



**NORDIC  
MINING**

# **INTERIM REPORT**

**Per 30 September 2014**



## Nordic Mining ASA – Group interim report for the quarter ended 30 September 2014

*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 mainly in the Nordic region.*

*Through the subsidiary Nordic Rutile AS, Nordic Mining is undertaking large-scale project development at Engebøfjellet in Sogn and Fjordane where the Company has rights to a substantial eclogite deposit with rutile and garnet. 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 third quarter 2014 and year-to-date:

- **Strategic focus on the Engebø project**  
The Group's near-term strategic target is to secure permits for the Engebø rutile project.
- **Measuring program completed**  
In August 2014, the measuring program for water circulations and hydrographical data in the Førdefjord was finalised after 12 months of continuous measuring.
- **Results from supplementary investigations submitted**  
In September 2014, the results and final reports related to the supplementary investigations were submitted to the Ministry of Climate and Environment. The results confirmed the previous measuring and surveys conducted in connection with the environmental impact assessments for the Engebø rutile project.
- **Ongoing decision process related to the Engebø rutile project**  
The Ministry of Local Government and Modernisation is responsible for decision of the industrial area plan. The ministry will consider all aspects related to the project, i.a. industrial, social, environmental etc. The application for waste disposal permit will be considered by the Ministry of Climate and Environment.
- **Significant increase of Keliber's mineral resources**  
In November 2014, Keliber reported resource estimates for the Rapasaari and Emmes lithium deposits in accordance with the JORC Code 2012. The estimate for Keliber's indicated mineral resources was increased by 55%. The total estimate for measured and indicated mineral resources in accordance with the JORC Code is approximately 5.2 million tonnes.
- **Successful equity issues for Keliber**  
In 2014, Keliber has executed equity issues with gross proceeds of approximately EUR 2.5 million; similar to approximately NOK 21.5 million. The new financing will be used for i.a. exploration drilling, environmental impact assessments, process optimisation test work and a pre-feasibility study. Nordic Mining's retained ownership in Keliber is approximately 25.0%.
- **Ongoing exploration drilling in Reinfjord**  
A NTNU coordinated project is currently undertaking exploration drilling of two boreholes in Reinfjord. The project is funded from the Nordic Council of Ministers through NordMin.

- **Substantial oversubscription of Rights Issue**

Nordic Mining's Rights Issue which was completed 14 November 2014 was 86% oversubscribed. 28 million new shares were subscribed at a price of NOK 0.60 per share. Gross proceeds from the issue were NOK 16.8 million.

## **Financial performance**

*For comparison, numbers in brackets relate to the comparable period in 2013; the quarter or accumulated year-to-date as the case may be.*

Operating loss for the Group in the third quarter was NOK -4.5 million (NOK -3.8 million). Accumulated operating loss was NOK -15.5 million (NOK -14.1 million). Costs related to share-based remuneration (no cash effect) of NOK -4.0 million (NOK 0.0 million) in connection with option agreements with leading employees and resource persons have been recognised and included in the accumulated operating loss. The Group's accumulated operating loss has been reduced by approximately NOK 1.0 million due to VAT refund from 2013. The VAT refund is explained from retroactive VAT registrations which were approved in April 2014; ref. note 4. The Group has significantly reduced general corporate expenses compared to the same period last year on the back of strategic focusing and cost reduction measures.

The Group's investment in Keliber is classified as shares in an associated company. Following from equity issues in Keliber in 2014 of approximately EUR 2.5 million, Nordic Mining's shareholding in Keliber has been reduced from approximately 38.0% to around 25.0%. The net loss from the associated company in the third quarter was NOK -1.3 million (NOK -1.0 million). Accumulated net loss from the associated company was NOK -4.3 million (NOK -2.4 million). Keliber's loss was related to costs for i.a. environmental impact assessments, process optimisation studies and general corporate expenses.

The Group's net loss for continuing operations was NOK -5.8 million (NOK -4.7 million) in the third quarter. Accumulated net loss for continuing operations was NOK -19.8 million (NOK -16.3 million). The loss from discontinued operations in the first nine months of 2013; NOK -4.3 million was related to Gudvangen Stein which was divested in June 2013.

Total net loss for the Group in the third quarter was NOK -5.8 million (NOK -4.7 million). The Group's accumulated total net loss was NOK -19.8 million (NOK -20.6 million). Excluding the cost of share-based remuneration earlier this year and the VAT refund from 2013 the Group's comparable total net loss in the nine months period is reduced with NOK 3.8 million compared with the same period in 2013.

Cash flow from the Group's operating activities was negative in the third quarter with NOK -3.5 million (NOK -5.2 million) and NOK -12.0 million (NOK -14.1 million) accumulated. Net cash used in investment activities was NOK -0.1 million (NOK -0.1 million) in the third quarter and NOK -0.2 million (NOK -0.5 million) accumulated. The investments were related to the Engebø rutile project.

Nordic Mining's total assets as of 30 September 2014 were NOK 23.3 million (NOK 51.0 million), and the Group's total equity amounted to NOK 20.1 million (NOK 48.1 million). This gives an equity ratio of 86% (94%).

As per 30 September 2014, the Group's cash and cash equivalents amounted to NOK 3.1 million (NOK 19.8 million). In November 2014, Nordic Mining completed a rights issue with gross proceeds of NOK 16.8 million; ref. note 7 in the financial statements.

## **Main projects and activities**

### **Introduction**

The Group's near-term strategic target is to secure permits for the Engebø rutile project. For the other projects, alternative financing and cooperation scenarios are explored in order to continue development work. Comprehensive information of the Group's main projects is presented in the annual report for 2013 ([www.nordicmining.com](http://www.nordicmining.com)). An update of the project progress year-to-date follows below.

## ***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 compared to current rutile producers and development projects. The deposit also contains significant quantities of garnet, and consequently high quality garnet will be a by-product. Garnet has various industrial applications and can replace industrial sands containing free silica which is harmful for health and environment. Nordic Mining's internal estimate for the NPV of the project is USD 466 million after tax based on an 8% discount rate and a rutile price of USD 1,000 per tonne.

### *Industrial area plan and discharge permit*

The municipality boards in Naustdal and Askvoll approved the industrial area plan for the rutile production at Engebø in May 2011. In June 2011, the county governor of Sogn og Fjordane recommended approval of the plan. However, the Ministry of Climate and Environment ("KLD") in March 2013 requested supplementary information despite the strong local and regional support and the comprehensive EIA undertaken by Nordic Mining.

In 2013, Nordic Mining assigned DNV GL to conduct a measuring program regarding documentation of water circulations in the Førdefjord and risk assessments regarding the planned sea disposal for the mineral residues. DNV GL was also assigned for various additional investigations, e.g. ROV survey and sample fishing of possible spawning grounds for fish and other species in the disposal area.

The measuring program for water circulations and hydrographical data was completed in August 2014 after 12 months of measuring at 11 metering stations. In September 2014, Nordic Mining submitted the results of the supplementary investigations to KLD. The main results from the supplementary investigations can be summarised as follows:

- The water circulation is moderate within the area of the planned tailings disposal and the seasonal variations are limited. The results reflect the typical circulation pattern for this type of fjord and depth, and indicate that the settling of the inert, nontoxic mineral tailings will be efficient. Nordic Mining considers the results as a positive confirmation of the EIA documentation.
- The ROV survey along the bottom of the Førdefjord confirmed previous information of a typical sedimentation seafloor in the fjord. No indications of corals were detected. Normal biological fauna was observed.
- Sample fishing of eel and other fish together with sampling of fish eggs and larva in the disposal area did not indicate specific areas of concern with regards to spawning grounds for fish and endangered/valuable species. The supplementary information confirmed the results from previous investigations.

Consideration of the industrial area plan is currently ongoing and a decision related to the remark in 2010 from the Directorate of Fisheries will be made by the Ministry of Local Government and Modernisation ("KMD"). KMD has submitted Nordic Mining's supplementary information to KLD and the Ministry of Industry, Trade and Fisheries ("NFD") for review and comments. The two ministries have forwarded the information to subordinated directorates and agencies, and statements and recommendations from the various institutions have been published.

The Directorate of Fisheries has stated that the remark from 2010 is maintained. The Environment Agency has given support to the remark. However, the Environment Agency in a supplementary letter to KLD has taken a more balanced and less conclusive approach, indicating that environmental uncertainties related to the Engebø project are limited and mainly of a general nature. The Directorate of Mining has recommended a rejection of the remark and supports the utilisation of mineral resources at Engebø.

Nordic Mining is of the opinion that the arguments presented in connection with the remark, i.e. the arguments in favour of rejecting the project, are poorly founded and insufficiently documented. There is no evidence and substance to the suggestion that mineral production at Engebø will be harmful for commercial fisheries and fish farms in the surrounding area. Furthermore, the remaining arguments related to environmental issues are in Nordic Mining's opinion vaguely argued and based on deceptive

information. Nordic Mining has already documented that important information related to potential issues of an environmental character have not been considered or withheld.

On the date of this report, KLD and NFD are preparing statements and recommendations which will be submitted to KMD. KMD's responsibility is to review all aspects related to the industrial area plan, i.a. industrial, social, environmental etc. and decide whether the previous remark should be approved or rejected. The timing of KMD's decision process is not known.

In Nordic Mining's view, the arguments presented in support of mineral production at Engebø are outweighing the arguments against the project. The two municipalities, Naustdal and Askvoll have clearly and through democratic processes voiced that the project is wanted. The positive local, regional and national effects for employment and industrial activity are substantial, and production of rutile will consolidate and strengthen Norway's position in the titanium industry, specifically as a supplier of titanium feedstock. Compared with existing rutile producers and prospects, the Engebø project will have significantly lower area and environmental footprint, i.a. with regard to emission of climate gases in connection with shipment of products.

### ***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 deposit is considered to contain raw quartz sufficient for minimum 60 years of production of high-purity products at a rate of 5,000 tonnes per year. 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 an undiscounted payback period of 4.3 years.

#### ***Further project proceedings***

Nordic Quartz has had limited activity on the quartz project in 2014. The long-term outlook for quartz products in advanced applications is positive and Nordic Mining investigates possibilities to establish an industrial strategic partnership for the project.

### ***Nordic Ocean Resources (seabed minerals)***

#### ***General project information***

Nordic Ocean Resources is exploring opportunities related to seabed mineral resources. Nordic Mining owns 80% of the share capital of Nordic Ocean Resources. Ocean Miners AS, a company owned by Professor Fredrik Søreide, holds the remaining 20%.

#### ***Follow-up of the pre-project study***

The results from the pre-project study, executed in 2013 by NTNU and Nordic Ocean Resources with support from Statoil, were presented at an international seminar on submarine minerals in April 2014. The international interest with regard to securing prospective exploration areas as well as technology development is substantial, and Norway has a significant potential to develop subsea mineral industry. The partners in the pre-project study are evaluating a continuation of the project cooperation and a possible expansion of the partner network.

#### ***Application for submarine mineral exploration rights in Norway***

Nordic Ocean Resources is awaiting feedback from the Ministry of Trade, Industry and Fisheries regarding its application for mineral exploration rights on the Norwegian continental shelf. The application has been updated several times, last time in January 2014.

## ***Keliber (lithium/lithium carbonate)***

### General project information

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

Subsequent of equity issues in 2014 where Keliber has raised approximately EUR 2.5 million in new financing, Nordic Mining owns approximately 25.0% of the share capital and remains the largest shareholder in Keliber.

### New estimates for mineral resources

In November 2014, Keliber reported the results of the Competent Persons' estimates for the Rapasaari and Emmes lithium deposits. The Competent Persons' estimates for the two deposits are in accordance with the JORC Code 2012.

The Competent Persons' preliminary estimation regarding *Rapasaari* is:

<b>Resources (JORC)</b>			<b>Reserves (JORC)</b>		
<b>Res. class</b>	<b>Tonnes</b>	<b>Li<sub>2</sub>O%</b>	<b>Res. class</b>	<b>Tonnes</b>	<b>Li<sub>2</sub>O%</b>
Indicated	922,000	1.29			
Inferred					
Total	922,000				

Source: Expert opinion on Keliber by Competent Persons Markku Meriläinen and Pekka Lovén

The Competent Persons' preliminary estimation regarding *Emmes* is:

<b>Resources (JORC)</b>			<b>Reserves (JORC)</b>		
<b>Res. class</b>	<b>Tonnes</b>	<b>Li<sub>2</sub>O%</b>	<b>Res. class</b>	<b>Tonnes</b>	<b>Li<sub>2</sub>O%</b>
Indicated	818,000	1.40			
Inferred					
Total	818,000				

Source: Expert opinion on Keliber by Competent Persons Markku Meriläinen and Pekka Lovén

The cut-off grade in the estimates is 0.7 per cent Li<sub>2</sub>O and specific gravity is 2.70.

The Rapasaari lithium deposit can be mined as conventional open pit whereas the Emmes deposit will be an underground mine. The Rapasaari lithium deposit was put out on an international tender by the Finnish Ministry of Employment and the Economy in 2013. Keliber made an offer by due date which was accepted by the ministry early 2014. The contract documentation has now been completed, and the contract for the acquisition of the Rapasaari lithium deposit has been signed by Keliber. Keliber also holds valid claims for the Emmes deposit.

The Rapasaari deposit is located in the border zone of the municipalities Kaustinen and Kokkola in the Ostrobothnia region in Finland. The Emmes deposit is located in Kruunupyä municipality. Both deposits are located within a 20 km distance from the planned processing plant at Kalavesi.

### Overview of estimates for mineral resources

The new mineral resources estimates for the Rapasaari and Emmes implied a 55% increase of Keliber's indicated mineral resources. In the table below an overview of the estimated mineral resources is presented.

Category	Deposit	Tonnage (1,000 tonnes)	Li <sub>2</sub> O %
Measured	Länttä	433	1.12
Indicated	Länttä	868	1.06
	Syväjä rvi	1,664	1.22
	Rapasaari	922	1.29
	Outovesi	289	1.49
	Leviäkangas	190	1.13
	Emmes	818	1.40
Indicated total		4,751	1.25
<b>Measured and indicated total</b>		<b>5,184</b>	<b>1.24</b>
Inferred	Syväjärvä	54	1.45
	Leviäkangas	271	0.90
Inferred total		325	0.99

The mineral resource estimates are in accordance with the JORC Code 2004 (Länttä, Outovesi and Leviäkangas) and JORC Code 2012 (Rapasaari, Syväjärvi and Emmes) by the Competent Persons Markku Meriläinen (MAusIMM) and Pekka Lovén (MAusIMM).

Keliber is planning additional drilling during the coming winter season.

#### Other project activities

Environmental impact assessments and additional process optimisation studies are ongoing. According to plan, the environmental impact studies will be completed around year-end 2014, or early 2015. The process studies will most likely continue into the first part of 2015. Keliber is conducting a pre-feasibility study of the lithium project, tentatively scheduled for completion in the first half of 2015.

#### **Other project activity**

##### Production of alumina from anorthosite

In March 2014, Nordic Mining and Institute for Energy Technology ("IFE") filed a patent application for a new technology for extraction of alumina from alumina/calcium-rich minerals, and the patentability examination process is ongoing. The technology 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>.

##### Exploration on the Øksfjord Peninsula

In January 2014, Nordic Mining was granted two new Exploration Rights east of the Reinfjord prospect. Electromagnetic data published by the Geological Survey of Norway show that the new Exploration Rights include an area of particular low resistivity. Low resistivity can be caused by metals contained in the bed rock and may indicate existence of a metallic ore body.

In March 2014, a research program coordinated by NTNU, and where Nordic Mining is a partner, was granted NOK 2 million from NordMin for further exploration in the prospective Reinfjord area with potential for nickel, palladium, platinum and PGE. NordMin is a research network funded by the Nordic Council of Ministers.

In August 2014, a team of geologists carried out field-mapping studies in the area. Exploration drilling has started; the first drill hole (approximately 370 meters) is completed and the second drill hole (planned length around 400 meters) is currently being drilled. Core sample analyses and other information from the exploration are expected in the first part of 2015.

## CONSOLIDATED INCOME STATEMENTS

	2014 01.07-30.09 Unaudited	2013 01.07-30.09 Unaudited	2014 01.01-30.09 Unaudited	2013 01.01-30.09 Unaudited	2013 01.01-31.12 Audited
<i>(Amounts in NOK thousands)</i>					
Sales	-	-	-	-	-
Other income	(4)	-	-	-	25
Payroll and related costs	(1 776)	(2 305)	(9 695)	(8 761)	(9 725)
DD&A	-	-	-	-	-
Other operating expenses	(2 741)	(1 465)	(5 836)	(5 291)	(8 998)
<b>Operating profit/(loss)</b>	<b>(4 521)</b>	<b>(3 770)</b>	<b>(15 531)</b>	<b>(14 052)</b>	<b>(18 698)</b>
Share of result of an associate	(1 253)	(1 016)	(4 302)	(2 351)	(2 972)
Impairment of investment in associate	-	-	-	-	(6 523)
Financial income	14	60	71	70	114
Financial costs	(1)	(1)	(12)	(11)	(11)
<b>Profit/(loss) before tax</b>	<b>(5 761)</b>	<b>(4 727)</b>	<b>(19 774)</b>	<b>(16 344)</b>	<b>(28 090)</b>
Income Tax	-	-	-	-	-
<b>Loss from continuing operations</b>	<b>(5 761)</b>	<b>(4 727)</b>	<b>(19 774)</b>	<b>(16 344)</b>	<b>(28 090)</b>
Loss from discontinued operations	-	-	-	(4 298)	(4 298)
<b>Loss for the period</b>	<b>(5 761)</b>	<b>(4 727)</b>	<b>(19 774)</b>	<b>(20 642)</b>	<b>(32 388)</b>
<b>Profit/(loss) attributable to</b>					
Equity holders of parent	(5 761)	(4 727)	(19 774)	20 642	(32 388)
Non-controlling interest	-	-	-	-	-
<b>Earnings per share attributable to ordinary shareholders</b>					
<i>(Amounts in NOK)</i>					
Basic and diluted earnings per share for continuing operations	(0,02)	(0,02)	(0,07)	(0,08)	(0,14)
Basic and diluted earnings per share for discontinued operations	-	-	-	(0,02)	(0,02)
Basic and diluted earnings per share	(0,02)	(0,02)	(0,07)	(0,10)	(0,16)



## STATEMENTS OF COMPREHENSIVE INCOME

	2014 01.07-30.09 Unaudited	2013 01.07-30.09 Unaudited	2014 01.01-30.09 Unaudited	2013 01.01-30.09 Unaudited	2013 01.01-31.12 Audited
<i>(Amounts in NOK thousands)</i>					
<b>Net profit/(loss) for the period</b>	<b>(5 761)</b>	<b>(4 727)</b>	<b>(19 774)</b>	<b>(20 642)</b>	<b>(32 388)</b>
<b>Other comprehensive income:</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Currency translation differences	(447)	659	(457)	2 341	2 996
Reclassification of translation adjustment	-	-	-	-	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Changes in pension estimates	-	-	-	-	(739)
<b>Other comprehensive income directly against equity</b>	<b>(447)</b>	<b>659</b>	<b>(457)</b>	<b>2 341</b>	<b>2 257</b>
<b>Total comprehensive income for the period</b>	<b>(6 208)</b>	<b>(4 068)</b>	<b>(20 231)</b>	<b>(18 301)</b>	<b>(30 131)</b>
<b>Profit/(loss) attributable to</b>					
Equity holders of parent	(6 208)	(4 068)	(20 231)	(18 301)	(30 131)

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30.09.2014	31.12.2013
<i>(Amounts in NOK thousands)</i>	Unaudited	Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Licences	6 691	6 451
Investment in associate	12 192	16 951
<b>Total non-current assets</b>	<b>18 883</b>	<b>23 402</b>
<b>Current Assets</b>		
Trade and other receivables	1 323	1 119
Cash and cash equivalents	3 121	15 495
<b>Total current assets</b>	<b>4 444</b>	<b>16 614</b>
<b>Total assets</b>	<b>23 327</b>	<b>40 016</b>
<b>SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>		
<b>Shareholders' equity</b>		
Share capital	28 050	28 050
Share premium	227 145	227 145
Other paid-in capital	12 858	8 893
Retained losses	(250 408)	(230 634)
Other comprehensive income	2 420	2 877
Equity attributable to ordinary shareholders	20 065	36 331
Non-controlling interest	-	-
<b>Total equity</b>	<b>20 065</b>	<b>36 331</b>
<b>Non-current liabilities</b>		
Other liabilities	81	52
<b>Total non-current liabilities</b>	<b>81</b>	<b>52</b>
<b>Current liabilities</b>		
Trade payables	2 499	1 568
Other current liabilities	682	2 065
<b>Total current liabilities</b>	<b>3 181</b>	<b>3 633</b>
<b>Total liabilities</b>	<b>3 262</b>	<b>3 685</b>
<b>Total shareholders' equity and liabilities</b>	<b>23 327</b>	<b>40 016</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

<i>(Amounts in NOK thousands)</i>	Attributed to equity holders of the parent				Total equity	
	Share capital	Share premium	Other-paid-in capital	Other comprehensive income	Accumulated losses	
Equity 1 January 2013	18 547	206 821	8 856	619	(198 246)	36 597
Total comprehensive income	-	-	-	2 341	(20 642)	(18 301)
Share-based payment	-	-	37	-	-	37
Share issue	9 503	25 020	-	-	-	34 523
Transaction costs	-	(4 798)	-	-	-	(4 798)
<b>Equity 30 September 2013</b>	<b>28 050</b>	<b>227 043</b>	<b>8 893</b>	<b>2 960</b>	<b>(218 888)</b>	<b>48 058</b>
 <b>Equity 1 January 2014</b>	 <b>28 050</b>	 <b>227 145</b>	 <b>8 893</b>	 <b>2 877</b>	 <b>(230 634)</b>	 <b>36 331</b>
Total comprehensive income	-	-	-	(457)	(19 774)	(20 231)
Share based payment	-	-	3 965	-	-	3 965
<b>Equity 30 September 2014</b>	<b>28 050</b>	<b>227 145</b>	<b>12 858</b>	<b>2 420</b>	<b>(250 408)</b>	<b>20 065</b>

## CONSOLIDATED CASH FLOW STATEMENTS

For the period ended 30 September

	<i>2014</i>	<i>2013</i>
	<i>01.01-30.09</i>	<i>01.01-30.09</i>
<i>(Amounts in NOK thousands)</i>	<i>Unaudited</i>	<i>Unaudited</i>
<b>Net cash used in operating activities</b>	<b>(11 974)</b>	<b>(14 091)</b>
Purchases of property, plant & equipment	-	(296)
Purchases of intangible assets	(239)	(237)
Other	-	-
<b>Net cash used in investing activities</b>	<b>(239)</b>	<b>(533)</b>
Share issuance	-	29 725
Payments of loans	-	(500)
Principal payments on finance leases	-	(962)
<b>Net cash from financing activities</b>	<b>-</b>	<b>28 263</b>
<b>Net change in cash and cash equivalents</b>	<b>(12 213)</b>	<b>13 639</b>
Effect of changes in foreign exchange rates	-	-
<b>Cash and cash equivalents at beginning of period</b>	<b>15 495</b>	<b>6 164</b>
<b>Cash and cash equivalents at end of period</b>	<b>3 282</b>	<b>19 803</b>
Paid interest	-	265

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

## 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 2013.

This report was approved by the Board of Directors on 20 November 2014.

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 2013.

## Note 2 – DISCONTINUED OPERATIONS

### 2013

In June 2013, Nordic Mining entered into an agreement to sell all the shares in Gudvangen Stein for NOK 1.00. The sale was completed on 17 June 2013. As part of the transaction Nordic Mining was released from corporate guarantees amounting to NOK 5.7 million.

The divestment of Gudvangen Stein in June 2013 is presented as discontinued operations in the consolidated financial statements. In the table below, the amounts from the condensed income statements that have been reclassified to loss from discontinued operations are specified for the first nine months 2013 and for the full year 2013.

	<b>01.01-30.09 2013</b>
<i>Amounts in NOK thousands</i>	<b>Gudvangen</b>
Revenue	10 807
Other income	-
Cost of sales	(3 220)
Payroll and related costs	(2 807)
DD&A	(854)
Other operating expenses	(5 596)
<b>Operating loss</b>	<b>(1 670)</b>
Other costs/income	(441)
<b>Loss from discontinued operations before remeasurement to fair value</b>	<b>(2 111)</b>
Impairment	-
Loss on disposal	(2 187)
<b>Total loss for discontinued</b>	<b>(4 298)</b>

## Note 3 – 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 Ministry of Local Government and Modernisation considers the industrial area plan for the project and the Ministry of Climate and Environment considers the application for waste disposal.
- 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, but excluding purchase price allocations related to business combinations. All the numbers in the table below are in NOK thousands and represent the period 1 January – 30 September.

	Quartz		Titanium		Adjustments and eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenues	-	-	-	-	-	-	-	-
Segment result	(267)	(395)	(8 133)	(4 914)	(11 374)	(11 035)	(19 774)	(16 344)

The comparative numbers for the first nine months 2013 have been restated to reflect the discontinued operations presentation of the consolidated income statement related to the disposal of Gudvangen Stein AS.

#### Note 4 – OTHER OPERATING EXPENSES

Other operating expenses for the first nine months 2014 includes approximately NOK 1.0 million of VAT refund for 2013 related to Nordic Rutile AS and Nordic Quartz AS. The retroactive VAT registrations were approved in April and repayment was received in the second quarter 2014.

#### Note 5 – 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 – 30 September 2014 Nordic Mining recorded NOK 0.4 million (NOK 0.4 million) in expenses related to the agreement with Dag Dvergsten AS.

#### Note 6 – SHARE BASED REMUNERATION

The annual shareholders' meeting in May 2014 decided to implement an incentive program for senior management and qualified resource persons. The Board of Directors was given authority to allocate options that in full gives the right to subscribe up to 14 million new shares in Nordic Mining.

In June 2014, the Board decided to grant in total 10,750,000 options to leading employees and resource persons. For 8,250,000 options, the exercise price is NOK 0.90 per share. For the remaining 2,500,000 options the exercise price is NOK 1.80 per share. The weighted average exercise price is NOK 1.11 per share. The share price on the allocation date was NOK 1.04. The options have no vesting requirements and may be exercised until 18 May 2016.

	2014	
	Number of options	Weighted average exercise price
<b>Outstanding 1 January</b>	4 850 000	1,05
Granted during the year	10 750 000	1,11
Cancelled during the year	-	-
Exercised during the year	-	-
Expired during the year	(4 850 000)	1,05
<b>Outstanding 30 September</b>	<b>10 750 000</b>	<b>1,11</b>
<b>Exercisable 30 September</b>	<b>10 750 000</b>	<b>1,11</b>

Average fair value of the options granted in the second quarter 2014 was NOK 0.37 per share. The real price of the granted options has been calculated using the Black Scholes model.

Costs related to share based remuneration; in total NOK 3,965,000 have been recognised and included in the operating loss for the second quarter and for the nine months period. The costs have no cash effect.

## **Note 7 – SUBSEQUENT EVENTS**

### Rights Issue

In October/November 2014, Nordic Mining executed a rights issue of 28,000,000 shares with preferential right for shareholders as per the end of 22 October 2014 (as registered in the VPS as of 24 October 2014). The subscription period expired on 14 November 2014 and the rights issue was substantially oversubscribed. The subscription price in the rights issue was NOK 0.60 per share, resulting in gross proceeds of NOK 16.8 million. The net proceeds will be approximately NOK 15.3 million after deducting estimated directly attributable transaction costs of around NOK 1.5 million.

Subsequent of the rights issue the Company's share capital is NOK 30,850,480.50 divided into 308,504,805 shares, each with a par value of NOK 0.10.

Information in connection with the Rights Issue was presented in a Prospectus dated 24 October 2014 and a Supplemental Prospectus dated 5 November 2014.