



**NORDIC
MINING**

INTERIM REPORT

Per 31 March 2017



OAX: NOM

Minerals for a sustainable future

Group interim report for the quarter ended 31 March 2017

Nordic Mining is a resource company with focus on high-end industrial minerals and metals in Norway and internationally. The Company's project portfolio is of a high international standard and holds a significant economic potential. The Company's assets are in the Nordic region.

Nordic Mining is undertaking a large-scale project development at Engebø in Sogn and Fjordane where the Group has rights to a substantial eclogite deposit with rutile and garnet. Permits for the project have been granted by the Norwegian government. Nordic Mining has rights for exploration and production of high-purity quartz in Kvinnherad in Hordaland. Nordic Mining's associated company Keliber Oy in Finland plans to start mining of lithium bearing spodumene and production of lithium carbonate. Nordic Mining holds exploration rights on the Øksfjord Peninsula in Troms and Finnmark where the Company has discovered a prospective area of sulphide mineralisation. Nordic Mining is also exploring opportunities related to seabed mineral resources.

Nordic Mining is listed on Oslo Axess with ticker symbol "NOM".

Important events in the first quarter 2017 and year-to-date:

Corporate overview

- **Profitable first quarter due to upgrade of Keliber value**
In Q1 2017, the total net result for the Group was positive. The net profit from the associated company Keliber amounting to NOK 10.2 million was higher than the Group's operating loss. The positive result from the associated company is explained from reversal of previous impairment and a profit resulting from recent equity issues in Keliber where Nordic Mining's shareholding were reduced (deemed disposal).
- **Fully financed for planned development activities in 2017**
- **Value increasing feasibility studies well under way**
The ongoing feasibility studies for the Engebø rutile and garnet project (pre-feasibility study - PFS) and the Keliber lithium project (definitive feasibility study - DFS) are important ongoing value increasing activities. Both studies will be completed in the second half of 2017.

Engebø rutile and garnet project

- **Mining and processing planning based on two attractive minerals**
The Engebø project will be developed as a dual mineral operation with rutile and garnet, providing strategic and commercial strength and flexibility.
- **Crushing and grinding circuit defined**
A comprehensive and systematic test program has been completed, and the chosen crushing and grinding setup demonstrates high performance in terms of mineral liberation and operational parameters.
- **Significant progress in rutile process test work**
The test work program has achieved a rutile product of 95% TiO₂ at recoveries exceeding 50%. Work is ongoing to improve the recovery even further whilst maintaining product quality. The process solution is based on industry standard process technology, combining methods such as magnetic, gravimetric and electrostatic separation.
- **Garnet optimisation test work ongoing**
Garnet production is divided in coarse and fine product streams. Fine garnet products have been produced to market specifications, and focus is now on developing the coarse garnet production flowsheet.

- **Improved market outlook for rutile and garnet**
Product prices for titanium feedstock, including rutile, has increased over the last months. Going forward, the supply/demand balance is expected to further tighten, and the price outlook is positive. The garnet market is developing and the demand growth in the coming years is expected to be higher than the general growth of the global economy (GDP).
- **Increasing production and sales potential for Engebø garnet**
Updated market perspectives for garnet indicate that the long-term sales target for the Engebø project will exceed the previously communicated level of 200,000 tonnes per annum.

Keliber lithium project

- **Positive lithium market development**
The lithium market is developing positively, and product prices have increased. The demand for lithium in various applications is growing fast, in particular related to batteries for electric/hybrid vehicles and energy storage where the expected annual growth rate in the coming years is estimated at a level of 14% (Roskill). Contract prices for lithium carbonate have generally doubled in 2017 compared to 2016. Going forward, a tight market balance for battery grade lithium carbonate is expected. Current spot prices in China are reported to be well above the indicated contract level of USD 13 – 14,000 per tonne.
- **Good progress on definitive feasibility study**
A comprehensive work program is ongoing related to the definitive feasibility study (DFS) which is aiming to provide a solid foundation for the subsequent project financing to implement the lithium project.
- **Construction start in 2018**
Keliber's current plan targets completion of the ongoing permitting process and start of construction in 2018.
- **Financing of project development work**
In March 2017, Keliber executed a private placement with gross proceeds of EUR 5.0 million. A repair issue was executed in April, also with gross proceeds of EUR 5.0 million. In addition, an incentive share issue for board members was completed in April with proceeds of EUR 0.1 million. Nordic Mining participated pro-rata to its shareholding in the repair issue. Following from the equity issues year-to-date in Keliber, Nordic Mining's shareholding is approximately 22%.

Other

- **Completion of second tranche of private placement**
In January 2017, Nordic Mining completed the second tranche of the private placement which was initiated in December 2016. The gross proceeds were around NOK 6.9 million. The second tranche of the private placement was approved by the extraordinary general meeting on 10 January 2017.
- **Annual report 2016**
Nordic Mining's annual report for 2016 was published 24 April 2017.
- **Ordinary general meeting**
The ordinary general meeting in Nordic Mining will take place on 23 May 2017.

Financial performance

For comparison, numbers in brackets relate to the first quarter of 2016.

The Group is developing mineral projects and has so far no sales revenues from its operation. The Group's operating loss in the first quarter was NOK -10.1 million (NOK -3.2 million). In the first quarter in the comparative period in 2016, the Group capitalised NOK 7.7 million in exploration and evaluation expenses, mainly related to the Engebø rutile and garnet project. In 2017, the operating expenses are related to costs

in connection with the ongoing pre-feasibility study (PFS) for the Engebø project and general corporate expenses which do not qualify for capitalisation.

The Group's investment in Keliber is classified as shares in an associated company. Nordic Mining's shareholding in Keliber is approximately 22%. The net profit from the associated company in the first quarter was NOK 10.2 million (NOK -0.5 million). The net profit includes Nordic Mining's pro rata share of Keliber's loss at an amount of NOK -2.0 million, reversal of previous impairment at an amount of NOK 5.1 million, and a profit at an amount of NOK 7.1 million following from a deemed disposal related to Nordic Mining's reduced shareholding in Keliber. The reversal of impairment and the profit resulting from the deemed disposal follow from the positive development work in Keliber, e.g. the completed PFS indicating an economic viable lithium project, and the value appraisal following from recent equity issue to new investors in Keliber.

The carrying amount for Nordic Mining's investment in Keliber as per 31 March 2017 is NOK 25.2 million (31 December 2016: NOK 15.0 million). Compared with the estimated valuation subsequent of recent equity transactions in March/April 2017 the Group's carrying value for the investment in Keliber remains modest.

The total net result for the Group in the first quarter was positive at an amount of NOK 11,000 (NOK -3.7 million).

Cash flow from the Group's operating activities was negative in the first quarter with NOK -9.9 million (NOK -5.1 million). Net cash used in investment activities was NOK -0.2 million (NOK -9.1 million). The Group's investment in Keliber's repair issue, approximately NOK 11.5 million, took place in April 2017, ref. note 6 to the financial statements. Net cash flow from financing activities was NOK 6.5 million (NOK 0) arising from the share issue in January 2017.

As per 31 March 2017, the Group's cash and cash equivalents amounted to NOK 62.6 million (NOK 15.7 million).

Nordic Mining's total assets as of 31 March 2017 were NOK 110.8 million (NOK 49.2 million) and the Group's total equity amounted to NOK 103.4 million (NOK 39.3 million). This gives an equity ratio of 93% (80%).

Main projects and activities

Engebø rutile and garnet project

General project information

The Engebø deposit is one of the largest unexploited rutile deposits in the world and has among the highest in situ grade of rutile (TiO₂) compared to existing rutile producers and development projects. The deposit also contains significant quantities of high quality garnet, representing a valuable revenue potential and consequently the project will be developed as a dual mineral operation.

Significant progress in PFS test work

Nordic Mining has appointed Hatch for technical advisory services and coordination of the Engebø pre-feasibility study (PFS). Hatch is a leading and highly reputable international mining and processing specialist with extensive experience across the mining industry, including titanium feedstock and other industrial minerals.

Various comminution and process tests related to production of commercial rutile and garnet products have been completed or remain ongoing. Several tonnes of material from Engebø have been shipped to certified laboratories and other facilities for test work. In South-Africa, a comprehensive comminution test program with various crushing and milling techniques has been completed. The chosen crushing and grinding setup demonstrates superior performance in terms of mineral liberation and operational parameters.

On the beneficiation side, the test work program in Australia has achieved a rutile product of 95% TiO₂ at recoveries exceeding 50%. Work is ongoing to improve the recovery whilst maintaining product quality. Garnet production is divided in coarse and fine product streams. Fine garnet products have been produced to market specifications, and focus is now on developing the coarse garnet production flowsheet. Variability

tests will be executed to test the flow sheet for variations in ore feed. The process solution is based on industry standard process technology, combining methods such as magnetic, gravimetric, and electrostatic separation.

From a processing and revenue perspective the Engebø project will be developed as a dual mineral operation. Commercially, this provides strength and flexibility. In the PFS assessments, commercial strategies and optimisation of capacities and financial key figures will be balanced to secure a robust business case.

Mine planning optimisation

Mine planning for the open pit and the subsequent underground operation is ongoing. The open pit scheduling and the applied mining methods underground will be optimised for a safe and financially sound project.

For the PFS financial analysis, mainly the estimated resources in the measured and indicated categories in accordance with the JORC code will be included. The substantial resources in the inferred category will outline the additional potential related to increased geological knowledge of the deposit.

Permitting completed

In January 2017, the EFTA Surveillance Authority informed that it has closed three complaint cases against Norway's permitting of the tailings disposal for the Engebø project. The Norwegian government approved the zoning plan for the project in 2015 and the discharge permit was final in 2016.

In January 2017, the Norwegian Directorate of Mining extended the extraction permits for the Engebø project with 10 years from 12 November 2017. Consequently, the expiry date for the extraction permits is now 12 November 2027. The extraction permits are held by the wholly owned subsidiary, Nordic Rutile AS.

Positive commercial outlook

Europe has a significant supply deficit of titanium feedstock, including rutile, and no garnet production. Consequently, supplies from Engebø will represent a substantial opportunity and a logistical advantage for customers in Europe.

Industrial information indicates that the average rutile price (95% TiO₂) in 2016 was around USD 800 per tonne. Recent reports indicate a tightening market balance and increasing prices following from higher demand and reduced material in stock in the TiO₂ value chain. In the coming years, the production from current producers is expected to go down due to depletion of operating deposits. Analysts' consensus long-term price estimate for rutile remains at a level of USD 1,050 per tonne.

The main applications for garnet are in waterjet cutting, sand blasting and for various abrasives. Prices vary depending on quality and application. Based on the substantial garnet content in the Engebø deposit and updated market information, Nordic Mining evaluates the marketing strategy for garnet. Updated market perspectives for garnet indicate that the long-term sales target for the Engebø project will exceed the previously communicated level of 200,000 tonnes per annum. As the target assumes a broad product spectre, including the higher priced coarse quality currently in the test work process, an average sales price in the range USD 200 – 250 per tonne is preliminarily indicated.

Keliber lithium project

General project information

The associated company Keliber in Finland has several deposits of high quality lithium mineral suitable for extraction and production of high-purity lithium carbonate. Lithium carbonate has a variety of applications, e.g. for batteries which takes up an increasing share of the total global lithium consumption.

As per the date of this report, Nordic Mining owns approximately 22% of the share capital and is the largest shareholder in Keliber.

Steady DFS progress

Keliber has assigned the global engineering and consultancy company Hatch for the coordination of the definitive feasibility study (DFS). The aim of the DFS is to provide a good base for the subsequent project financing to implement the lithium project.

Various test work has been executed related to ore sorting, beneficiation and lithium carbonate production. Small quantities of lithium carbonate are produced to support commercial discussions.

Basic engineering is ongoing related to the lithium plant at Outotec and Metso. The main purpose is to provide estimates for the investments and operating costs as well as to create a firm basis for the subsequent detailed engineering and outline of technical specifications for the main equipment enquiries.

Compared with the financial analysis in the PFS, various improvements have been identified, and these will be incorporated in the DFS analysis. Also updated and improved market assumptions and other project parameters including revised resource and reserve estimates resulting from a 4,000 meters winter drilling campaign will be reflected in the DFS.

During the last months, Keliber has strengthened its management team with a permanent CFO and a chief geologist with the purpose to prepare the organisation for the next development phases.

Equity financing successfully completed

In March 2017, Keliber executed a private placement with gross proceeds of EUR 5.0 million. A repair issue was executed in April, also with gross proceeds of EUR 5.0 million. In addition, an incentive share issue for board members was completed in April with proceeds of EUR 0.1 million. Nordic Mining participated pro-rata to its shareholding in the April repair issue.

Environmental permitting

Keliber has a mining license for the Länttä lithium deposit and permits for mining, operation and waste disposal for Länttä and for production of lithium carbonate at its planned processing plant at Kalavesi in Kaustinen municipality.

Preparations are ongoing for permit applications related to other deposits and for revision of the processing plant permit due to increased production rate from 6,000 to 9,000 tonnes of lithium carbonate per year. A good dialogue has been established with various authorities to secure an efficient permitting process. Keliber's tentative timetable targets completion of the permitting process and start of construction in 2018.

Commercial outlook

Over the last year, lithium carbonate prices have increased substantially. Prices for battery grade lithium carbonate are reported around and above USD 20,000 per tonne in the dominant Asian markets.

The battery grade lithium carbonate (>99.5% Li_2CO_3) is used in the cathode part of the batteries. Lithium carbonate of $\geq 99.9\%$ purity is used in the manufacturing of electrolyte solutions for lithium-ion batteries. Lithium-ion batteries are used in electric and hybrid vehicles and electronics like tablets, mobile phones and laptops. To an increasing extent lithium-ion batteries are also used for energy storage, mainly related to production of renewable energy, e.g. solar, wind etc.

Contract prices for lithium carbonate have generally doubled in 2017 compared to 2016. Current spot prices in China indicate a continued tight supply/demand balance. The contract price level for lithium carbonate in 2017 is in the range of USD 13,000 – 14,000 per tonne which is substantially higher than the assumption in Keliber's PFS.

Kvinnherad quartz project

General project information

Nordic Mining has exclusive rights for the investigation and development of a quartz deposit in Kvinnherad municipality in Norway. Studies and tests show that the quartz has a low content of contaminants and

therefore can be regarded as a high-purity type of quartz. Processing tests of blasted surface samples show that high-purity quartz concentrates with a total level of impurities less than 15 ppm can be made. This is in the range of the highest grade quartz qualities on the market.

Nordic Mining continues dialogues with international companies with commercial interests in the quartz value chain. The purpose is to explore scenarios for development of the deposit and investigate partnership models and financing options in order to progress the project.

Significant resource estimates

In 2016, an independent assessment was completed based the results from core drilling in 2015 and previous exploration work. A model of the quartz deposit was developed according to international standards and practice. A quartz-containing mineral resource of 2.92 million tonnes in the indicated category and 1.34 million tonnes in the inferred category was estimated. The quartz content of the deposit is on average 65%. The resource estimates are in accordance with the JORC Code.

Seabed minerals

General project information

Nordic Mining through the subsidiary Nordic Ocean Resources (NORA) has taken first-mover initiatives related to seabed mineral exploration in Norway. Current assessments indicate a substantial potential for discovery of metallic ore deposits along the Norwegian part of the Mid-Atlantic Ridge and possible significant economic values within Norway's exclusive economic zone. NORA has applied for mineral exploration rights in promising areas within the Norwegian jurisdiction.

The MarMine project

The Norwegian Research Council has granted NOK 25 million to MarMine, a 4-year research project on marine mineral resources. The project has a strong industrial basis and participation. In addition to NORA, Statoil, Kongsberg Maritime, Technip, DNV GL and several other companies and knowledge institutions participate. The Norwegian University of Science and Technology in Trondheim (NTNU) is the project coordinator.

An exploration cruise was executed in August/September 2016 in selected areas along the Mid-Atlantic Ridge. Various exploration work was carried out including mineral sampling and assessments related to seabed mineral operations. The results from mineral analysis of the samples and preliminary process test work are expected in the coming months.

Other project activity

Patented alumina technology

The registered Norwegian patent related to technology for extraction of alumina from aluminium/calcium-rich minerals is in the process of being expanded to selected countries.

Oslo, 11 May 2017
The Board of Directors of Nordic Mining ASA

CONSOLIDATED INCOME STATEMENTS

	Note	2017 01.01-31.03 Unaudited	2016 01.01-31.03 Unaudited	2016 01.01-31.12 Audited
<i>(Amounts in NOK thousands)</i>				
Payroll and related costs		(2 552)	(1 595)	(7 823)
Share-based payment		-	-	(1 429)
Depreciation and amortisation		(38)	-	(7)
Impairment of exploration and evaluation assets		-	-	(1 326)
Other operating expenses		(7 553)	(1 623)	(12 376)
Operating profit/(loss)		(10 143)	(3 218)	(22 961)
Share of result of an associate	3	10 187	(481)	(4 241)
Financial income		3	10	200
Financial costs		(36)	(3)	(89)
Profit/(loss) before tax		11	(3 692)	(27 091)
Income tax		-	-	-
Profit/(loss) for the period		11	(3 692)	(27 091)
Profit/(loss) attributable to				
Equity holders of parent		25	(3 657)	(26 907)
Non-controlling interest		(14)	(35)	(184)
Earnings per share attributable to ordinary shareholders				
<i>(Amounts in NOK)</i>				
Basic and diluted earnings per share		0,00	(0,06)	(0,36)

STATEMENTS OF COMPREHENSIVE INCOME

	2017	2016	2016
	01.01-31.03	01.01-31.03	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited	Audited
Net profit/(loss) for the period	11	(3 692)	(27 091)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences	337	(203)	(623)
Currency translation reclassified to profit and loss	(410)	-	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Changes in pension estimates	-	-	222
Other comprehensive income directly against equity	(73)	(203)	(401)
Total comprehensive income for the period	(62)	(3 895)	(27 492)
Comprehensive income			
Equity holders of parent	(48)	(3 860)	(27 308)
Non-controlling interest	(14)	(35)	(184)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(Amounts in NOK thousands)</i>		31.03.2017	31.12.2016
	Note	Unaudited	Audited
ASSETS			
Non-current assets			
Evaluation and exploration assets	3	21 275	21 189
Property, plant and equipment		311	349
Investment in associate	4	25 158	15 044
Total non-current assets		46 744	36 582
Current Assets			
Trade and other receivables		1 471	1 285
Cash and cash equivalents		62 567	66 112
Total current assets		64 038	67 397
Total assets		110 782	103 979
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	5	56 895	55 550
Share premium	5	331 223	326 045
Other paid-in capital		14 354	14 354
Retained losses		(300 001)	(300 026)
Other comprehensive income		1 147	1 220
Equity attributable to ordinary shareholders		103 618	97 143
Non-controlling interest		(188)	(173)
Total equity		103 430	96 970
Non-current liabilities			
Other liabilities		1 084	1 124
Total non-current liabilities		1 084	1 124
Current liabilities			
Trade payables		3 066	2 299
Other current liabilities		3 202	3 586
Total current liabilities		6 268	5 885
Total liabilities		7 352	7 009
Total shareholders' equity and liabilities		110 782	103 979

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

<i>(Amounts in NOK thousands)</i>	Attributed to equity holders of the parent					Total	Non - controlling interest	Total equity
	Share capital	Share premium	Other-paid- in capital	Other comprehensive income	Accumulated losses			
Equity 1 January 2016	38 550	263 281	12 924	1 621	(273 119)	43 257	(97)	43 160
Total comprehensive income	-	-	-	(203)	(3 657)	(3 860)	(35)	(3 895)
Share-based payment	-	-	20	-	-	20	-	20
Equity 31 March 2016	38 550	263 281	12 944	1 418	(276 776)	39 417	(132)	39 285
Equity 1 January 2017	55 550	326 045	14 354	1 220	(300 026)	97 143	(173)	96 970
Total comprehensive income	-	-	-	(73)	25	(48)	(15)	(63)
Share issue	1 345	5 603	-	-	-	6 948	-	6 948
Transaction costs	-	(425)	-	-	-	(425)	-	(425)
Equity 31 March 2017	56 895	331 223	14 354	1 147	(300 001)	103 618	(188)	103 430

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

For the period ended 31 March

	2017	2016
	01.01-31.03	01.01-31.03
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited
Net cash used in operating activities	(9 913)	(5 052)
Investment in exploration and evaluation assets	(86)	(1 870)
Investment in associate	-	(6 867)
Purchases of property, plant and equipment	(69)	(342)
Net cash used in investing activities	(155)	(9 079)
Share issuance	6 523	-
Net cash from financing activities	6 523	-
Net change in cash and cash equivalents	(3 545)	(14 131)
Cash and cash equivalents at beginning of period	66 112	29 809
Cash and cash equivalents at end of period	62 567	15 678

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

Note 1 – ACCOUNTING PRINCIPLES

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". They do not include all the information required for full annual financial reporting and should be read in conjunction with the consolidated financial statements of Nordic Mining ASA and the Group for the year ended 31 December 2016.

This report was approved by the Board of Directors on 11 May 2017.

The accounting policies adopted are consistent with those followed in the preparation of the Company's and the Group's annual financial statements for the year ended 31 December 2016.

Note 2 – SEGMENT

The Group shows segments based on products or products under development. The two reportable segments are:

- Titanium feedstock which can be produced from the mineral deposit at Engebø. The zoning plan and the discharge permit for the project are approved and final, without possibility for appeals, and activities related to the pre-feasibility study are ongoing.
- Quartz which can be produced from the quartz deposit in Kvinnherad. A scoping study outlines the potential for a profitable industrial quartz project.

The reconciling column "Adjustments and eliminations" includes the Group's administration costs and other unallocated corporate business development costs as well as elimination entries related to preparing consolidated financial statements.

The Group uses the segments' profit/(loss) before tax from continuing operations as the basis for the segment results including some allocations of corporate expenses. All the numbers in the table below are in NOK thousands and represent the period 1 January – 31 March.

(Amounts in NOK thousands)	Quartz		Titanium		Adjustments and eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenues	-	-	-	-	-	-	-	-
Segment result	(146)	(157)	(9 791)	(2 515)	9 539	(1 020)	(398)	(3 692)
Investment in exploration and evaluation assets	-	237	86	7 463	-	-	86	7 700

Note 3 – EXPLORATION AND EVALUATION ASSETS

2017

In total, the Group's capitalised drilling costs as per 31 March 2017 were NOK 14.9 million. In addition, the Group has capitalised various license costs at an amount of NOK 6.3 million. NOK 0.1 million was capitalised in license acquisition cost in the first quarter of 2017.

2016

A total of NOK 7.7 million was capitalised in exploration and evaluation assets in the first quarter of 2016.

Titanium segment

A core drilling program was finalised at Engebø in April 2016. Subsequent of the drilling, inspection and

logging of drill cores as well as analysis and resource modelling were carried out. In total, NOK 7.5 million of drilling and licence costs were capitalised in the first quarter 2016.

Quartz segment

In the second half of 2015, the Group carried out a drilling program related to its mineral deposit in Kvinnherad. The bulk of the costs related to the program were accounted for in 2015. In the first quarter 2016, the Group capitalised NOK 0.2 million related to costs for resource modelling and estimation.

Note 4 – INVESTMENT IN AN ASSOCIATE

The Group has recognised several accounting effects related to its investment in Keliber in the first quarter of 2017.

Share of loss in the associate

The Group recognised its share of the loss for the period of NOK 2.0 million. The Group's investment includes A-shares and B-shares with different rights related to profit allocation. The A-shares has previously been written down to zero, and the Group has consequently discontinued recognising of losses related to its A-shares.

Reversal of previously recorded impairments

In 2013 and 2014, the Group recorded impairment of its investment in Keliber because of risk assessments related to the investment and financing challenges. Over the last years, Keliber has increased its mineral resources and completed a pre-feasibility study (PFS) indicating an economically viable lithium project.

In March/April 2017, Keliber raised €10 million from new investors and a repair issue for existing shareholders. The shares were issued at €40 per share which is substantially higher than the subscription price in previous years. The Group considers that it has sufficient objective evidence to reverse the impairments recorded for the investment in Keliber in 2013 and 2014. After deducting unrecognised earnings since the A-shares were written-down to zero, the Group has recognised NOK 5.1 million in reversed impairment in the first quarter 2017.

Deemed disposal

The share issue to new investors in March 2017 in combination with the subsequent repair issue and the incentive issue to board members reduced the Group's ownership of Keliber from about 25.1% to 22.1%. The dilution of ownership was accounted for as a deemed disposal, and since the private placement was completed at €40 per share, a subscription price in significant excess of the net book value, the Group has recorded a gain of NOK 7.1 million.

Note 5 – SHARE CAPITAL

On 10 January 2017, Nordic Mining executed a private placement of 2,241,334 shares (second tranche) to the same four institutional and professional investors and at the same terms and conditions as in the December 2016 issue (first tranche). The share issue was resolved in an extraordinary general meeting on 10 January 2017. The gross proceeds in the issue were approximately NOK 6.9 million. As per the date of this report, the Company's share capital is NOK 56,895,280.80 divided into 94,825,468 shares, each with a par value of NOK 0.60.

Note 6 – SUBSEQUENT EVENTS

Investment in Keliber

In April 2017, Nordic Mining invested approximately NOK 11.5 million in an equity issue (repair issue) in Keliber. The repair issue followed from a successful private placement in Keliber in March 2017. In the repair issue, Nordic Mining subscribed in accordance with its shareholding in Keliber. Also in April 2017, Keliber carried out an incentive share issue for board members with proceeds of EUR 0.1 million. As per the date of this report, Nordic Mining owns approximately 22.1% in Keliber.