



**NORDIC
MINING**

INTERIM REPORT

Per 31 December 2018



Minerals for a sustainable future

Nordic Mining ASA (the "Company") is a resource company with focus on high-end industrial minerals and metals. The Company's project portfolio is of high international standard and holds 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. Nordic Mining also holds 18.5% of the shares in Keliber Oy, which is developing a lithium project in Finland. Nordic Mining holds rights for exploration of high-purity quartz in Kvinnherad in Norway and 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".

Group interim report for the quarter ended 31 December 2018

Important events in the fourth quarter of 2018, the year 2018, and year-to-date 2019:

Corporate

- **Rights issue to finance the Engebø definitive feasibility study completed**
In November 2018, Nordic Mining executed a rights issue of 17,391,304 shares at a subscription price of NOK 2.30 per share and gross proceeds of NOK 40.0 million. The main purpose of the capital raise was to continue the development of the Engebø rutile and garnet project towards completion of the definitive feasibility study. The Barton Group, who has produced the world's highest-quality garnet abrasives for more than six generations and is also an offtake partner to Nordic Mining, increased its shareholding from 2.3% to 3.6% in the rights issue.
- **Engagement of financial advisor for the Engebø construction financing**
In January 2019, Nordic Mining entered into an agreement with Northcott Capital Ltd for provision of financial advisory services for the debt financing of the Engebø project.

Engebø rutile and garnet project

- **Agreement with Japanese trading house on offtake and construction financing**
In January 2019, Nordic Mining signed a Heads of Agreement with a reputable Japanese trading house relating to long term offtake for rutile and participation with a substantial portion of the construction financing for the Engebø project. The offtake on rutile is complementary to the Heads of Agreement previously entered into with the Barton Group relating to offtake and commercial cooperation for garnet from Engebø. Both agreements will be further developed and finalized over the next months to secure future cashflows and strengthen the ability to provide financing for the project.
- **Positive market outlook for rutile and garnet**
High capacity utilization in the pigment industry, reduced stockpiles and limited supply are key drivers for a continued strong demand for rutile feedstock. Recent bulk rutile prices (95% TiO₂) have been reported to exceed USD 1,100 per tonne. There is currently no production of garnet in Europe, nor any planned production apart from Engebø.
- **Application for operating license filed; steady progress on infrastructure and planning**
In February 2019, Nordic Mining filed an application for operating licence for the Engebø project with the Norwegian Directorate of Mining. The outcome of the approval process is expected within 12 months. The operating license will regulate operational scope, methodology and procedures to secure safe and efficient production of the mineral resources. The zoning plan for the mining and processing areas and the environmental permit for the project have already been granted.

Detailed regulation of buildings and infrastructure at the processing plant and service areas, as well as for the access and haul roads etc. is ongoing. The zoning plan for the planned pipeline for process water supply is progressing. A comprehensive monitoring program for various environmental aspects is under development.

- **Definitive feasibility activities progressing**
The test work activities and the finalization of the flow chart is nearing completion. Further clarifications relating to configuration of the rutile and garnet processing circuits have been achieved. In order to assure that the process plant design parameters are optimized, the completion of the definitive feasibility study is expected during the second half of 2019.

Nordic Mining has, together with the Barton Group, performed waterjet cutting testing using garnet products from Engebø. The test results are positive and indicate performance according to expectations for premium quality garnet products for cutting speed, finish as well as for abrasive consumption.

Keliber lithium project

- **Optimizing the business case**

In June 2018, Keliber completed the definitive feasibility study for the lithium project in Finland. The study confirms a profitable business case and outlines the plans for project execution.

Industry observations indicate that lithium hydroxide to an increasing extent is used in cathodes for lithium-ion batteries in electric vehicles. To respond to this development, Keliber has carried out a test program for production of lithium hydroxide which was successfully completed in December 2018. Battery-grade product has been produced in laboratory and pilot scales. Optimisation of process flowsheet and detailed technical and economic assessments are ongoing, and Keliber targets to conclude its evaluation of the feasibility of a possible lithium hydroxide production scheme during Q1 2019.

- **Equity issue successfully completed**

On 15 February 2019, Keliber raised EUR 10 million from existing shareholders to finance ongoing development work and other pre-construction activities. Following the share issue, Nordic Mining's shareholding in Keliber is approximately 18.5%. The implied value in the capital raise exceeded the book value recognized by the Group by approximately NOK 100 million which will be recognized as a gain in the financial statements for Q1 2019 (ref. Note 6). The gain is not subject to tax.

- **Offtake and project financing under way**

Keliber has appointed financial advisors and is in dialogue with potential customers to secure offtake agreements suitable for project financing.

- **Permitting process progressing**

In December 2018, the permit for the Syvjärvi deposit was granted and the application for the Kalavesi concentrator plant submitted. Applications for the Rapasaari deposit and the Kokkola chemical plant are targeted for submission in Q1 2019. Keliber expects clarification of the remaining permits by end of Q3 2019.

Financial performance

Unless other information is given, numbers in brackets for comparison relate to the corresponding period in 2017.

The Group is in the definitive feasibility phase of its main project and has, so far, no sales revenues from its operation. Increased development activities gave an operating loss in the fourth quarter of NOK -17.3 million (NOK -9.1 million). Operating loss for the year was NOK -60.5 million (NOK -36.2 million). The operating losses mainly related to costs for the Engebø definitive feasibility study which started during the fall of 2017, and general corporate expenses. During 2018, the Group capitalized costs related to a drilling program at the Engebø deposit at a total amount of NOK 2.3 million (NOK 0.1 million).

As per 31 December 2018, Nordic Mining's shareholding in Keliber was approximately 22% and the Group's investment in Keliber was classified as shares in an associated company. Following a capital raise by Keliber in February 2019, the Company's shareholding was reduced to 18.5% which will result in a reclassification in the financial statements in Q1 2019 (ref. Note 6).

Nordic Mining's share of result from the associated company in the fourth quarter was NOK -2.5 million (NOK -1.9 million) reflecting the pro-rata share of Keliber's costs related to the completed definitive feasibility study, the ongoing permitting process, exploration and other project related expenses. The share of result attributable to Keliber for the year was NOK -8.0 million (profit of NOK 0.5 million). The accumulated profit in 2017 included, in addition to the accumulated pro-rata share of result from Keliber, also the reversal of previous impairment at an amount of NOK 5.1 million, and a profit at an amount of NOK 7.1 million following from a deemed disposal related to Nordic Mining's reduced shareholding in Keliber in the first quarter of 2017.

The carrying amount for Nordic Mining's investment in Keliber as per 31 December 2018 was NOK 21.3 million (NOK 29.3 million). Share issue prices of the recent equity transaction in Keliber indicate a fair value of approximately NOK 100 million above the Group's carrying amount of the investment which will be recognized as a gain in Q1 2019 (ref. Note 6).

The total net loss for the Group in the fourth quarter was NOK -19.9 million (NOK -11.0 million). The Group's total net loss for the year was NOK -68.6 million (NOK -35.6 million).

Cash flow from the Group's operating activities in 2018 was NOK -57.0 million (NOK -39.0 million). Net cash used in investment activities was NOK -6.6 million (NOK -12.0 million). The Group's investments relate to capitalized drilling costs and licence costs for the Engebø deposit. Net cash flow from financing activities was NOK 92.0 million (NOK 6.4 million) arising from share issues.

Following the capital raise of NOK 40 million in November, the Group's cash balance at 31 December 2018 amounted to NOK 49.9 million (NOK 21.5 million) which is estimated to be sufficient until mid-year 2019 based on current activity plans. The Company will continue to work with strategies for further financing to attract new working capital for its operation, including for construction capex. In January 2019, the Company entered into an agreement with Northcott Capital Ltd for provision of financial advisory services relating to debt financing of the Engebø project. However, there is no assurance that the Group will be successful in obtaining the required financing for its prioritized projects. In such case, the Group may adjust project progress accordingly. For further information relating to the Company's risk assessments, please see the annual report for 2017 and the prospectus for the rights issue dated 2 November 2018; both documents are available on the Company's webpage www.nordicmining.com.

Nordic Mining's total assets as of 31 December 2018 were NOK 102.0 million (NOK 77.1 million), and the Group's total equity amounted to NOK 93.2 million (NOK 70.2 million). This gives an equity ratio of approximately 91% (91%).

Main projects and activities

Engebø rutile and garnet project

General project information

The Engebø deposit is one of the largest unexploited rutile deposits in the world and has among the highest in situ grade of rutile (TiO₂) compared to existing producers and other projects under development. The deposit also contains significant quantities of high-quality garnet. The prefeasibility study of the project was completed in October 2017 and the definitive feasibility study is ongoing.

The Engebø project is 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.

Increased resource estimates

An additional drilling program was carried out at Engebø from mid-January to mid-February 2018. In total, 1,581 meters was drilled in 10 drill holes. The aim of the drilling was to increase the knowledge of the ore body and to verify geotechnical parameters for the open pit mining methods.

The drilling program resulted in an increase of the estimated mineral resources in the measured and indicated categories (JORC Code 2012) by around 5%, to approximately 98 million tonnes, based on a cut-off of 3% TiO₂. The average grade of rutile and garnet in the measured and indicated categories is 3.87% and 44.4%, respectively. The tables below provide an overview of the updated resource estimates at 2% and 3% TiO₂ cut-off grade, respectively, as presented by Competent Person Adam Wheeler, in June 2018. The ongoing definitive feasibility work is based on the 2018 resource model and estimates.

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

Resource class	Tonnage Mt	TiO ₂ %	Garnet%
Measured	30	3.61	43.5
Indicated	102	3.49	42.8
Measured & Indicated	132	3.51	42.9
Inferred	256	3.15	40.1

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

Resource class	Tonnage Mt	TiO ₂ %	Garnet%
Measured	22	3.95	44.9
Indicated	75	3.85	44.2
Measured & Indicated	98	3.87	44.4
Inferred	132	3.82	42.5

* Resource estimates completed by Competent Person Adam Wheeler (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

The international mining consultancy company SRK has carried out geotechnical, hydrogeological and structural logging and modelling based on drill hole data. SRK's recommendations on slope angles and stability conditions confirm important and improved parameters for the open pit design and mining schedules, including ore and waste rock tonnages. Current estimates indicate that mineable ore volume in the open pit and the also the total project mine life based on JORC compliant assumptions, will be increased. The mine and scheduling plans will be completed when rutile and garnet recovery factors have been determined in connection with the ongoing final process flowsheet assessments.

The Engebø deposit will be developed as a dual mineral operation with production and sale of high-quality rutile and garnet. The business concept provides efficient resource utilization, risk reduction, attractive and robust economics, and valuable future expansion opportunities. The substantial inferred mineral resource highlights the potential for expansion and/or extension of project mine life.

Definitive feasibility study and other ongoing development activities

Based on the positive prefeasibility results, the definitive feasibility study was initiated during the fall of 2017. The main purpose of the definitive feasibility study is to qualify the project for construction financing. This implies that the quality of the technical assessments and financial analysis will be further increased from the prefeasibility study. The definitive feasibility study targets high-quality assessments and de-risking of all-important aspects of the project.

The definitive feasibility test work program is divided in three stages: process optimization, repeatability verifications and ore variability testing. Optimal crushing and grinding, as well as maximizing recovery are important to secure stable output volumes and consistent product qualities. Important clarifications relating to configuration of the rutile and garnet processing circuits have been achieved during the test program. The test work activities and the finalization of the flow chart is nearing completion. In order to assure that the process plant design parameters are optimized, the completion of the definitive feasibility study is expected during the second half of 2019.

Nordic Mining has, together with the Barton Group, performed waterjet cutting testing using garnet products from Engebø. The test results are positive and indicate performance according to expectations for premium quality garnet products for cutting speed, finish as well as for abrasive consumption.

Detailed design and engineering activities have commenced for certain parts of the process flowsheet and most of the other project areas. This includes mining, crushing and storage, administration office, water and power supply and other infrastructure elements.

Various infrastructure activities are ongoing, including planning activities related to sourcing of process water through a dedicated pipeline and sourcing of electrical power, as well as preparations for re-direction of the

county road currently passing through the designated process area. Further, a comprehensive environmental monitoring program for various environmental aspects is under development. The framework for the environmental monitoring program was filed to the Norwegian Environment Agency in December 2018.

Nordic Mining intends to secure well-structured and effective work programs for all key preparatory issues and is dedicated to retaining good communication with Naustdal municipality and other authorities, landowners and other stakeholders.

Application for operational license submitted

In February 2019, Nordic Mining filed an application for operating license for the Engebø rutile and garnet project with the Norwegian Directorate of Mining. The outcome of the approval process is expected within 12 months. The operating license will regulate operational scope, methodology and procedures to secure safe and efficient production of the mineral resources.

Agreements with the main landowners

The agreements, which were entered into in 2018, regulate Nordic Mining's acquisition of the area for the planned mineral processing plant, including the existing deep-water harbor facility, and compensation to the landowners for extraction and sale of all mineral products from the deposit. The mining area comprised by the agreements covers the open pit production phase as well as the service and rock storage areas. The extraction permits also include the adjacent area for the subsequent underground mining, and related activities have been initiated.

Permits granted and local planning progressing

Nordic Mining holds all rights and permits necessary for its current operations related to the Engebø project. This includes extraction permits for rutile (state mineral) which, generally, also imply the right to extract garnet and possible other minerals (landowners' minerals) in connection with the rutile extraction. The zoning plan for the mining and processing areas and the environmental permit for the project are fully granted.

A process has been initiated with Naustdal municipality regarding detailed regulation of buildings and infrastructure at the processing plant and service areas, as well as for the access and haul roads etc. A zoning plan process for the planned pipeline for process water supply is ongoing. Detail engineering work is ongoing for re-routing of the county road through the process area as well as preparations for strengthening of the regional power grid.

The Directorate for Cultural Heritage has confirmed that the archeological surveys pursuant to the approved zoning plan have been completed and have cleared the area for construction activities.

Agreement with Japanese trading house relating to offtake for rutile and project financing

In January 2019, Nordic Mining signed a Heads of Agreement with a reputable Japanese trading house relating to long term offtake for rutile and participation with a substantial portion of the construction financing for the Engebø project. The offtake on rutile is complementary to the Heads of Agreement previously entered into with the Barton Group. Both agreements will be further developed and finalized over the next months to secure future cashflows and strengthen the ability to provide financing 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.

High capacity utilization in the pigment industry, reduced stockpiles and limited supply are key market drivers for the strong demand for high-grade feedstock. In the coming years, rutile production from current producers is expected to be further reduced due to depletion of operating deposits and limited new capacity in near-term pipeline. Further, the ongoing restructuring of the Chinese pigment industry with closures of smaller plants due to environmental regulations and increased capacity in modern technology plants will increase the demand for rutile as a high-grade titanium feedstock. For the prefeasibility study, the Australian consultancy company TZMI estimated a long-term price for rutile around USD 1,070 per tonne. In May 2018, TZMI's long-term price estimate increased to USD 1,092 per tonne. Recent rutile prices (95% TiO₂) have been reported to exceed USD 1,100 per tonne.

The main applications for garnet are in waterjet cutting, sand blasting and for various abrasives. Prices vary depending on quality and application. There is currently no production of garnet in Europe and the global supply of high-quality garnet for high-end applications is short of the increasing demand. To a large extent, this is due to regulatory measures introduced by the Indian government, affecting a substantial part of the garnet production in India. It is uncertain when and to what extent Indian production will re-enter the market. For the prefeasibility study, TAK Industrial Mineral Consultancy indicated a basket price around USD 250 per tonne for the garnet qualities which will be produced at Engebø.

Updated market assessments for rutile and garnet will be included in the definitive feasibility study.

Keliber lithium project

General project information

Keliber Oy in Finland has several deposits of high-quality lithium mineral suitable for extraction and production of battery-grade lithium chemicals. Keliber completed the definitive feasibility study for the project with positive results in June 2018 and preparations for project financing are ongoing.

Increased resource estimates

Over the last years, Keliber has consistently increased the resource base for its project. The mineral resource estimates*, using a 0.50% Li₂O cut-off grade, as presented in May 2018 are shown in the table below. The estimates were the basis for the definitive feasibility study which was completed in June 2018:

(Mill. tonnes)	Länttä	Syväjärvi	Outovesi	Rapasaari	Leviäkangas	Emmes	Total
Resource category:							
Measured	0.42	0.79	-	-	-	-	1.21
Indicated	0.91	1.38	0.28	4.43	0.19	1.08	8.26
Sub-Total	1.33	2.17	0.28	4.43	0.19	1.08	9.47
Ore grade (Li ₂ O %)	1.04	1.24	1.43	1.13	1.14	1.22	1.16
Inferred	-	0.06	-	0.17	0.30	-	0.53

* Resource estimates prepared by Competent Persons Markku Meriläinen (MAusIMM) and Pekka Lovén (MAusIMM) (JORC Code 2012 edition)

Subsequent to the latest resource estimates, Keliber has carried out substantial drilling (more than 11,000 meters) in 2018 and the drilling program has continued in January/February 2019. An update of the resource estimates is targeted for Q2 2019.

Optimising business case for financing and execution

Keliber's definitive feasibility study which was published in June 2018 confirms a profitable business case based on production of lithium carbonate and outlines the plans for execution of the project. The main results presented in the definitive feasibility study are:

- Strong project financials:
 - Pre-tax net present value (NPV @ 8% discount rate) of EUR 295 million
 - Post tax net present value (NPV @ 8% discount rate) of EUR 225 million
 - Pre-tax internal rate of return (IRR) of 24%
 - Post tax internal rate of return (IRR) 22%
- Pay-back period: 5.5 years
- Upfront capital cost of EUR 199 million for mines and production facilities; additional capex of EUR 56 million during the production period

Industry observations indicate that lithium hydroxide to an increasing extent is used in cathodes for lithium-ion batteries in electric vehicles. To respond to this development, Keliber has carried out a test program for production of lithium hydroxide which was successfully completed in December 2018. The program was carried out in cooperation with Outotec Finland based on Keliber's spodumene concentrate. In the test program, battery-

grade hydroxide product has been produced in laboratory and pilot scales. Optimisation of process flowsheet for lithium hydroxide production and detailed technical and economic assessments are ongoing, and Keliber targets to conclude its evaluation of the feasibility of a possible lithium hydroxide production scheme during Q1 2019. A successful outcome of the assessments will increase market flexibility going forward.

Preparations for construction financing are ongoing. In February 2019, Keliber appointed Carnegie Investment Bank AB and Nordea Bank Abp as advisors for the equity financing of the lithium project. Keliber and the advisors will explore different financing options, including an initial public offering.

Further, Keliber has appointed Northcott Capital Ltd. as the coordinator of the debt financing of the project. Initial contact has been established with relevant banks and other potential sources of debt financing.

Strong market fundamentals

The fastest demand growth for lithium is related to batteries for electric/hybrid vehicles and energy storage. Battery-grade lithium chemicals are used in the cathode part of the batteries. Electrification of transportation is regarded a "global mega-trend" positively aligned with environmental priorities, globally as well as on national levels. Currently, the main developments are related to land-based transportation. In the future, also parts of the sea-based transportation and possibly also air-based transportation could be electrified.

Several initiatives related to battery production in Europe including also Finland and Sweden are under development. Lithium is fundamental for most relevant battery formulas currently developed. Keliber targets to be the first producer in Europe of battery-grade lithium chemicals.

Recent contract prices for lithium remain strong, despite the observed reduction in pricing in the Chinese spot market.

Keliber is currently in dialogue with potential customers to secure offtake agreements suitable for project financing.

Environmental permitting

Keliber has a mining license for the Länttä lithium deposit and permits for mining, operation and waste disposal for Länttä and for production at the Kalavesi plant area. In December 2018, the permit for the Syväjärvi deposit was granted and the application for the Kalavesi concentrator plant submitted. Applications for the Rapasaari deposit and the Kokkola chemical plant are targeted for submission in Q1 2019. Keliber expects clarification of the remaining permits by end of Q3 2019.

A supplement to the environmental impact assessment program for the Kokkola chemical plant has been submitted to cater for a possible future capacity expansion to 24,000 tonnes of lithium carbonate per year. The purpose of the supplement is to have strategic flexibility utilising combinations of domestic raw materials and overseas supply.

Strategic assets and initiatives

Kvinnherad quartz project

Supplementary processing tests based on drill core samples was completed in Q4 2018. The results confirm previous test results indicating that high-purity products can be produced from the Kvinnherad deposit. Nordic Mining intends to initiate a work program to progress the quartz project.

Seabed minerals

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

The Norwegian Research Council has granted NOK 25 million to MarMine, an ongoing research project on marine mineral resources. Nordic Mining participates in the project which is coordinated by the Norwegian University of Science and Technology (NTNU) and has a strong industrial basis and participation. An exploration cruise

including mineral sampling and assessments related to seabed mineral operations has been executed in selected areas along the Mid-Atlantic Ridge.

The Norwegian parliament has started assessments of the government's proposal for a new act regulating the exploration and mining of seabed minerals on the Norwegian continental shelf.

Alumina technology development

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

Together with the 50/50 patent-partner IFE ("Norsk Institutt for Energiteknikk") and other Norwegian and international industrial companies and knowledge institutions, Nordic Mining is assessing schemes for possible external financing of further development work related to alumina technology.

Oslo, 18 February 2019
The Board of Directors of Nordic Mining ASA

CONSOLIDATED INCOME STATEMENT

	2018 01.10-31.12 Unaudited	2017 01.10-31.12 Unaudited	2018 01.01-31.12 Unaudited	2017 01.01-31.12 Audited
<i>(Amounts in NOK thousands)</i>				
Payroll and related costs	(4 034)	(2 735)	(11 773)	(10 879)
Depreciation and amortization	(38)	(38)	(152)	(152)
Impairment of exploration and evaluation assets	-	-	-	-
Other operating expenses	(13 202)	(6 360)	(48 603)	(25 175)
Operating profit/(loss)	(17 274)	(9 133)	(60 528)	(36 206)
Share of result of an associate	(2 535)	(1 860)	(7 988)	542
Financial income	188	70	476	268
Financial costs	(273)	(89)	(567)	(177)
Profit/(loss) before tax	(19 894)	(11 012)	(68 607)	(35 573)
Income Tax	-	-	-	-
Loss for the period	(19 894)	(11 012)	(68 607)	(35 573)
Profit/(loss) attributable to				
Equity holders of parent	(19 894)	(11 012)	(68 607)	(35 530)
Non-controlling interest	-	-	-	(43)
Earnings per share attributable to ordinary shareholders				
<i>(Amounts in NOK)</i>				
Basic and diluted earnings per share	(0,17)	(0,12)	(0,60)	(0,37)

STATEMENTS OF COMPREHENSIVE INCOME

	2018	2017	2018	2017
	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	(19 894)	(11 012)	(68 607)	(35 573)
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Currency translation differences	1 074	1 311	29	2 533
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	(478)	201	(478)	201
Other comprehensive income directly against equity	596	1 512	(449)	2 324
Total comprehensive income for the period	(19 298)	(9 500)	(69 056)	(33 249)
Comprehensive income				
Equity holders of parent	(19 298)	(9 500)	(69 056)	(33 206)
Non-controlling interest	-	-	-	(43)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(Amounts in NOK thousands)</i>	Note	31.12.2018 Unaudited	<i>31.12.2017</i> Audited
ASSETS			
Non-current assets			
Evaluation and exploration assets	3	28 000	21 619
Property, plant & equipment		245	197
Investment in associate		21 296	29 254
Total non-current assets		49 541	51 070
Current Assets			
Trade and other receivables		2 514	4 516
Cash and cash equivalents		49 902	21 547
Total current assets		52 416	26 063
Total assets		101 957	77 133
SHAREHOLDERS' EQUITY & LIABILITIES			
Shareholders' equity			
Share capital	4	78 505	56 895
Share premium	4	401 597	331 223
Other paid-in capital		14 502	14 354
Retained losses		(404 465)	(335 858)
Other comprehensive income		3 095	3 544
Total equity		93 234	70 158
Non-current liabilities			
Other liabilities		834	603
Total non-current liabilities		834	603
Current liabilities			
Trade Payables		2 787	3 200
Other current liabilities		5 101	3 172
Total current liabilities		7 888	6 372
Total liabilities		8 722	6 975
Total shareholders' equity and liabilities		101 956	77 133

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

Attributed to equity holders of the parent							Non - controlling interest	Total equity	
(Amounts in NOK thousands)	Note	Share capital	Share premium	Other-paid- in capital	Other comprehensive income	Accumulated losses	Total		
Equity 1 January 2017		55 550	326 045	14 354	1 220	(300 026)	97 143	(173)	96 970
Loss for the period		-	-	-	-	(35 530)	(35 530)	(44)	(35 574)
Other comprehensive income		-	-	-	2 324	-	2 324	-	2 324
Total comprehensive income		-	-	-	2 324	(35 530)	(33 206)	(44)	(33 250)
Acquisition of non-controlling interest		-	-	-	-	(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
Equity 1 January 2018		56 895	331 223	14 354	3 544	(335 858)	70 158	-	70 158
Loss for the period		-	-	-	-	(68 607)	(68 607)	-	(68 607)
Other comprehensive income		-	-	-	(449)	-	(449)	-	(449)
Total comprehensive income		-	-	-	(449)	(68 607)	(69 056)	-	(69 056)
Share issue		21 610	77 990	-	-	-	99 600	-	99 600
Transaction costs		-	(7 616)	-	-	-	(7 616)	-	(7 616)
Share-based compensation		-	-	148	-	-	148	-	148
Equity 31 December 2018		78 505	401 597	14 502	3 095	(404 465)	93 234	-	93 234

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 31 December

	2018	2017
	01.01-31.12	01.01-31.12
<i>(Amounts in NOK thousands)</i>	<i>Unaudited</i>	<i>Unaudited</i>
<i>Operating activities:</i>		
Net cash used in operating activities	(57 048)	(39 029)
<i>Investing activities:</i>		
Acquisition of licenses and properties	(4 109)	(345)
Investment in other exploration and evaluation assets	(2 272)	(85)
Investment in property, plant and equipment	(200)	-
Investment in associate	-	(11 544)
Net cash used in investing activities	(6 581)	(11 974)
<i>Financing activities:</i>		
Share issuance	99 600	6 948
Transaction costs, share issue	(7 616)	(425)
Repurchase of non-controlling interest	-	(85)
Net cash from financing activities	91 984	6 438
Net change in cash and cash equivalents	28 355	(44 565)
Cash and cash equivalents at beginning of period	21 547	66 112
Cash and cash equivalents at end of period	49 902	21 547

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

Note 1 – ACCOUNTING PRINCIPLES

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting”. They do not include all the information required for full annual financial reporting and should be read in conjunction with the consolidated financial statements of Nordic Mining ASA and the Group for the year ended 31 December 2017.

This report was approved by the Board of Directors on 18 February 2019.

The accounting policies adopted are consistent with those followed in the preparation of the Company’s and the Group’s annual financial statements for the year ended 31 December 2017.

Note 2 – SEGMENT

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

- Titanium and garnet which can be produced from the mineral deposit at Engebø. The zoning plan and the discharge permit for the project are approved and final, without possibility for appeals. The prefeasibility study for the project was completed in October 2017 and the definitive feasibility study is 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 & Garnet		Adjustments and eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues	-	-	-	-	-	-	-	-
Segment result	(1 157)	(574)	(53 478)	(32 954)	(13 972)	(2 045)	(68 607)	(35 573)
Investment in exploration and evaluation assets	-	-	6 381	430	-	-	6 381	430

Note 3 – EXPLORATION AND EVALUATION ASSETS

In the first part of 2018, the Group completed additional exploratory drilling at Engebø. The Group capitalized NOK 2.3 million of drilling cost during the year (NOK 0.1 million). The Group’s total capitalized drilling cost at 31 December 2018 was NOK 17.3 million.

Note 4 – SHARE CAPITAL

On 14 December 2017, Nordic Mining executed a private placement of 15,625,000 shares at a subscription price of NOK 3.20 per share. The private placement was approved in an extraordinary general meeting on 8 January 2018. 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.

On 20 November 2018, Nordic Mining executed a rights issue of 17,391,304 shares at a subscription price of NOK 2.30 per share and gross proceeds of NOK 40.0 million.

As per the date of this report, the Company's share capital is NOK 78,505,063.20 divided into 130,841,772 shares, each with a par value of NOK 0.60.

Note 5 –SHARE-BASED COMPENSATION

On 1 November 2018, the General Meeting of Nordic Mining approved a share-based compensation program of up to 4.5 million options for employees and qualified resource persons. On 26 November 2018, the Board of Directors granted 3 million options at a strike price of NOK 2.63 per share to employees in the Group. The options vest by 1/3 each year, first time on 30 June 2019, and expire on 30 June 2022.

The table below provides an overview of outstanding options:

	2018		2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding 1 January	2,630,000	5.01	2,696,667	4.99
Granted during the year	3,000,000	2.63	-	-
Cancelled during the year	-	-	(66,667)	4.08
Exercised during the year	-	-	-	-
Expired during the year	(2,630,000)	5.01	-	-
Outstanding 31 December	3,000,000	2.63	2,630,000	5.01
Exercisable 31 December	-	-	2,630,000	5.01

Note 6 – EVENTS AFTER BALANCE SHEET DATE

On 15 February 2019, Keliber Oy completed a share issue directed towards existing shareholders with total gross proceeds of EUR 10 million at a share price of EUR 49 per share which implies a post-money value of Keliber of EUR 63 million.

Following the share issue in Keliber, Nordic Mining was diluted from 22% to 18.5% ownership. As a consequence, the Group has assessed that it no longer imposes significant influence and will reclassify the investment in Keliber from an Associate to a Financial Asset Measured at Fair Value Through Profit and Loss under IFRS 9 ("FVTPL Method"). The reclassification will be recognized in the interim consolidated financial statements for Q1 2019 and will result in an estimated accounting gain of approximately NOK 100 million. The gain is not subject to tax.