



**NORDIC  
MINING**

# **INTERIM REPORT**

**Per 31 March 2016**



## Group interim report for the quarter ended 31 March 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.

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

#### **Nordic Rutile (100%) - Engebø project**

- **Managing Director appointed for Nordic Rutile**

Thomas B. Addison, a mining engineer with broad experience from the mining industry, took up the position as managing director of Nordic Rutile on 1 February 2016. He will manage and coordinate the development of the Engebø project, including activities related to the upcoming pre-feasibility study.

- **Core drilling program completed at Engebø**

A core drilling program was completed in early April 2016. Approximately 6,400 meters have been drilled, mainly in the open pit part of the deposit. Core logging is proceeding and the program is progressing according to plan with regard to logging, sampling and analysis. The results in the form of a revised resource model with updated resource estimates and classifications in accordance with the JORC Code will be ready in Q3 2016.

- **Final permits**

On 19 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 and without possibility for appeal directly following the government's approval in 2015.

#### **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 i.a. information from the drilling program which was executed in the fall 2015. The Qualified 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**

- **The "MarMine" project has started**

Nordic Ocean Resources, together with the Norwegian University of Science and Technology ("NTNU") and other industrial parties and knowledge institutions, have started "MarMine", a comprehensive research project on marine mineral resources. The project has been granted NOK 25

million in financial support from the Norwegian Research Council.

- **Planning of an exploration cruise is ongoing**

An exploration cruise on the Mid-Atlantic Ridge will be executed with mineral sampling, analytical assessments and subsequent process test work. A modern and well equipped offshore vessel, "Polar King" has been contracted for the expedition which will be carried out in the summer 2016.

### **Keliber (25%) - Lithium project**

- **Positive market sentiment for lithium**

Over the last 6 – 8 months, lithium prices have increased substantially. According to market information, technical grade lithium carbonate (99.0% Li<sub>2</sub>CO<sub>3</sub>) is currently trading at a price level of USD 13,000 – 14,000 per tonne; battery-grade qualities (>99.5% Li<sub>2</sub>CO<sub>3</sub>) are trading higher, compared with a price level of USD 6,800 – 7,500 per tonne per mid-2015. The development, which is expected to continue, indicates a tightening supply/demand balance for lithium carbonate.

- **Pre-feasibility study completed**

The pre-feasibility study ("PFS") for the lithium project was completed in March 2016. A preliminary net present value of EUR 97 million has been estimated based on an annual production of 9,000 tonnes of lithium carbonate and an 8% discount rate. The estimated payback period is approximately 4 years.

- **Battery grade lithium carbonate produced in test program**

In connection with the PFS, test work has been executed to develop and optimise the lithium carbonate production process. Analytical results show that high-purity lithium carbonate, including qualities exceeding 99.9% Li<sub>2</sub>CO<sub>3</sub> purity, can be produced using the developed process technology.

- **Rights issue completed**

Subsequent of the PFS Keliber has executed a rights issue with total proceeds of approximately EUR 2.9 million. Nordic Mining participated pro rata to its 25% shareholding.

### **Corporate matters**

- **Extraordinary General Meeting**

An Extraordinary General Meeting was held 4 February 2016. The general meeting approved an authorisation to the Board of Directors to issue up to 170 million new shares in connection with possible equity issues to raise capital to the Company, or for consideration, in whole or in part, in connection with investment in other businesses. The authorisation is valid till 30 June 2016.

- **Ordinary General Meeting 2016**

The Ordinary General Meeting will take place on 18 May 2016.

### **Financial performance**

*For comparison, numbers in brackets relate to the first 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 first quarter was NOK -3.2 million (NOK -3.2 million). The operating loss was mainly related to costs in connection with development of the Engebø rutile project and general corporate expenses. In the first quarter, the Group has capitalised costs in connection with drilling at the Engebø deposit and resource estimations in connection with last year's drilling at the Kvinnherad quartz deposit. Total capitalised costs in exploration and evaluation assets in the first quarter were NOK 7.7 million (NOK 0.1 million).

The Group's investment in Keliber is classified as shares in an associated company. Nordic Mining's shareholding in Keliber is approximately 25%. The net loss from the associated company in the first quarter was NOK -0.5 million (NOK -2.1 million). Keliber's loss was mainly related to costs for environmental impact assessments, process optimisation test work and the PFS which was completed in March 2016, as well as general corporate expenses.

Total net loss for the Group in the first quarter was NOK -3.7 million (NOK -5.2 million).

Cash flow from the Group's operating activities was negative in the first quarter with NOK -5.1 million (NOK -3.0 million). Net cash used in investment activities was NOK -9.1 million (NOK -0.1 million) in the first quarter. The investments were mainly related to purchase of shares in Keliber's equity issue, core drilling at the Engebø rutile project, and resource estimations in connection with the Kvinnherad quartz project.

Nordic Mining's total assets as of 31 March 2016 were NOK 49.2 million (NOK 28.6 million) and the Group's total equity amounted to NOK 39.3 million (NOK 25.3 million). This gives an equity ratio of 80% (79%).

As per 31 March 2016, the Group's cash and cash equivalents amounted to NOK 15.7 million (NOK 11.3 million). The Group expects to have sufficient cash for the estimated operating losses until the second half of 2016. Consequently, Nordic Mining evaluates alternatives to ensure adequate liquidity for its prioritised projects and to provide for future financial strength and flexibility. The Group will need either to raise more equity, issue debt instruments or divest assets depending on the development of ongoing projects. The Group expects that the final permits for the Engebø project and the good progress for ongoing development activities will be positive for the financial flexibility going forward.

## **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 (TiO<sub>2</sub>) 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. Garnet has various industrial applications and can replace industrial sands containing free silica which is harmful for health and environment.

The mineral residues from the beneficiation process are environmentally friendly and inert minerals suitable and approved as capping material for contaminated sediments. A part of the tailings may be used for landfill and other construction projects. The remaining tailings will be deposited within a limited area at 320 meters depth in the fjord adjacent to the processing plant.

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 updated in connection with the upcoming feasibility process.

On 1 February 2016, Thomas B. Addison took up the position as Managing Director for Nordic Rutile. Addison, a mining engineer from NTNU, has extensive experience from development and operation of several mines and processing plants in Norway.

#### *Drilling program*

A core drilling program at Engebø was completed in early April 2016. 38 holes with a total length of approximately 6,400 meters have been drilled, mainly in the open pit part of the deposit. Rutile production at Engebø is planned from the open pit in the first 10 - 15 years, followed by underground operation for the remaining part of the estimated 50 year life-of-mine period. The core drilling was carried out by the Finnish company Oy Kati Ab.

The drilling program, which started in February, was negatively affected in the first weeks by environmental activists who illegally hampered the operation. The local police arrested and fined activists who obstructed the drilling.

The drill cores are subject to various analyses to determine rutile grade, by-product garnet quality, and other mineral characteristics. The data will be used for re-estimation and reclassification of the deposit in accordance with the JORC Code. The estimations will be carried out by the independent Qualified Person, Mr. Adam Wheeler who is also a registered Chartered Engineer. A revised resource model with updated resource estimates and classifications will be ready in Q3 2016.

### Other development activities

Various activities related to the upcoming PFS are ongoing and under preparation. This includes i.a. process test work, and activities related to supply of process water and power. A technical advisor will be appointed for the coordination of the PFS.

In January 2016, Nordic Rutile established an office with drill core logging facilities in Naustdal. The company will gradually manage the project development, stakeholder contacts and public relations from this location.

### 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 industrial area plan includes the areas for mining operation, processing plant, harbor facilities, relocation of the county road, and a disposal site for waste rock in Naustdal municipality. In addition, the industrial area plan includes an area in the Førdefjord in Naustdal and Askvoll municipalities for deposition of tailings during the estimated 50 year production period.

The discharge permit is in accordance with the Norwegian Pollution Control Act and based on a recommendation from the Environment Agency. The permit has various conditions with a purpose to minimise environmental effects from blasting, noise and dust, use and emission of processing chemicals, as well as conditions regarding possible back-filling and alternative use of tailings. The discharge permit also includes conditions related to distribution of particles from the sea disposal and monitoring of the disposal area and the biodiversity.

### Commercial outlook

Generally, and with variations between commodities, the markets for minerals and metals have improved, however, slowly over the last months. The economic development in China has a significant impact in several markets for energy, minerals and metals. On a long-term note, 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 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 around USD 800 per tonne. This compares well with the Group's preliminary assumptions for financial calculations related to the Engebø project.

Various alternatives and application areas are assessed for tailings and waste rock in order to explore the commercial potential and possibly reduce deposition. The tailings are inert minerals with background levels of heavy metals and radioactive elements, and have been approved as capping material for contaminated sediments. The waste rock is considered in concrete applications, as a soil conditioner, and for construction purposes. The deep water port facilities at Engebø and the short distance to the European markets represent a logistical advantage also for the commercial use of the tailings and the waste rock. In the future, various by-products from tailings and waste rock may represent an important additional value for the project, both financially and with regard to new industrial activity.

### 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<sub>x</sub> 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. Calculations indicate that shipping of rutile from Engebø to customers in Europe will reduce CO<sub>2</sub> emission by 80% compared with long-distance supply from i.a. South Africa. The moderate internal transportation at Engebø will also contribute to a low CO<sub>2</sub> footprint for the project.

### ***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.

The quartz deposit is a 600 meter long quartz vein situated about 300 meters above sea level. Surface mapping shows that the vein has a width varying between 10 to 45 meters. The centre of the vein generally contains massive pure quartz, while a greater degree of mixing with the host gneiss rock is seen towards the contact.

Dorfner Anzaplan has previously carried out extensive analyses and processing tests, documenting quartz products similar to the purest qualities on the market can be made. 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 "IOTA 6" which is one 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.

#### *Development activities*

A drilling program was executed in September/October 2015 for further definition of the Kvinnherad quartz deposit. Significant zones with substantial quartz content were intersected in all of the 6 drill holes.

In February 2016, an independent assessment was completed based the results from the core drilling and information from previous exploration work. The Qualified 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%.

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. The resource estimates are summarised in the following:

	<b>Tonnage</b> <i>(tonnes)</i>	<b>Hydrothermal quartz</b> <i>(%)</i>	<b>Hydrothermal quartz content</b> <i>(tonnes)</i>
<b>Indicated resources</b>			
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
<b>Inferred resources</b>			
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 is still unknown, and further core drilling may be carried out at a later stage. A model of the quartz deposit has been developed according to international standards and practice. The resource estimates are in accordance with the JORC Code.

The Competent Person responsible for the assessments and the statement regarding estimation of mineral resources at the Kvinnherad quartz deposit is 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 Mining continues dialogues with international companies with commercial interests in the quartz value chain. The purpose is to explore various scenarios for development of the deposit and investigate partnership models and financing options including grant schemes in order to progress the project.

### ***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. The application is being considered by the Ministry of Trade, Industry and Fisheries. A granting of submarine mineral exploration rights will highlight NORA's industrial initiative within seabed minerals.

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

#### *"MarMine" – a comprehensive new research project*

The Norwegian Research Council has granted NOK 25 million to "MarMine", a new 4-year research project on marine mineral resources. The project which was started early 2016, has a strong industrial basis and participation, including NORA. NTNU is the coordinator for "MarMine".

An exploration cruise will be carried out in the summer of 2016. The cruise will explore for sulfide deposits within selected areas within the Norwegian part of the Mid-Atlantic Ridge. The work will involve sampling using a remotely operated underwater vehicle. Analysis and assessments will be done related to technical and environmental aspects of marine mineral operations. A modern and well equipped offshore vessel, "Polar King" was contracted for the expedition in April 2016.

## ***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 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.

Nordic Mining owns approximately 25% of the share capital and is the largest shareholder in Keliber. In March 2016, Keliber executed a rights issue with total proceeds of approximately EUR 2.9 million. Nordic Mining participated in the issue pro rata to its 25% shareholding.

### Completed pre-feasibility study ("PFS")

In March 2016, Keliber completed a PFS for the lithium project. Sweco Industry Oy, with responsible project manager Tomi Keskinen, has coordinated the PFS process.

The following key figures have been estimated for two different scenarios for lithium carbonate production:

	<b>6,000 tonnes per year</b>	<b>9,000 tonnes per year</b>
Basic investments	EUR 152 million	EUR 164 million
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%

Based on the current assumptions, both production scenarios indicate a profitable project. Due to higher profitability and expected potential from mineral exploration to further extend the operating time for the project, the 9,000 tonnes per year scenario will be basis for the forthcoming Bankable Feasibility Study.

Mineral processing test work in connection with the PFS to produce spodumene concentrate from the pegmatite ore has been conducted by GTK Mintec. Outotec has been responsible for the test work related to production of lithium carbonate from the spodumene concentrate samples. Outotec has provided the preliminary design of the technology package for lithium production. The technology package includes the material balances, process flow diagrams, equipment lists, price estimates and process descriptions for the selected unit processes.

### Improved resource base

During the winter season 2014/2015, Keliber drilled approximately 2,700 meters in the Rapasaari deposit. Revised resource estimates were completed in April 2015. The estimates were reviewed in connection with the PFS. As per March 2016, Keliber's total JORC compliant mineral resource and ore reserve estimates are as follows:

<b>Deposit</b>	<b>Resource class</b>	<b>Tonnage (mill. tonnes)</b>	<b>Li<sub>2</sub>O %</b>	<b>Reserve class</b>	<b>Tonnage (mill. tonnes)</b>	<b>Li<sub>2</sub>O %</b>
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			
Länttä	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



The Competent Persons responsible for the estimations are Markku Meriläinen (MAusIMM\*) and Pekka Lovén (MAusIMM\*), Outotec (Finland) Ltd. 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% Li<sub>2</sub>O 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.

#### Development activities

Environmental impact assessments ("EIA") in accordance with environmental legislative regulations are ongoing related to Keliber's mineral deposits. Applications for environmental permitting and regional planning will be submitted subsequent of the final EIA report.

As a part of the comprehensive process studies conducted in connection with the forthcoming PFS, Keliber has carried out test work together with GTK Mintec and Outotec (Finland) Oyj to develop and optimise its lithium carbonate production process. Lithium carbonate has been produced from ore from the Länttä deposit. Analytical results indicate that high-purity lithium carbonate, including qualities exceeding 99.9% purity, can be produced using the developed process technology.

The battery grade lithium carbonate (>99.5% Li<sub>2</sub>CO<sub>3</sub>) 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.

#### Commercial outlook

Over the last 6 – 8 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 spot market. According to market information, technical grade lithium carbonate (99.0% Li<sub>2</sub>CO<sub>3</sub>) is currently trading at a price level of USD 13,000 – 14,000 per tonne; battery-grade qualities (>99.5% Li<sub>2</sub>CO<sub>3</sub>) are trading higher, compared with a price level of USD 6,800 – 7,500 per tonne per mid-2015. The development, which is expected to continue, indicates a tightening 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.

#### **Other project activity**

##### Production of alumina from anorthosite

In October 2015, the joint patent application by Nordic Mining and Institute for Energy Technology ("IFE") for a new technology for extraction of alumina from aluminium/calcium-rich minerals was approved by the Norwegian Industrial Property Office (Norw. Patentstyret).

The patented technology, the so-called "Aranda-Mastin process", is an innovative solution for production of alumina from alternative mineral sources such as anorthosite, with the integrated use and storage of CO<sub>2</sub>. Compared with the Bayer process, which is common for the production of alumina from bauxite, the production can be done in a more environmentally friendly manner.

In addition to alumina, precipitated calcium carbonate ("PCC") and silica may be produced as by-products. PCC is a commercial commodity used as filler in paper, plastics and paint. Silica can be used i.a. as filler in car tyres and plastics, and in production of cement. The new multi-product process gives potential for almost full utilisation of the mineral resource while reducing waste production.

\* Member of the Australasian Institute of Mining & Metallurgy

Together with IFE, Nordic Mining will evaluate further proceedings related to the patented technology.

Oslo, 12 May 2016  
The Board of Directors of Nordic Mining ASA

## CONSOLIDATED INCOME STATEMENTS

	<b>2016</b>	2015	2015
	<b>01.01-31.03</b>	01.01-31.03	01.01-31.12
<i>(Amounts in NOK thousands)</i>	<b>Unaudited</b>	Unaudited	Audited
Payroll and related costs	<b>(1 595)</b>	(1 703)	(6 617)
Other operating expenses	<b>(1 623)</b>	(1 491)	(6 110)
<b>Operating profit/(loss)</b>	<b>(3 218)</b>	(3 194)	(12 727)
Share of result of an associate	<b>(481)</b>	(2 064)	(6 597)
Financial income	<b>10</b>	32	96
Financial costs	<b>(3)</b>	-	(4)
<b>Profit/(loss) before tax</b>	<b>(3 692)</b>	(5 226)	(19 232)
Income Tax	-	-	-
<b>Loss for the period</b>	<b>(3 692)</b>	(5 226)	(19 232)
<b>Profit/(loss) attributable to</b>			
Equity holders of parent	<b>(3 657)</b>	(5 226)	(19 114)
Non-controlling interest	<b>(35)</b>	(16)	(118)
<b>Earnings per share attributable to ordinary shareholders</b>			
<i>(Amounts in NOK)</i>			
Basic and diluted earnings per share	<b>(0,01)</b>	(0,02)	(0,06)

## STATEMENTS OF COMPREHENSIVE INCOME

	<b>2016</b>	2015	2015
	<b>01.01-31.03</b>	01.01-31.03	01.01-31.12
<i>(Amounts in NOK thousands)</i>	<b>Unaudited</b>	Unaudited	Audited
<b>Net profit/(loss) for the period</b>	<b>(3 692)</b>	(5 226)	(19 232)
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences	<b>(203)</b>	(402)	355
Reclassification of translation adjustment	-	-	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Changes in pension estimates	-	-	(647)
<b>Other comprehensive income directly against equity</b>	<b>(203)</b>	(402)	(292)
<b>Total comprehensive income for the period</b>	<b>(3 895)</b>	(5 628)	(19 524)
<b>Comprehensive income</b>			
Equity holders of parent	<b>(3 860)</b>	(5 612)	(19 406)
Non-controlling interest	<b>(35)</b>	(16)	(118)

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<b>31.03.2016</b>	31.12.2015
<i>(Amounts in NOK thousands)</i>	<b>Unaudited</b>	Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Evaluation and exploration assets	<b>17 549</b>	9 848
Property, plant & equipment	<b>426</b>	84
Investment in associate	<b>12 364</b>	6 182
<b>Total non-current assets</b>	<b>30 339</b>	16 114
<b>Current Assets</b>		
Trade and other receivables	<b>3 203</b>	990
Cash and cash equivalents	<b>15 678</b>	29 809
<b>Total current assets</b>	<b>18 881</b>	30 799
<b>Total assets</b>	<b>49 220</b>	46 913
<b>SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>		
<b>Shareholders' equity</b>		
Share capital	<b>38 550</b>	38 550
Share premium	<b>263 281</b>	263 281
Other paid-in capital	<b>12 944</b>	12 924
Retained losses	<b>(276 776)</b>	(273 119)
Other comprehensive income	<b>1 418</b>	1 621
Equity attributable to ordinary shareholders	<b>39 417</b>	43 257
Non-controlling interest	<b>(132)</b>	(97)
<b>Total equity</b>	<b>39 285</b>	43 160
<b>Non-current liabilities</b>		
Other liabilities	<b>1 898</b>	1 898
<b>Total non-current liabilities</b>	<b>1 898</b>	1 898
<b>Current liabilities</b>		
Trade payables	<b>6 876</b>	798
Other current liabilities	<b>1 161</b>	1 057
<b>Total current liabilities</b>	<b>8 037</b>	1 855
<b>Total liabilities</b>	<b>9 935</b>	3 753
<b>Total shareholders' equity and liabilities</b>	<b>49 220</b>	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	-	-	-	(402)	(5 210)	(5 612)	(16)	(5 628)
Non-controlling investment	-	-	-	-	-	-	96	96
Share issue	-	-	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-	-	-
<b>Equity 31 March 2015</b>	<b>30 850</b>	<b>239 194</b>	<b>12 924</b>	<b>1 511</b>	<b>(259 215)</b>	<b>25 264</b>	<b>5</b>	<b>25 269</b>
<b>Equity 1 January 2016</b>	<b>38 550</b>	<b>263 281</b>	<b>12 924</b>	<b>1 621</b>	<b>(273 119)</b>	<b>43 257</b>	<b>(97)</b>	<b>43 160</b>
Total comprehensive income	-	-	-	(203)	(3 657)	(3 860)	(35)	(3 895)
Share-based payment	-	-	20	-	-	20	-	20
Share issue	-	-	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-	-	-
<b>Equity 31 March 2016</b>	<b>38 550</b>	<b>263 281</b>	<b>12 944</b>	<b>1 418</b>	<b>(276 776)</b>	<b>39 417</b>	<b>(132)</b>	<b>39 285</b>

## CONSOLIDATED CASH FLOW STATEMENTS

For the period ended 31 March

	<b>2016</b>	<b>2015</b>
	<b>01.01-31.03</b>	<b>01.01-31.03</b>
<i>(Amounts in NOK thousands)</i>	<b>Unaudited</b>	<b>Unaudited</b>
<b>Net cash used in operating activities</b>	<b>(5 052)</b>	<b>(2 999)</b>
Investment in exploration and evaluation assets <sup>(1)</sup>	<b>(1 870)</b>	(82)
Investment in associate	<b>(6 867)</b>	-
Purchases of property, plant and equipment	<b>(342)</b>	-
<b>Net cash used in investing activities</b>	<b>(9 079)</b>	<b>(82)</b>
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>(14 131)</b>	<b>(3 081)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>29 809</b>	<b>14 360</b>
<b>Cash and cash equivalents at end of period</b>	<b>15 678</b>	<b>11 279</b>

(1) Of the total investment of NOK 7.7 million in exploration and evaluation assets, NOK 5.8 million is paid subsequent to 31 March 2016

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 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 12 May 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 – 31 March.

(Amounts in NOK thousands)	Quartz		Titanium		Adjustments and eliminations		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues	-	-	-	-	-	-	-	-
Segment result	(157)	(118)	(2 515)	(2 160)	(1 020)	(2 948)	(3 692)	(5 226)
Investment in exploration and evaluation assets	237	-	7 463	-	-	-	7 700	-

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 were capitalised in the first quarter 2016.

In February 2016, a core drilling program was started at Engebø (Titanium). The core drilling was finalised in April 2016. Inspection and logging of drill cores as well as analysis and resource modelling continue into the second quarter 2016. In the first quarter, the Group has capitalised costs related to the Engebø project at an amount of NOK 7.5 million.

In total, the Group's capitalised costs related to exploration and evaluation assets in the first quarter were NOK 7.7 million of which NOK 5.8 million is recorded in trade payables as per 31 March 2016. Please also see note information to the consolidated cash flow statements on page 15 for further information.



### **Note 3 – SHARE-BASED PAYMENT**

On 18 February 2016, an option agreement was awarded to Thomas B. Addison who took up the position as managing director of Nordic Rutile AS on 1 February 2016. Addison has been awarded 2,000,000 options at a price of NOK 0.90 per share. One option can be converted into one share in Nordic Mining. All options are fully vested on award and valid till 18 May 2016.

The fair value per option granted was NOK 0.01. The value of the option was impacted by a short contractual life (3 months) and by being significantly out of the money at the time of the grant.

Including the new agreement, in total 12,750,000 options have been awarded to leading employees and resource persons. All options expire 18 May 2016.

### **Note 4 – TRANSACTIONS WITH RELATED PARTIES**

Nordic Mining has an agreement with Dag Dvergsten AS for office rental. The Company's board member Tore Viana-Rønningen is employed in Dag Dvergsten AS. For the period 1 January – 31 March 2016 Nordic Mining has recorded NOK 0.1 million (NOK 0.1 million) in expenses related to the office rental agreement.

### **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**

An Extraordinary General Meeting was held 4 February 2016. The general meeting approved an authorisation to the Board of Directors to issue up to 170 million new shares in connection with possible equity issues to raise capital to the Company, or for consideration, in whole or in part, in connection with investment in other businesses. The authorisation is valid till 30 June 2016.

### **Note 7 – SUBSEQUENT EVENTS**

#### Annual report for 2015

Nordic Mining's annual report for 2015 was approved 19 April 2016. The report is available on the Company's webpage; [www.nordicmining.com](http://www.nordicmining.com).