



**NORDIC
MINING**

INTERIM REPORT

Per 31 March 2015



Group interim report for the quarter ended 31 March 2015

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

Through the subsidiary Nordic Rutile AS, Nordic Mining is undertaking a large-scale project development at 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 first quarter 2015 and year-to-date:

- **Approved industrial area plan and discharge permit for the Engebø rutile project**
On 17 April 2015, the Ministry of Local Government and Modernisation approved the industrial area plan for the Engebø rutile project. On the same date, a discharge permit for the project was granted by the Ministry of Climate and Environment.
- **Plans in progress for further development work**
The government's approvals represent a significant milestone for the Engebø project and a solid basis for further development and qualification work. The Company is currently working on moving the project forward, including i.a. project management planning, strengthening of the organisation, and evaluation of potential partnerships. Plans for a pre-feasibility study, and the required resources for this, are in progress.
- **Permits facilitate renewed strategic approach**
The approval of the Engebø project is positive also in a broader perspective. Going forward, Nordic Mining intends to resume/initiate prioritised activities on other projects in the portfolio.
- **Significant increase of Keliber's mineral resources**
In April 2015, the 25% owned associated company Keliber reported updated and significantly increased resource estimates for the Rapasaari and Syväjärvi deposits. In total, Keliber's estimated mineral resources in the measured and indicated categories now exceed 6.2 million tonnes (JORC Code 2004 and 2012 combined) at an average grade of 1.26% Li₂O.
- **Preparations for a pre-feasibility study are ongoing**
Process optimisation test work, cost and capex estimations and environmental impact assessments are ongoing. A pre-feasibility study including preliminary project financials is tentatively scheduled for completion in Q3 2015.
- **Exploration drilling in Reinfjord**
An exploration project coordinated by the Norwegian University of Science and Technology ("NTNU") drilled two boreholes in Reinfjord in October/November 2014. The project is funded by the Nordic Council of Ministers through NordMin. Core sample analyses and other information from the exploration are expected in Q2 2015.
- **New initiative for submarine mineral investigations**
Nordic Ocean Resources is together with NTNU and other industrial and research-oriented parties investigating possibilities for carrying out a comprehensive research project on marine mineral resources. The potential project will include an exploration cruise on the Mid-Atlantic Ridge, mineral sampling, analyses and process test work. A conclusion regarding a possible launch of the project is expected in Q2 2015.

Financial performance

For comparison, numbers in brackets relate to the first quarter of 2014.

Operating loss for the Group in the first quarter was NOK -3.2 million (NOK -2.8 million). The operating loss was mainly related to costs in connection with development of the Engebø rutile project and general corporate expenses. The Group's operating loss in the first quarter 2014 was reduced by approximately NOK 1.0 million due to VAT refund from 2013. The VAT refund was caused by retroactive VAT registrations which were approved in April 2014. Hence, and on a comparable basis, the operating loss in the first quarter was NOK 0.6 million lower than the same period last year.

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 first quarter was NOK -2.1 million (NOK -1.2 million). Keliber's loss in the period was mainly related to costs for environmental impact assessments, process optimisation studies and general corporate expenses.

Total net loss for the Group in the first quarter was NOK -5.2 million (NOK -4.0 million).

Cash flow from the Group's operating activities was negative in the first quarter with NOK -3.0 million (NOK -5.4 million). Net cash used in investment activities was NOK -0.1 million (NOK -0.1 million) in the first quarter. The investments were related to the Engebø rutile project.

Nordic Mining's total assets as of 31 March 2015 were NOK 28.6 million (NOK 35.4 million) and the Group's total equity amounted to NOK 25.3 million (NOK 32.1 million). This gives an equity ratio of 79% (91%).

As per 31 March 2015, the Group's cash and cash equivalents amounted to NOK 11.3 million (NOK 10.0 million). Nordic Mining will evaluate alternatives to ensure adequate liquidity for its prioritised projects and to provide for future financial strength and flexibility. The Group will need either to raise more equity, issue debt instruments or divest assets depending on the development of ongoing projects.

Main projects and activities

Comprehensive information of the Group's main projects is presented in the annual report for 2014 (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 existing rutile producers and development projects. The deposit also contains significant quantities of high quality garnet, representing a valuable by-product to the rutile output. Garnet has various industrial applications and can replace industrial sands containing free silica which is harmful for health and environment.

The mineral residues from the beneficiation process are environmentally friendly inert minerals suitable and approved as capping material for contaminated sediments. The tailings will be deposited within a limited area at 320 meters depth in the fjord adjacent to the processing plant. The tailings may also be used for landfill and other construction projects. Factual information ("Q & A") related to the tailings and the deposit is presented in the enclosed attachment.

Nordic Mining's preliminary internal estimate for the NPV of the Engebø project is USD 466 million after tax based on a long-term rutile price of USD 1,000 per tonne and an 8% discount rate.

Industrial area plan and discharge permit

On 17 April 2015, the Ministry of Local Government and Modernisation approved the industrial area plan for the Engebø rutile project. On the same date, a discharge permit for the project was granted by the Ministry of Climate and Environment.

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

The discharge permit for the Engebø operation is in accordance with the Norwegian Pollution Control Act and based on a recommendation dated 13 February 2015 from the Environment Agency. The permit has various conditions with a purpose to minimise environmental effects from blasting, noise and dust, use and emission of processing chemicals, as well as conditions regarding possible back-filling and alternative use of tailings. The discharge permit also includes conditions related to distribution of particles from the sea disposal and monitoring of the disposal area and the biodiversity.

The government's approvals follow from Nordic Mining's comprehensive environmental impact assessments and supplementary investigations as well as a broad decision process with hearing rounds, technical soundings and discussions. The municipality boards in Naustdal and Askvoll municipalities approved the industrial area plan for the Engebø project in May 2011.

The government's approvals represent a significant milestone for the Engebø project and a solid basis for further development and qualification work. The Company is currently working on moving the project forward, including i.a. project management planning, strengthening of the organisation, and evaluation of potential partnerships. Plans for a pre-feasibility study, and the required resources for this, are in progress.

Environmentally friendly products and solutions

Rutile is an environmentally friendly mineral and an important titanium feedstock. It is considered a strategic mineral by the EU. Rutile is a high-end raw material used in the production of environmentally friendly pigments for paints, plastics and paper, and in the production of titanium metal and welding rods. Rutile is of a major industrial importance and has a number of applications within health and medicine, environmental technologies and consumer products. Due to its high bio-compatibility titanium is particularly suitable and demanded for use in prostheses and implants in the human body.

Also in other applications, titanium-based products and materials from rutile contribute to environmental advantages, e.g. weight reduction, lower fuel consumption and reduced greenhouse gas emission in modern airplanes. Further, titanium dioxide has a photo-catalytic effect that in various surface products removes NO_x pollution from the air.

Nordic Mining will strive to ensure environmentally friendly extraction, production and shipping, as well as a sustainable solution for disposing of mineral tailings. Calculations indicate that shipping of rutile from Engebø to customers in Europe will reduce CO₂ emission by 80% compared with long-distance supply from i.a. South Africa. The moderate internal transportation at Engebø will also contribute to a low CO₂ footprint for the project.

Commercial outlook

Europe has a significant supply deficit in titanium feedstock. Today, the main volumes of rutile and other feedstock into Europe come from Australia, Africa and North-America. For industrial customers in Europe supply from Engebø will represent a substantial logistical advantage compared to overseas alternatives.

Due to its high grade and positive properties in processing rutile is a particularly attractive titanium feedstock. Emerging economies like for example China and India have a low consumption of titanium products per capita compared with industrialised countries. Future demand for rutile is expected to be higher than the supply as new production capacity is expected to be restricted. Overall this provides grounds for a positive long-term market outlook.

Since the granting of permits for the Engebø project, Nordic Mining has experienced increased interest for the tailings and waste rock. Various alternatives and application areas will be investigated in order to explore the commercial potential and possibly reduce the deposition of tailings in accordance with the discharge permit. The tailings are inert minerals with low levels of heavy metals and radioactive elements. The waste rock is considered in various concrete applications, as a soil conditioner, and as raw material for construction purposes. The deep water port facilities at Engebø and the short distance to the European markets represent a logistical advantage also for the commercial use of the tailings and the waste rock.

In the future, various by-products from tailings and waste rock may represent an important additional value for the Engebø project, both financially and as a basis for new industrial activity.

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

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. A drilling program is planned for delineation of the quartz vein.

Nordic Ocean Resources (seabed minerals)

General project information

Nordic Ocean Resources ("NORA") is a first-mover initiative related to seabed mineral exploration in Norway. Nordic Mining owns 80% of the share capital of NORA and Ocean Miners AS, a company owned by Professor Fredrik Søreide, holds the remaining 20%.

Follow-up of initial study

In 2012, NORA and NTNU with the support from Statoil ASA entered into a project cooperation to increase the knowledge about seabed mineral resources within the Norwegian EEZ. Specifically, the aim was set to increase the knowledge of possible SMS deposits along the Mid-Atlantic Ridge ("MAR"). The MAR is a mountain range formed along the spreading zone defining the boundary between the Eurasian and the North American tectonic plates. The Ridge is an active, volcanic setting where new seafloor is continuously developed. Seabed Massive Sulfide ("SMS") deposits are formed by the volcanic and hydro-thermal activity along the Ridge. A large part of the northern MAR between Jan Mayen and Spitsbergen is located within the Norwegian jurisdiction.

Analysis and interpretations of seabed topography, structures and geo-morphology were carried out in 2013 in order to discover promising areas for formation of SMS deposits. Based on these data, a statistical calculation for metal resource potential within the Norwegian zone was done using a method that has been developed for estimation of oil and gas resource potential. The calculations gave an estimated value of NOK 430 billion. The assessment further indicated that the value potential could be more than NOK 1,000 billion.

NORA is together with NTNU and other industrial and research-oriented parties investigating possibilities to participate in a comprehensive research project on marine mineral resources. The potential project will include an exploration cruise on the MAR, mineral sampling, analyses and process test work. A conclusion regarding a possible launch of the project is expected in Q2 2015.

Application for submarine mineral exploration rights in Norway

NORA has applied for mineral exploration rights on the Norwegian MAR. The application is being considered by the Ministry of Trade, Industry and Fisheries. A granting of submarine mineral exploration rights will anchor NORA's industrial position as a seabed mineral exploration company.

Keliber (lithium/lithium carbonate)

General project information

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

Keliber has a mining license for the Länttä lithium deposit and permits for mining, operation and waste disposal for Länttä and for production of lithium carbonate at its planned processing plant at Kalavesi in Kaustinen municipality.

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.

Increased estimates for mineral resources

In the winter season 2014/2015, Keliber drilled approximately 2,700 meters in the Rapasaari lithium deposit. Further, the results from re-analysis of drill cores from the Syväjärvi deposit have confirmed an increase of the lithium grade from 1.22% to 1.34% Li₂O.

On the basis of the new information, Keliber reported updated and significantly increased resource estimates for the Rapasaari and Syväjärvi deposits in April 2015. In total, Keliber's estimated mineral resources in the measured and indicated categories now exceed 6.2 million tonnes (JORC Code 2004 and 2012 combined) at an average grade of 1.26% Li₂O. 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	1,668	1.34
	Rapasaari	1,956	1.25
	Outovesi	289	1.49
	Leviäkangas	190	1.13
	Emmes	818	1.40
Indicated total		5,789	1.28
Measured and indicated total		6,222	1.26
Inferred	Syväjärvi	73	1.58
	Leviäkangas	271	0.90
Inferred total		344	1.04

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

In accordance with the JORC Code 2012 estimation of possible ore reserves will be done in connection with a pre-feasibility study, tentatively scheduled for completion in Q3 2015. The PFS will provide comprehensive information of the project status, including preliminary project financials.

Ongoing project activities

Environmental impact assessments ("EIA") in accordance with environmental legislative regulations are ongoing related to Keliber's mineral deposits. The EIA program was published in February 2014 and several studies and investigations have been completed and reported. The remaining work is expected to be finished in Q2 2015.

Further, comprehensive process optimisation test work is ongoing in cooperation with specialised technology partners. The test work includes mineral separation techniques as well as the process stages from calcining to crystallisation of the lithium carbonate product. Outotec (Finland) Oy has been contracted to carry out a test program related to the lithium carbonate process. The aim is to further define the process parameters as well as to design the right equipment configuration and parameters for each process stage. Together with cost and capex estimations this will be input to the scheduled pre-feasibility study. The lithium carbonate produced in the test program is aimed to be battery grade and will serve as product samples for Keliber's pre-marketing efforts.

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 patent 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 in Reinfjord

In 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, an international team of geologists carried out field-mapping studies in Reinfjord. Exploration drilling of two drill holes was executed in October/November 2014. Core sample analyses and other information from the exploration are expected in Q2 2015. This will give important information for Nordic Mining's further evaluation of the ore-forming quality and potential in Reinfjord.

Oslo, 11 May 2015
The Board of Directors of Nordic Mining ASA

CONSOLIDATED INCOME STATEMENTS

	2015 01.01-31.03 Unaudited	2014 01.01-31.03 Unaudited	2014 01.01-31.12 Audited
<i>(Amounts in NOK thousands)</i>			
Payroll and related costs	(1 703)	(1 569)	(10 799)
Other operating expenses	(1 491)	(1 252)	(6 081)
Operating profit/(loss)	(3 194)	(2 821)	(16 880)
Share of result of an associate	(2 064)	(1 181)	(5 831)
Impairment of investment in associate	-	-	(817)
Financial income	32	39	96
Financial costs	-	(5)	(14)
Profit/(loss) before tax	(5 226)	(3 968)	(23 446)
Income Tax	-	-	-
Loss for the period	(5 226)	(3 968)	(23 446)
Profit/(loss) attributable to			
Equity holders of parent	(5 210)	(3 968)	(23 446)
Non-controlling interest	(16)	-	(75)
Earnings per share attributable to ordinary shareholders			
<i>(Amounts in NOK)</i>			
Basic and diluted earnings per share	(0,02)	(0,01)	(0,08)

STATEMENTS OF COMPREHENSIVE INCOME

	2015	2014	2014
	01.01-31.03	01.01-31.03	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited	Audited
Net profit/(loss) for the period	(5 226)	(3 968)	(23 446)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences	(402)	(245)	2 996
Reclassification of translation adjustment	-	-	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Changes in pension estimates	-	-	(739)
Other comprehensive income directly against equity	(402)	(245)	2 257
Total comprehensive income for the period	(5 628)	(4 213)	(21 189)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	31.03.2015	31.12.2014
<i>(Amounts in NOK thousands)</i>	Unaudited	Audited
ASSETS		
Non-current assets		
Licences	6 852	6 770
Investment in associate	8 636	11 103
Total non-current assets	15 488	17 873
Current Assets		
Trade and other receivables	1 876	2 126
Cash and cash equivalents	11 279	14 360
Total current assets	13 155	16 486
Total assets	28 643	34 359
SHAREHOLDERS' EQUITY & LIABILITIES		
Shareholders' equity		
Share capital	30 850	30 850
Share premium	239 194	239 194
Other paid-in capital	12 924	12 924
Retained losses	(259 215)	(254 005)
Other comprehensive income	1 511	1 913
Equity attributable to ordinary shareholders	25 264	30 876
Non-controlling interest	5	(75)
Total equity	25 269	30 801
Non-current liabilities		
Other liabilities	1 627	1 417
Total non-current liabilities	1 627	1 417
Current liabilities		
Trade Payables	530	753
Other current liabilities	1 217	1 388
Total current liabilities	1 747	2 141
Total liabilities	3 374	3 558
Total shareholders' equity and liabilities	28 643	34 359

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Unaudited

<i>(Amounts in NOK thousands)</i>	Attributed to equity holders of the parent					Total	Non - controlling interest	Total equity
	Share capital	Share premium	Other-paid- in capital	Other comprehensive income	Accumulated losses			
Equity 1 January 2014	28 050	227 145	8 893	2 877	(230 634)	36 331	-	36 331
Total comprehensive income	-	-	-	(245)	(3 968)	(4 213)	-	(4 213)
Equity 31 March 2014	28 050	227 145	8 893	2 632	(234 602)	32 118	-	32 118
Equity 1 January 2015	30 850	239 194	12 924	1 913	(254 005)	30 876	(75)	30 801
Total comprehensive income	-	-	-	(402)	(5 210)	(5 612)	(16)	(5 628)
Share based payment	-	-	-	-	-	-	-	-
Non-controlling investment	-	-	-	-	-	-	96	96
Transaction costs	-	-	-	-	-	-	-	-
Equity 31 March 2015	30 850	239 194	12 924	1 511	(259 215)	25 264	5	25 269

CONSOLIDATED CASH FLOW STATEMENTS

For the period ended 31 March

	<i>2015</i>	<i>2014</i>
	<i>01.01-31.03</i>	<i>01.01-31.03</i>
<i>(Amounts in NOK thousands)</i>	<i>Unaudited</i>	<i>Unaudited</i>
Net cash used in operating activities	(2 999)	(5 429)
Purchases of property, plant & equipment	-	-
Purchases of intangible assets	(82)	(80)
Net cash used in investing activities	(82)	(80)
Net cash from financing activities	-	-
Net change in cash and cash equivalents	(3 081)	(5 509)
Effect of changes in foreign exchange rates	-	-
Cash and cash equivalents at beginning of period	14 360	15 495
Cash and cash equivalents at end of period	11 279	9 986

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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 2014.

This report was approved by the Board of Directors on 11 May 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 2014.

Note 2 – SEGMENT

The Group shows segments on the basis of products or products under development. The two reportable segments are:

- Titanium feedstock which can be produced by Nordic Rutile from the mineral deposit at Engebø. On 17 April 2015, the Ministry of Local Government and Modernisation approved the industrial area plan for the Engebø rutile project. On the same date, a discharge permit for the project was granted by the Ministry of Climate and Environment.
- 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 March.

(Amounts in NOK thousands)	Quartz		Titanium		Adjustments and eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues	-	-	-	-	-	-	-	-
Segment result	(118)	(41)	(2 160)	(1 507)	(2 948)	(2 420)	(5 226)	(3 968)

Note 3 – TRANSACTIONS WITH RELATED PARTIES

Nordic Mining has an agreement with Dag Dvergsten AS for office rental. The Company’s board member Tore Viana-Rønningen is employed in Dag Dvergsten AS. For the period 1 January – 31 March 2015 Nordic Mining recorded NOK 0.1 million (NOK 0.1 million) in expenses related to the agreement with Dag Dvergsten AS.

Note 4 – SUBSEQUENT EVENTS

Approved industrial area plan and discharge permit for the Engebø rutile project

On 17 April 2015, the Ministry of Local Government and Modernisation approved the industrial area plan (zoning plan) for the Engebø rutile project. On the same date, a discharge permit for the project was granted by the Ministry of Climate and Environment.

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

The discharge permit for the Engebø operation is in accordance with the Norwegian Pollution Control Act and based on a recommendation dated 13 February 2015 from the Environment Agency. The permit has various conditions with a purpose to minimise effects from blasting, noise and dust, use and emission of processing chemicals, as well as conditions regarding back-filling and alternative use of tailings. The discharge permit also includes conditions related to distribution of particles from the sea disposal and monitoring of the disposal area and the biodiversity.

Increased resource estimates for Keliber

In April 2015, the associated company Keliber Oy reported an increased indicated mineral resource estimate for the Rapasaari deposit and increased lithium grade for the Syväjärvi deposit. In total, the estimates for Keliber's indicated mineral resources increased with around 20%. The increased estimates followed from a drilling program in the winter season 2014/2015 in Rapasaari and re-analysis of drill cores from the Syväjärvi deposit. In total and per the date of this interim report, Keliber's estimated mineral resources in the measured and indicated categories exceed 6.2 million tonnes (JORC Code 2004 and 2012 combined) at an average grade of 1.26% Li₂O. The Competent Persons responsible for the mineral estimations are Markku Meriläinen (MAusIMM) and Pekka Lovén (MAusIMM), Outotec (Finland) Ltd.

Annual General Meeting

The Annual General Meeting will take place on 19 May 2015. The summons for the general meeting with the agenda and information related to the items on the agenda, including the annual report for 2014 and the recommendation from the Nomination Committee are available at the Company's webpage (www.nordicmining.com).

Questions and answers regarding disposal of tailings in the Førde fjord

Why does the processing of ore produce tailings?

Nearly all mining and processing of ore produce residue material in one form or the other. Tailings are the materials left over after the process of separating the valuable minerals from the uneconomic minerals of an ore. This is different from the overburden, waste rock, that is the material surrounding an ore body, and that is removed in the mining operation and disposed without being processed. Tailings are fine grained because the ore is crushed and milled to liberate the different minerals for separation. The valuable minerals are then separated through different separation techniques such as gravimetric, magnetic and flotation methods. The uneconomic minerals are removed and form the tailings residue that is deposited either in a land based facility, in a lake or at the sea bottom. Most forms of tailings consist of minerals that are typically found in natural sediments and bedrock. In some cases tailings contain metallic sulphides that can be oxidised and give specific challenges in terms of acidic run-off and metal contamination. Placing the tailings under water either in a lake or at the sea bottom can hinder the oxidation process and therefore the metal release.

Why is fjord disposal in certain cases a good solution?

There are only a handful of countries that are in the position to facilitate for fjord depositing. Mining operations often take place inland, and transportation of tailings over large distances is not a viable option. Further, only a few countries have fjords. Norway is one of the few countries where fjords are located close to mines, and where steep mountainous terrain makes it difficult to find good land based solutions. This is the reason why Norway has 6 operating fjord tailings deposits. The tailings are transported as slurry in a pipeline to the fjord bottom where the tailings settle. Fjords are often environments that have natural depressions and sills that form barriers for transportation of sediments. Also fjords are environments that receive large amounts of natural sediments from rivers and the surrounding landscape. Where tailings can be placed in a fjord area where there is limited risk for tailings to migrate over large areas, this may be a viable alternative. Experience show that the recolonisation of organisms in a fjord habitat is much faster than what is seen for land based tailings dams.

What does the tailings consist of?

The tailings at Engebø will consist of the minerals that are left over after the processing and extraction of rutile and garnet from the ore. These minerals are garnet, amphibole and pyroxenes that are typical in the Norwegian bedrock. The content of heavy metals is low and at the level of natural sediments in the Førde fjord. The minerals are so called "inert"; this means that they will not leak harmful metals into the nature. In addition, some chemical substances are used and will follow the minerals into the fjord, however, at low concentrations.

Are the chemicals harmful for the aquatic life?

All the chemicals that are planned to be used in the beneficiation process are bio-degradable and do not accumulate in organisms. This is of vital importance, since this implies that they will not be concentrated and subject to further distribution in the environment. All chemicals will be present in low concentrations that will not cause harmful effects on marine life. Comprehensive testing of tailings in combination with chemicals have been carried on marine organisms, so called "ecotox" tests. Results from these tests shows that the concentrations of chemicals are at levels where no negative effects can be detected, even prior to dilution in the water.

Will fish and seafood from the fjord be safe to eat?

Yes, it is safe to eat fish and seafood from the fjord when disposal of tailings is carried out. There are no substances or conditions that will have negative effect on food quality.

Are there consequences for the fish farming industry?

The environmental impact studies document that there will be no effects on the fish farming in the area. The fish farming installations are located outside the regulated area for tailings disposal and operates on shallow waters. Hence they will not be affected, neither by mineral particles nor the chemicals.

Will the wild salmon be affected?

Studies show that the wild salmon will not be affected from the deposition of tailings. The tailings will be deposited through a pipe system and in a controlled manner at a depth of approximately 300 meters. Simulations show that the tailings sedimentation will be effective shortly after dispatched from the pipe. The wild salmon normally dwell in the upper layers of the water, rarely below 30 meters depth. Consequently, the salmon will not be affected from mineral particles from the tailings disposal. Even in the last years of the deposition there will be a particle free zone of more than 100 meters between the disposal area and the normal depth for the salmon. The wild salmon can therefore co-exist with the tailings disposal without risk throughout the life time of the mineral production.

What are the consequences for bottom dwelling animals and fish?

Bottom dwelling species on the fjord bottom where the tailings deposit will be negatively affected. In the first years the affected bottom area will be limited to approximately a 1 km radius from the discharge point. In areas with high sedimentation bottom dwelling animals will have no basis for existence. Fish will respond by absconding waters with increased particle concentrations and swim away from such areas. After a 50 year period of deposition, the tailings will cover a bottom area of approximately 4 km², similar to around 5% of the total seafloor of the Førde fjord.

Will the animal life return when the disposal is terminated?

Over the years, studies in Norway and internationally have documented that marine life will return shortly after the deposition of tailings ends. Studies show that marine life normally return to equal numbers as previous within 2 to 10 years. The tailings from Engebø will be coarser than the natural sediments which today cover the seafloor. The Førde fjord is a sedimentation fjord with continuous supply of natural sediments and organic materials. Within few years natural sediments similar to today's seafloor will cover the deposit. It is likely that similar organisms that exit on the seafloor today will colonise the disposal area when the deposition has ended.

Can particles from the tailings deposition spread far?

A comprehensive measuring program of the fjord circulation together with advanced simulation programs has resulted in a good basis to understand how the tailings will behave when disposed. The models show that the tailings will effectively deposit within the regulated disposal area. This area will cover approx. 5% of the seafloor in the fjord after 50 years of operation. Finer particles that potentially can be transported further will be in low concentrations similar to the background levels in the fjord. Water current measurements documents low current velocities at the seafloor, and lower than what is required for any movement of the tailings after they have settled.

Why do we use chemicals in the processing?

Specific substances are used in the processing to extract more of the rutile. The substances are used in the flotation process where rutile is floated in a foam bath. In this way the rutile is separated from the other minerals. The chemical substances are similar to what is found in soap and detergents. In addition a flocculation substance is used to make fine particles agglomerate. This allows for recirculation of fresh water so that 90% of the water can be reused. The flocculation agent is similar to what is used in cleaning sewage and drinking water.

How can we supervise the tailings deposition?

Advanced equipment exists to supervise the tailings deposition over time. Nordic Mining will measure particle concentrations in the fjord on a regular basis. Bathymetric and seismic measurements will be done to document the sedimentation on the fjord bottom. Marine biological investigations will be executed to map possible effects of the tailings on the fjord fauna. Results from the investigations will be communicated and reported. The company will establish a resource and dialog group of stakeholders that will follow up and evaluate the supervision program.

Are there alternative uses for the tailings?

Nordic Mining has done a preliminary estimate that with current knowledge there is a possibility to find a usage for approximately 20% of the tailings. Over time this potential will grow as the global demand for rock material is increasing. Areas of utilisation can e.g. be as material to cover contaminated seabed sediments, for shore line protection, building new land areas and as a raw material for concrete. Nordic Mining will have a substantial commercial incentive to find ways to utilise the tailings.