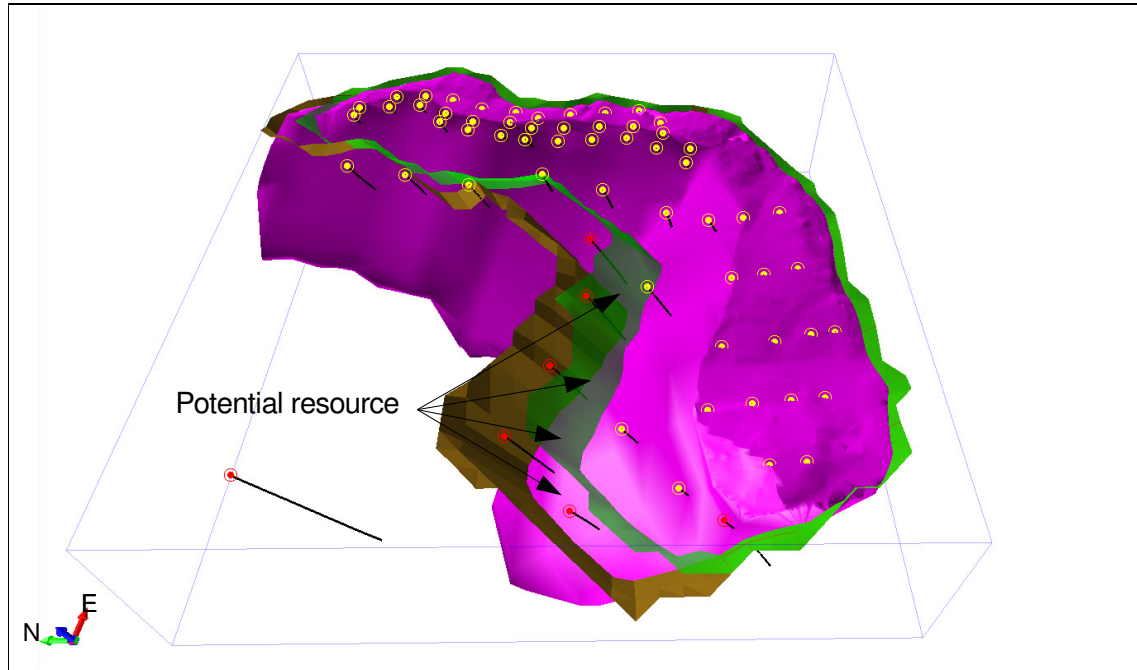


Figure 1. Rönnbäcknäset down dip extension drilling potential to add resource, looking east. Purple=serpentinite, Yellow Collar=drill hole included in existing resource estimate, Red Collar=new drill holes, Green pit=current resource estimation pit, Brown pit=material defined that has a reasonable prospect of economic extraction.

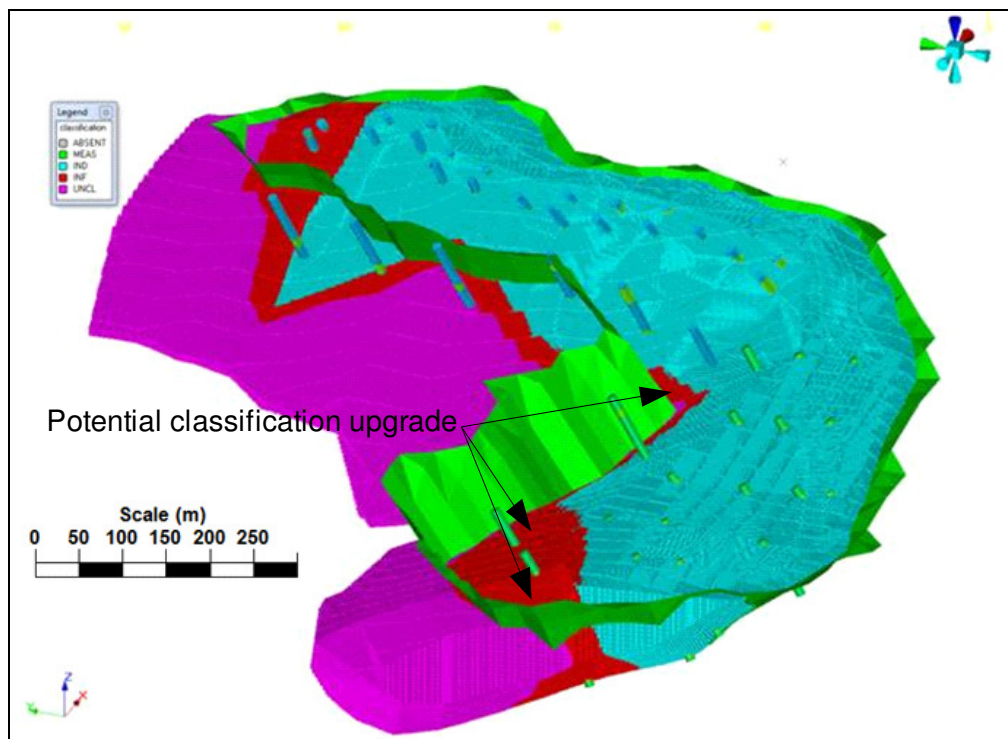


Figure 2. Rönnbäcknäset pit shell with classified mineral resource (SRK). Blue=Indicated resource, Red=Inferred resource, Purple=unclassified resource, Green=pit shell.