



**NORDIC
MINING**

INTERIM REPORT

Per 30 June 2016



Group interim report for the quarter ended 30 June 2016

Nordic Mining ASA ("Nordic Mining" or "the Company") 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.

Through the subsidiary Nordic Rutile AS, Nordic Mining is undertaking a large-scale project development at Engebø in Sogn and Fjordane where the Company 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 and develops the project through its subsidiary Nordic Quartz AS. 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. Through the subsidiary Nordic Ocean Resources AS, Nordic Mining is exploring opportunities related to seabed mineral resources.

Nordic Mining is listed on Oslo Axess.

Important events in the second quarter 2016 and year-to-date:

Nordic Rutile (100%) - Engebø project

- **Revised resource model and estimates are in process**
A core drilling program was completed at Engebø in April 2016. Approximately 6,400 meters were drilled, mainly in the open pit part of the deposit. Core logging and sampling has been completed, and most of the mineral analyses have been carried out and reported. The remaining analytical results are expected shortly. The Competent Person, Mr. Adam Wheeler is working on a revised resource model with updated resource estimates and classifications in accordance with the JORC Code. The results will be ready and reported in September 2016.
- **GAP analysis completed for the Engebø pre-feasibility study ("PFS")**
The international engineering and consultancy company Hatch has carried out a GAP analysis as a pre-study for the Engebø PFS. No gaps have been identified which would delay the kick-off of the PFS. The scope of work and budget for the PFS is being considered. Appointment of a technical advisor and coordinator for the PFS process is expected in August 2016. The target is to complete the PFS in Q1 2017.
- **Zoning plan and discharge permit are final**
In February 2016, the King in Council dismissed an appeal related to the discharge permit. Consequently, the discharge permit is final and without further possibility for appeal. The zoning plan was final and without possibility for appeal directly following the government's approval in 2015.
- **In compliance with European regulations**
In a letter to complainants, the EFTA Surveillance Authority ("ESA") has stated that the Norwegian authorities' handling of the Engebø permitting process is in compliance with European regulations, including the "Water Framework Directive". ESA's final conclusion in the matter is awaited.

Nordic Quartz (100%) - Kvinnherad project

- **Independent quartz resource estimates completed**
In February 2016, an independent assessment of the Kvinnherad hydrothermal quartz was completed based on information from the drilling program which was executed in the fall 2015. The Competent Persons have estimated significant quartz-containing mineral resources in the inferred and indicated categories. The quartz content varies in the deposit with a substantial part in the massive zone category (>95% quartz content).

Nordic Ocean Resources (80%) – Seabed minerals

- ***The MarMine exploration cruise has started***

On 17 August 2016, MarMine's exploration vessel "Polar King" departed from Bergen to commence an exploration cruise on the Norwegian part of the Mid-Atlantic Ridge ("MAR"). The expedition team consisting of 25 researchers and around 20 support crew will carry out mineral sampling on the MAR, analytical assessments and subsequent process test work.

Keliber (25%) - Lithium project

- ***Positive market sentiment for lithium***

Over the last months, lithium prices have developed positively and the investor interest for lithium companies has strengthened. The demand for lithium in various applications, in particular related to batteries for electric/hybrid vehicles and energy storage, is expected to grow substantially in the coming years. A tight market balance for battery grade lithium carbonate is expected to continue.

- ***Definitive feasibility study ("DFS") has started***

Keliber completed a positive PFS for the lithium project in March 2016. The global engineering and consultancy company Hatch has been assigned for the coordination of the DFS which was started in June 2016. The DFS is targeted for completion in Q2 2017.

- ***Strengthened management team***

In June 2016, Pertti Lamberg took up the position as CEO in Keliber. The previous CEO, Olle Sirén continues in the company as Chief Operating Officer. Lamberg has a strong industrial background, latest as a director at Outotec Oyj (Plant Products) and Professor in Geometallurgy at the Luleå University of Technology.

Corporate matters

- ***Rights issue completed***

In June 2016, Nordic Mining completed a rights issue with gross proceeds of approximately NOK 65.9 million. The proceeds were transferred to the Company's bank account early July 2016.

Financial performance

For comparison, numbers in brackets relate to the second quarter of 2015.

The Group is developing mineral projects and has so far no sales revenues from its operation. The Group's operating loss in the second quarter was NOK -6.4 million (NOK -3.8 million). Accumulated operating loss was NOK -9.6 million (NOK -7.0 million). Costs related to share-based remuneration (no cash effect) of approximately NOK 1.4 million (NOK 0.0 million) in connection with option agreements with leading employees and resource persons have been recognised and included in the operating loss for the quarter and accumulated. Further, an impairment loss (no cash effect) of NOK 1.3 million (NOK 0.0 million) related to previously capitalised drilling costs at Reinfjord has been recognised in the second quarter. In addition, the operating loss was related to costs in connection with development of the Engebø rutile project and general corporate expenses.

In the first half of 2016, the Group has capitalised costs related to drilling at the Engebø deposit at a total amount of NOK 10.9 million (NOK 0.1 million). Total accumulated capitalised costs related to exploration and evaluation assets were NOK 11.1 million (NOK 0.2 million). The total accumulated amount includes also capitalised costs related to resource estimation in connection with last year's drilling at the Kvinnherad quartz deposit at an amount of NOK 0.2 million.

The Group's investment in Keliber is classified as shares in an associated company. Nordic Mining's shareholding in Keliber is approximately 25%. Keliber is developing a lithium project in Finland and has so far no sales revenue from its operation. Nordic Mining's share of result from the associated company in the second quarter was NOK -0.9 million (NOK -1.2 million) and accumulated NOK -1.4 million (NOK -3.2 million). Keliber's result was mainly related to costs for environmental impact assessments, process

optimisation test work and the PFS which was completed in March 2016, as well as general corporate expenses.

Total net loss for the Group in the second quarter was NOK -7.3 million (NOK -5.0 million). The Group's accumulated total net loss was NOK -11.0 million (NOK -10.2 million).

Cash flow from the Group's operating activities in the first half year was negative with NOK -5.3 million (NOK -6.3 million). Accumulated net cash used in investment activities was NOK -18.3 million (NOK -1.5 million). The investments for the six months period were mainly related to purchase of shares in an equity issue in Keliber in March 2016 at an amount of NOK 6.9 million, capitalised core drilling expenses and property fees at the Engebø rutile project at an amount of NOK -10.9 million, and capitalised costs related to resource estimations in connection with the Kvinnherad quartz project at an amount of NOK 0.2 million.

Net cash from financing activities in the first half year (paid transaction costs) was negative at an amount of NOK -1.2 million. As per 30 June 2016, the Group's cash and cash equivalents amounted to NOK 5.0 million (NOK 6.5 million). Late June 2016, Nordic Mining completed a rights issue with gross proceeds of approximately NOK 65.9 million; ref. note 7 in the financial statements. The proceeds adjusted for fee to Swedbank as the manager for the rights issue were transferred to Nordic Mining's bank account in the beginning of July 2016. As per 30 June 2016, the proceeds from the rights issue are recognised as "Trade and other receivables" in the Group's statements of financial position.

Nordic Mining's total assets as of 30 June 2016 were NOK 99.7 million (NOK 23.8 million) and the Group's total equity amounted to NOK 94.5 million (NOK 20.3 million). This gives an equity ratio of 95% (85%).

Main projects and activities

Nordic Rutile / Engebø project (rutile/titanium dioxide)

General project information

The Engebø rutile deposit is one of the largest unexploited rutile deposits in the world and has 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 by-product to the rutile output.

The mineral residues from the beneficiation process are environmentally friendly and inert minerals suitable and approved as capping material for contaminated sediments. A part of the tailings may be used for landfill and other construction projects. The remaining tailings will be deposited within a limited area at 320 meters depth in the fjord adjacent to the processing plant.

Nordic Mining's preliminary internal estimate for the NPV of the Engebø project is USD 466 million after tax based on a long-term rutile price of USD 1,000 per tonne and an 8% discount rate. The project financials will be revised in connection with the upcoming feasibility process.

In January 2016, Nordic Rutile established an office with drill core logging facilities in Naustdal. The company will gradually manage the project development, stakeholder contacts and public relations from this location.

In February 2016, Thomas B. Addison took up the position as Managing Director for Nordic Rutile. Addison, a mining engineer from NTNU, has extensive experience from development and operation of several mines and processing plants in Norway.

Drilling program

A core drilling program was completed in April 2016. 38 holes with a total length of approximately 6,400 meters have been drilled, mainly in the open pit part of the deposit. Rutile production at Engebø is planned first from an open pit followed by underground operation. The core drilling was carried out by the Finnish company Oy Kati Ab.

The drill cores have been subject to various mineral analyses to determine rutile grade, by-product garnet quality, and other mineral characteristics. The data will be used to develop a revised resource model for the

deposit and for re-estimation and reclassification of the resource. The estimations, which are ongoing, are carried out by the independent Competent Person, Mr. Adam Wheeler who is also a registered Chartered Engineer. The resource model with updated resource estimates and classifications in accordance with the JORC Code will be ready and reported in September 2016.

Pre-feasibility ("PFS") process initiated

The international engineering and consultancy company Hatch has carried out a GAP analysis as a pre-study for the Engebø PFS. No gaps have been identified which would delay the kick-off of the PFS. The scope of work and budget for the PFS is being considered. Appointment of a technical advisor and coordinator for the PFS process is expected in August 2016. The target is to complete the PFS in Q1 2017.

Various other activities related to the upcoming PFS are ongoing and under preparation. This includes i.a. process test work, basic engineering, market assessments and activities related to supply of process water and power.

Industrial area plan and discharge permit

The industrial area plan (zoning plan) and the discharge permit for the Engebø project are approved and final, without possibility for appeals. In the final discharge permit, two minor clarifications were included, i.a. regarding monitoring of emigrating smolt.

In a letter to complainants, the EFTA Surveillance Authority ("ESA") has stated that the Norwegian authorities' handling of the Engebø permitting process is in compliance with European regulations, including the "Water Framework Directive". ESA's final conclusion in the matter is awaited.

Commercial outlook

On a long-term note, the demand for titanium feedstock is expected to follow the global GDP development. Europe has a significant supply deficit in titanium feedstock. Today, the main volumes of rutile and other feedstock into Europe come from Australia, Africa and North-America. For industrial customers in Europe supply from Engebø will represent a substantial logistical advantage compared to overseas alternatives. Future demand for high-grade titanium feedstock, in particular natural rutile, is expected to be higher than the supply as new production capacity is expected to be restricted.

Based on reports from the first quarter 2016, an average long-term price estimate from international analysts is indicated around USD 1,050 per tonne of rutile compared with a current price level in the range USD 700 - 800 per tonne. The long-term estimate compares well with the Group's preliminary assumptions in connection with financial calculations for the Engebø project.

Environmentally friendly products and solutions

Rutile is an environmentally friendly mineral and an important titanium feedstock used in the production of pigments for paints, plastics and paper, and in the production of titanium metal, and for welding rods. Rutile is of a major industrial importance and has a number of applications within health and medicine, environmental technologies and consumer products. Due to its bio-compatibility titanium is particularly suitable and demanded for use in prostheses and implants in the human body.

Also in other applications, titanium-based products and materials from rutile contribute to environmental advantages, e.g. weight reduction, lower fuel consumption and reduced greenhouse gas emission in modern airplanes. Further, titanium dioxide has a photo-catalytic effect that in various surface materials removes NO_x pollution from the air.

Nordic Mining will ensure an environmentally friendly extraction, production and shipping, as well as a sustainable solution for disposing of the mineral tailings which cannot be used in other applications or back-filled to the mine. Calculations indicate that shipping of rutile from Engebø to customers in Europe will reduce CO₂ emission by 80% compared with long-distance supply from i.a. South Africa. The moderate internal transportation at Engebø will also contribute to a low CO₂ footprint for the project.

Nordic Quartz / Kvinnherad project (high-purity quartz)

General project information

Nordic Quartz 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.

The quartz deposit is a 600 meter long quartz vein situated about 300 meters above sea level. Surface mapping shows that the vein has a width varying between 10 to 45 meters. The centre of the vein generally contains massive pure quartz, while a greater degree of mixing with the host gneiss rock is seen towards the contact.

Dorfner Anzaplan has previously carried out extensive analyses and processing tests, documenting quartz products similar to the purest qualities on the market can be made. 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 "IOTA 6" which is one of the highest grade quartz qualities on the market.

A scoping study carried out in 2012 outlined an industrial base case with a mine life assumption of 30 years, estimated investments of approximately USD 50 million, a preliminary after tax NPV of USD 60 million based on an 8% discount rate and an average price of high-purity quartz of USD 6,700 per tonne, and a payback period of 4.3 years.

Development activities

A drilling program was executed in September/October 2015 for further definition of the Kvinnherad quartz deposit. Significant zones with substantial quartz content were intersected in all of the 6 drill holes.

In February 2016, an independent assessment was completed based the results from the core drilling and information from previous exploration work. The Competent Persons have estimated a quartz-containing mineral resource of 2.92 million tonnes in the indicated category and 1.34 million tonnes in the inferred category. The quartz content of the deposit is on average 65%.

Three zones of quartz have been specified with increasing amount of quartz; transition zone, semi-massive zone and massive quartz zone. The table below shows the average quartz content in each zone and the overall estimated content of quartz in the deposit. The resource estimates are summarised in the following:

	Tonnage (tonnes)	Hydrothermal quartz (%)	Hydrothermal quartz content (tonnes)
Indicated resources			
Transition zone	1 467 000	40	587 000
Semi-massive zone	631 000	80	505 000
Massive quartz zone	<u>849 000</u>	<u>95</u>	<u>807 000</u>
	2 922 000	65	1 899 000
Inferred resources			
Transition zone	645 000	41	264 000
Semi-massive zone	199 000	79	157 000
Massive quartz zone	<u>497 000</u>	<u>95</u>	<u>472 000</u>
	1 341 000	66	893 000

The extension of the quartz deposit towards depth is still unknown, and further core drilling may be carried out at a later stage. A model of the quartz deposit has been developed according to international standards and practice. The resource estimates are in accordance with the JORC Code.

The Competent Person responsible for the assessments and the statement regarding estimation of mineral resources at the Kvinnherad quartz deposit is Mr. Lars-Åke Claesson, a titled European Geologist in

accordance with the Federation of European Geologists. A resource estimation report has been compiled by B.Sc. Johan Camitz, designated by the Fennoscandian Review Board as accredited Qualified Person.

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

Nordic Ocean Resources (seabed minerals)

General project information

Nordic Ocean Resources ("NORA") is a first-mover initiative 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 ("MAR") and possible significant economic values within Norway's exclusive economic zone. NORA has applied for mineral exploration rights on the Norwegian MAR.

Nordic Mining will explore strategic options related to NORA and the seabed minerals initiative.

Development activities

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, including NORA. NTNU is the project coordinator.

On 17 August 2016, the "MarMine" exploration cruise started on the offshore vessel "Polar Star". The expedition team consists of 25 researchers and around 20 support crew. The purpose of the cruise is to explore for sulphide deposits within selected areas of the Norwegian MAR. The work will involve sampling using a remotely operated underwater vehicle. Analysis and assessments will be done related to technical and environmental aspects of marine mineral operations.

Keliber (lithium/lithium carbonate)

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, i.a. for batteries which takes up an increasing share of the total global lithium consumption.

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

Nordic Mining owns approximately 25% of the share capital and is the largest shareholder in Keliber. In March 2016, Keliber executed a rights issue with total proceeds of approximately EUR 2.9 million. Nordic Mining participated in the issue pro rata to its 25% shareholding.

In June 2016, Pertti Lamberg took up the position as CEO in Keliber. The previous CEO, Olle Sirén continues in the company as Chief Operating Officer. Lamberg has a strong industrial background, latest as a director at Outotec Oyj (Plant Products) and Professor in Geometallurgy at the Luleå University of Technology.

In August 2016, Nordic Mining's CFO Lars K. Grøndahl was elected Chairman of the Board of Keliber.

Completed pre-feasibility study ("PFS")

In March 2016, Keliber completed a PFS for the lithium project. In connection with the PFS the resource estimates were reviewed by independent experts.

As per March 2016, Keliber's total JORC compliant mineral resource and ore reserve estimates are as follows:

Deposit	Resource class	Tonnage (mill. tonnes)	Li ₂ O %	Reserve class	Tonnage (mill. tonnes)	Li ₂ O %
Syväjärvi	Indicated	1.53	1.35	Probable	1.48	1.19
	Inferred	0.19	1.32			
Rapasaari	Indicated	1.81	1.25	Probable	1.75	1.09
	Inferred	0.16	1.30			
Länttä	Measured	0.44	1.10	Proven	0.47	0.95
	Indicated	0.91	1.04	Probable	0.54	0.93
	Meas. + Ind.	1.35	1.06	Prov. + Prob.	1.01	0.94
Outovesi	Indicated	0.28	1.40	Probable	0.25	1.20

The Competent Persons responsible for the estimations are Markku Meriläinen (MAusIMM*) and Pekka Lovén (MAusIMM*), Outotec (Finland) Ltd. No inferred mineral resources are used in the estimation of ore reserves. The ore reserves are the portion of the mineral resources that have been identified as mineable within a design pit.

The mineral resources and ore reserves have been estimated using a 0.5% Li₂O cut-off grade. Ore loss is assumed at 5% and waste rock dilution 15% for the estimated ore reserves. Keliber's mining operations will consist of open pit mining only, and all deposits are located within a 20 km distance from the planned processing plant at Kalavesi.

The following key figures have been estimated in the PFS for two different scenarios for lithium carbonate production:

	6,000 tonnes per year	9,000 tonnes per year
Operating time	16 years	11 years
Payback time from start-up	7 years	4 years
NPV @ 8% discount rate	EUR 51 million	EUR 97 million
IRR	13%	21%

Mineral processing test work in connection with the PFS to produce spodumene concentrate from the pegmatite ore has been conducted by GTK Mintec. Outotec has been responsible for the test work related to production of lithium carbonate from the spodumene concentrate samples. Outotec has provided the preliminary design of the technology package for lithium production. The technology package includes the material balances, process flow diagrams, equipment lists, price estimates and process descriptions for the selected unit processes.

Lithium carbonate has been produced from ore from the Länttä deposit. Analytical results indicate that high-purity lithium carbonate, including battery grade qualities exceeding 99.9% purity, can be produced using the developed process technology.

Development activities

Environmental impact assessments ("EIA") in accordance with environmental legislative regulations are ongoing related to Keliber's mineral deposits. Applications for environmental permitting and regional planning will be submitted subsequent of the final EIA report.

The global engineering and consultancy company Hatch has been assigned for the coordination of the DFS which was started in June 2016. The DFS is targeted for completion in Q2 2017. As a first step of the DFS process, a comparative assessment of production scenarios has been carried out. The purpose is to resolve a preferred business case for the DFS based on available mineral resources, market considerations, financial analysis and risk assessments.

Commercial outlook

Over the last months, lithium carbonate prices have increased substantially. Prices for battery grade lithium carbonate have been reported above USD 20,000 per tonne in the Chinese spot market.

* Member of the Australasian Institute of Mining & Metallurgy

The battery grade lithium carbonate (>99.5% Li₂CO₃) is used in the cathode part of the batteries. Lithium carbonate of 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 in connection with production of renewable energy, i.a. solar, wind etc.

According to market information, lithium carbonate is currently trading at a price level well above the historical level of USD 5,000 – 6,500 per tonne, and also higher than the price assumptions in Keliber's PFS. Market information indicates a continued tight supply/demand balance for lithium carbonate.

Keliber has signed a Letter of Intent with an international chemicals producer with focus on lithium chemicals. The parties intend to establish a technical and commercial cooperation to evaluate product and marketing strategies for lithium products based on Keliber's planned production.

Other project activity

Production of alumina from anorthosite

In October 2015, the joint patent application by Nordic Mining and Institute for Energy Technology ("IFE") for a new technology for extraction of alumina from aluminium/calcium-rich minerals was approved by the Norwegian Industrial Property Office (Norw. Patentstyret). Together with IFE, Nordic Mining evaluates expansion of the patent area to other selected countries.

Mineral exploration at Reinfjord

In a short term perspective and due to strict prioritisation of personnel and financial resources, Nordic Mining will put further exploration activities at Reinfjord on hold. As a consequence, an impairment loss (no cash effect) of NOK 1.3 million related to previously capitalised drilling costs has been recognised in Q2 2016.

Corporate governance and sustainability

Nordic Mining has defined good corporate governance as processes and control procedures to protect the interest of shareholders and other stakeholders relative to the Company's activities. Nordic Mining's corporate governance is based on requirements following from existing laws and regulations. The Company's principles and routines will be revised in accordance with prevailing laws and regulations.

Nordic Mining has established principles for corporate governance, ethical guidelines and general business conduct based on Norwegian standards and recommendations as presented in "The Norwegian Code of Practice for Corporate Governance". In the annual report for 2015, the Board of Directors has provided a comprehensive report on corporate governance in accordance with the Norwegian Code. In addition, the Board of Directors report outlines the Company's goals and perspectives with regard to "Sustainability". The annual report is referred for further information (www.nordicmining.com).

Organisation, environment, health and safety

As per the date of this report, the Group has 5 employees; 2 in Nordic Rutile and 3 in the Company. The working environment is good. Sickness absence in the first half year has been low.

Nordic Mining aims to hold high standards related to environment, health and safety. The Group's activity in the first half year has had limited impact on nature and environment.

Financial risks

Financing, cash management and accounting are handled by the CFO with contracted assistance from TMF Norway AS. The Board of Directors has defined levels of authorisation for the Managing Director, and the Managing Director has defined the authorisation for the CFO.

Nordic Mining's surplus cash is placed on bank accounts in Norwegian kroner.

Nordic Mining faces normal business risks related to contractual agreements, primarily with suppliers of various kinds. For the mining industry there are, however, certain general risk factors which are also applicable for Nordic Mining. The main risk factors include:

- ❖ Mineral exploration involves a high degree of risk, and few properties that are explored, are ultimately developed into producing mines. The long-term profitability of Nordic Mining will in part depend of the cost and success of its exploration program.
- ❖ Nordic Mining has no control over mineral prices which can be affected by numerous factors like international economic and political development etc.
- ❖ Nordic Mining might require new equity in the future in order to be able to continue the exploration programs and the possible development of its projects. The progress of project development might be affected by issues related to financing.

For further information regarding risk factors, in particular financial and liquidity risks, the Board refers to the discussion in the annual report for 2015.

Shareholders and capital

Total number of shares in Nordic Mining as per 30 June 2016 is 517,232,808 each with a face value of NOK 0.10. The number of shareholders in the Company is approximately 3,700. The proportion of shareholders based abroad is approximately 17%.

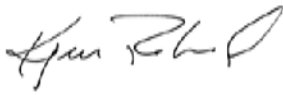
At the Company's ordinary general meeting 18 May 2016, the Board was authorised to submit a total of 170 million new shares in connection with equity issues. The authorisation is valid for one year. In a rights issue executed in June 2016, approximately 131.7 million shares were issued under the authorisation. Consequently, around 38.3 million shares remain for utilisation under the authorisation.

On 18 May 2016, the general meeting also approved a share-based incentive program for leading employees and qualified resource persons. The Board was authorised to award options that in total gives the right to subscribe for up to 17 million new shares in Nordic Mining. A total of 16,180,000 options have so far been awarded to leading employees and resource persons. As per the date of this report none of the options have been utilised.

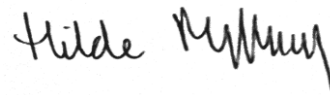
Oslo, 18 August 2016
The Board of Directors of Nordic Mining ASA



Tarmo Tuominen
Chairman



Kjell Roland



Hilde Myrberg



Mari Thjømøe



Tore Viana-Rønningen



Ivar S. Fossum
CEO

CONSOLIDATED INCOME STATEMENTS

		2016	2015	2016	2015	2015
	Note	01.04-30.06	01.04-30.06	01.01-30.06	01.01-30.06	01.01-31.12
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
<i>(Amounts in NOK thousands)</i>						
Payroll and related costs		(2 354)	(2 190)	(3 949)	(3 893)	(6 617)
Share-based payment	4	(1 429)	-	(1 429)	-	-
Impairment of exploration and evaluation assets	3	(1 326)	-	(1 326)	-	-
Other operating expenses		(1 314)	(1 638)	(2 937)	(3 129)	(6 110)
Operating profit/(loss)		(6 423)	(3 828)	(9 641)	(7 022)	(12 727)
Share of result of an associate		(869)	(1 181)	(1 350)	(3 245)	(6 597)
Financial income		16	21	26	53	96
Financial costs		(39)	(1)	(42)	(1)	(4)
Profit/(loss) before tax		(7 315)	(4 989)	(11 007)	(10 215)	(19 232)
Income Tax		-	-	-	-	-
Loss for the period		(7 315)	(4 989)	(11 007)	(10 215)	(19 232)
Profit/(loss) attributable to						
Equity holders of parent		(7 241)	(4 972)	(10 898)	(10 182)	(19 114)
Non-controlling interest		(74)	(17)	(109)	(33)	(118)
Earnings per share attributable to ordinary shareholders						
<i>(Amounts in NOK)</i>						
Basic and diluted earnings per share		(0,02)	(0,02)	(0,03)	(0,03)	(0,06)

STATEMENTS OF COMPREHENSIVE INCOME

	2016 01.04-30.06 Unaudited	2015 01.04-30.06 Unaudited	2016 01.01-30.06 Unaudited	2015 01.01-30.06 Unaudited	2015 01.01-31.12 Audited
<i>(Amounts in NOK thousands)</i>					
Net profit/(loss) for the period	(7 315)	(4 989)	(11 007)	(10 215)	(19 232)
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Currency translation differences	(148)	109	(351)	(348)	355
Reclassification of translation adjustment	-	-	-	-	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Changes in pension estimates	-	-	-	-	(647)
Other comprehensive income directly against equity	(148)	109	(351)	(348)	(292)
Total comprehensive income for the period	(7 463)	(4 880)	(11 358)	(10 563)	(19 524)
Comprehensive income					
Equity holders of parent	(7 389)	(4 863)	(11 249)	(10 530)	(19 406)
Non-controlling interest	(74)	(17)	(109)	(33)	(118)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(Amounts in NOK thousands)</i>		30.06.2016	31.12.2015
	Note	Unaudited	Audited
ASSETS			
Non-current assets			
Evaluation and exploration assets	3	19 656	9 848
Property, plant and equipment		426	84
Investment in associate	6	11 348	6 182
Total non-current assets		31 430	16 114
Current Assets			
Trade and other receivables	7	63 288	990
Cash and cash equivalents		4 990	29 809
Total current assets		68 278	30 799
Total assets		99 708	46 913
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		38 550	38 550
Share premium		263 281	263 281
Other paid-in capital		14 354	12 924
Unregistered equity	7	61 206	-
Retained losses		(284 017)	(273 119)
Other comprehensive income		1 270	1 621
Equity attributable to ordinary shareholders		94 644	43 257
Non-controlling interest		(98)	(97)
Total equity		94 546	43 160
Non-current liabilities			
Other liabilities		1 898	1 898
Total non-current liabilities		1 898	1 898
Current liabilities			
Trade payables		1 060	798
Other current liabilities		2 204	1 057
Total current liabilities		3 264	1 855
Total liabilities		5 162	3 753
Total shareholders' equity and liabilities		99 708	46 913

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	Unregistered equity	Other comprehensive income	Accumulated losses			
Equity 1 January 2015	30 850	239 194	12 924	-	1 913	(254 005)	30 876	(75)	30 801
Total comprehensive income	-	-	-	-	(348)	(10 182)	(10 530)	(33)	(10 563)
Non-controlling investment	-	-	-	-	-	-	-	96	96
Share issue	-	-	-	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-	-	-	-
Equity 30 June 2015	30 850	239 194	12 924	-	1 565	(264 187)	20 346	(12)	20 334
Equity 1 January 2016	38 550	263 281	12 924	-	1 621	(273 119)	43 257	(97)	43 160
Total comprehensive income	-	-	-	-	(351)	(10 898)	(11 249)	(109)	(11 358)
Non-controlling investment	-	-	-	-	-	-	-	108	108
Share based payment	-	-	1 430	-	-	-	1 430	-	1 430
Share issue	-	-	-	65 864	-	-	65 864	-	65 864
Transaction costs	-	-	-	(4 658)	-	-	(4 658)	-	(4 658)
Equity 30 June 2016	38 550	263 281	14 354	61 206	1 270	(284 017)	94 644	(98)	94 546

CONSOLIDATED CASH FLOW STATEMENTS

For the period ended 30 June

	2016	2015
	01.01-30.06	01.01-30.06
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited
Net cash used in operating activities	(5 251)	(6 336)
Investment in exploration and evaluation assets	(11 134)	(163)
Investment in associate	(6 867)	(1 320)
Purchases of property, plant and equipment	(324)	-
Net cash used in investing activities	(18 325)	(1 483)
Share issuance ⁽¹⁾	(1 243)	-
Net cash from financing activities	(1 243)	-
Net change in cash and cash equivalents	(24 819)	(7 819)
Effect of changes in foreign exchange rates	-	-
Cash and cash equivalents at beginning of period	29 809	14 360
Cash and cash equivalents at end of period	4 990	6 541

- (1) The share issuance was completed with registration of the new capital with the Norwegian Register of Business Enterprises as of 1 July 2016. At 30 June 2016, the subscription amount was recorded as a receivable and the equity was classified as unregistered. The accounted cash effect of the transaction was the paid transaction fees as per 30 June 2016.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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 of 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 2015.

This report was approved by the Board of Directors on 18 August 2016.

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 2015.

Note 2 – SEGMENT

The Group shows segments on the basis of products or products under development. The two reportable segments are:

- Titanium feedstock which can be produced by Nordic Rutile from the mineral deposit at Engebø. The industrial area plan (zoning plan) and the discharge permit for the project are approved and final, without possibility for appeals.
- 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 – 30 June.

(Amounts in NOK thousands)	Quartz		Titanium		Adjustments and eliminations		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues	-	-	-	-	-	-	-	-
Segment result	(362)	(118)	(5 155)	(2 160)	(5 490)	(2 948)	(11 007)	(5 226)
Investment in exploration and evaluation assets	237	-	10 897	-	-	-	11 134	-

Note 3 – EXPLORATION AND EVALUATION ASSETS

Quartz segment

In the second half of 2015, the Group carried out a drilling program related to its mineral deposit in Kvinnherad (Quartz). The bulk of the costs related to the program were accounted for in 2015, but costs related to resource estimations and classifications at an amount of NOK 0.2 million have been capitalised in the first half of 2016.

Titanium segment

In February 2016, a core drilling program was started at Engebø (Titanium). The core drilling was finalised in April 2016. Inspection and logging of drill cores as well as analysis and resource modelling have been

carried out in the second quarter 2016. In the first half of 2016, the Group has capitalised costs related to the Engebø project at an amount of NOK 10.9 million.

In total, the Group's capitalised costs related to exploration and evaluation assets in the first half of 2016 were NOK 11.1 million.

Reinfjord exploration project

Nordic Mining has put further exploration activities at Reinfjord on hold in order to focus employee and financial resources on other projects. For the time being, no substantive activities are planned or budgeted in connection with the Reinfjord exploration project. As a consequence, an impairment loss (no cash effect) of NOK 1.3 million related to previously capitalised drilling costs has been recognised in Q2 2016.

In the table below, changes in the first half of 2016 for the Group's exploration and evaluation assets are shown.

Amounts in NOK thousands	License cost	Capitalised drilling costs	Total
Cost at 1 January 2016	5 872	3 976	9 848
Additions	126	11 008	11 134
Cost at 30 June 2016	5 998	14 984	20 982
Provision for impairment at 1 January 2016	-	-	-
Impairment of Reinfjord area	-	(1 326)	(1 326)
Provision for impairment at 30 June 2016	-	(1 326)	(1 326)
Net book value	5 998	13 658	19 656

Note 4 – SHARE-BASED PAYMENT

On 18 May 2016, the general meeting approved a share-based incentive program for leading employees and qualified resource persons. The Board was authorised to award options that in total gives the right to subscribe for up to 17 million new shares in Nordic Mining.

In February 2016, 2 million options were granted under the share-based incentive program approved by the shareholder meeting in 2014. These options expired in May 2016.

In June 2016, the Board decided to award in total 16,180,000 options to leading employees and resource persons. For 12,580,000 options, the exercise price is NOK 0.68 per share. For the remaining 3,600,000 options, the exercise price is NOK 1.36 per share. The options have no vesting requirements and may be exercised until 18 May 2018.

	2016	
	Number of options	Weighted average exercise price
Outstanding 1 January	10 750 000	1.11
Granted during the year	18 180 000	0.84
Cancelled during the year	-	-
Exercised during the year	-	-
Expired during the year	(12 750 000)	1.08
Outstanding 30 June	16 180 000	0.83
Exercisable 30 June	16 180 000	0.83

Average fair value of the options granted in 2016 was NOK 0.08 per share. The real price of the granted options has been calculated using the Black Scholes model. The weighted average assumptions used are as follows:

Weighted-average assumptions	2016
Volatility	68%
Expected life	1.12
Risk free interest	1.12%
Share price	0.53
Exercise price	0.84

Costs related to share-based remuneration; in total approximately NOK 1.4 million have been recognised and included in the operating loss for the second quarter 2016 and for the half-year period. The costs have no cash effect.

As per the date of this report none of the options have been exercised.

Note 5 – TRANSACTIONS WITH RELATED PARTIES

Nordic Mining has an agreement with Dag Dvergsten AS for office rental. The Company's board member Tore Viana-Rønningen is employed in Dag Dvergsten AS. For the period 1 January – 30 June 2016 Nordic Mining has recorded NOK 0.2 million (NOK 0.2 million) in expenses related to the office rental agreement.

Note 6 – INVESTMENT IN AN ASSOCIATE

In March 2016, the Group invested about NOK 6.9 million (approximately EUR 721,000) in a rights issue in the associated company Keliber. Total gross proceeds in the share issue were around EUR 2.9 million. The Group subscribed to approximately 25% of the new shares based on its equivalent ownership before the share issue.

Note 7 – SHARE CAPITAL

In June 2016, Nordic Mining executed a rights issue of 131,728,003 shares with preferential right for shareholders as per the end of 3 June 2016 (as registered in the VPS as of 7 June 2016). The subscription period expired on 23 June 2016. The subscription price in the rights issue was NOK 0.50 per share, resulting in gross proceeds of approximately NOK 65.9 million. The net proceeds will be approximately NOK 61.2 million after deducting estimated directly attributable transaction costs of around NOK 4.7 million.

The new shares were registered with the Norwegian Register of Business Enterprises as of 1 July 2006. The capital is classified as unregistered in equity as of 30 June 2016.

Subsequent of the rights issue the Company's share capital is NOK 51,723,280.80 divided into 517,232,808 shares, each with a par value of NOK 0.10.

Note 8 – SUBSEQUENT EVENTS

Keliber

In August 2016, Nordic Mining's CFO Lars K. Grøndahl was elected Chairman of the Board of the associated company Keliber. Nordic Mining owns approximately 25% of the share capital and is the largest shareholder in Keliber.

Responsibility statement from the Board of Directors and the CEO

Today, the Board of Directors and the CEO have resolved the report and the interim condensed consolidated financial statements for Nordic Mining ASA per 30 June 2016 and for the first half year of 2016, including interim condensed consolidated figures for comparison per 30 June 2015 and for the first half year 2015.

The half year report is submitted in accordance with IAS 34 "Interim Financial Reporting" as adopted by EU, and in accordance with further requirements in the Norwegian Securities Trading Act.

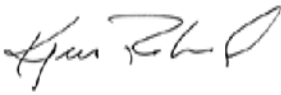
The Board of Directors and the CEO confirm, to the best of our knowledge, that the interim financial statements for the first half year of 2016 have been prepared in accordance with prevailing accounting standards, and that the information given in the financial statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results as per 30 June 2016 and 30 June 2015, respectively. To the best of our knowledge, the Board of Directors' report for the first half year of 2016 gives a true and fair overview of the main activities in the period. Further, the most important risks and uncertainties, as well as related parties' significant transactions, are described in a best possible manner.

Oslo, 18 August 2016

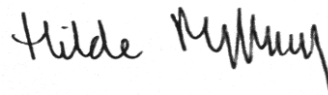
The Board of Directors of Nordic Mining ASA



Tarmo Tuominen
Chairman



Kjell Roland



Hilde Myrberg



Mari Thjømøe



Tore Viana-Rønningen



Ivar S. Fossum
CEO