



**NORDIC
MINING**

INTERIM REPORT

Per 30 September 2017



OAX: NOM

Minerals for a sustainable future

Group interim report for the quarter ended 30 September 2017

Nordic Mining ASA is a resource company with focus on high-end industrial minerals and metals in Norway and internationally. The Company's project portfolio is of 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 on the west coast of Norway where the Company has rights and permits to a substantial eclogite deposit with rutile and garnet. Permits for the project have been granted by the Norwegian government, and a prefeasibility study was completed in October 2017. Nordic Mining's associated company Keliber in Finland is in the process of completing its definitive feasibility study and preparing for production of lithium carbonate. Nordic Mining has rights for exploration and production of high-purity quartz in Kvinnherad in Norway. Further, the Company holds exploration rights at Reinfjord in northern Norway where a prospective area of sulphide mineralisation has been discovered. 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 third quarter 2017 and year-to-date:

Engebø rutile and garnet project

- **Prefeasibility study (PFS) completed 30 October 2017**

The prefeasibility study has been completed in line with estimated costs and was published 30 October 2017. The PFS substantiates attractive project financials:

- Pre-tax NPV@8% of USD 332 million
- Pre-tax IRR 23.8%
- Pay-back period: < 5 years

- **Significant upside potential**

The PFS indicates an upside potential up to USD 465 million (pre-tax NPV@8%) for a scalable concept with increased capacity, higher sales volumes and utilisation of inferred mineral resources.

- **Low upfront capital cost**

An estimated initial investment of USD 207 million for a 1.5 mtpa operation is around 30% lower than previously anticipated.

- **First quartile revenue-to-cost position for rutile**

The PFS outlines a robust dual-mineral operation with production of high-quality rutile and garnet, low operating costs due to outcropping orebody, high mineral grades, low stripping ratio, geotechnical stability, limited transportation costs and good product recoveries. In total, the estimated revenue-to-cost for rutile indicates a first quartile position in the global titanium feedstock industry.

- **Permits granted**

The zoning plan for the mining and processing areas and the environmental permit for the project are fully granted.

- **Favourable logistics**

The deposit is situated next to a deep-water port and close to substantial markets for rutile and garnet. The location provides logistical advantages.

- **Positive market outlook for rutile and garnet**

PFS market studies indicate a positive outlook for rutile and garnet. Rutile production from existing operations is forecasted to be reduced in the coming years due to depletion of deposits and development restrictions. Demand is forecasted to increase. A new source of supply in Europe at Engebø is well-timed with the current market perspectives. The demand for garnet in waterjet cutting and blasting is expected to grow. There is no production of garnet in Europe and Engebø will be an adjacent source of supply for high-quality garnet to the growing European market.

- **Properly financed to directly progress with definitive feasibility (DFS) activities**

The positive results from the PFS supports further progress of the project towards production. The next

development stage is the DFS, with certain activities already started. In the coming months, the organisation will be strengthened to advance the project towards implementation. Carnegie and Swedbank have been engaged as financial advisors to evaluate financing options for the potential funding need.

Keliber lithium project

- **Definitive feasibility study (DFS) scheduled in H1 2018**

Keliber has decided to supplement the DFS work program in the following main areas:

- Additional process test work to reconfirm recent positive results in minerals processing tests
- Additional drilling to further increase of the resource base
- Trade-off study of location of the lithium carbonate plant between Kalavesi in Kaustinen municipality and Kokkola Industrial Park.

The DFS is aiming to provide a solid foundation for project financing to implement the lithium project.

- **Construction start in 2018**

Keliber targets completion of the ongoing permitting process and start of construction in 2018.

- **Strong lithium market and outlook**

The lithium market is developing on a positive note and product prices have increased. Contract prices for lithium carbonate have doubled in 2017 compared to 2016. Going forward, a tight market balance is expected. Current spot prices in China are reported to be above the indicated contract level of USD 13 – 14,000 per tonne. The fastest demand growth for lithium is related to batteries for electric/hybrid vehicles and energy storage.

- **Well financed for ongoing development work**

In the first half of 2017, Keliber executed a private placement and a repair issue with total gross proceeds of EUR 10.0 million. In addition, incentive share issues for board members (April) and management (September) have been completed with total proceeds of EUR 0.3 million. Nordic Mining participated pro-rata to its shareholding in the April repair issue. Following from the equity issues in 2017, Nordic Mining's shareholding in Keliber is approximately 22.0%.

Financial performance

Unless other information is given, numbers in brackets for comparison relate to the third 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 third quarter was NOK -8.6 million (NOK -4.6 million). Accumulated operating loss was NOK -27.1 million (NOK -14.2 million). The operating losses are related to costs for the Engebø prefeasibility study (PFS), which recently has been completed in line with estimated costs, and general corporate expenses. In the 9-months period last year, the Group capitalised costs mainly related to drilling at the Engebø deposit at a total amount of NOK 12.6 million. The Group's operating costs in the first 9 months of 2017 do not qualify for capitalisation.

Around 80% of the operating costs in the 9-months period ended 30 September 2017 is directly related to the Engebø project. The PFS process has been executed over a 14 months period and has involved more than 50 experts from around 20 companies in i.a. Australia, Canada, Norway, South-Africa and United Kingdom. The outcome of the PFS has confirmed the project basics and outlined a viable and robust business case with low capital expenditures.

The Group's investment in Keliber is classified as shares in an associated company. Nordic Mining's shareholding in Keliber is approximately 22.0%. 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 third quarter was NOK -1.8 million (NOK -1.4 million) reflecting basically the pro-rata share of Keliber's costs in connection with the ongoing definitive feasibility study (DFS), preparations for environmental permitting and general corporate expenses.

The accumulated result related to Keliber for the 9-months period ended 30 September 2017 was NOK 2.4 million (NOK -2.8 million). In addition to the pro-rata share of Keliber's loss, the accumulated result also includes 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 were booked in the financial accounts in the first quarter 2017 and 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 30 September 2017 was NOK 29.8 million (31 December 2016: NOK 15.0 million). Share issue prices of recent equity transactions in Keliber indicate a fair value of the company well in excess of the Group's carrying amount of the investment.

Net loss for the Group in the third quarter was NOK -10.2 million (NOK -5.9 million). The Group's accumulated total net loss per 30 September 2017 was NOK -24.6 million (NOK -16.9 million).

Cash flow from the Group's operating activities in the 9-months period ended 30 September 2017 was negative with NOK -30.7 million (NOK -10.5 million). Accumulated net cash used in investment activities was NOK -11.8 million (NOK -19.7 million). For the 9-months period, investing cash flows were mainly related to purchase of shares in an equity issue in Keliber in April 2017 at an amount of NOK 11.5 million. Net cash flow from financing activities was NOK 6.5 million (NOK 61.2 million) arising from the share issue in January 2017.

As per 30 September 2017, the Group's cash and cash equivalents amounted to NOK 30.1 million (31 December 2016: NOK 66.1 million).

Nordic Mining's total assets as of 30 September 2017 were NOK 85.9 million (31 December 2016: NOK 104.0 million) and the Group's total equity amounted to NOK 79.7 million (31 December 2016: NOK 97.0 million). This gives an equity ratio of 93% (31 December 2016: 93%).

Main projects and activities

Engerbø rutile and garnet project

General project information

The Engerbø 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 producers and development projects. The deposit also contains significant quantities of high-quality garnet. The prefeasibility study of the project came in at forecasted cost level and was completed 30 October 2017.

The table below provides an overview of the resource estimates* for the Engerbø deposit.

*Resource classification (3% cut-off grade)***

Resource class	Tonnage Mt	TiO ₂ %	Garnet%
Measured	15	3.97	43.9
Indicated	106	3.51	43.0
Measured & Indicated	125	3.53	43.2
Inferred	255	3.22	42.5

* Resource estimates completed by Competent Person Adam Wheeler, corresponding to the guidelines of the JORC Code (2012 edition)

** 3% cut-off grade means that only ore with TiO₂ content of 3% or more is included in the resource estimates. For more information, please see the PFS report which is available on the Company's webpage www.nordicmining.com.

The deposit will be developed as a dual mineral operation with sales of high-quality rutile and garnet. The business concept provides risk reduction, attractive economics and valuable future expansion opportunities. The substantial inferred mineral resource highlights the potential for expansion and/or extension of project mine life.

The zoning plan for the mining and processing areas and the environmental permit for the project are fully

granted. The deposit has a favourable location at tidal waters, next to a deep-water port and with smooth shipping and advantageous logistics to European and overseas markets.

PFS substantiates a profitable rutile and garnet operation at Engebø

The main results and project characteristics presented in the PFS are:

- Robust dual-mineral operation with production of high-quality rutile and garnet
- Attractive project financials:
 - Pre-tax NPV@8% of USD 332 million
 - Pre-tax IRR 23.8%
 - Pay-back period: < 5 years
- Upside potential up to USD 465 million (pre-tax NPV@8%) for a scalable concept with increased capacity, higher sales volumes and utilisation of inferred mineral resources
- Substantially reduced upfront capital cost; USD 207 million for the initial 1.5 mtpa operation
- 16 years of open pit mining followed by 13 years underground; potential extension of mine life by mining of large inferred resources to the east and west of the deposit, and to the depth
- Low cost operation due to outcropping, high-grade mineral deposit, low stripping ratio, geotechnically stable orebody, limited transportation costs and good product recoveries
- First quartile revenue-to-cost position for rutile compared with global titanium feedstock industry

In the PFS testwork, a rutile product of approximately 95% TiO₂ has been achieved at recoveries above 60%. Garnet production is split into coarse and fine product streams. Both fine and coarse garnet have been produced exceeding market specifications. A significant part of the test work has been done with industrial scale equipment which reduces upscaling risks.

Generally, the outcome of the PFS has confirmed the project basics and a viable and robust business case with lower capital expenditures than previously anticipated.

Further project development progress

The positive PFS results support further project progress towards production. The next development phase is the definitive feasibility study (DFS) with the ultimate purpose to qualify the project for construction financing with a combination of debt and equity. This implies that the accuracy of estimated capital costs, operating costs and the financial analysis will be increased.

In the DFS program, additional process testwork will be carried out, i.a. variability testing for variations in ore feed, to provide input to the process design criteria and process flowsheets. Further, execution planning, as well as procurement and contract strategies will be developed.

Nordic Mining has initiated discussions with potential customers and will seek to clarify offtake arrangements for parts of the contemplated production volumes of rutile and garnet. The company intends to have a good dialogue with financing institutions during the DFS to secure bankability of the project.

Positive commercial outlook for rutile and garnet

Europe has a significant supply deficit of titanium feedstock, including rutile, and no garnet production. Supplies from Engebø represent a substantial opportunity and a logistical advantage for customers in Europe. The company is experiencing positive interest from potential customers of rutile and garnet.

Industrial information indicates that the average rutile price (95% TiO₂) in the first part of 2017 is in the range USD 750 – 800 per tonne. Recent reports indicate a tightening market balance and increasing prices following from higher demand and reduced stockpiles in the TiO₂ value chain. In the coming years, the production from current producers is expected to decrease due to depletion of operating deposits. The Australian consultancy company TZMI estimates a long-term price for rutile around USD 1,070 per tonne.

The main applications for garnet are in waterjet cutting, sand blasting and for various abrasives. Prices vary depending on quality and application. Updated market perspectives indicate opportunities to target garnet sales at an annual level of 300,000 tonnes per annum over a 10-year period. TAK Industrial Mineral Consultancy indicates a basket price for the three garnet qualities which will be produced at Engebø around USD 250 per tonne.

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. Keliber completed a PFS for the lithium project in March 2016 and is now carrying out the DFS.

Nordic Mining owns approximately 22.0% of the share capital and is the largest shareholder in Keliber.

Keliber's current mineral resource estimates*, using a 0.50% Li₂O cut-off grade, are shown in the table below:

(Mill. tonnes)	Länttä	Syväjärvi	Outovesi	Rapasaari	Leviäkangas	Emmes	Total
Resource category:							
Measured	0.437	0.810	-	-	-	-	1.247
Indicated	0.910	1.160	0.282	3.456	0.190	0.820	6.818
Total	1.347	1.970	0.282	3.456	0.190	0.820	8.065
Ore grade (Li ₂ O %)	1.06	1.24	1.43	1.15	1.14	1.40	1.19
Inferred	-	-	-	-	0.300	-	-

- Resource estimates prepared by the Competent Persons Markku Meriläinen (MAusIMM) and Pekka Lovén (MAusIMM) in accordance with the JORC code (2012 edition)

The deposits are located within 20 km from the processing plant area at Kalavesi in Kaustinen municipality.

DFS scheduled in H1 2018

Keliber is executing a comprehensive work program related to the DFS. The program will be supplemented in the following main areas:

- Additional process test work to reconfirm recent positive results in minerals processing tests
- Additional drilling to further increase of the resource base
- Trade-off study of location of the lithium carbonate plant between Kalavesi in Kaustinen municipality and Kokkola Industrial Park.

The aim of the DFS is to provide a good foundation for the project financing to implement the lithium project. Discussions are ongoing to prepare for offtake agreements and construction financing.

During the summer and autumn 2017, drilling has been executed i.a. at Rapasaari and Syväjärvi. The plan is to continue the drilling also in the winter season 2017/2018.

Strong lithium market and outlook

The contract prices for lithium carbonate have generally doubled in 2017 compared to 2016. Going forward, a tight market balance is expected. Current spot prices in China are reported to be above the indicated contract level of USD 13 – 14,000 per tonne.

Various industrial and analyst estimates indicate a continuing strong demand growth for lithium, mainly driven by the expected sales growth for batteries. The balance between demand and supply is highly dependent on the penetration rate of electric and hybrid vehicles. In the coming years, lithium prices are forecasted to stay at a high level. The forthcoming DFS will be based on updated market assumptions.

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. Lithium-ion batteries are to an increasing extent also being used for energy storage, mainly related to production of renewable energy, e.g. solar, wind etc.

Further, lithium is used in more traditional applications, i.a. in the manufacturing of glass, ceramics, lubricants, cement and other industrial processes. The average demand growth for lithium used in traditional applications is expected to be on par with the global economic growth (as measured through GDP).

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. 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 timetable targets completion of the permitting process and start of construction in 2018.

Well financed for ongoing 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, incentive share issues for board members (April) and management (September) have been completed with total proceeds of EUR 0.3 million. Nordic Mining participated pro-rata to its shareholding in the April repair issue.

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.

Significant resource estimates

In 2016, an independent assessment was completed based the results from previous core drilling and exploration. A model of the quartz deposit was developed in accordance with 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. Seabed minerals are an integral part of the government's national ocean strategy. Research assessments indicate an attractive potential for discovery of metallic ore deposits with possible significant economic values within Norway's exclusive economic zone. NORA has applied for mineral exploration rights in promising areas within the Norwegian jurisdiction. A proposal for new regulation of seabed mineral exploration has recently been on hearing from the Norwegian government.

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 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.

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. Patent have been granted in Denmark with patents pending in Russia, EPO (European Patent Office), Canada and the USA.

Oslo, 8 November 2017

The Board of Directors of Nordic Mining ASA

CONSOLIDATED INCOME STATEMENTS

	Note	2017 01.07-30.09 Unaudited	2016 01.07-30.09 Unaudited	2017 01.01-30.09 Unaudited	2016 01.01-30.09 Unaudited	2016 01.01-31.12 Audited
<i>(Amounts in NOK thousands)</i>						
Payroll and related costs		(1 806)	(1 740)	(8 144)	(5 689)	(7 823)
Share-based payment		-	-	-	(1 429)	(1 429)
Depreciation and amortisation		(38)	-	(114)	-	(7)
Impairment of exploration and evaluation assets		-	-	-	(1 326)	(1 326)
Other operating expenses		(6 721)	(2 813)	(18 815)	(5 750)	(12 376)
Operating profit/(loss)		(8 565)	(4 553)	(27 073)	(14 194)	(22 961)
Share of result of an associate	3	(1 825)	(1 423)	2 403	(2 773)	(4 241)
Financial income		178	123	198	149	200
Financial costs		(14)	(5)	(88)	(47)	(89)
Profit/(loss) before tax		(10 226)	(5 858)	(24 560)	(16 865)	(27 091)
Income Tax		-	-	-	-	-
Loss for the period		(10 226)	(5 858)	(24 560)	(16 865)	(27 091)
Profit/(loss) attributable to						
Equity holders of parent		(10 226)	(5 835)	(24 517)	(16 733)	(26 907)
Non-controlling interest		-	(23)	(43)	(132)	(184)
Earnings per share attributable to ordinary shareholders						
<i>(Amounts in NOK)</i>						
Basic and diluted earnings per share		(0,11)	(0,06)	(0,26)	(0,24)	(0,36)

STATEMENTS OF COMPREHENSIVE INCOME

	2017	2016	2017	2016	2016
	01.07-30.09	01.07-30.09	01.01-30.09	01.01-30.09	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Net profit/(loss) for the period	(10 226)	(5 858)	(24 560)	(16 865)	(27 091)
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Currency translation differences	(546)	(337)	1 222	(688)	(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	(546)	(337)	812	(688)	(401)
Total comprehensive income for the period	(10 772)	(6 195)	(23 748)	(17 553)	(27 492)
Comprehensive income					
Equity holders of parent	(10 772)	(6 172)	(23 705)	(17 421)	(27 308)
Non-controlling interest	-	(23)	(43)	(132)	(184)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(Amounts in NOK thousands)</i>		30.09.2017	<i>31.12.2016</i>
	Note	Unaudited	Audited
ASSETS			
Non-current assets			
Evaluation and exploration assets	3	21 448	21 189
Property, plant and equipment		235	349
Investment in associate	4	29 803	15 044
Total non-current assets		51 486	36 582
Current assets			
Trade and other receivables		4 262	1 285
Cash and cash equivalents		30 110	66 112
Total current assets		34 372	67 397
Total assets		85 858	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		(324 845)	(300 026)
Other comprehensive income		2 032	1 220
Equity attributable to ordinary shareholders		79 659	97 143
Non-controlling interest		-	(173)
Total equity		79 659	96 970
Non-current liabilities			
Other liabilities		1 106	1 124
Total non-current liabilities		1 106	1 124
Current liabilities			
Trade payables		2 640	2 299
Other current liabilities		2 453	3 586
Total current liabilities		5 093	5 885
Total liabilities		6 199	7 009
Total shareholders' equity and liabilities		85 858	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	-	-	-	(688)	(16 733)	(17 421)	(132)	(17 553)
Non-controlling investment	-	-	-	-	-	-	108	108
Share-based payment	-	-	1 430	-	-	1 430	-	1 430
Share issue	13 173	52 691	-	-	-	65 864	-	65 864
Transaction costs	-	(4 657)	-	-	-	(4 657)	-	(4 657)
Equity 30 September 2016	51 723	311 315	14 354	933	(289 852)	88 473	(121)	88 352
Equity 1 January 2017	55 550	326 045	14 354	1 220	(300 026)	97 143	(173)	96 970
Total comprehensive income	-	-	-	812	(24 517)	(23 705)	(44)	(23 749)
Acquisition of non-controlling investment	-	-	-	-	(302)	(302)	217	(85)
Share issue	1 345	5 603	-	-	-	6 948	-	6 948
Transaction costs	-	(425)	-	-	-	(425)	-	(425)
Equity 30 September 2017	56 895	331 223	14 354	2 032	(324 845)	79 659	-	79 659

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

For the period ended 30 September

	2017	2016
	01.01-30.09	01.01-30.09
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited
Net cash used in operating activities	(30 722)	(10 540)
Investment in exploration and evaluation assets	(259)	(12 462)
Investment in associate	(11 544)	(6 867)
Purchases of property, plant and equipment	-	(342)
Net cash used in investing activities	(11 803)	(19 671)
Share issuance	6 948	65 864
Transaction costs, share issue	(425)	(4 657)
Net cash from financing activities	6 523	61 207
Net change in cash and cash equivalents	(36 002)	30 996
Cash and cash equivalents at beginning of period	66 112	29 809
Cash and cash equivalents at end of period	30 110	60 805

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 8 November 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 – 30 September.

(Amounts in NOK thousands)	Quartz		Titanium		Adjustments and eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenues	-	-	-	-	-	-	-	-
Segment result	(447)	(493)	(24 292)	(9 551)	179	(6 820)	(24 560)	(16 864)
Investment in exploration and evaluation assets	-	237	259	12 325	-	-	259	12 562

Note 3 – EXPLORATION AND EVALUATION ASSETS

2017

In total, the Group's capitalised drilling costs as per 30 September 2017 were NOK 14.9 million. During the 9-months period ended 30 September 2017, the Group has made certain acquisition costs amounting to NOK 0.3 million which is capitalised. Total capitalised license acquisition costs amounts to NOK 6.5 million.

2016

A total of NOK 12.6 million was capitalised in exploration and evaluation assets in the 9-months period ended 30 September 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 12.3 million of drilling and licence costs were capitalised in the 9-months period ended 30 September 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 nine months of 2017.

Share of loss in the associate

The Group recognised its share of the loss for the period of NOK -9.8 million. The Group's investment includes A-shares and B-shares with different rights related to profit allocation.

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 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 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.

Investment in 2017

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. In September 2017, Keliber carried out an incentive share issue for management with proceeds of EUR 0.2 million. As per the date of this report, Nordic Mining owns approximately 22.0% in Keliber.

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.