

INTERIM REPORT

Per 31 December 2014



Group interim report for the quarter ended 31 December 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 fourth quarter 2014 and year-to-date 2015:

- **Strategic focus on the Engebø rutile project**
The Group's near-term strategic target is to secure permits for the Engebø project.
- **Supplementary information paves ground for the government's decision process**
The results and final reports from the supplementary investigations related to the Engebø rutile project were submitted in September 2014. In December 2014, the government confirmed that the information forms a good basis for considering the remark from the Directorate of Fisheries related to the industrial area plan, and the waste disposal permit.
- **Considerations are ongoing; decision "as soon as possible"**
The Ministry of Local Government and Modernisation is responsible for deciding on the industrial area plan. The waste disposal permit is considered by the Ministry of Climate and Environment. The considerations are coordinated and will include i.a. industrial, social and environmental aspects of the Engebø project. The government has stated that a decision will be made "as soon as possible".
- **Significant increase of Keliber's mineral resources**
In November 2014, the 25% owned associated company, 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.
- **Promising drilling indications at Rapasaari**
Keliber has drilled approximately 2,700 meters at Rapasaari during the winter season. Preliminary indications are positive and analytical results are expected in Q2 2015.
- **Exploration drilling in Reinfjord**
A NTNU coordinated project drilled two boreholes in Reinfjord in October/November 2014. The project is funded from the Nordic Council of Ministers through NordMin. Results from analysis are expected in Q2 2015.
- **Substantial oversubscription of Rights Issue**
Nordic Mining's Rights Issue which was completed in 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 fourth quarter was NOK -1.3 million (NOK -4.6 million). Accumulated operating loss was NOK -16.9 million (NOK -18.7 million). Estimated tax refund under the "Skattefunn" scheme is included/deducted in the fourth quarter. Costs related to share-based remuneration (no cash effect) of NOK -4.0 million (NOK 0.0 million) in connection with option agreements with key employees and resource persons (no options have been awarded to members of the Board) are 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'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 fourth quarter was NOK -1.5 million (NOK -0.6 million). Accumulated net loss from the associated company was NOK -5.8 million (NOK -3.0 million). Keliber's loss was related to costs for i.a. environmental impact assessments, process optimisation studies and general corporate expenses. An impairment loss (no cash effect) of NOK -0.8 million (NOK -6.5 million) related to Keliber has been recognised in the consolidated accounts in the fourth quarter.

The Group's net loss for continuing operations was NOK -3.7 million (NOK -11.7 million) in the fourth quarter. Accumulated net loss for continuing operations was NOK -23.4 million (NOK -28.1 million). The loss from discontinued operations in 2013 of NOK -4.3 million was related to Gudvangen Stein which was divested in June 2013.

Total net loss for the Group in the fourth quarter was NOK -3.7 million (NOK -11.7 million). The Group's accumulated total net loss was NOK -23.4 million (NOK -32.4 million). The Group has significantly reduced general corporate expenses in 2014 on the back of strategic focusing and cost reduction measures. Excluding the cost of share-based remuneration earlier this year, the VAT refund from 2013 and the impairment loss related to Keliber, the Group's comparable total net loss is reduced with NOK 6.3 million compared with 2013.

Cash flow from the Group's operating activities was negative in the fourth quarter with NOK -3.7 million (NOK -5.0 million) and NOK -15.7 million (NOK -19.1 million) accumulated. Net cash used in investment activities was NOK -0.1 million (NOK 0.5 million) in the fourth quarter and NOK -0.3 million (NOK -0.1 million) accumulated. The investments were related to the Engebø rutile project.

Nordic Mining's total assets as of 31 December 2014 were NOK 34.4 million (NOK 40.0 million), and the Group's total equity amounted to NOK 30.8 million (NOK 36.3 million). This gives an equity ratio of 90% (91%).

As per 31 December 2014, the Group's cash and cash equivalents amounted to NOK 14.4 million (NOK 15.5 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 the final permits for the Engebø rutile project; i.e. approval of the industrial area plan and the waste disposal permit. 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). An update of recent project progress 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.

The mineral residues from the beneficiation process are environmentally friendly inert minerals suitable and approved as capping material for contaminated sediments. The mineral residues may also be used for landfill and other construction projects, and Nordic Mining intends to market the mineral residues for various purposes.

Nordic Mining's preliminary internal estimate for the NPV of the project is USD 466 million after tax based on an 8% discount rate and a long-term 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, despite a remark from the Directorate of Fisheries. In June 2011, subsequent of unsuccessful negotiations between the Directorate and the municipalities, the county governor of Sogn og Fjordane recommended approval of the plan. In March 2013, the Ministry of Climate and Environment ("KLD") requested supplementary information in spite of 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 of the investigations are 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. One possible spawning ground for ling was indicated; however, ling is a common deep water fish in Norwegian fjords, and it is expected that the fish can spawn in other areas of the fjord when depositing of tailings takes place.
- An effect assessment for marine life was executed based on the particle dispersion model and the biological investigations. The assessment showed that effects mainly will be related to the benthic fauna within the disposal area.

Consideration of the industrial area plan and the remark from the Directorate of Fisheries is ongoing with the Ministry of Local Government and Modernisation ("KMD"). The waste disposal permit is considered by KLD. In November 2014, the Minister of Local Government and Modernisation stated that a decision will be made "as soon as possible". Further, KMD in December 2014 confirmed that the supplementary information forms a good basis for its consideration of the remark related to the industrial area plan.

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 and 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.

Together with NTNU and other interested parties Nordic Ocean Resources is elaborating possibilities to initiate a comprehensive research project on marine mineral resources. The potential project will include an exploration cruise, mineral sampling, analyses and processing tests. A conclusion with regard to project initiation is expected in Q2 2015.

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 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:

Resources (JORC)			Reserves (JORC)		
Res. class	Tonnes	Li ₂ O%	Res. class	Tonnes	Li ₂ O%
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:

Resources (JORC)			Reserves (JORC)		
Res. class	Tonnes	Li ₂ O%	Res. class	Tonnes	Li ₂ O%
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 Li₂O 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 Kruunupyy 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 ₂ O %
Measured	Länttä	433	1.12
Indicated	Länttä	868	1.06
	Syväjärvi	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
Measured and indicated total		5,184	1.24
Inferred	Syväjärvi	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).

Ongoing project activities

Keliber has drilled approximately 2,700 meters at Rapasaari during the winter season. Preliminary indications are positive and results from analysis together with revised resource estimates are expected in Q2 2015.

Environmental impact assessments are ongoing. Several studies are completed and published. The remaining work is expected to be completed in Q1/Q2 2015. Further, various research and processing studies are ongoing in cooperation with i.a. GTK Mintec and Outotec. Keliber intends to carry out 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 CO₂.

Exploration on the Øksfjord Peninsula

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 of two drill holes was executed in October/November 2014. Preparation of core samples is ongoing and results from analysis are expected in Q2 2015.

Oslo, 26 February 2015
The Board of Directors of Nordic Mining ASA

CONSOLIDATED INCOME STATEMENTS

	Note	2014 01.10-31.12 Unaudited	2013 01.10-31.12 Unaudited	2014 01.01-31.12 Unaudited	2013 01.01-31.12 Audited
<i>(Amounts in NOK thousands)</i>					
Sales		-	-	-	-
Other income		-	25	-	25
Payroll and related costs		(1 628)	(1 366)	(11 323)	(9 725)
DD&A		-	-	-	-
Other operating expenses		279	(3 305)	(5 557)	(8 998)
Operating profit/(loss)		(1 349)	(4 646)	(16 880)	(18 698)
Share of result of an associate		(1 529)	(621)	(5 831)	(2 972)
Impairment of investment in associate		(817)	(6 523)	(817)	(6 523)
Financial income		25	44	96	114
Financial costs		(2)	-	(14)	(11)
Profit/(loss) before tax		(3 672)	(11 746)	(23 446)	(28 090)
Income Tax		-	-	-	-
Loss from continuing operations		(3 672)	(11 746)	(23 446)	(28 090)
Loss from discontinued operations	2	-	-	-	(4 298)
Loss for the period		(3 672)	(11 746)	(23 446)	(32 388)
Profit/(loss) attributable to					
Equity holders of parent		(3 672)	(11 746)	(23 371)	(32 388)
Non-controlling interest		(75)	-	(75)	-
Earnings per share attributable to ordinary shareholders					
<i>(Amounts in NOK)</i>					
Basic and diluted earnings per share for continuing operations		(0,01)	0,05	(0,08)	(0,14)
Basic and diluted earnings per share for discontinued operations		0,00	-	0,00	(0,02)
Basic and diluted earnings per share		(0,01)	0,05	(0,08)	(0,16)

STATEMENTS OF COMPREHENSIVE INCOME

	2014 01.10-31.12 <i>(Amounts in NOK thousands)</i> Unaudited	2013 01.10-31.12 Unaudited	2014 01.01-31.12 Unaudited	2013 01.01-31.12 Audited
Net profit/(loss) for the period	(3 672)	(11 746)	(23 446)	(32 388)
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Currency translation differences	1 256	655	799	2 996
Reclassification of translation adjustment	-	-	-	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Changes in pension estimates	(1 763)	(739)	(1 763)	(739)
Other comprehensive income directly against equity	(507)	(84)	(964)	2 257
Total comprehensive income for the period	(4 178)	(11 830)	(24 410)	(30 131)
Profit/(loss) attributable to:				
Equity holders of parent	(4 178)	(11 830)	(24 410)	(30 131)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	31.12.2014	31.12.2013
(Amounts in NOK thousands)	Unaudited	Audited
ASSETS		
Non-current assets		
Licences	6 770	6 451
Investment in associate	11 103	16 951
Total non-current assets	17 873	23 402
Current Assets		
Trade and other receivables	2 126	1 119
Cash and cash equivalents	14 360	15 495
Total current assets	16 486	16 614
Total assets	34 359	40 016
SHAREHOLDERS' EQUITY & LIABILITIES		
Shareholders' equity		
Share capital	30 850	28 050
Share premium	239 194	227 145
Other paid-in capital	12 924	8 893
Retained losses	(254 005)	(230 634)
Other comprehensive income	1 913	2 877
Equity attributable to ordinary shareholders	30 876	36 331
Non-controlling interest	(75)	-
Total equity	30 801	36 331
Non-current liabilities		
Other liabilities	1 417	52
Total non-current liabilities	1 417	52
Current liabilities		
Trade Payables	753	1 568
Other current liabilities	1 388	2 065
Total current liabilities	2 141	3 633
Total liabilities	3 558	3 685
Total shareholders' equity and liabilities	34 359	40 016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY **Unaudited**

	Attributed to equity holders of the parent						Non - controlling interest	Total equity
(Amounts in NOK thousands)	Share capital	Share premium	Other-paid- in capital	Other comprehensive income	Accumulated losses	Total		
Equity 1 January 2013	18 547	206 821	8 856	619	(198 246)	36 597	-	36 597
Total comprehensive income	-	-	-	2 257	(32 388)	(30 131)	-	(30 131)
Share-based payment	-	-	37	-	-	37	-	37
Share issue	9 503	25 020	-	-	-	34 523	-	34 523
Transaction costs	-	(4 695)	-	-	-	(4 695)	-	(4 695)
Equity 31 December 2013	28 050	227 145	8 893	2 876	(230 634)	36 331	-	36 331
Equity 1 January 2014	28 050	227 145	8 893	2 877	(230 634)	36 331	-	36 331
Total comprehensive income	-	-	-	(964)	(23 371)	(24 335)	(75)	(24 410)
Share based payment	-	-	4 031	-	-	4 031	-	4 031
Share issue	2 800	14 000	-	-	-	16 800	-	16 800
Transaction costs	-	(1 951)	-	-	-	(1 951)	-	(1 951)
Equity 31 December 2014	30 850	239 194	12 924	1 913	(254 005)	30 876	(75)	30 801

CONSOLIDATED CASH FLOW STATEMENTS

For the period ended 31 December

	2014 01.01-31.12 <i>Unaudited</i>	2013 01.01-31.12 <i>Audited</i>
<i>(Amounts in NOK thousands)</i>		
Net cash used in operating activities	(15 665)	(19 050)
Purchases of property, plant & equipment	-	(296)
Purchases of intangible assets	(319)	(237)
Sale of subsidiary - effect on cash	-	465
Net cash used in investing activities	(319)	(68)
Share issuance	14 849	29 828
Payments of loans	-	(417)
Principal payments on finance leases	-	(962)
Net cash from financing activities	14 849	28 449
Net change in cash and cash equivalents	(1 135)	9 331
Effect of changes in foreign exchange rates	-	-
Cash and cash equivalents at beginning of period	15 495	6 164
Cash and cash equivalents at end of period	14 360	15 495
Paid interest	-	265

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 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 26 February 2015.

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 full year 2013.

	01.01- 31.12 2013 Gudvangen
Amounts in NOK thousands	
Revenue	10 807
Other income	-
Cost of sales	(3 220)
Payroll and related costs	(2 807)
DD&A	(854)
Other operating expenses	(5 596)
Operating loss	(1 670)
Other costs/income	(441)
Loss from discontinued operations before remeasurement to fair value	(2 111)
Impairment	-
Loss on disposal	(2 187)
Total loss for discontinued	(4 298)

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 – 31 December.

	Quartz		Titanium		Adjustments and eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenues	-	-	-	-	-	-	-	-
Segment result	(493)	(364)	(9 604)	(6 809)	(13 348)	(20 917)	(23 445)	(28 090)

The comparative numbers for 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 in 2014 include 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.

Estimated tax refund under the "Skattefunn" scheme is included/deducted in other operating expenses in the fourth quarter. For Q4 2014, this explains the positive cost figure.

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 – 31 December 2014 Nordic Mining recorded NOK 0.5 million (NOK 1.2 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 key employees and resource persons. No options have been awarded to member of the Board. 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
Outstanding 1 January	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
Outstanding 31 December	10 750 000	1,11
Exercisable 31 December	10 750 000	1,11

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 were recognised and included in the operating loss for the second quarter and for year. The costs have no cash effect.

Note 7 – SHARE 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 were 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.

<i>Number of shares in thousands</i>	Ordinary shares
Opening balance 1 January 2014	280 505
Share issuance	28 000
Closing balance 31 December 2014	308 505