INTERIM REPORT

Per 30 June 2017



OAX: NOM

Minerals for a sustainable future

Group interim report for the quarter ended 30 June 2017

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

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

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

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

Corporate overview

- ***Fully financed for planned development activities in 2017***

- ***Value increasing feasibility studies well under way***
  The ongoing feasibility studies for the Engebø rutile and garnet project (pre-feasibility study - PFS) and the Keliber lithium project (definitive feasibility study - DFS) are important value increasing activities. Both studies will be completed in the second half of 2017.

Engebø rutile and garnet project

- ***Dual mineral operation with robust and attractive project economics***
  Based on the positive test results related to the significant garnet resource at Engebø, the project will be developed as a dual mineral operation with rutile and garnet, providing strategic and commercial strength and flexibility. The excellent results from the garnet test work campaign have allowed the company to reconfigure a phased approach to the development of the project. The initial 1.5 million tonnes per year operation (run of mine – ROM) can be expanded to a 2 million tonnes per annum operation. The dual mineral concept provides risk reduction, attractive economics and valuable future expansion opportunities.

- ***Significantly lower capital investments expected***
  Reduced run-of-mine volumes due to higher revenue per extracted tonnage combined with a staged capacity development is expected to significantly reduce the upfront capital expenditure to bring the Engebø project into production.

- ***Positive market perspectives for rutile and garnet***
  Product prices for titanium feedstock, including rutile, have increased in recent months. Going forward, the supply/demand balance is expected to tighten further, and the price outlook is positive. The demand for garnet in waterjet cutting and sand blasting is developing positively. Updated market perspectives indicate opportunities to target garnet sales of 300,000 tonnes per annum within 10 years from commencing production.

- ***Comminution circuit defined***
  A comprehensive and systematic test work program has been completed, and the chosen crushing and grinding circuit configuration demonstrates a good balance in terms of mineral liberation and operational costs.

- ***Significant progress in rutile process test work***
  The major part of the prefeasibility test work program is now completed. During the campaign, a rutile product of approximately 95% TiO_2 has been achieved at recoveries of approximately 55%. Work to further improve the recovery is progressing positively. The process solution is based on

industry standard process technology, combining known processing units such as magnetic, gravimetric and electrostatic separation.

- ***Successful garnet processing***
  Garnet production is split into coarse and fine product streams. Both product streams have been successfully produced exceeding market specifications.

- ***PFS targeted for completion late in Q3 2017***
  With the major part of the processing test work completed with good results, the target is to complete the PFS before the end of Q3 2017.

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

Keliber lithium project

- ***Strong lithium market and outlook***
  The lithium market is developing positively, and product prices have increased. The demand for lithium in various applications is growing fast, in particular related to batteries for electric/hybrid vehicles and energy storage. 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.

- ***Good progress on the DFS***
  A comprehensive work program is ongoing related to the DFS which is aiming to provide a solid foundation for the subsequent project financing to implement the lithium project.

- ***Construction start in 2018***
  Keliber's current plan targets completion of the ongoing permitting process and start of construction in 2018.

- ***Financing of project development work***
  In 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, an incentive share issue for board members was completed with proceeds of EUR 0.1 million. Nordic Mining participated pro-rata to its shareholding in the repair issue. Following from the equity issues, Nordic Mining's shareholding in Keliber is approximately 22%.

Financial performance

For comparison, numbers in brackets relate to the second 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 second quarter was NOK -8.4 million (NOK -6.4 million). Accumulated operating loss was NOK -18.5 million (NOK -9.6 million). The operating losses are related to costs for the ongoing PFS for the Engebø project and general corporate expenses. In the first half of last year, the Group capitalised costs related to drilling at the Engebø deposit and certain other exploration activities at a total amount of NOK 11.1 million. The Group's operating costs in the first half of 2017 do not qualify for capitalisation.

The Group's investment in Keliber is classified as shares in an associated company. Nordic Mining's shareholding in Keliber is approximately 22%. Keliber is developing a lithium project in Finland and has no sales revenue from its operation so far. Nordic Mining's share of result from the associated company in the second quarter was NOK -6.0 million (NOK -0.9 million) reflecting the pro rata share of Keliber's loss which was mainly related to costs in connection with the ongoing definitive feasibility study (DFS), preparations for environmental permitting and general corporate expenses.

The accumulated result related to Keliber was NOK 4.2 million (NOK -1.4 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 book value of Nordic Mining's investment in Keliber as per 30 June 2017 is NOK 32.2 million (31 December 2016: NOK 15.0 million) including the participating in Keliber's share issue in the first half of 2017. The Group's carrying value for the investment in Keliber is well below the estimated valuation subsequent of the recent equity transactions.

Total net loss for the Group in the second quarter was NOK -14.3 million (NOK -7.3 million). The Group's accumulated total net loss was NOK -14.3 million (NOK -11.0 million).

Cash flow from the Group's operating activities in the first half year was negative with NOK -20.0 million (NOK -5.3 million). Accumulated net cash used in investment activities was NOK -11.7 million (NOK -18.3 million). The investments for the 6-month period 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 -1.2 million; transaction costs) arising from the share issue in January 2017.

As per 30 June 2017, the Group's cash and cash equivalents amounted to NOK 40.9 million (NOK 5.0 million).

Nordic Mining's total assets as of 30 June 2017 were NOK 97.2 million (NOK 99.7 million) and the Group's total equity amounted to NOK 90.4 million (NOK 94.5 million). This gives an equity ratio of 93% (95%).

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 (TiO_2) compared to existing rutile producers and development projects. The deposit also contains significant quantities of high quality garnet. The table below provides an overview of the resource estimates published in September 2016.

Resource classification - Engebø rutile deposit (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 estimates completed by Competent Person Adam Wheeler, corresponding to the guidelines of the JORC Code (2012 edition).

The significant garnet quantities and positive market indications going forward indicate a balanced operation with two commercial products; rutile and garnet. Consequently, the Engebø deposit will be developed as a dual mineral project in a phased development approach. This is expected to reduce project and market risks whilst retaining attractive project economics.

Although only measured and indicated resources will contribute to the ore reserve of the project, the substantial inferred resource highlights the potential for expansion of an already long life mine.

Operational scope and mine configuration, production capacities, financial key figures etc. for the project will be described and elaborated in the forthcoming prefeasibility study report. Current estimates indicate that a financially sound and robust project can be developed with a significantly lower capital investment than previously indicated. A phased development approach will be applied with an initial annual feed rate of 1.5 million tonnes of ore, with a planned expansion to match market opportunities. The dual mineral concept provides risk reduction, attractive economics and valuable future expansion opportunities.

Positive commercial outlook

Europe has a significant supply deficit of titanium feedstock, including rutile, and no garnet production. Supplies from Engebø will therefore 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% TiO_2) in the first half 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 TiO_2 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 in the range USD 1,050 – 1,080 per tonne.

The main applications for garnet are in waterjet cutting, sand blasting and for various abrasives. Prices vary depending on quality and application. Nordic Mining is currently evaluating the marketing strategy for garnet. Updated market perspectives indicate opportunities to target garnet sales at an annual level of up to 300,000 tonnes per annum over a 10-year period. As the indicated sales target assumes a broad product specter, industrial information indicates an average sales price in the range USD 200 – 250 per tonne.

Significant progress in prefeasibility test work

At the time of publication of this report, most of the planned comminution and process test work programs related to production of commercial rutile and garnet products have been completed. Results from ongoing activities are expected shortly. Several tonnes of material from Engebø have been shipped to certified laboratories for the test work program, including South Africa and Australia. In South-Africa, a comprehensive comminution test program with various crushing and milling technologies have been completed. The chosen crushing and grinding configuration demonstrates superior performance in terms of mineral liberation and operational costs.

On the beneficiation side, the test work program in Australia has achieved a rutile product of approximately 95% TiO_2 at recoveries of approximately 55%. Work to further improve the recovery is developing positively.

Garnet production is split into coarse and fine product streams. Both fine and coarse garnet have been produced exceeding market specifications, and consequently the garnet production flowsheet has been successfully defined.

Variability tests are ongoing and will be completed in the next phase of the project. A significant part of the test work has been done with industrial scale equipment which reduces any upscaling risks.

With the major part of the processing test work completed with good results, the target is to complete the PFS before the end of Q3 2017.

Permitting completed

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

In January 2017, the Norwegian Directorate of Mining extended the extraction permits for the Engebø project. The new expiry date for the permits is 12 November 2027.

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.

Nordic Mining owns approximately 22% of the share capital and is the largest shareholder in Keliber.

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

The DFS will be based on the improved resource estimates which were published in June 2017. Keliber's current mineral resource estimates*, using a 0.50% Li_2O 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_2O %)	1.06	1.24	1.43	1.15	1.14	1.40	1.19
Inferred	-	-	-	-	0.300	-	

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

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% Li_2CO_3) 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, which in total stands for around 65% of the global lithium demand. 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).

Keliber is evaluating offtake agreements as part of the preparation for construction financing.

Steady DFS progress and corporate development

The aim of the ongoing DFS is to provide a good foundation for the project financing to implement the lithium project. Various test work has been executed related to ore sorting, beneficiation and lithium carbonate production. The results of test work have been basis for the definition of the process flowsheet. Small quantities of lithium carbonate are produced to support commercial discussions.

Basic engineering related to the lithium plant is in progress at Outotec and Metso. Estimates for the investments and operating costs are developed. Subsequent of the DFS, detailed engineering and outline of technical specifications for the main equipment enquiries will be carried out.

Compared with the financial analysis in the PFS, various modifications have been identified, and these will be incorporated in the DFS analysis together with updated market assumptions.

In 2017, Keliber has strengthened its management team with a CFO, a chief geologist, a chief production officer, a R&D manager and a senior sales manager in order to prepare for further development towards production.

Environmental permitting

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

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

Equity financing successfully completed

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

Kvinnherad quartz project

General project information

Nordic Mining has exclusive rights for the investigation and development of a quartz deposit in Kvinnherad municipality in Norway. Studies and tests show that the quartz has a low content of contaminants and therefore can be regarded as a high-purity type of quartz. Processing tests of blasted surface samples show that high-purity quartz concentrates with a total level of impurities less than 15 ppm can be made. This is in the range of the highest grade quartz qualities on the market.

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

Significant resource estimates

In 2016, an independent assessment was completed based the results from 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. In the government's recent national ocean strategy, seabed minerals are an integral part. Research assessments indicate a substantial potential for discovery of metallic ore deposits along the Norwegian part of the Mid-Atlantic Ridge and possible significant economic values within Norway's exclusive economic zone.

NORA has applied for mineral exploration rights in promising areas within the Norwegian jurisdiction. A proposal for new regulation of seabed mineral exploration is currently on hearing from the Norwegian government.

In June 2017, Nordic Mining acquired the remaining shares in NORA from Hydroza AS, and consequently NORA is now a wholly owned subsidiary.

The MarMine project

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

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

Other project activity

Patented alumina technology

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

Oslo, 17 August 2017
The Board of Directors of Nordic Mining ASA

Tarmo Tuominen
Chairman

Kjell Roland

Eva Kaijser

Mari Thjømøe

Tore Viana-Rønningen

Ivar S. Fossum
CEO

CONSOLIDATED INCOME STATEMENTS

(Amounts in NOK thousands)	Note	**2017 01.04-30.06 Unaudited**	2016 01.04-30.06 Unaudited	**2017 01.01-30.06 Unaudited**	2016 01.01-30.06 Unaudited	2016 01.01-31.12 Audited
Payroll and related costs		**(3 786)**	(2 374)	**(6 338)**	(3 949)	(7 823)
Share-based payment		**-**	(1 409)	**-**	(1 429)	(1 429)
Depreciation and amortisation		**(38)**	-	**(76)**	-	(7)
Impairment of exploration & evaluation assets		**-**	(1 326)	**-**	(1 326)	(1 326)
Other operating expenses		**(4 541)**	(1 314)	**(12 094)**	(2 937)	(12 376)
Operating profit/(loss)		**(8 365)**	(6 423)	**(18 508)**	(9 641)	(22 961)
Share of result of an associate	3	**(5 960)**	(869)	**4 228**	(1 350)	(4 241)
Financial income		**17**	16	**20**	26	200
Financial costs		**(38)**	(39)	**(74)**	(42)	(89)
Profit/(loss) before tax		**(14 346)**	(7 315)	**(14 334)**	(11 007)	(27 091)
Income tax		**-**	-	**-**	-	-
Loss for the period		**(14 346)**	(7 315)	**(14 334)**	(11 007)	(27 091)
Profit/(loss) attributable to						
Equity holders of parent		**(14 316)**	(7 241)	**(14 291)**	(10 898)	(26 907)
Non-controlling interest		**(29)**	(74)	**(43)**	(109)	(184)
Earnings per share attributable to ordinary shareholders						
(Amounts in NOK)						
Basic and diluted earnings per share		**(0.15)**	(0.12)	**(0.15)**	(0.18)	(0.36)

STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in NOK thousands)	**2017 01.04-30.06 Unaudited**	**2016 01.04-30.06 Unaudited**	**2017 01.01-30.06 Unaudited**	2016 01.01-30.06 Unaudited	2016 01.01-31.12 Audited
Net profit/(loss) for the period	**(14 346)**	(7 315)	**(14 334)**	(11 007)	(27 091)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences	**1 431**	(148)	**1 768**	(351)	(623)
Currency translation reclassified to profit and loss	**-**	-	**(410)**	-	-
Items that will not be reclassified subsequently to profit or loss:	**-**	-	**-**	-	-
Changes in pension estimates	**-**	-	**-**	-	222
Other comprehensive income directly against equity	**1 431**	(148)	**1 358**	(351)	(401)
Total comprehensive income for the period	**(12 915)**	(7 463)	**(12 976)**	(11 358)	(27 492)
Comprehensive income					
Equity holders of parent	**(12 886)**	(7 389)	**(12 933)**	(11 249)	(27 308)
Non-controlling interest	**(29)**	(74)	**(43)**	(109)	(184)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in NOK thousands)	Note	***30.06.2017*** **Unaudited**	*31.12.2016* Audited
ASSETS			
Non-current assets			
Evaluation and exploration assets	3	**21 361**	21 189
Property, plant and equipment		**273**	349
Investment in associate	4	**32 174**	15 044
Total non-current assets		**53 808**	36 582
Current Assets			
Trade and other receivables		**2 543**	1 285
Cash and cash equivalents		**40 885**	66 112
Total current assets		**43 428**	67 397
Total assets		**97 236**	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		**(314 619)**	(300 026)
Other comprehensive income		**2 578**	1 220
Equity attributable to ordinary shareholders		**90 431**	97 143
Non-controlling interest		**-**	(173)
Total equity		**90 431**	96 970
Non-current liabilities			
Other liabilities		**1 180**	1 124
Total non-current liabilities		**1 180**	1 124
Current liabilities			
Trade payables		**3 035**	2 299
Other current liabilities		**2 589**	3 586
Total current liabilities		**5 624**	5 885
Total liabilities		**6 804**	7 009
Total shareholders' equity and liabilities		**97 236**	103 979

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Unaudited

	Attributed to equity holders of the parent							Non - controlling interest	Total equity
(Amounts in NOK thousands)	**Share capital**	**Share premium**	**Other-paid-in capital**	**Unregistered equity**	**Other comprehensive income**	**Accumulated losses**	**Total**		
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**
Equity 1 January 2017	**55 550**	**326 045**	**14 354**	-	**1 220**	**(300 026)**	**97 143**	**(173)**	**96 970**
Total comprehensive income	-	-	-	-	1 358	(14 291)	(12 933)	(44)	(12 977)
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 June 2017	**56 895**	**331 223**	**14 354**	**-**	**2 578**	**(314 619)**	**90 431**	**-**	**90 431**

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
For the period ended 30 June

(Amounts in NOK thousands)	**2017 01.01-30.06 Unaudited**	2016 01.01-30.06 Unaudited
Net cash used in operating activites	**(20 034)**	(5 251)
Investment in exploration and evalutation assets	**(172)**	(11 134)
Investment in associate	**(11 544)**	(6 867)
Purchases of property, plant and equipment	**-**	(324)
Net cash used in investing activities	**(11 716)**	(18 325)
Share issuance	**6 948**	-
Transaction costs, share issue[(1)]	**(425)**	(1 243)
Net cash from financing activities	**6 523**	(1 243)
Net change in cash and cash equivalents	**(25 227)**	(24 819)
Cash and cash equivalents at beginning of period	**66 112**	29 809
Cash and cash equivalents at end of period	**40 885**	4 990

1) The accounted cash effect in the first half of 2016 was paid transaction fees related to an equity issue which was completed and registered 1 July 2016. The net cash from the equity issue was included in the consolidated cash flow statement in the third quarter 2016.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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 17 August 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 June.

(Amounts in NOK thousands)	Quartz		Titanium		Adjustments and eliminations		Consolidated	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Revenues	**-**	-	**-**	-	**-**	**-**	**-**	-
Segment result	**(313)**	(362)	**(15 912)**	(5 155)	**1 891**	(5 490)	**(14 334)**	(11 007)
Investment in exploration and evaluation assets	**-**	237	**172**	10 897	**-**	-	**172**	11 134

Note 3 – EXPLORATION AND EVALUATION ASSETS

2017
The Group's accumulated capitalised drilling costs as per 30 June 2017 were NOK 14.9 million. In addition, the Group has capitalised various license costs at an amount of NOK 6.4 million. NOK 0.2 million was capitalised in license acquisition cost in the 6-month period ended 30 June 2017.

2016
A total of NOK 11.1 million was capitalised in exploration and evaluation assets in the 6-month period ended 30 June 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 10.8 million of drilling and licence costs were capitalised in the six-month period ended 30 June 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 half year of 2017.

Share of loss in the associate

The Group recognised its share of the loss for the period of NOK -8.0 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 the second quarter

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

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.

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 2017 and for the first half year of 2017, including interim condensed consolidated figures for comparison per 30 June 2016 and for the first half year 2016.

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 2017 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 2017 and 30 June 2016, respectively. To the best of our knowledge, the Board of Directors' report for the first half year of 2017 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, 17 August 2017
The Board of Directors of Nordic Mining ASA

Tarmo Tuominen
Chairman

Kjell Roland

Eva Kaijser

Mari Thjømøe

Tore Viana-Rønningen

Ivar S. Fossum
CEO