



**NORDIC
MINING**

INTERIM REPORT

Per 31 December 2017



OAX: NOM

Minerals for a sustainable future

Group interim report for the quarter ended 31 December 2017

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

Nordic Mining is undertaking a large-scale project development at Engebø on the west coast of Norway where the Company has rights and permits to a substantial eclogite deposit with rutile and garnet. Permits for the project have been granted by the Norwegian government, and a prefeasibility study was completed in October 2017. Nordic Mining's associated company Keliber in Finland is in the process of completing its definitive feasibility study and preparing for production of lithium carbonate. Nordic Mining has rights for exploration and production of high-purity quartz in Kvinnherad in Norway. Further, the Company holds exploration rights at Reinfjord in northern Norway where a prospective area of sulphide mineralisation has been discovered. Nordic Mining is also exploring opportunities related to seabed mineral resources.

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

Important events in the fourth quarter 2017 and year-to-date 2018:

Corporate

- In the period December 2017 to January 2018, Nordic Mining has executed a private placement and a subsequent offering with gross proceeds of NOK 59.6 million. The net proceeds have been received in January/February 2018. The Group's cash balance at 31 December 2017 amounted to NOK 21.5 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 good progress for ongoing projects, mainly the Engebø rutile and garnet project and the Keliber lithium project, 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.

Engebø rutile and garnet project

- **Prefeasibility study completed; significant upside potential and moderate upfront investments**
The prefeasibility study (PFS) was completed in line with estimated costs and published in October 2017. The PFS substantiates attractive project financials and perspectives:
 - Pre-tax NPV@8% of USD 332 million
 - Pre-tax IRR 23.8%
 - Pay-back period: < 5 years
 - Life of mine: 29 years

The PFS indicates an upside potential up to USD 465 million (pre-tax NPV@8%) for a scalable concept with increased capacity, higher sales volumes and utilisation of inferred mineral resources which will substantially increase the life of mine. The estimated initial investment of USD 207 million for a 1.5 mtpa operation is around 30% lower than previously anticipated.

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

- **Strategic partnership with The Barton Group**
In November 2017, Nordic Mining signed a Heads of Agreement with The Barton Group (Barton) 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 December 2017 and has currently a shareholding of 2.3%. Barton intends to be an industrial anchor investor in the construction financing to establish the Engebø operation.

- **Definitive feasibility study is progressing**

The positive PFS results support further project progress towards production, and the definitive feasibility study (DFS) is currently progressing. The main purpose of the DFS is to qualify the project for adequate construction financing with a combination of debt and equity. In the DFS program, process optimisation work is carried out including variability testing for variations in ore feed, to provide input to the process design criteria and process flowsheets. A limited drilling program will be finalised in February 2018. This will provide additional data for updating of the resource model and estimates, and the geotechnical parameters for mine planning. The open pit mine plan and schedules will be optimised and defined. The DFS is scheduled for completion late in 2018.

- **Project organisation and execution planning**

Nordic Mining intends to attract additional competent personnel to strengthen the Engebø project team for the planning and execution phases. Various trade-off studies and market research will be carried out to ensure an effective execution strategy for the project. Extensive cooperation has been initiated with the local municipalities and other authorities to coordinate site infrastructure preparations.

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

The average rutile price (95% TiO₂) in the second half of 2017 has been reported in the range USD 825 – 875 per tonne. Recent information indicates a tightening market balance. Price increases have been implemented in the first part of 2018 following from higher demand and reduced stockpiles. In the coming years, the production from current producers is expected to decrease due to depletion of operating deposits. The Australian consultancy company TZMI estimates a long-term price for rutile around USD 1,070 per tonne.

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**

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.

Keliber lithium project

- **Definitive feasibility study scheduled in H1 2018**

The definitive feasibility study (DFS) is aiming to provide a solid foundation for project financing to implement the lithium project. Additional drilling will continue till end of February with the purpose to further increase the resource base for the DFS. The trade-off study of the location of the lithium carbonate plant has been concluded in favour of Kokkola Industrial Park. The DFS is scheduled for completion in the first half of 2018.

- **Construction start targeted in 2018**

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

- **Strong lithium market and outlook**

The lithium market is developing on a positive note and product prices have increased, indicatively with 10-20%, into 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. In addition to the DFS, bankable offtake arrangements are required for the establishment of

the construction financing package to implement the project.

- **Successful financing in 2017**

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

Financial performance

Unless other information is given, numbers in brackets for comparison relate to the fourth 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 fourth quarter was NOK -9.1 million (NOK -8.8 million). Accumulated operating loss was NOK -36.2 million (NOK -23.0 million). The operating losses are related to costs for the Engebø prefeasibility study which was completed in October 2017 in line with estimated costs, and general corporate expenses. In 2017, the Group capitalised costs mainly related to license acquisition cost and drilling program at Engebø at a total amount of NOK 0.4 million (NOK 12.6 million).

Around 70% of the operating costs in 2017 was directly related to the Engebø project, mainly the prefeasibility study (PFS) which was executed over a 14 months period and involved more than 50 experts from around 20 companies in i.a. Australia, Canada, Norway, South-Africa and United Kingdom. The outcome of the PFS confirmed the project basics and outlined a viable and robust business case with moderate capital expenditures. Consequently, the PFS supports further project progress towards production.

The Group's investment in Keliber is classified as shares in an associated company. Nordic Mining's shareholding in Keliber is approximately 22.0%. Keliber is developing a lithium project in Finland and has, so far, no sales revenue from its operation. Nordic Mining's share of result from the associated company in the fourth quarter was NOK -1.9 million (NOK -1.5 million) reflecting basically the pro-rata share of Keliber's costs related to the ongoing definitive feasibility study, preparations for environmental permitting and general corporate expenses.

The Group's accumulated result related to Keliber in 2017 was NOK 0.5 million (NOK -4.2 million). In addition to the pro-rata share of Keliber's result at an amount of NOK -11.7 million, the accumulated result also includes reversal of previous impairment at an amount of NOK 5.1 million, and a profit 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 in 2016 indicating an economic viable lithium project, and the value appraisal following from an equity issue to new investors in Keliber in the first quarter 2017.

The carrying amount for Nordic Mining's investment in Keliber as per 31 December 2017 was NOK 29.3 million (NOK 15.0 million). Share issue prices of recent equity transactions in Keliber indicate a fair value of the company well in excess of the Group's carrying amount of the investment.

Net loss for the Group in the fourth quarter was NOK -11.0 million (NOK -10.2 million). The Group's accumulated total net loss per 31 December 2017 was NOK -35.6 million (NOK -27.1 million).

Cash flow from the Group's operating activities in 2017 was negative with NOK -39.0 million (NOK -16.8 million). Accumulated net cash used in investment activities was NOK -12.0 million (NOK -26.7 million). Investment cash flows in 2017 were mainly related to purchase of shares in an equity issue in Keliber in April at an amount of NOK 11.5 million. Net cash flow from financing activities was NOK 6.4 million (NOK 79.8 million) arising from a share issue in January 2017.

As per 31 December 2017, the Group's cash and cash equivalents amounted to NOK 21.5 million (NOK 66.1 million). In January/February 2018, the Company has received the proceeds, net of fees to the financial advisors, from the private placement executed in December 2017 and the subsequent offering executed in January 2018; in total around NOK 57 million.

Nordic Mining's total assets as of 31 December 2017 were NOK 77.1 million (NOK 104.0 million) and the Group's total equity amounted to NOK 70.2 million (NOK 97.0 million). This gives an equity ratio of 91% (93%).

Main projects and activities

Engerbø 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 came in at forecasted cost level and was completed in October 2017.

The tables below provides an overview of the resource estimates at different cut-off grades* for the Engebø deposit.

*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 PFS report which is available on the Company's webpage www.nordicmining.com.

The Engebø 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 beyond the estimated mine life in accordance with the current JORC compliant mineral resource.

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.

PFS substantiates a profitable rutile and garnet operation at Engebø

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

- Robust dual-mineral operation with production of high-quality rutile and garnet
- Attractive project financials:
 - Pre-tax NPV@8% of USD 332 million
 - Pre-tax IRR 23.8%
 - Pay-back period: < 5 years
 - Life of mine: 29 years
- Upside potential up to USD 465 million (pre-tax NPV@8%) for a scalable concept with increased capacity, higher sales volumes and utilisation of inferred mineral resources which will substantially increase the life of mine
- Substantially reduced upfront capital cost; USD 207 million for the initial 1.5 mtpa operation
- 16 years of open pit mining followed by 13 years underground; potential extension of mine life by mining of large inferred resources to the east and west of the deposit, and to the depth
- Low cost operation due to outcropping, high-grade mineral deposit, low stripping ratio, geotechnically stable orebody, limited transportation costs and good product recoveries
- First quartile revenue-to-cash-cost position for rutile compared with global titanium feedstock industry

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

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

Cooperation with The Barton Group

In November 2017, Nordic Mining signed a Heads of Agreement (HoA) with The Barton Group (Barton) 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. Over the years, Barton has played a leading role in developing the fast-growing application of waterjet cutting technology where garnet is the dominant mineral. Barton participated in the private placement in Nordic Mining in December 2017 and has currently a shareholding of 2.3%. Barton intends to be an industrial anchor investor in the construction financing to establish the rutile and garnet operation.

In the HoA, Barton and Nordic Mining have agreed the basic principles of an offtake agreement for the exclusive distribution by Barton of Engebø garnet to the North American markets. The garnet will be sold and distributed under Barton's brand name for high-quality products. Based on the principles in the HoA, an offtake agreement will be negotiated. Further, the parties intend to establish a jointly owned company for sale and distribution of garnet from Engebø to markets outside of North America. The terms and conditions for the operation and the Parties' cooperation will be further negotiated. The high quality of the Engebø garnet and cost-efficient logistics, combined with Barton's marketing and technology experience, are expected to build competitive strength.

Definitive feasibility study and other project development activities

The positive PFS results support further project progress towards production. Currently, the definitive feasibility study (DFS) is ongoing. The main purpose of the DFS is to qualify the project for adequate construction financing with a combination of debt and equity. This implies that the accuracy of the estimated capital costs, operating costs and the financial analysis will be increased further from the PFS. Nordic Mining intends to have a good dialogue with financing institutions during the DFS to prepare for the construction financing.

In the DFS program, process optimisation work is carried out including variability testing for variations in ore

feed, to provide input to the process design criteria and process flowsheets. A limited drilling program will be finalised in February 2018. This will provide additional data for updating of the resource model and estimates, and the geotechnical parameters for mine planning. The open pit mine plan and schedules will be optimised and defined. The DFS is scheduled for completion late in 2018.

In addition to the DFS, 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 rerouting of the county road currently passing through the designated process area. Further, preparations have started for archaeological investigations at locations identified during the previous EIA process. Certain environmental monitoring programs will be defined and reviewed in cooperation with the relevant authorities.

Nordic Mining intends to attract additional competent personnel to strengthen the Engebø project team for the planning and execution phases. Various trade-off studies and market research will be carried out to ensure an effective execution strategy for the project.

Positive commercial outlook for rutile and garnet

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

The average rutile price (95% TiO₂) in the second half of 2017 has been reported in the range USD 825 – 875 per tonne. Recent information indicates a tightening market balance and price increases implemented in the first part of 2018 following from higher demand and reduced stockpiles. In the coming years, the production from current producers is expected to decrease due to depletion of operating deposits. For the PFS, the Australian consultancy company TZMI estimated a long-term price for rutile around USD 1,070 per tonne.

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

In addition to the dialogue with Barton on garnet, Nordic Mining has discussions 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.

Keliber lithium project

General project information

The associated company Keliber in Finland has several deposits of high quality lithium mineral suitable for extraction and production of high-purity lithium carbonate. Lithium carbonate has a variety of applications, e.g. for batteries which takes up an increasing share of the total global lithium consumption. Keliber completed a PFS for the lithium project in March 2016 and is now carrying out the DFS.

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

(Mill. tonnes)	Länttä	Syvjärvi	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)

Following from drilling programs in 2017 and the first part of 2018, the mineral resource estimates will be updated in connection with the DFS. The ore reserve estimates which totaled approximately 4.5 million tonnes at a grade of 1.10% Li₂O in the PFS, will also be revised in the DFS.

DFS scheduled in H1 2018

Keliber is executing a comprehensive work program related to the DFS. The DFS which is coordinated by the global technical consultancy company Hatch, is aiming to provide a solid foundation for project financing to implement the lithium project. The DFS is scheduled for completion in the first half of 2018.

The trade-off study of the location of the lithium carbonate 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 and services needed by Keliber are available in the area. Also, the water treatment and waste treatment solutions are in place. Several major chemical industry players are located in the KIP area, with possibility for co-operation with regard to 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. In addition to the DFS, bankable offtake arrangements are required for the establishment of the construction financing package to implement 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%. Going forward, a continued tight market balance is expected.

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

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

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

Environmental permitting

Keliber has a mining license for the Länttä lithium deposit and permits for mining, operation and waste disposal for Länttä and for production of lithium carbonate at its planned processing plant. Preparations are ongoing for permit applications related to other deposits and for revision of the processing plant permit due to increased production rate from 6,000 to 9,000 tonnes of lithium carbonate per year. A structured dialogue has been established with various authorities to secure an efficient permitting process. Keliber's timetable targets completion of the permitting process in the second half of 2018.

Successful financing in 2017

In March 2017, Keliber executed a private placement with gross proceeds of EUR 5.0 million. A repair issue was executed in April, also with gross proceeds of EUR 5.0 million. In addition, incentive share issues for board members and management have been completed with total proceeds of EUR 0.3 million. Nordic Mining participated pro-rata to its shareholding in the April repair issue.

Preparations are ongoing related to construction financing in a combination of debt and equity.

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. 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 quartz quality grades on the market.

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

Nordic Mining through the subsidiary Nordic Ocean Resources (NORA) has taken initiatives related to seabed mineral exploration in Norway. Seabed minerals are included in the government's national ocean strategy. Research assessments indicate an attractive potential for discovery of metallic ore deposits with possible significant economic values within Norway's exclusive economic zone. NORA has applied for mineral exploration rights in promising areas within the Norwegian jurisdiction. A proposal for new regulation of seabed mineral exploration was on hearing from the Norwegian government in 2017.

The Norwegian Research Council has granted NOK 25 million to MarMine, an ongoing 4-year research project on marine mineral resources. The project has a strong industrial basis and participation. In addition to NORA, Statoil, Kongsberg Maritime, Technip, DNV GL and several other companies and knowledge institutions participate. The Norwegian University of Science and Technology in Trondheim (NTNU) is the project coordinator. An exploration cruise was executed in 2016 in selected areas along the Mid-Atlantic Ridge. Various exploration work was carried out including mineral sampling and assessments related to seabed mineral operations.

Other project activity

The registered Norwegian patent related to technology for extraction of alumina from aluminium/calcium-rich minerals is in the process of being expanded to selected countries. Patent have been granted in Denmark with patents pending in Russia, EPO (European Patent Office), Canada and the USA.

Oslo, 15 February 2018
The Board of Directors of Nordic Mining ASA

CONSOLIDATED INCOME STATEMENTS

		2017	2016	2017	2016
	Note	01.10-31.12	01.10-31.12	01.01-31.12	01.01-31.12
		Unaudited	Unaudited	Unaudited	Audited
<i>(Amounts in NOK thousands)</i>					
Payroll and related costs		(2 735)	(2 134)	(10 879)	(7 823)
Share-based payment		-	-	-	(1 429)
Depreciation and amortisation		(38)	(7)	(152)	(7)
Impairment of exploration & evaluation assets		-	-	-	(1 326)
Other operating expenses		(6 360)	(6 626)	(25 175)	(12 376)
Operating profit/(loss)		(9 133)	(8 767)	(36 206)	(22 961)
Share of result of an associate	3	(1 860)	(1 468)	542	(4 241)
Financial income		70	51	268	200
Financial costs		(89)	(42)	(177)	(89)
Profit/(loss) before tax		(11 012)	(10 226)	(35 573)	(27 091)
Income tax		-	-	-	-
Loss for the period		(11 012)	(10 226)	(35 573)	(27 091)
Profit/(loss) attributable to					
Equity holders of parent		(11 013)	(10 174)	(35 530)	(26 907)
Non-controlling interest		-	(52)	(43)	(184)
Earnings per share attributable to ordinary shareholders					
<i>(Amounts in NOK)</i>					
Basic and diluted earnings per share		(0.12)	(0.12)	(0.37)	(0.36)

STATEMENTS OF COMPREHENSIVE INCOME

	2017	2016	2017	2016
	01.10-31.12	01.10-31.12	01.01-31.12	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited	Unaudited	Audited
Net profit/(loss) for the period	(11 012)	(10 226)	(35 573)	(27 091)
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Currency translation differences	1 311	65	2 533	(623)
Currency translation reclassified to profit and loss	-	-	(410)	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Changes in pension estimates	201	222	201	222
Other comprehensive income directly against equity	1 512	287	2 324	(401)
Total comprehensive income for the period	(9 500)	(9 939)	(33 249)	(27 492)
Comprehensive income				
Equity holders of parent	(9 500)	(9 887)	(33 206)	(27 308)
Non-controlling interest	-	(52)	(43)	(184)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(Amounts in NOK thousands)</i>		31.12.2017	<i>31.12.2016</i>
	Note	Unaudited	Audited
ASSETS			
Non-current assets			
Evaluation and exploration assets	3	21 619	21 189
Property, plant and equipment		197	349
Investment in associate	4	29 254	15 044
Total non-current assets		51 070	36 582
Current Assets			
Trade and other receivables		4 516	1 285
Cash and cash equivalents		21 547	66 112
Total current assets		26 063	67 397
Total assets		77 133	103 979
SHAREHOLDERS' EQUITY & 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		(335 858)	(300 026)
Other comprehensive income		3 544	1 220
Equity attributable to ordinary shareholders		70 158	97 143
Non-controlling interest		-	(173)
Total equity		70 158	96 970
Non-current liabilities			
Other liabilities		603	1 124
Total non-current liabilities		603	1 124
Current liabilities			
Trade payables		3 200	2 299
Other current liabilities		3 172	3 586
Total current liabilities		6 372	5 885
Total liabilities		6 975	7 009
Total shareholders' equity and liabilities		77 133	103 979

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

<i>(Amounts in NOK thousands)</i>	Attributed to equity holders of the parent					Total	Non-controlling interest	Total equity
	Share capital	Share premium	Other-paid-in capital	Other comprehensive income	Accumulated losses			
Equity 1 January 2016	38 550	263 281	12 924	1 621	(273 119)	43 257	(97)	43 160
Total comprehensive income	-	-	-	(401)	(26 907)	(27 308)	(184)	(27 492)
Non-controlling investment	-	-	-	-	-	-	108	108
Share-based payment	-	-	1 430	-	-	1 430	-	1 430
Share issue	17 000	68 638	-	-	-	85 638	-	85 638
Transaction costs	-	(5 874)	-	-	-	(5 874)	-	(5 874)
Equity 31 December 2016	55 550	326 045	14 354	1 220	(300 026)	97 143	(173)	96 970
Equity 1 January 2017	55 550	326 045	14 354	1 220	(300 026)	97 143	(173)	96 970
Total comprehensive income	-	-	-	2 324	(35 530)	(33 206)	(44)	(33 250)
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 31 December 2017	56 895	331 223	14 354	3 544	(335 858)	70 158	-	70 158

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

For the period ended 31 December

	2017	<i>2016</i>
	01.01-31.12	<i>01.01-31.12</i>
<i>(Amounts in NOK thousands)</i>	Unaudited	<i>Unaudited</i>
Net cash used in operating activities	(39 029)	(16 797)
Investment in exploration and evaluation assets	(430)	(12 567)
Investment in associate	(11 544)	(13 725)
Purchases of property, plant and equipment	-	(372)
Net cash used in investing activities	(11 974)	(26 664)
Share issuance	6 948	85 638
Transaction costs, share issue	(425)	(5 874)
Repurchase non-controlling interest	(85)	
Net cash from financing activities	6 438	79 764
Net change in cash and cash equivalents	(44 565)	36 303
Cash and cash equivalents at beginning of period	66 112	29 809
Cash and cash equivalents at end of period	21 547	66 112

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 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 15 February 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 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 – 31 December.

(Amounts in NOK thousands)	Quartz		Titanium		Adjustments and eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenues	-	-	-	-	-	-	-	-
Segment result	(574)	(619)	(32,954)	(18,550)	(2,045)	(6,820)	(35,573)	(27,091)
Investment in exploration and evaluation assets	-	237	430	12,430	-	-	430	12,887

Note 3 – EXPLORATION AND EVALUATION ASSETS

2017

In total, the Group's capitalised drilling costs as per 31 December 2017 were NOK 15.0 million. During the 12-months period ended 31 December 2017, the Group has capitalised NOK 0.4 million in license acquisition and exploration costs.

2016

A total of NOK 12.9 million was capitalised in exploration and evaluation assets in the 12-months period ended 31 December 2016.

Titanium segment

A core drilling program was finalised at Engebø in April 2016. Subsequent of the drilling, inspection and logging of drill cores as well as analysis and resource modelling were carried out. In total, NOK 12.4 million of drilling and licence costs were capitalised in the 12-months period ended 31 December 2016.

Note 4 – INVESTMENT IN AN ASSOCIATE

The Group has recognised several accounting effects related to its investment in Keliber in 2017.

Share of loss in the associate

The Group recognised its share of the loss for the period of NOK -11.7 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. The definitive feasibility study is ongoing and scheduled for completion in the first half of 2018.

In March/April 2017, Keliber raised in total €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 incentive issues to board members and management in 2017 have reduced the Group's ownership of Keliber from about 25.1% to approximately 22.1%. The dilution of ownership has been accounted for as a deemed disposal, and since the private placement was completed at €40 per share, a subscription price in significant excess of the net book value, the Group has recorded a gain of NOK 7.1 million.

Investment in 2017

In April 2017, Nordic Mining invested approximately NOK 11.5 million in an equity issue (repair issue) in Keliber. The repair issue followed from a successful private placement in Keliber in March 2017. In the repair issue, Nordic Mining subscribed in accordance with its shareholding in Keliber. Also in April 2017, Keliber carried out an incentive share issue for board members with proceeds of EUR 0.1 million. In September 2017, Keliber carried out an incentive share issue for management with proceeds of EUR 0.2 million. As per the date of this report, Nordic Mining owns approximately 22.0% in Keliber.

Note 5 – SHARE CAPITAL

On 10 January 2017, Nordic Mining executed a private placement of 2,241,334 shares at a subscription price of NOK 3.10 per share. The gross proceeds were approximately NOK 6.9 million.

Note 6 – EVENTS AFTER THE BALANCE SHEET DATE

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 have been 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.