



**NORDIC
MINING**

INTERIM REPORT

Per 31 March 2018



OAX: NOM

Minerals for a sustainable future

Group interim report for the quarter ended 31 March 2018

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 first quarter 2018 and year-to-date 2018:

Corporate

- In January/February 2018, Nordic Mining executed a private placement and a subsequent offering with gross proceeds of NOK 59.6 million. The Group's cash balance at 31 March 2018 amounted to NOK 64.6 million. On a general note, the Group evaluates financing strategies to ensure adequate liquidity for its projects and to provide for future financial strength and flexibility.
- The Group strengthens the organisation and has appointed Birte Norheim as new CFO. Norheim will take up the position effective from 1 August 2018. Recruitment processes have been initiated for various management and technical disciplines related to the Engebø development.

Engebø rutile and garnet project

- **Drilling program completed**
A limited drilling program was carried out at Engebø in January/February 2018. In total, 1,581 meters was drilled in 10 drill holes. Drill core logging and chemical assaying are completed. Updating of the resource model and ore classification is ongoing. The Competent Person, Adam Wheeler is expected to complete the updated resource model and estimations in Q2 2018.
- **Definitive feasibility study is progressing steadily**
Based on the positive prefeasibility study results, the definitive feasibility study was initiated in the fall 2017. The main purpose of the definitive feasibility study is to qualify the project for adequate construction financing with a combination of debt and equity. This implies that the accuracy of the technical assessments, the estimated capital costs, the operating costs and the financial analysis will be increased further from the prefeasibility study.

Certain aspects of the mineralogy and texture of the Engebø deposit is complex. Therefore, the ongoing process testwork is comprehensive and time consuming. It is crucial to have the assurance of an optimised, cost efficient and robust flowsheet as the basis for the engineering and the detailed design. It is expected that the definitive feasibility study will be extended into 2019. The timeline for the study will be reviewed and updated later based on the progress of ongoing testwork activities.

- **Strategic partnership with The Barton Group**
In November 2017, Nordic Mining signed a Heads of Agreement with The Barton Group related to offtake and commercial cooperation for garnet from Engebø. Barton is a leading US garnet producer and distributor with a strong foothold, particularly in the North American markets. Barton participated in the private placement in Nordic Mining in January 2018 and intends to be an industrial anchor investor in the construction financing to establish the Engebø operation. Technical meetings with Barton on garnet processing provide valuable knowledge for the feasibility testwork.
- **Positive market development and outlook for rutile and garnet**
Price increases for rutile have been implemented in the first part of 2018 following from higher demand

and reduced stockpiles. Prices have been reported in the range USD 900 - 950 per tonne. In the coming years, rutile production from current producers is expected to decrease significantly due to depletion of operating deposits.

Currently, there is no production of garnet in Europe and a new source of supply at Engebø will be beneficiary in a market perspective.

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

- **Permits granted**

Nordic Mining holds all rights and permits necessary for its current operations related to the Engebø project. The zoning plan for the mining and processing areas and the environmental permit for the project are fully granted. The Engebø project will be developed in accordance with high international standards for environment, health and safety.

Nordic Mining has a good dialogue with the main landowners in the Engebø area and the parties are making efforts into establishing private agreements related to the property of the contemplated processing plant and necessary rights to the area for mining operations.

Keliber lithium project

- **Definitive feasibility study targeted in June 2018**

The definitive feasibility study is aiming to provide a solid foundation for project financing to implement the lithium project. The study will be based on revised resource estimates following from an extensive drilling program of more than 14,000 meters over the last year. Keliber plans to publish the revised resource estimates prior to the definitive feasibility study. Further, the definitive feasibility study will be based on updated results from process testwork and cost estimations as well as recent market studies.

- **Permitting process well under way**

Keliber has submitted the permit application for the Syväjärvi deposit. Applications for the Kalavesi concentrator plant and the Kokkola process plant will be submitted in the coming months. Keliber has obtained a special pre-consultation status for its permitting process which implies that the company interacts closely with the authorities during the process. The purpose is to streamline the work and secure a time-efficient process with the involved parties.

- **Strong lithium market and outlook**

The lithium market is developing on a positive note and product prices have increased, indicatively with 10-20% in the first part of 2018. Contract prices for lithium carbonate doubled in 2017 compared to 2016. Going forward, a continued tight market balance is expected. The fastest demand growth for lithium is related to batteries for electric/hybrid vehicles and energy storage. Keliber has dialogues with potential customers for lithium carbonate with the purpose to secure offtake agreements suitable for the forthcoming financing of the lithium project.

Financial performance

Unless other information is given, numbers in brackets for comparison relate to the first quarter of 2017.

The Group is in the developing phase of its mineral projects and has, so far, no sales revenues from its operation. The Group's operating loss in the first quarter was NOK -12.1 million (NOK -10.1 million). The operating losses are related to costs for the Engebø definitive feasibility study which was started in fall 2017, and general corporate expenses. The definitive feasibility study is well underway, involving experts in i.a. Australia, Canada, Norway, South Africa, Sweden and United Kingdom. In the first quarter, the Group has capitalised costs related to a limited drilling program at the Engebø deposit at a total amount of NOK 2.4 million (NOK 0 million).

The Group's investment in Keliber is classified as shares in an associated company. Nordic Mining's shareholding in Keliber is approximately 22%. Keliber is developing a lithium project in Finland and has, so far, no sales revenue from its operation. Keliber's ongoing development activity is considered to build attractive values for the Group.

Nordic Mining's share of result from the associated company in the first quarter was NOK -1.5 million (profit NOK 10.2 million) reflecting the pro-rata share of Keliber's costs related to the ongoing definitive feasibility study, environmental permitting process and general corporate expenses. The net profit in the first quarter 2017 included the 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 in the first quarter 2017. The reversal of impairment and the profit resulting from the deemed disposal followed from the positive development work in Keliber, e.g. the completed prefeasibility study indicating an economic viable lithium project, and the value appraisal following from an equity issue to new investors in the first quarter 2017.

The carrying amount for Nordic Mining's investment in Keliber as per 31 March 2018 is NOK 27.2 million (31 December 2017: NOK 29.3 million). Share issue prices of equity transactions in Keliber in 2017 indicate a fair value of the company well in excess of the Group's carrying amount of the investment.

The total net loss for the Group in the first quarter was NOK -13.7 million (NOK 0 million).

Cash flow from the Group's operating activities was negative in the first quarter with NOK -10.0 million (NOK -9.9 million). Net cash used in investment activities was NOK -2.4 million (NOK -0.2 million). The Group's investments were related to capitalised drilling costs at the Engebø deposit. Net cash flow from financing activities was NOK 55.4 million (NOK 6.5 million) arising from the share issues in January/February 2018.

As per 31 March 2018, the Group's cash and cash equivalents amounted to NOK 64.6 million (31 December 2017: NOK 21.5 million) which is estimated to be sufficient until the fourth quarter of 2018 based on current activity plans. On a general note, the Group evaluates financing strategies to ensure adequate liquidity for its projects and to provide for future financial strength and flexibility. The good progress for ongoing projects is expected to be positive for the Group's financial flexibility going forward. There is no assurance that the Group will be successful in obtaining the required financing for its prioritised projects. Consequently, the Group might have to adjust project progress in accordance with the prevailing funding. For further comments related to risk assessments, please see the annual report for 2017.

Nordic Mining's total assets as of 31 March 2018 were NOK 119.8 million (31 December 2017: NOK 77.1 million), and the Group's total equity amounted to NOK 111.3 million (31 December 2017: NOK 70.2 million). This gives an equity ratio of 93% (31 December 2017: 91%).

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 producers and development projects. The deposit also contains significant quantities of high-quality garnet. The prefeasibility study of the project was completed in October 2017.

Nordic Mining holds all rights and permits necessary for its current operations related to the project. The zoning plan for the mining and processing areas and the environmental permit for the project are fully granted. The Engebø project will be developed in accordance with high international standards for environment, health and safety. The deposit has a favorable location at tidal waters, next to a deep-water port and with smooth shipping and advantageous logistics to European and overseas markets.

The tables below provide an overview of the resource estimates at different cut-off grades* for the Engebø deposit, as presented in a resource report published in September 2016.

*Resource classification (2% cut-off grade)***

Resource class	Tonnage Mt	TiO ₂ %	Garnet%
Measured	19	3.68	43.9
Indicated	106	3.51	43.0
Measured & Indicated	125	3.53	43.2
Inferred	255	3.22	42.5

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

Resource class	Tonnage Mt	TiO ₂ %	Garnet%
Measured	15	3.97	44.6
Indicated	78	3.87	43.6
Measured & Indicated	93	3.89	43.7
Inferred	138	3.86	43.5

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

** 2%/3% cut-off grade means that only ore with TiO₂ content of 2%/3% or more is included in the resource estimates. For more information, please see the prefeasibility report which is available on www.nordicmining.com.

A limited drilling program was carried out at Engebø from mid-January to mid-February 2018. The drilling went according to plan. In total, 1,581 meters was drilled in 10 drill holes. The aim of the drilling was to increase the knowledge of the ore body and the geotechnical conditions in the open pit. Drill core logging and chemical assaying are completed. Updating of the resource model and ore classification is ongoing. The Competent Person, Adam Wheeler is expected to complete the updated resource model and estimations in Q2 2018.

The international mining consultancy company SRK has been contracted for geotechnical, hydrogeological and structural logging and modelling based on drill hole data. SRK will make recommendations on slope angles and stability conditions for the open pit and underground infrastructure. The resource and pit stability assessments will form a basis for the final open pit design and mine schedule, assessing ore and waste rock tonnages from the open pit mining operation. Consideration of measures to optimise the mine plan is ongoing.

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.

Definitive feasibility study and other project development activities

Based on the positive prefeasibility results, the definitive feasibility study was initiated in the fall 2017. The main purpose of the definitive feasibility study is to qualify the project for adequate construction financing with a combination of debt and equity. This implies that the accuracy of the technical assessments, the estimated capital costs, the operating costs and the financial analysis will be increased further from the prefeasibility study. Nordic Mining has initiated dialogues with financing institutions to prepare for the construction financing.

The definitive feasibility testwork program is divided in three stages: process optimisation, repeatability demonstrations and ore variability testing. The process optimisation testwork is well under way. Tests carried out have been successful in making cost saving changes to the flowsheet and confirming some critical process parameters. Ongoing work is carried out to investigate process solutions to recover additional coarse garnet. Optimal crushing and grinding, as well as maximising recovery is important to secure stable output volumes. After process optimisation, bulk samples will be processed for repeatability and variability testing.

Certain aspects of the mineralogy and texture of the Engebø deposit is complex. Therefore, the process testwork is comprehensive and time consuming. It is crucial to have the assurance of an optimised, cost efficient and robust flowsheet as the basis for engineering and detailed design. It is expected that the definitive feasibility study will be extended into 2019. The timeline for the study will be reviewed and updated later based on the progress of ongoing testwork activities.

In addition to the definitive feasibility study, various infrastructure activities have been initiated. These include regulatory work for sourcing of process water through a dedicated pipeline and sourcing of electrical power, as well as preparations for re-direction of the county road currently passing through the designated process area. Further, preparations have started for archaeological investigations at locations identified during the previous environmental impact assessment. Certain environmental monitoring programs will be defined and reviewed in cooperation with the relevant authorities.

Nordic Mining aims to secure structured and effective work programs on all preparatory issues that are important for the overall progress plan for the project. Dialogue meetings and good communication with Naustdal municipality and other authorities, as well as landowners and other stakeholders, are vital for the implementation 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.

Rutile prices (95% TiO₂) have increased in the first part of 2018 and are reported in the range USD 900 - 950 per tonne. The main market drivers are a strong underlying demand and high capacity utilisation in the pigment industry. Further, pigment plant closures in China due to environmental regulations have increased the demand for rutile as a high-grade titanium feedstock. In the coming years, the rutile production from current producers is expected to decrease significantly due to depletion of operating deposits. For the prefeasibility study, the Australian consultancy company TZMI estimated a long-term price for rutile around USD 1,070 per tonne.

Nordic Mining is in dialogue with potential customers and will seek to clarify offtake arrangements for rutile. The company is experiencing positive interest from potential customers of rutile both in the pigment industry and in the titanium metal industry.

The main applications for garnet are in waterjet cutting, sand blasting and for various abrasives. Prices vary depending on quality and application. TAK Industrial Mineral Consultancy indicated a basket price around USD 250 per tonne for the garnet qualities which will be produced at Engebø.

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 prefeasibility study for the lithium project in 2016 and is now carrying out the definitive feasibility study.

Keliber's mineral resource estimates*, using a 0.50% Li₂O cut-off grade, as presented in June 2017 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)

Keliber has carried out extensive drilling programs in 2017 and the first part of 2018. In total, around 14,000 meters have been drilled. The data from the drilling is analysed, and the mineral resource estimates are in the process of being updated by independent Competent Persons. The revised resource estimates will be input to the definitive feasibility study and published prior to this study.

Definitive feasibility study targeted in June 2018

Keliber has executed a comprehensive work program related to the definitive feasibility study. The study is aiming to provide a solid foundation for project financing to implement the lithium project. The study is targeted for completion in June 2018.

The trade-off study of the location of the lithium chemical plant has been concluded in favour of Kokkola Industrial Park (KIP). The KIP area has an established industrial infrastructure. Further, a variety of industrial commodities, utilities and services needed by Keliber are available in the area. Also, the water treatment and waste treatment solutions are in place. Several major metallurgical and chemical companies are in the area, with possibility for co-operation regarding access control, security and other safety services, fire and rescue duties and statutory environmental monitoring.

Keliber has dialogues with potential customers for lithium carbonate with the purpose to secure offtake agreements. Suitable offtake arrangements are expected to facilitate the construction financing for the project.

Strong lithium market and outlook

The contract prices for lithium carbonate doubled in 2017 compared to 2016. In the first part of 2018, the contract prices are reported to have increased by an additional 10–20%. 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 definitive feasibility study will be based on updated market assumptions.

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. 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 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 at the Kalavesi plant area. Preparations are ongoing for permit applications related to other deposits and for revision of the processing plant permit due to increased production rate and the decision to relocate the lithium chemical plant from Kalavesi to Kokkola Industrial Park.

Keliber has submitted the permit application for the Syväjärvi deposit. Applications for the Kalavesi concentrator plant and the Kokkola chemical plant will be submitted in the coming months. A supplement to the environmental impact assessment program for the Kokkola chemical plant has been submitted to cater for a possible future capacity expansion to 24,000 tonnes of lithium carbonate per year. The purpose of the supplement is to have strategic flexibility utilising possible combinations of domestic raw materials and overseas supply.

Keliber has obtained a special pre-consultation status for its permitting process which implies that the company interacts closely with the authorities during the process. The purpose is to streamline the work and secure a time-efficient process with the involved parties.

Strategic assets and initiatives

Kvinnherad quartz project

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.

An independent resource assessment in accordance with the JORC Code has been made based the results from core drilling and exploration. A quartz-containing mineral resource of 2.92 million tonnes in the indicated category and 1.34 million tonnes in the inferred category has been estimated. The quartz content of the deposit is on average 65%.

Seabed minerals

Nordic Mining has taken initiatives related to seabed mineral exploration in Norway and has applied for mineral exploration rights in promising areas within the Norwegian jurisdiction. Research assessments indicate an attractive potential for discovery of metallic ore deposits with possible significant economic values within Norway's exclusive economic zone.

The Norwegian Research Council has granted NOK 25 million to MarMine, an ongoing 4-year research project on marine mineral resources. The project which is coordinated by the Norwegian University of Science and Technology (NTNU), has a strong industrial basis and participation. An exploration cruise including mineral sampling and assessments related to seabed mineral operations has been executed in selected areas along the Mid-Atlantic Ridge.

Alumina technology development

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

Oslo, 14 May 2018
The Board of Directors of Nordic Mining ASA

CONSOLIDATED INCOME STATEMENTS

	2018	2017	2017
	01.01-31.03	01.01-31.03	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited	Audited
Payroll and related costs	(1 946)	(2 552)	(10 879)
Depreciation and amortisation	(38)	(38)	(152)
Other operating expenses	(10 138)	(7 553)	(25 175)
Operating profit/(loss)	(12 122)	(10 143)	(36 206)
Share of result of an associate	(1 489)	10 187	542
Financial income	56	3	268
Financial costs	(116)	(36)	(177)
Profit/(loss) before tax	(13 671)	11	(35 573)
Income tax	-	-	-
Profit/(loss) for the period	(13 671)	11	(35 573)
Profit/(loss) attributable to			
Equity holders of parent	(13 671)	25	(35 530)
Non-controlling interest	-	(14)	(43)
Earnings per share attributable to ordinary shareholders			
<i>(Amounts in NOK)</i>			
Basic and diluted earnings per share	(0.12)	-	(0.37)

STATEMENTS OF COMPREHENSIVE INCOME

	2018	2017	2017
	01.01-31.03	01.01-31.03	01.01-31.12
	Unaudited	Unaudited	Audited
<i>(Amounts in NOK thousands)</i>			
Net profit/(loss) for the period	(13 671)	11	(35 573)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences	(590)	337	2 533
Currency translation reclassified to profit and loss	-	(410)	(410)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Changes in pension estimates	-	-	201
Other comprehensive income directly against equity	(590)	(73)	2 324
Total comprehensive income for the period	(14 261)	(62)	(33 249)
Comprehensive income			
Equity holders of parent	(14 261)	(48)	(33 206)
Non-controlling interest	-	(14)	(43)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(Amounts in NOK thousands)</i>	31.03.2018	<i>31.12.2017</i>
	Unaudited	Audited
ASSETS		
Non-current assets		
Evaluation and exploration assets	24 036	21 619
Property, plant and equipment	159	197
Investment in associate	27 174	29 254
Total non-current assets	51 369	51 070
Current assets		
Trade and other receivables	3 825	4 516
Cash and cash equivalents	64 567	21 547
Total current assets	68 392	26 063
Total assets	119 761	77 133
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	68 070	56 895
Share premium	375 491	331 223
Other paid-in capital	14 354	14 354
Retained losses	(349 529)	(335 858)
Other comprehensive income	2 954	3 544
Equity attributable to ordinary shareholders	111 340	70 158
Non-controlling interest	-	-
Total equity	111 340	70 158
Non-current liabilities		
Other liabilities	504	603
Total non-current liabilities	504	603
Current liabilities		
Trade payables	5 287	3 200
Other current liabilities	2 630	3 172
Total current liabilities	7 917	6 372
Total liabilities	8 421	6 975
Total shareholders' equity and liabilities	119 761	77 133

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 2017	55 550	326 045	14 354	1 220	(300 026)	97 143	(173)	96 970
Loss for the period	-	-	-	-	25	25	(14)	11
Other comprehensive income	-	-	-	(73)	-	(73)	-	(73)
Total comprehensive income	-	-	-	(73)	25	(48)	(14)	(62)
Non-controlling investment	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	-	-
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	(187)	103 431
Equity 1 January 2018	56 895	331 223	14 354	3 544	(335 858)	70 158	-	70 158
Loss for the period	-	-	-	-	(13 671)	(13 671)	-	(13 671)
Other comprehensive income	-	-	-	(590)	-	(590)	-	(590)
Total comprehensive income	-	-	-	(590)	(13 671)	(14 261)	-	(14 261)
Share issue	11 175	48 425	-	-	-	59 600	-	59 600
Transaction costs	-	(4 157)	-	-	-	(4 157)	-	(4 157)
Equity 31 March 2018	68 070	375 491	14 354	2 954	(349 529)	111 340	-	111 340

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

For the period ended 31 March

	2018	2017
	01.01-31.03	<i>01.01-31.03</i>
<i>(Amounts in NOK thousands)</i>	Unaudited	<i>Unaudited</i>
Operating activities:		
Net cash used in operating activities	(10 006)	(9 912)
Investing activities:		
Acquisition of licences	-	(86)
Investment in other exploration and evaluation assets	(2 417)	-
Investment in associate	-	-
Purchases of property, plant and equipment	-	(69)
Net cash used in investing activities	(2 417)	(155)
Financing activities:		
Share issuance	59 600	6 948
Transaction costs, share issue	(4 157)	(425)
Net cash from financing activities	55 443	6 523
Net change in cash and cash equivalents	43 020	(3 545)
Cash and cash equivalents at beginning of period	21 547	66 112
Cash and cash equivalents at end of period	64 567	62 567

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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 2017.

This report was approved by the Board of Directors on 14 May 2018.

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 2017.

Note 2 – SEGMENT

The Group presents segments on the basis of the mineral projects. The two reportable segments are:

- Titanium and garnet 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. The prefeasibility study for the project was completed in October 2017.
- 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 & Garnet		Adjustments and eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues	-	-	-	-	-	-	-	-
Segment result	(160)	(146)	(10 493)	(9 791)	(3 019)	9 948	(13 671)	11
Investment in exploration and evaluation assets	-	-	(2 417)	86	-	-	(2 417)	86

Note 3 – EXPLORATION AND EVALUATION ASSETS

In the first quarter 2018, the Group completed additional exploratory drilling at Engebø (the Titanium & Garnet segment). The Group capitalised NOK 2.4 million of drilling cost for the quarter. The Group’s total capitalised drilling cost at 31 March 2018 was NOK 17.4 million.

Note 4 – SHARE CAPITAL

On 14 December 2017, Nordic Mining executed a private placement of 15,625,000 shares at a subscription price of NOK 3.20 per share. The private placement was approved in an extraordinary general meeting on 8 January 2018. The gross proceeds were NOK 50.0 million. A subsequent offering of 3,000,000 shares at a subscription price of NOK 3.20 per share were executed 30 January 2018 with gross proceeds of NOK 9.6 million. The net proceeds from the share issues of NOK 55.4 million were received in January/February 2018.

As per the date of this report, the Company’s share capital is NOK 68,070,280.80 divided into 113,450,468 shares, each with a par value of NOK 0.60.

Note 5 – EVENTS AFTER THE BALANCE SHEET DATE

Annual report 2017

Nordic Mining's annual report for 2017 was published on 27 April 2018.

Ordinary General Meeting

The ordinary general meeting of the shareholders in Nordic Mining ASA will be held on 29 May 2018.

Information from Arctic Mineral Resources AS

On 20 April 2018, Arctic Mineral Resources AS published information of a mineral project scenario focusing solely on garnet in the area for the underground operation of Nordic Mining's Engebø rutile and garnet project. Nordic Mining holds all rights and permits necessary for its current operations related to the Engebø rutile and garnet project. This includes extraction permits for rutile (state mineral) which, as a general rule, also imply the right to extract garnet and possible other minerals (landowners' minerals) in connection with the rutile extraction. For further information, please see the webpage of the Directorate of Mining (<https://www.dirmin.no/aktuelt/driftskonsesjon-i-omrader-med-flere-utvinningsretter> - information in Norwegian).