



**NORDIC
MINING**

OAX: NOM

INTERIM REPORT

Per 30 September 2016



Group interim report for the quarter ended 30 September 2016

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

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

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

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

Nordic Rutile (100%) - Engebø project

- **Increased resource estimates**

The revised JORC compliant estimates published in September 2016 show a significant increase of the qualified resources at the Engebø rutile deposit, higher titanium dioxide grades and substantial quantities of garnet. Preliminary estimated operating parameters indicate a reduction of the TiO₂ cut-off grade. With a cut-off grade of 2% TiO₂ the estimated total resources in the measured and indicated categories are 125 million tonnes at an average grade of 3.53% TiO₂. In addition, 255 million tonnes of resource at an average grade of 3.22% TiO₂ is estimated in the inferred category indicating a substantial resource potential. The revised resource model will be basis for the pre-feasibility study ("PFS").

- **Hatch assigned for coordination of the PFS**

The international engineering and consultancy company Hatch has been appointed for technical advisory services and coordination of the Engebø PFS. Hatch is a leading international mining and processing specialist with extensive experience across the mining industry, including titanium feedstock. A detailed work plan has been established for the PFS, and the work is progressing well.

- **Comprehensive PFS program on comminution and process test work**

Various comminution and process test work activities are ongoing or in preparation. Certain additional work has been agreed as a result of initial tests in order to supplement the data. The work program is still in an early phase. Delays in transport and customs clearance of material to some of the test sites have affected the slot times for certain activities. The purpose of the test work is to optimise recovery of commercial products and secure a cost efficient set up. The updated time schedule for the PFS targets completion in Q2 2017.

- **Zoning plan and discharge permit are final**

In February 2016, the King in Council dismissed an appeal related to the discharge permit. Consequently, the discharge permit is final and without further possibility for appeal. The zoning plan was final directly following the government's approval in 2015. The EFTA Surveillance Authority ("ESA") has stated in a letter to complainants that the Norwegian authorities' handling of the permitting process is in compliance with European regulations. ESA's final conclusion is awaited.

Keliber (25%) - Lithium project

- **Positive lithium market development**

The lithium market is developing positively and product prices have increased. The demand for lithium in various applications, in particular related to batteries for electric/hybrid vehicles and

energy storage, is expected to grow substantially in the coming years. A tight market balance for battery grade lithium carbonate is expected to continue.

- **Definitive feasibility study (“DFS”) ongoing**
Keliber completed a positive PFS for the lithium project in March 2016. The international engineering and consultancy company Hatch is assigned for the coordination of the DFS which is targeted for completion in Q2 2017. The study work is progressing well.
- **Assessment of financing options**
Keliber has appointed an advisor for corporate finance services. The purpose is to investigate options and possibly carry out transactions in order to position Keliber strategically and financially for the fast-growing development in the lithium industry.

Nordic Quartz (100%) - Kvinnherad project

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

Nordic Ocean Resources (80%) – Seabed minerals

- **MarMine exploration sampling completed**
In August/September 2016, an exploration cruise was carried out on the Norwegian part of the Mid-Atlantic Ridge (“MAR”). Mineral samples were collected on selected locations. Subsequent of the cruise, mineral analysis and preliminary process test work will be executed.

Corporate matters

- **Financing in place**
In June 2016, Nordic Mining completed a rights issue with gross proceeds of approximately NOK 65.9 million. Based on current estimates, Nordic Mining's existing funding exceeds the costs to complete the Engebø PSF and prioritised other activities with a comfortable margin.

Financial performance

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

The Group is developing mineral projects and has so far no sales revenues from its operation. The Group's operating loss in the third quarter was NOK -4.6 million (NOK -2.8 million). Accumulated operating loss was NOK -14.2 million (NOK -9.9 million). The operating losses were mainly related to costs in connection with development of the Engebø rutile project and general corporate expenses. The accumulated operating loss also includes costs related to share-based remuneration (no cash effect) of approximately NOK 1.4 million (NOK 0.0 million) in connection with option agreements with leading employees and resource persons and an impairment loss (no cash effect) of NOK 1.3 million (NOK 0.0 million) related to previously capitalised drilling costs at Reinfjord.

As per 30 September 2016, the Group has capitalised costs related to drilling at the Engebø deposit at a total amount of NOK 12.3 million (NOK 0.1 million). Total accumulated capitalised costs related to exploration and evaluation assets were NOK 12.6 million (NOK 1.2 million). The total accumulated amount includes also capitalised costs related to resource estimation in connection with last year's drilling at the Kvinnherad quartz deposit at an amount of NOK 0.2 million (NOK 1.1 million).

The Group's investment in Keliber is classified as shares in an associated company. Nordic Mining's shareholding in Keliber is approximately 25%. Keliber is developing a lithium project in Finland and has so far no sales revenue from its operation. Nordic Mining's share of result from the associated company in the

third quarter was NOK -1.4 million (NOK -1.2 million) and accumulated NOK -2.8 million (NOK -4.4 million). Keliber's result was mainly related to costs for environmental impact assessments, process optimisation test work and other activities in connection with the ongoing DFS and the PFS which was completed in March 2016, as well as general corporate expenses.

Total net loss for the Group in the third quarter was NOK -5.9 million (NOK -4.0 million). The Group's accumulated total net loss was NOK -16.9 million (NOK -14.3 million).

Accumulated cash flow from the Group's operating activities was negative with NOK -10.5 million (NOK -9.5 million). Accumulated net cash used in investment activities was NOK -19.7 million (NOK -2.8 million). The accumulated investments were mainly related to purchase of shares in an equity issue in Keliber in March 2016 at an amount of NOK 6.9 million, capitalised core drilling expenses and property fees at the Engebø rutile project at an amount of NOK -12.3 million, and capitalised costs related to resource estimations in connection with the Kvinnherad quartz project at an amount of NOK 0.2 million. Accumulated net cash flow from financing activities was NOK 61.2 million following from the completed rights issue in June 2016.

As per 30 September 2016, the Group's cash and cash equivalents amounted to NOK 60.8 million (NOK 2.0 million).

Nordic Mining's total assets as of 30 September 2016 were NOK 93.1 million (NOK 20.8 million) and the Group's total equity amounted to NOK 88.4 million (NOK 17.0 million). This gives an equity ratio of 95% (82%).

Main projects and activities

Nordic Rutile / Engebø project (rutile/titanium dioxide)

General project information

The Engebø rutile deposit is one of the largest unexploited rutile deposits in the world and has the highest in situ grade of rutile (TiO₂) compared to existing rutile producers and development projects. The deposit also contains significant quantities of high quality garnet, representing a valuable by-product to the rutile output.

Nordic Mining's preliminary internal estimate for the NPV of the Engebø project is USD 466 million after tax based on a long-term rutile price of USD 1,000 per tonne and an 8% discount rate. The project financials will be revised in connection with the ongoing pre-feasibility study ("PFS") based i.a. on the estimated JORC compliant resources primarily in the measured and indicated categories.

In January 2016, Nordic Rutile established an office with drill core logging facilities close to the municipality center of Naustdal and adjacent to the Engebø deposit. The company will gradually manage the project development, stakeholder contacts and public relations from this location.

Revised resource estimations

A core drilling program was completed in April 2016. 38 holes with a total length of more than 6,300 meters were drilled, mainly in the open pit part of the deposit. The drill cores have been subject to various mineral analyses to determine rutile grade, by-product garnet quality, and other mineral characteristics. The data was used to develop a revised resource model for the deposit and for re-estimation and reclassification of the resource. The estimations were done by the independent Competent Person, Mr. Adam Wheeler who is also a registered Chartered Engineer.

In the resource report published in September 2016, the total estimated resources in the Measured and Indicated categories are 93 million tonnes. This is an increase of 61 million tonnes compared with previous estimates. The average TiO₂ grade has increased confirming the deposit's high rutile content. The garnet grade is approximately 44%, documenting that a substantial amount of garnet is hosted in the deposit.

The table below summarises the 2016 resource estimations compared to the 2008 scoping study figures.

Resource classification - Engebø rutile deposit (3% cut-off grade)*

Resource class	2016			2008	
	Tonnage Mt	TiO ₂ %	Garnet%	Tonnage Mt	TiO ₂ %
Measured	15	3.97	44.6	-	N/A
Indicated	78	3.87	43.6	32	3.77
Measured & Indicated	93	3.89	43.7	32	3.77
Inferred	138	3.86	43.5	123	3.75

* Resource estimates completed by Competent Person Adam Wheeler, corresponding to the guidelines of the JORC Code (2004 Edition for the 2008 study, 2012 Edition for the 2016 study).

The resource at Engebø can be divided in roughly 3 categories: high grade Ferro eclogite (> 3% TiO₂), medium grade Transitional eclogite (3-2% TiO₂) and low grade Leuco eclogite (<2% TiO₂). An open pit breakeven cut-off estimation supports the use of lower cut-offs for resource evaluation, and this will include more material of the Transitional eclogite category. The estimations below show the overall in-situ resources at a cut-off grade of 2% TiO₂.

Resource classification - Engebø rutile deposit (2% cut-off grade)*

Resource class	2016		
	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).

Pre-feasibility study

Nordic Mining has appointed Hatch for technical advisory services and coordination of the Engebø Pre-Feasibility Study ("PFS"). Hatch is a Canadian engineering and consultancy company and a leading international mining and processing specialist with extensive experience across the mining industry, including titanium feedstock. Prior to the engagement as PFS coordinator, Hatch carried out a GAP analysis as a pre-study for the Engebø PFS. No gaps were identified which would delay the kick-off of the PFS.

A detailed work plan has been established for the PFS, and the work is progressing well.

Hatch has in cooperation with Nordic Mining established a detailed mine plan for the open pit and the underground mining operations. The mine plan is preliminary and will be adjusted and reviewed during the first phase of the PFS.

Various comminution and process test work activities are ongoing or in preparation, both in Norway and abroad. Several tonnes of material from Engebø have been shipped to certified laboratories and other facilities for test work. Certain additional work has been agreed as a result of initial tests in order to supplement the data. The work program is still in an early phase. Delay in transport and customs clearance of material to some of the test sites has occurred, and these incidents have affected the slot times for certain test activities.

Specific crushing and milling techniques are/will be tested. On the beneficiation side, the target is to optimise recovery and to demonstrate production of high-quality commercial products.

The updated time schedule for the PFS targets completion in Q2 2017.

Subsequent to the testing, a process flow definition, equipment specifications and estimations of investment costs and operating costs will be developed.

In addition to the test work, basic engineering, market assessments and activities related to supply of process water and hydroelectric power are ongoing.

Safety, health and environment are high in focus for the project planning and in the PFS.

Industrial area plan and discharge permit

The industrial area plan (zoning plan) and the discharge permit for the Engebø project are approved and final, without possibility for appeals.

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

Commercial outlook

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

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

Environmentally friendly products and solutions

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

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

Nordic Mining will ensure an environmentally friendly extraction, production and shipping, as well as a sustainable solution for disposing of the mineral tailings which cannot be used in other applications or back-filled to the mine.

Keliber (lithium/lithium carbonate)

General project information

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

Keliber has a mining license for the Lanttä lithium deposit and permits for mining, operation and waste disposal for Lanttä and for production of lithium carbonate at its planned processing plant at Kalavesi in Kaustinen municipality. Preparations are ongoing for permit applications related to other deposits and for revision of the processing plant permit due to increased production rate (from 6,000 to 9,000 tonnes of lithium carbonate per year).

Nordic Mining owns approximately 25% of the share capital and is the largest shareholder in Keliber.

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

On 10 November 2016, Esa Tikka, Head of Business Development in the Finnish minerals group Nordkalk was elected Chairman of the Board of Keliber. Nordic Mining's CFO Lars K. Grøndahl was elected Vice Chairman.

Keliber has appointed an advisor for corporate finance services. The purpose is to investigate options and possibly carry out transactions in order to position Keliber strategically and financially for the fast-growing development in the lithium industry.

Completed pre-feasibility study ("PFS")

In March 2016, Keliber completed a PFS for the lithium project. In connection with the PFS the JORC compliant mineral resource and ore reserve estimates were confirmed by independent experts. The combined resource estimates for Keliber's deposits in the measured and indicated categories were reported to approximately 6 million tonnes at an average grade of 1.26% Li₂O. The total estimated reserves in the proven and probable categories for the Syväjärvi, Rapasaari, Lanttä and Outovesi deposits were approximately 4.5 million tonnes at an average grade of 1.10% Li₂O.

The detailed estimations for the various deposits were as follows:

Deposit	Resource class	Tonnage (mill. tonnes)	Li₂O %	Reserve class	Tonnage (mill. tonnes)	Li₂O %
Syväjärvi	Indicated	1.53	1.35	Probable	1.48	1.19
	Inferred	0.19	1.32			
Rapasaari	Indicated	1.81	1.25	Probable	1.75	1.09
	Inferred	0.16	1.30			
Lanttä	Measured	0.44	1.10	Proven	0.47	0.95
	Indicated	0.91	1.04	Probable	0.54	0.93
	Meas. + Ind.	1.35	1.06	Prov. + Prob.	1.01	0.94
Outovesi	Indicated	0.28	1.40	Probable	0.25	1.20
Leviäkangas	Indicated	0.19	1.13			
	Inferred	0.21	0.90			
Emmes	Indicated	0.82	1.40			

The Competent Persons responsible for the estimations are Markku Meriläinen (MAusIMM*) and Pekka Lovén (MAusIMM*), Outotec (Finland) Ltd.

* Member of the Australasian Institute of Mining & Metallurgy

No inferred mineral resources are used in the estimation of ore reserves. The ore reserves are the portion of the mineral resources that have been identified as mineable within a design pit. The mineral resources and ore reserves have been estimated using a 0.5% Li₂O cut-off grade. Ore loss is assumed at 5% and waste rock dilution 15% for the estimated ore reserves.

Keliber's mining operations will consist of open pit mining only, and all deposits are located within a 20 km distance from the planned processing plant at Kalavesi.

The exploration potential in the Ostrobothnia lithium province is considered positive. Keliber has done boulder mapping and secured interesting exploration permits in addition to the current deposits.

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

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

The lithium price assumptions for the financial analysis are conservative compared with the recent development of the lithium market and general price expectations going forward. In the 9,000 tonnes per year production scenario which has been selected for further development in the definitive feasibility study ("DFS"), an average lithium carbonate price of approximately USD 7,800 per tonne was applied compared with the current price level of USD 12,000 – 14,000 per tonne.

DFS work ongoing

Keliber has assigned the global engineering and consultancy company Hatch for the coordination of the DFS which was started in June 2016 and targeted for completion in Q2 2017. The study work is progressing well.

In connection with the DFS, various supplementary testing and pilot production is carried out with raw material from the Syväjärvi deposit. Lithium carbonate will be produced in order to have samples available for marketing and commercial discussions.

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

Environmental permitting process

Environmental impact assessments ("EIA") in accordance with environmental legislative regulations are ongoing related to Keliber's mineral deposits and for revision of the permit for the processing plant. Applications for environmental permitting and regional planning will be submitted subsequent of the final EIA report. Keliber has engaged Ramboll Finland Oy for coordination of the EIA report and the permitting applications. A good dialogue has been established with various authorities to secure an efficient process.

Commercial outlook

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

The battery grade lithium carbonate (>99.5% Li₂CO₃) is used in the cathode part of the batteries. Lithium carbonate of 99.9% purity is used in the manufacturing of electrolyte solutions for lithium-ion batteries. Lithium-ion batteries are used in electric and hybrid vehicles and electronics like tablets, mobile phones and laptops. To an increasing extent lithium-ion batteries are also used for energy storage, mainly in connection with production of renewable energy, i.a. solar, wind etc.

According to market information, lithium carbonate is currently trading at a price level of USD 12,000 – 14,000 per tonne which is substantially higher than the price assumptions in Keliber's PFS. Market information indicates a continued tight supply/demand balance for lithium carbonate.

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

Nordic Quartz / Kvinnherad project (high-purity quartz)

General project information

Nordic Quartz has exclusive rights for the investigation and development of a quartz deposit in Kvinnherad municipality in Norway. Studies and tests show that the quartz has a low content of contaminants and therefore can be regarded as a high-purity type of quartz. 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.

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

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.

Resource estimations

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

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

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

The extension of the quartz deposit towards depth remains unknown, and further core drilling may be carried out at a later stage.

The Competent Person responsible for the assessments and the statement regarding estimation of mineral resources at the Kvinnherad quartz deposit is Mr. Lars-Åke Claesson, a titled European Geologist in accordance with the Federation of European Geologists. A resource estimation report has been compiled by

B.Sc. Johan Camitz, designated by the Fennoscandian Review Board as accredited Qualified Person.

Nordic Ocean Resources (seabed minerals)

General project information

Nordic Ocean Resources ("NORA") is a first-mover initiative related to seabed mineral exploration in Norway. Current assessments indicate a substantial potential for discovery of metallic ore deposits along the Norwegian part of the Mid-Atlantic Ridge ("MAR") and possible significant economic values within Norway's exclusive economic zone. NORA has applied for mineral exploration rights on the Norwegian MAR.

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

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 of the Norwegian MAR. An expedition team of 25 researchers and a support crew of around 20 persons carried out exploration work including mineral sampling and various assessments related to seabed mineral operations. In the coming months, mineral analysis of the samples and preliminary process test work will be executed.

Other project activity

Patented alumina technology

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

Oslo, 10 November 2016
The Board of Directors of Nordic Mining ASA

CONSOLIDATED INCOME STATEMENTS

		2016	2015	2016	2015	2015
	Note	01.07-30.09	01.07-30.09	01.01-30.09	01.01-30.09	01.01-31.12
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
<i>(Amounts in NOK thousands)</i>						
Payroll and related costs		(1 740)	(1 529)	(5 689)	(5 422)	(6 617)
Share-based payment	4	-	-	(1 429)	-	-
Impairment of exploration & evaluation assets	3	-	-	(1 326)	-	-
Other operating expenses		(2 813)	(1 315)	(5 750)	(4 444)	(6 110)
Operating profit/(loss)		(4 553)	(2 844)	(14 194)	(9 866)	(12 727)
Share of result of an associate		(1 423)	(1 199)	(2 773)	(4 444)	(6 597)
Financial income		123	7	149	60	96
Financial costs		(5)	(2)	(47)	(3)	(4)
Profit/(loss) before tax		(5 858)	(4 038)	(16 865)	(14 253)	(19 232)
Income Tax		-	-	-	-	-
Loss for the period		(5 858)	(4 038)	(16 865)	(14 253)	(19 232)
Profit/(loss) attributable to						
Equity holders of parent		(5 835)	(4 022)	(16 733)	(14 204)	(19 114)
Non-controlling interest		(23)	(16)	(132)	(49)	(118)
Earnings per share attributable to ordinary shareholders						
<i>(Amounts in NOK)</i>						
Basic and diluted earnings per share		(0,01)	(0,01)	(0,04)	(0,05)	(0,06)

STATEMENTS OF COMPREHENSIVE INCOME

	2016 01.07-30.09 Unaudited	2015 01.07-30.09 Unaudited	2016 01.01-30.09 Unaudited	2015 01.01-30.09 Unaudited	2015 01.01-31.12 Audited
<i>(Amounts in NOK thousands)</i>					
Net profit/(loss) for the period	(5 858)	(4 038)	(16 865)	(14 253)	(19 232)
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Currency translation differences	(337)	795	(688)	338	355
Reclassification of translation adjustment	-	-	-	-	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Changes in pension estimates	-	-	-	-	(647)
Other comprehensive income directly against equity	(337)	795	(688)	338	(292)
Total comprehensive income for the period	(6 195)	(3 243)	(17 553)	(13 915)	(19 524)
Comprehensive income					
Equity holders of parent	(6 172)	(3 227)	(17 421)	(13 866)	(19 406)
Non-controlling interest	(23)	(16)	(132)	(49)	(118)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(Amounts in NOK thousands)</i>	30.09.2016		31.12.2015
	Note	Unaudited	Audited
ASSETS			
Non-current assets			
Evaluation and exploration assets	3	21 084	9 848
Property, plant and equipment		326	84
Investment in associate	5	9 588	6 182
Total non-current assets		30 998	16 114
Current Assets			
Trade and other receivables		1 287	990
Cash and cash equivalents		60 805	29 809
Total current assets		62 092	30 799
Total assets		93 090	46 913
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	6	51 723	38 550
Share premium		311 315	263 281
Other paid-in capital		14 354	12 924
Unregistered equity		-	-
Retained losses		(289 852)	(273 119)
Other comprehensive income		933	1 621
Equity attributable to ordinary shareholders		88 473	43 257
Non-controlling interest		(121)	(97)
Total equity		88 352	43 160
Non-current liabilities			
Other liabilities		1 898	1 898
Total non-current liabilities		1 898	1 898
Current liabilities			
Trade payables		1 570	798
Other current liabilities		1 270	1 057
Total current liabilities		2 840	1 855
Total liabilities		4 738	3 753
Total shareholders' equity and liabilities		93 090	46 913

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Unaudited

<i>(Amounts in NOK thousands)</i>	Attributed to equity holders of the parent					Total	Non - controlling interest	Total equity
	Share capital	Share premium	Other-paid- in capital	Other comprehensive income	Accumulated losses			
Equity 1 January 2015	30 850	239 194	12 924	1 913	(254 005)	30 876	(75)	30 801
Total comprehensive income	-	-	-	338	(14 205)	(13 867)	(48)	(13 915)
Non-controlling investment	-	-	-	-	-	-	96	96
Share issue	-	-	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-	-	-
Equity 30 September 2015	30 850	239 194	12 924	2 251	(268 210)	17 009	(27)	16 982
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

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

For the period ended 30 September

		<i>2016</i>	<i>2015</i>
	Note	<i>01.01-30.09</i>	<i>01.01-30.09</i>
		<i>Unaudited</i>	<i>Unaudited</i>
<i>(Amounts in NOK thousands)</i>			
Net cash used in operating activities		(10 540)	(9 546)
Investment in exploration and evaluation assets	3	(12 462)	(1 451)
Investment in associate	5	(6 867)	(1 320)
Purchases of property, plant and equipment		(342)	-
Net cash used in investing activities		(19 671)	(2 771)
Share issuance	6	61 207	-
Net cash from financing activities		61 207	-
Net change in cash and cash equivalents		30 996	(12 317)
Cash and cash equivalents at beginning of period		29 809	14 360
Cash and cash equivalents at end of period		60 805	2 043

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

Note 1 – ACCOUNTING PRINCIPLES

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". They do not include all of the information required for full annual financial reporting, and should be read in conjunction with the consolidated financial statements of Nordic Mining ASA and the Group for the year ended 31 December 2015.

This report was approved by the Board of Directors on 10 November 2016.

The accounting policies adopted are consistent with those followed in the preparation of the Company's and the Group's annual financial statements for the year ended 31 December 2015.

Note 2 – SEGMENT

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

- Titanium feedstock which can be produced by Nordic Rutile from the mineral deposit at Engebø. The industrial area plan (zoning plan) and the discharge permit for the project are approved and final, without possibility for appeals.
- Quartz which can be produced from the quartz deposit in Kvinnherad. A scoping study outlines the potential for a profitable industrial quartz project.

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

The Group uses the segments' profit/(loss) before tax from continuing operations as the basis for the segment results including some allocations of corporate expenses. All the numbers in the table below are in NOK thousands and represent the period 1 January – 30 September.

(Amounts in NOK thousands)	Quartz		Titanium		Adjustments and eliminations		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues	-	-	-	-	-	-	-	-
Segment result	(493)	(329)	(9 551)	(7 159)	(6 820)	(6 765)	(16 864)	(14 253)
Investment in exploration and evaluation assets	237	1 066	12 325	140	-	-	12 562	1 206

Note 3 – EXPLORATION AND EVALUATION ASSETS

In total, the Group's capitalised costs as per 30 September 2016 related to exploration and evaluation assets were NOK 12.6 million.

Titanium segment

A core drilling program was finalised Engebø (Titanium) in April 2016. Inspection and logging of drill cores as well as analysis and resource modelling have been carried out in the third quarter 2016. As per 30 September 2016, the Group has capitalised costs related to the Engebø project at an amount of NOK 12.3 million.

Quartz segment

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

Reinfjord exploration project

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

In the table below, changes in the first 9 months of 2016 for the Group's exploration and evaluation assets are shown.

Amounts in NOK thousands	License cost	Capitalised drilling costs	Total
Cost at 1 January 2016	5 872	3 976	9 848
Additions	292	12 270	12 562
Cost at 30 September 2016	6 164	16 246	22 410
Provision for impairment at 1 January 2016	-	-	-
Impairment of Reinfjord area	-	(1 326)	(1 326)
Provision for impairment at 30 September 2016	-	(1 326)	(1 326)
Net book value	6 164	14 920	21 084

Note 4 – SHARE-BASED PAYMENT

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

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

In June 2016, the Board awarded in total 16,180,000 options to leading employees and resource persons. For 12,580,000 options, the exercise price is NOK 0.68 per share. For the remaining 3,600,000 options, the exercise price is NOK 1.36 per share. The options have no vesting requirements and may be exercised until 18 May 2018. As per the date of this report none of the options have been exercised.

	2016	
	Number of options	Weighted average exercise price
Outstanding 1 January	10 750 000	1,11
Granted during the year	18 180 000	0,84
Cancelled during the year	-	-
Exercised during the year	-	-
Expired during the year	(12 750 000)	1,08
Outstanding 30 September	16 180 000	0,83
Exercisable 30 September	16 180 000	0,83

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

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

Costs related to share-based remuneration (no cash effect), in total approximately NOK 1.4 million are included in the accumulated operating loss per 30 September 2016.

Note 5 – INVESTMENT IN AN ASSOCIATE

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

Note 6 – SHARE CAPITAL

In June 2016, Nordic Mining executed a rights issue of 131,728,003 shares with preferential right for shareholders as per the end of 3 June 2016 (as registered in the VPS as of 7 June 2016). The subscription price was NOK 0.50 per share, resulting in gross proceeds of approximately NOK 65.9 million. The net proceeds was approximately NOK 61.2 million after deducting directly attributable transaction costs of around NOK 4.7 million. The new shares were registered with the Norwegian Register of Business Enterprises as of 1 July 2016.

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

Note 7 – SUBSEQUENT EVENTS

Keliber

On 10 November 2016, Esa Tikka, Head of Business Development in the Finnish minerals group Nordkalk was elected Chairman of the Board of Keliber. Nordic Mining's CFO Lars K. Grøndahl was elected Vice Chairman.