

**Nordic Mining**

Ticker: NOM

Target: NOK 2,50  
Price: NOK 1,24

March 1, 2010

**Nordic Mining**

Sector: Materials  
Industry: Metals & Mining  
Market cap.: 156  
Recommendation: **STRONG BUY**  
Risk: MEDIUM

NOKm	2008	2009	2010E
Revenues	18	20	20
EBITDA	-25	-22	-31
EBIT	-29	-25	-36
EPS (NOK)	-0,32	-0,21	-0,19

Ratios	2008	2009	2010E
P/E	neg	neg	neg
EV/NOPLAT	neg	neg	neg
EV/EBITDA	neg	neg	neg
EV/EBIT	neg	neg	neg
P/B	1,0	3,3	6,3
P/Sales	3,22	4,66	7,81

All key figures adjusted for non-recurring items  
Book value does not include goodwill

**Analyst**

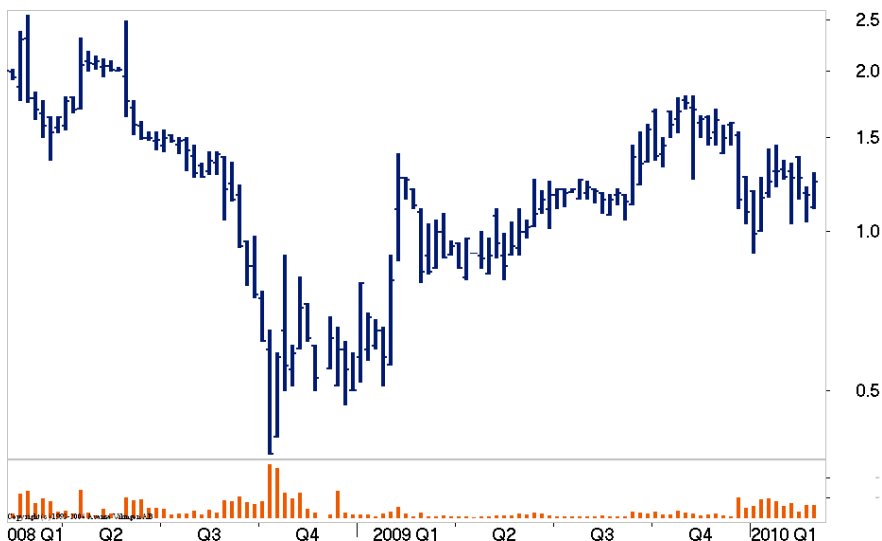
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**Please see complete disclosures at the end of this report**



**Nordic mining company with large potential**

- We re-initiate coverage of Nordic Mining, which is a junior mining company headquartered in Oslo. The main company's assets are rutile, lithium and anorthosite deposits located in Norway and Finland. Of these, only anorthosite is presently in production.
- The Engebøfjellet rutile project is located in Norway. Rutile is a mineral, composed primarily from titanium dioxide, mostly used in the pigment industry. There are only two rutile producing countries in Europe, namely Ukraine and Norway. Given the EU targets for increasing exposure to local resources and anticipated growth in demand, we believe the project is well positioned in the European market. We anticipate the production to start up in 2014.
- The Keliber lithium project in Finland represents another promising area. There is no current production of lithium in any European country. Meanwhile, we anticipate a strong demand growth for lithium batteries, coming from the automotive industry. This should keep the lithium market tight and support the product prices. The project is anticipated to be operational since 2013.
- The Gudvangen Stein anorthosite project is the only asset that currently brings in money for the company. Its product goes as an ingredient for rock wool and for "white" asphalt.
- We value the company by calculating the cash flows for each project, with the most potential coming from the rutile project. We also estimate that the company will need to cooperate with a strategic partner in order to finance its capex requirements. We calculate NOM target price at NOK 2,50 per share, and there could be more upside in case the company expands the projects or produces higher value-added products. This implies an issue of our Strong Buy recommendation.

**Conclusion**

We re-initiate coverage of Nordic Mining, a mining company focused on exploration and production of high-end industrial minerals and metals. Our DCF-based NAV estimate indicates that the company trades with a significant discount to its fair value. Moreover, we see more upside in case the company is able to produce higher value-added products or expand the resources. Thus, we issue a Strong Buy recommendation with a NOK 2,50 target price per Nordic Mining share.

## Re-initiation of Nordic Mining coverage

## The main company's assets are rutile, lithium and anorthosite deposits

## The company acquired Engebøfjellet mineral deposit...

## ...which could make Nordic Mining the Europe's largest rutile producer

## Company's profile

We re-initiate coverage of Nordic Mining, a junior mining company headquartered in Oslo and focused on exploration, extraction and production of high-end industrial minerals and metals. The company was established after the de-merger of Rocksource and was registered under the name of Nordic Mining ASA in May 2006. The company is listed on the Oslo Stock Exchange with a ticker code NOM.

## Assets and projects

Nordic Mining is engaged in several projects and has a few claims. In case all projects under development are successful, Nordic Mining could become a major producer of titanium dioxide, lithium carbonate and anorthosite in Europe. At present the company pays more attention to developing the following projects:

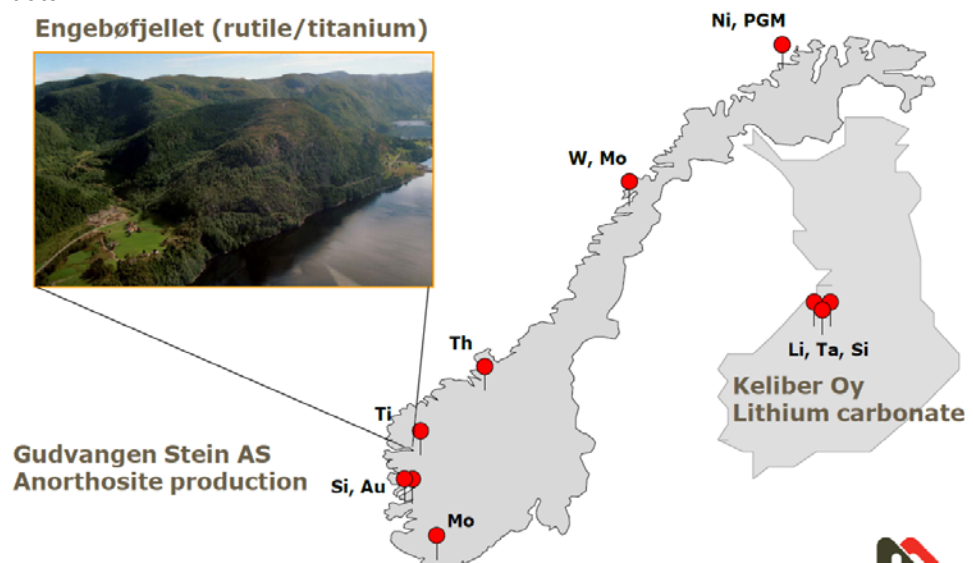
- Rutile project at Engebøfjellet;
- Lithium carbonate project in Finland;
- Anorthosite mining in Gudvangen in Aurland.

The company also works on exploring tungsten deposits in Norland as well as has claims in Laksådalen (thorium and molybdenum), Finnmark (copper and nickel) and gold licenses in Ecuador.

In September 2006, Nordic Mining acquired a mineral deposit at Engebøfjellet from Conoco Phillips Investments Norge AS. The final acquisition of a 100% interest of Engebøfjellet mineral deposit was completed in January 2007. Engebøfjellet is located in the Vevring region on the north side of Førdefjord in Sogn og Fjordane county in western Norway. The previous owner Conoco Phillips, through DuPont (major international life sciences and chemical company), has done a majority of research work already.

Geologically, the deposit at Engebøfjellet is a massive eclogite, which forms a 2,5km long east-west trending lens dipping steeply to the north. A potential economic resource was discovered having carried out seismic and drilling work. The results indicated 383m tons of ore with an average content of 3,96% titanium dioxide.

The mine life is estimated at 50 years. Operations in the first 10-15 years will be carried out in an open pit, with total mineable ore estimate of 45m tons. Afterwards, operations could be carried out underground for another 35 years with total minable ore estimate of 200m tons. Such figures will let Nordic Mining to be considered Europe's largest producer of natural rutile. In addition, there is a potential for project expansion by establishing a titanium metal plant. Finally, studies also indicated the possibility of producing high quality garnet concentrate.



Source: Nordic Mining

**Keliber lithium deposit could contain more than 3m of lithium carbonate**

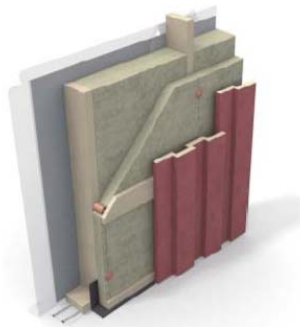
In June 2008, Nordic Mining acquired a 68% stake in a Finnish company Keliber Oy, which controls one of the richest lithium resources in Europe. The initial resource base is 3m tons of lithium bearing ore. The estimated capacity of the project is 4 000 tons of battery grade lithium carbonate per annum. We should note that Nordic Mining will also turn to account the bi-products such as crushed rock and tantalum pentoxide. Finally, there is also a good probability for additional mineable ore volumes.

**The company owns 100% of the cash generating anorthosite project...**

Nordic Mining owns 100% of Gudvangen Stein AS. Gudvangen Stein is a producer of anorthosite, which is used mainly as an ingredient for rock wool production and for "white" asphalt. Total anorthosite deposit in Gudvangen is estimated to be more than 500m tons, making it one of Europe's largest anorthosite massifs. So far, sale of anorthosite production has been the only source of Nordic Mining revenues.

### **Anorthosite applications:**

#### **Mineralwood insulation**



#### **Asphalt aggregates**



*Source: the Company*

**... and has four gold exploration licenses in Ecuador**

Nordic Mining has four gold exploration licenses in Ecuador: Los Santos, Los Santos II, Canicapa and Celen.

The Los Santos concessions are held by the Nordic Mining's Ecuadorian domiciled company, Mesaloma. The studies carried out confirmed high mineralization of Los Santos concessions suggesting high potential in Ecuador. However, presently these gold licenses are out of the focus for the company thus we will put a minimal weight on them in our analysis and valuation

**Nordic Mining has the right to use EM technology**

The company has also made an agreement with Rocksource, which allows Nordic Mining to use all electromagnetic (EM) and reservoir management technology. The use of EM-technology is likely to gain importance, as it enables to identify reservoir based mineral and metal resources more precisely. The EM technology has been already successfully used in identification of hydrocarbons, while its usage for other minerals needs a considerable further development.

## Titanium dioxide is mostly produced from ilmenite and rutile

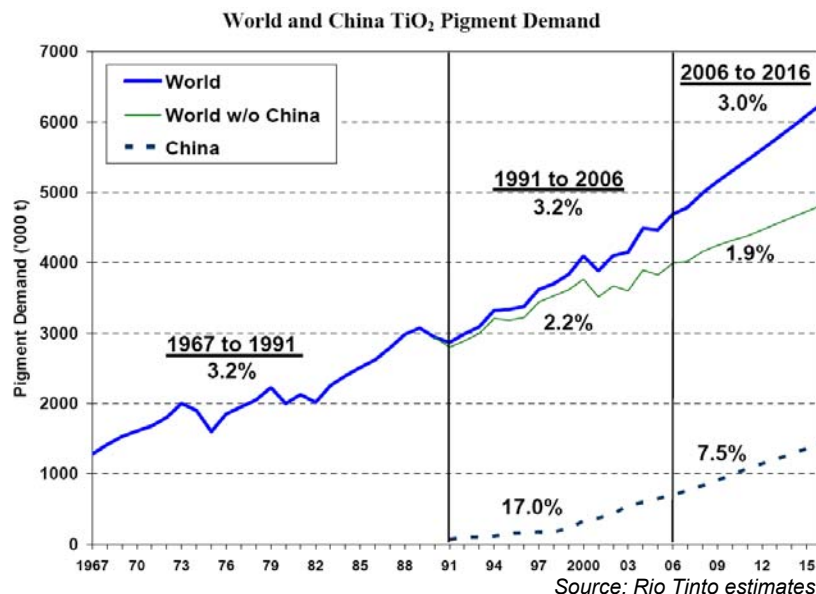
## Market outlook

Being a mining company, Nordic Mining greatly depends on markets for minerals and metals that it produces.

Rutile, which the company is going to mine at its Engebøfjellet deposit, is a mineral composed primarily of titanium dioxide (TiO<sub>2</sub>). Usually titanium dioxide is mined from ilmenite deposits, which typically can be concentrated to 40-50% TiO<sub>2</sub> content. Rutile can be concentrated to much higher purity, typically in the range of 90-97% and this makes pigment production from rutile attractive compared with alternative feedstocks. When producing titanium dioxide from ilmenite, the ore has to be mined and crushed and the ilmenite has to be separated out. Since this process is expensive, the ore grade requirements for ilmenite should be high. Due to high TiO<sub>2</sub> content, this problem is non-existent for rutile deposits. Also, rutile price commands a significant premium (up to 5x) over ilmenite.

The main deposits of rutile and ilmenite are located in Australia, South Africa and Canada. The leading producers are mostly major companies, like Rio Tinto, Anglo American, BHP Billiton, etc. In Europe, there are only two significant TiO<sub>2</sub> feedstock producers, namely Ukraine and Norway.

Key application areas for titanium dioxide are pigment industry (>90%), which provides raw materials for manufacturing of paint/coating and plastics, titanium metal (4%), welding rods and other smaller areas.



## Rutile price was relatively stable during the recent crisis

Unlike common metals and commodities, the market for minerals pictured more stable development in the last two years. Rutile price stayed mostly at around USD 500/ton fob Australia, similar to the level seen before the financial crisis. Looking into the past, rutile demand CAGR in the pigment industry was at 3,2% during 1967-2006. However, we believe that the demand growth will slightly slide down to 3,0% rate. The main reason is slower growth rate in the mature economies. This should be compensated by intensifying use of pigment in developing economies, where it equals only 20% of mature economies' intensity. Moreover, China imports 1/3 of its pigment requirement, which supports the long-term fundamentals for rutile demand.

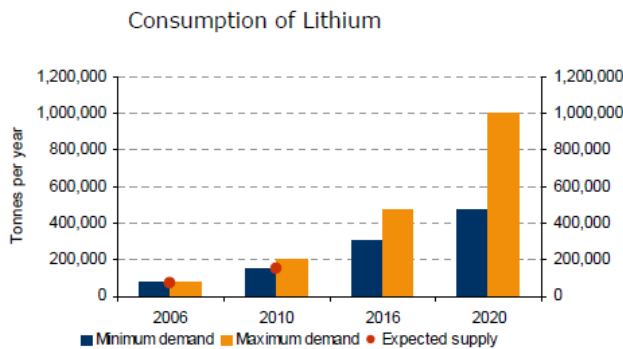
As far as production is concerned, there will be lack of new supply of titanium dioxide in the coming years. Mostly the new capacity is ilmenite, which hardly competes with rutile. The rutile producers face high fixed costs, which limit the expansion rate in a short to medium term. Therefore, we see the rutile prices largely protected from going downwards.

**Garnet is an industrial mineral with a global market of approx. 1m tons per year**

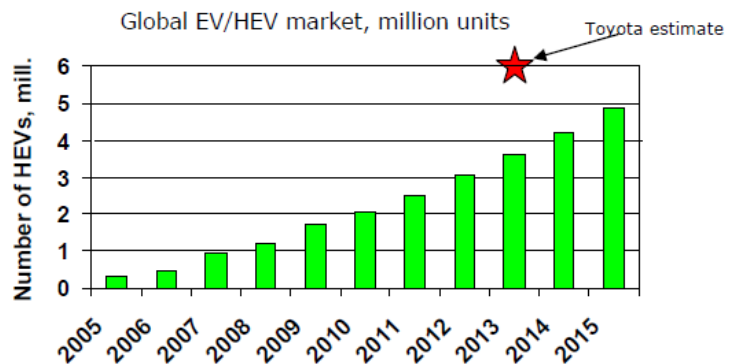
Besides rutile, NOM will mine garnet from its Engebøfjellet deposit. This is a mineral with features such as angular fractures, relatively high hardness and specific gravity, chemical inertness, nontoxicity, and hence it is environmentally friendly. In addition, it is being appropriate for recycling makes it ideal for many industrial applications, the most common of end uses being sandblasting, waterjet cutting and water filtration. The global market for the mineral is estimated to reach 1m tons per year.

**Strong growth prospects for lithium batteries**

The start-up of Keliber lithium project will allow Nordic Mining to become the first lithium carbonate producer in Europe. Lithium is a soft alkali metal, highly reactive and with a high electrochemical potential. Its main consumer is the battery industry, accounting for 20% of all usage, followed by manufacture of lubricating greases (16%) and other smaller areas of application. Lithium batteries are more attractive in comparison with nickel-based batteries due to high energy to weight ratio, high charging rate and low self-discharge rate. Therefore, there is a significant growth potential for lithium batteries in electric/hybrid vehicles. The US government has granted around USD 2,4bn to develop battery technology for electric and hybrid cars. SQM, which is the largest lithium supplier, estimates that by the year 2020, 8m electric/hybrid cars will be produced per year and roughly 60% of them will use lithium-based technology. Moreover, strong position of lithium in the portable consumer electronics sector will be kept. When summed, this translates into an estimated 15% annual growth rate in demand for lithium batteries.



Source: Nordic Mining

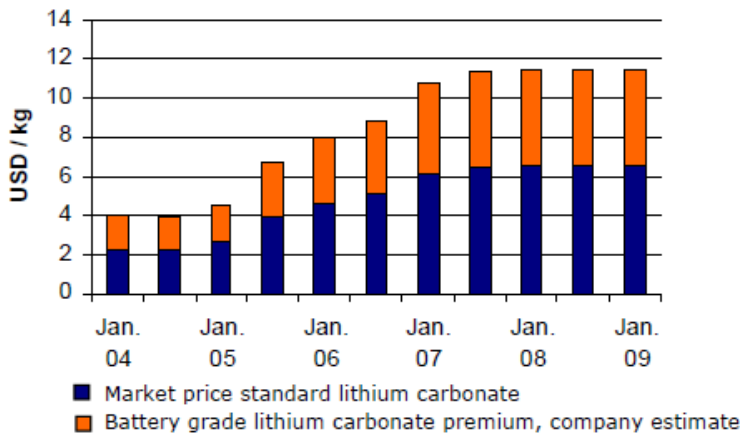


Source: Nordic Mining

The supply of lithium has a relatively high concentration, and its main producing countries are Chile, the USA, Argentina, China, Australia and Russia. In fact, no European country produces lithium currently. Meanwhile, given that the EU is aiming to cut the dependency on imported raw materials and switch more to locally mined, we believe the Keliber project is positioned quite favorably. Furthermore, Nordic Mining is developing activity to produce commercial battery chemicals. Those are highly specialized products priced significantly above (10-20x) lithium carbonate.

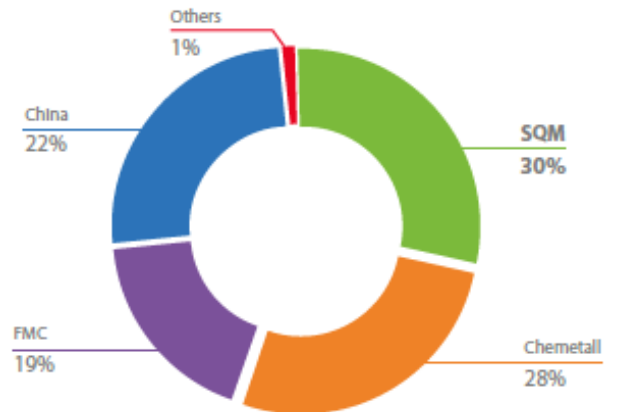
**Tight lithium market is likely to prevent the prices from softening**

Lithium metal is not a publicly traded commodity and the price level is determined by contracts. SQM, which is the Chilean company holding largest 30% global market share for lithium, was selling its product for USD 6 175mt in 2008. In the first half of 2009, SQM lithium prices were stated to be relatively flat, but at the end of September 2009, the Chilean company announced a 20% cut in prices to accelerate the demand recovery. Despite this reduction, we believe that in the longer run, the market will be kept tight due to significant demand coming from car manufacturers and rather limited supply.



Source: Nordic Mining

Lithium market share



Source: SQM

First rutile and garnet volumes are expected in 2014

Turning to estimates, we expect Nordic Mining to continue working on permissions and drilling in the Engebøfjellet project. During 2011, the feasibility study is estimated to be carried out, and if the positive decision is taken, construction will take place in 2012-2013. Therefore, we estimate the first rutile and garnet volumes to be delivered in 2014. Rutile production is assumed to stabilize in 2018 at 100 000 tons per annum, although such timing could be regarded as conservative. Due to increasing demand and limited supply, the long-term rutile price is expected to increase to USD 840/t from 2009 level of USD 500/t based on forecast by IBMA. Garnet produced volumes are expected to reach 100 000 tons per annum in 2015, while the long-term price is assumed at USD 450/t. We also estimate some USD 10m in revenues to be received from selling the aggregates. The life mine is estimated at 50 years, with first 15 years being an open pit and the remaining – underground.

Rutile project is valued at USD 280m and we see additional potential value

When it comes to financials, we assume Engebøfjellet initial capex at USD 210m, in line with the company's estimates. Already starting from 2015, the project revenues should surpass USD 100m, and EBITDA margin to be above 50%, in accordance with Nordic Mining estimates. This returns the project's NPV at USD 280m at WACC of 10,0% and we consider this as rather cautious approach. Note that there is an additional upside potential in case of increased rutile recovery, improved markets for rutile/garnet and/or vertical integration in titanium metal production.

Lithium production at Keliber is expected to start in 2013

In the Keliber lithium project, we expect the production to start in Q3 2013. The company discloses that the construction of the plant will take around 18-20 months. The mine life is assumed at 15 years, but with the additional exploration areas secured, its life could expand significantly. The normalized production rate is expected to be reached in 2016 at 4 000 tons of lithium carbonate. The long-term price of lithium carbonate is estimated at USD 9 000mt, which is up from USD 6 000mt seen lately. This is due to considerable growth in demand for lithium batteries.

The expansion at Keliber could significantly increase its calculated NPV from USD 21m

Nordic Mining indicates initial capex in the range of USD 50-60m, while we stick to the upper point of the guiding. Given annual revenues around USD 35-36m and opex of USD 4 000/t, we calculate Keliber's NPV at USD 21m. However, one should take into account possible expansion of the project, as well as the development work being taken to switch to battery chemicals, which enjoy higher prices in comparison with lithium carbonate. Therefore, we see more upside hidden in the Keliber project.

We calculate the value of the anorthosite project at USD 17m

Anorthosite project in Gudvangen Stein is the only asset that has already brought in revenue for the company. The current production is 0,2m tones of anorthosite per annum, but we estimate this rate to increase to 0,40m-0,44m tones. The present anorthosite price of USD 15-16/t is estimated to increase towards long-term price of USD 21/t due to growing demand from stonewood and glass related products. Assuming operating costs in the range of USD 11,5/t to USD 13,0/t, we find the Gudvangen Stein project's NPV at USD 17m.

**Nordic Mining is estimated to break even on EBIT in 2013**

Summing up the three projects, we estimate that Nordic Mining will generate negative operating profit up until 2013 due to feasibility study expenses at Engebøfjellet and start-up costs at Keliber. Meanwhile, the operating cash flow from Gudvangen Stein will not be enough to outweigh first two projects. However, from Q3 2013, Keliber and Gudvangen Stein are estimated to enable the company to break even on EBIT side.

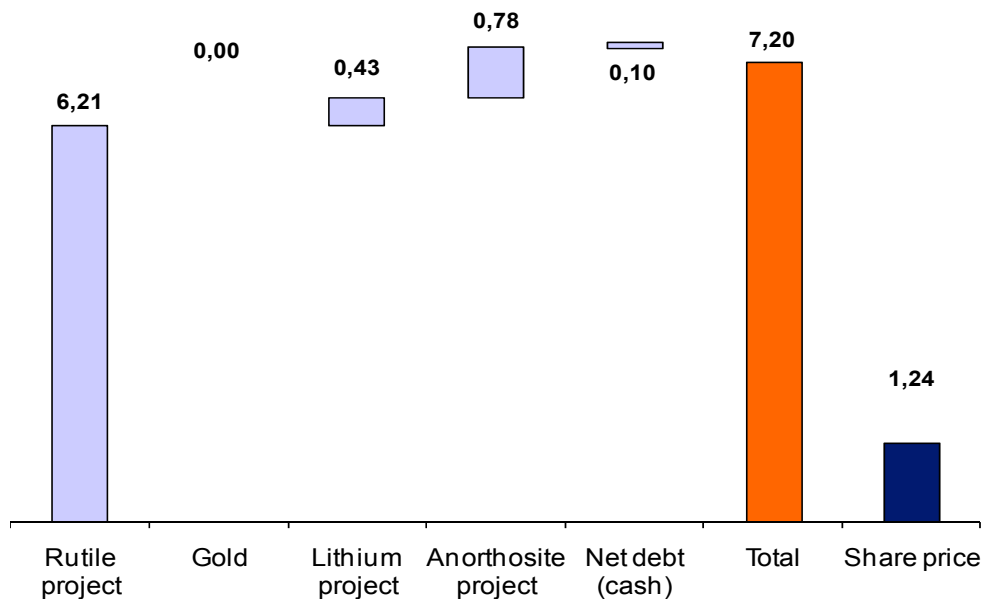
**Other assets in Nordic Mining are valued at zero due to their early stage**

Turning to other Nordic Mining's assets, we value the gold licenses in Ecuador at zero. Due to recent strengthening of the gold price we realize that the potential there could be quite considerable. However, given difficult political setting in the country and a very early stage of the project, we believe its present contribution in valuing NOM is very limited. The right to use the electromagnetic technology is valued at zero as well due to the early stage of development work in this project.

**The company will need additional funding to finance its projects**

At the end of Q4 2009, Nordic Mining had a net debt position of NOK 12,9m. However, in early February the company announced a private placement with gross proceeds of NOK 20m and a subsequent share issue of up to NOK 10m in gross proceeds. The proceeds will be used for development of its three main projects. Further on, we estimate that the company will need additional financing in 2011. According to the management, the preferred option for funding the projects is finding a strategic partner. Among the three projects, we estimate Engebøfjellet to be most capital-demanding. Therefore, we estimate the company to keep a 25% stake in the project with a strategic partner having a 75% stake and providing the necessary funding for Engebø. Therefore, in our NOM SOTP valuation we account for a 25% stake in the rutile project as well as the corresponding share in capex. Turning to Keliber, we account for the 68% stake that Nordic Mining holds in the project. We assume that in Keliber, the company will fund its capex from debt mostly and believe the company will raise the money needed from banks in 2011.

**Valuation parts of NOM, NOK per share**



Source: Orion Securities estimates

**Summing up the projects, we calculate the fair value at NOK 7,2 per share**

Summing up the valuation of the company's projects, we come up with a NOK 7,2 per share fair value. However, we believe the share is unlikely to reach this level within 6-month period. Therefore, we set our target price at NOK 2,50 per share and issue a Strong Buy rating.

Our confidence in the bullish stance is supported by the company's announcement of the Memorandum for Understanding with a leading international producer of industrial minerals for Engebøfjellet. The parties intend to establish technical cooperation including testing, product analysis, process evaluation and process design for garnet products. We believe this could be followed by exclusive commercial relations for Engebø garnet including an off-take agreement, joint marketing, sales and distribution agreements.

**Nordic Mining faces risks of operational problems, fluctuations in mineral prices and financing risk**

## Risks

Like most of mining companies with no or small capacity of production, Nordic Mining might face some risks related to its operation. The main hazards are related to delays in the commencement of operations. Thus, the company will depend on a timely completion of the projects' preparatory work.

The prices of metals and minerals historically have been very volatile. The substantial decline of those prices below our assumed long term prices would negatively affect the company's estimated value. We use rather conservative prices; however, we cannot reject a major correction in the global supply and demand balance leading to a drop in these commodities' price.

Next, there is a currency risk. We assume the company will be selling its product in Europe, therefore possible fluctuations between the NOK and EUR could affect the bottom line. However, this is limited in regards with Keliber, since the operating expenses for this project will be in EUR as well.

We also see the share dilution risk, as the company could face a need of additional financing for its working capital or exploration program.

## Conclusion

We re-initiate coverage of Nordic Mining, a mining company focused on exploration, extraction and production of high-end industrial minerals and metals. Our DCF-based NAV estimate indicates that the company trades with a significant discount to its fair value. More to this, we see more upside hidden in case the company is able to produce higher value-added products or expand the resources. Thus, we issue a Strong Buy recommendation with a NOK 2,50 target price per Nordic Mining share.

## Recent insider trades

Date	Name	Position	Action	Price	Value in NOK	Share	Comment
08.01.2010	Lars K. Grøndahl	CFO	Buy	1,11	55 450	2 %	-
11.01.2010	Ottar Nakken	VP commercial	Buy	1,32	59 265	5 %	-
19.01.2010	Paul I. Norkyn	VP mining operations	Buy	1,24	62 000	35 %	-

Note: only more than NOK 50 000 worth trades are included in the table

## SOTP of Nordic Mining

Number of shares, mill: 125,470

Assets	Value, MNOK	Probability of success	Value per share, NOK	Comments
Rutile project at Engebøfjellet	1 113	70 %	6,21	DCF-based NPV with WACC 10%; assumed partnership where NM will own a 25% stake
Gold	0	0 %	0,00	
Keliber's lithium project	84	65 %	0,43	DCF-based NPV with WACC 10% (adjusted for ownership of 68%)
Anorthosite in Aurland (Gudvangen Stein AS)	98	100 %	0,78	DCF-based NPV with WACC 10%
General and administration	-39		-0,31	DCF-based NPV with WACC 10%
Net debt (cash)	-12		-0,10	End Q1 2010
<b>Net asset value</b>	<b>1 267</b>		<b>7,20</b>	

## Peer comparison

NOKm	Source	EV*	EV/EBITDA*		EV/EBIT*		P/E		Market Cap
			2010e	2011e	2010e	2011e	2010e	2011e	
<b>Nordic Mining</b>	<b>Orion</b>	<b>164</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	<b>156</b>
<b>Rutile producers</b>									
Titanium Resources Group	Consensus**	554	7,7	4,1	18,8	6,3	27,5	5,5	342
Iluka Resources	Consensus**	9 318	7,5	5,2	nm	11,4	nm	16,1	7 935
Consolidated Rutile	Consensus**	728	nm	nm	nm	nm	nm	nm	801
<b>Median</b>			<b>7,6</b>	<b>4,6</b>	<b>18,8</b>	<b>8,8</b>	<b>27,5</b>	<b>10,8</b>	
<b>Lithium producers</b>									
SQM	Consensus**	63 095	nm	nm	nm	nm	nm	nm	69 222
American Lithium Minerals	Consensus**	241	6,2	1,6	6,3	1,6	8,7	2,3	246
<b>Median</b>			<b>6,2</b>	<b>1,6</b>	<b>6,3</b>	<b>1,6</b>	<b>8,7</b>	<b>2,3</b>	

\* Calculated applying the last reported Balance sheet and last Market Capitalization

\*\* Infinancials

## Segment information

(NOKm)	3Q-2009	4Q-2009	1Q-2010e	2Q-2010e
<b>Revenues</b>				
Anorthosite project	8,0	6,3	4,3	4,3
Lithium project	0,0	0,0	0,0	0,0
Rutile project	0,0	0,0	0,0	0,0
<b>Total</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>7</b>

2008	2009	2010e	2011e	2012e	2013e	2014e
20	22	21	33	44	46	53
0	0	0	0	0	54	126
0	0	0	0	0	0	302
<b>20</b>	<b>22</b>	<b>21</b>	<b>33</b>	<b>44</b>	<b>100</b>	<b>481</b>

## Key assumptions

	3Q-2009	4Q-2009	1Q-2010e	2Q-2010e
Anorthosite price, USD/t	16	15	15	15
Anorthosite production, tons	65448	60186	47945	47945
Lithium price, USD/t	-	-	-	-
Lithium production, tons	-	-	-	-
Gamet price, USD/t	-	-	-	-
Gamet production, tons	-	-	-	-
Rutile price, USD/t	-	-	-	-
Rutile production, tons	-	-	-	-
<b>USD/NOK</b>	<b>6,09</b>	<b>5,69</b>	<b>5,90</b>	<b>5,90</b>

2008	2009	2010e	2011e	2012e	2013e	2014e
16	16	15	16	17	18	19
218	221	223	334	400	400	440
-	-	-	-	-	7 000	7 000
-	-	0,0	0,0	0,0	1,2	2,8
-	-	-	-	-	-	300
-	-	-	-	-	0	52 000
-	-	-	-	-	-	740
-	-	-	-	-	0	44000
<b>5,65</b>	<b>6,28</b>	<b>5,90</b>	<b>5,90</b>	<b>5,90</b>	<b>5,90</b>	<b>5,90</b>

## DCF model

## Rutile and garnet project at Engebøfjellet

DCF, USDm	2010e	2011e	2012e	2013e	2014e	2015e-
Revenues	0	0	0	0	48	2 803
Operating costs	2	2	2	2	17	740
EBITDA	-2	-2	-2	-2	31	2 063
Depreciation	0	0	0	0	2	107
EBIT	-3	-3	-3	-2	29	1 956
Tax rate	28 %	28 %	28 %	28 %	28 %	28 %
Net profit	-2	-2	-2	-2	21	1 408
Investment	0	70	70	70	0	0
Free Cash Flow	-2	-72	-72	-72	23	1 515
DCF	-1	-59	-54	-49	14	429
<b>Sum NPV</b>		<b>280</b>				

## Keliber's lithium project

DCF, USDm	2010e	2011e	2012e	2013e	2014e	2015e-
Revenues	0	0	0	9	20	350
Operating costs	1	2	2	2	1	150
EBITDA	-1	-2	-2	7	19	200
Depreciation	0	0	0	3	5	49
EBIT	-1	-2	-2	4	14	151
Tax rate	28 %	28 %	28 %	28 %	28 %	28 %
Net profit	-1	-1	-1	3	10	109
Investment	0	24	24	12	0	4
Free Cash Flow	-1	-25	-25	-7	13	153
DCF	-1	-21	-19	-4	8	58
<b>Sum NPV</b>		<b>21</b>				

## Anorthosite in Aurland (Gudvangen Stein AS)

DCF, USDm	2010e	2011e	2012e	2013e	2014e	2015e-
Revenues	3	5	7	7	8	121
Operating costs	3	4	5	5	5	66
EBITDA	0	1	2	3	3	55
Depreciation	0	1	1	1	1	13
EBIT	0	1	2	2	2	43
Tax rate	28 %	28 %	28 %	28 %	28 %	28 %
Net profit	0	1	1	1	2	31
Investment	0	0	0	6	0	1
Changes in working capital	0	0	0	0	0	0
Free Cash Flow	0	1	2	-4	3	43
DCF	0	1	1	-3	2	14
<b>Sum NPV</b>		<b>17</b>				

## DCF model (cont'd)

USDm	2010e	2011e	2012e	2013e	2014e	2015e-
Revenues	3	5	7	16	77	3 274
Operating costs	6	8	9	9	23	955
EBITDA	-3	-3	-2	34	217	2 319
Depreciation	1	1	1	3	8	168
EBIT	-3	-4	-3	4	45	2 150
Tax rate	28 %	28 %	28 %	28 %	0	0
Net profit	-2	-3	-2	3	32	1 548
Investment	0	94	94	88	0	4
Free Cash Flow	-2	-96	-95	-82	38	1 711
DCF	-2	-79	-71	-56	24	501
<b>Sum NPV</b>		<b>317</b>				

Assumptions		WACC calculation	
Rutile project at Engebøfjellet		Debt ratio	20 %
Mine lifetime, years	50	Cost of debt (after tax)	9,4%
Start of production	2014	Risk free rate	3,8%
Long term rutile price, USD/t	840	Beta	1,1
Annualized average production rate, tons of rutile	100 000	Market risk premium	6,0%
Capital costs, USD million	210	Cost of equity	10,1%
Probability of success	35 %	<b>WACC</b>	<b>10,0%</b>
Garnet production at Engebøfjellet			
Mine lifetime, years	50		
Start of production	2014		
Long term garnet price, USD/t	455		
Annualized average production rate, tons of garnet	100 000		
Probability of success	35 %		
Keliber's lithium project			
Mine lifetime, years	15		
Start of production	2013		
Long term lithium carbonate price, USD/t	9 000		
Annualized average production rate, tons of lithium carbonate	4 000		
Capital costs, USD million	61		
Probability of success	65 %		
Anorthosite in Aurland (Gudvangen Stein AS)			
Mine lifetime, years	20		
Start of production	2007		
Long term Anorthosite price, NOK/t	123,9		
Annualized average production rate, tons of anorthosite	440 000		
Capital costs, USD million	6		
Probability of success	100 %		
USD/NOK	5,90		

## Description of the company

Nordic Mining is a mining company focused on activities such as exploration, extraction and production of high-end industrial minerals and metals. The company was established after the de-merger of Rocksource's business and was registered under Nordic Mining ASA name in May 2006. The company is listed in Oslo with ticker code NOM from 14 September 2007.

The main company's assets are mineral rights for approximately 380 million tons of ore with an estimated TiO<sub>2</sub> content of 3.92% at Engebøfjellet, an anorthosite mine in Gudvangen in Aurland and gold concessions in Ecuador. In addition, the company is an owner of a 68% stake in Keliber Oy, a Finnish company with permits and concessions to start mining and production of lithium carbonate in Finland.

## Company data

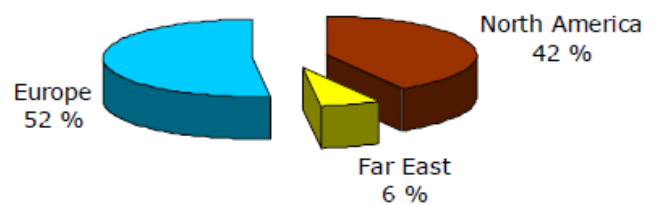
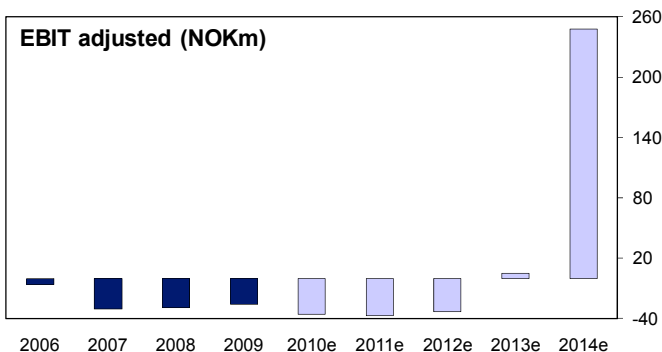
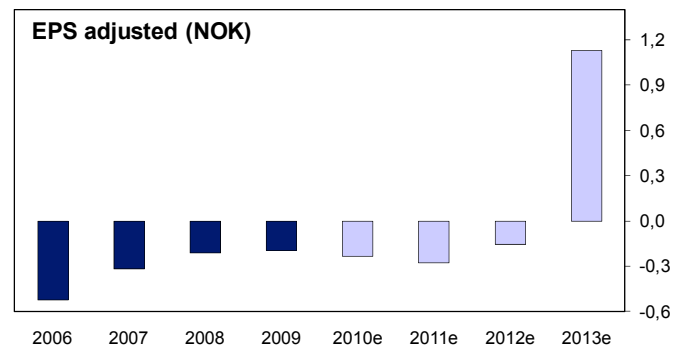
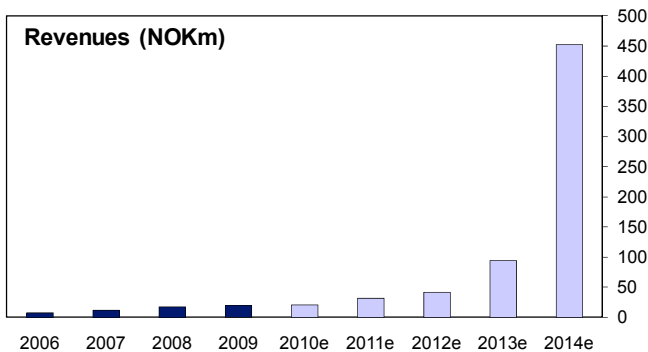
Chief Executive Officer: Ivar Sund Fossum  
 Chief Financial Officer: Lars K. Grøndahl

Web: [www.nordicmining.com](http://www.nordicmining.com)  
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 N-0250 Oslo  
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Listing: Oslo Stock Exchange  
 Number of shares: 128 560 091

## News flow

Date	Event
Spring 2010	Environmental permits for Engebø
07.05.2010	NOM Q1 2010 report
11.05.2010	Annual General Meeting



Consumption of natural rutile

Source: Nordic Mining

PROFIT & LOSS													
(NOKm)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010e	2011e	2012e	2013e
Sales	na	na	na	na	na	8	13	18	20	20	31	41	94
COGS	na	na	na	na	na	0	-3	-1	-6	-12	-15	-17	-17
Gross profit	na	na	na	na	na	na	9	16	14	8	16	24	77
Sales & general administration costs	na	na	na	na	na	-13	-37	-41	-36	-39	-47	-51	-51
EBITDA	na	na	na	na	na	-6	-28	-25	-22	-31	-31	-26	26
Depreciation & amortisation	na	na	na	na	na	0	-3	-4	-3	-4	-6	-7	-20
EBIT adjusted	na	na	na	na	na	-6	-30	-29	-25	-36	-37	-33	5
Non-recurring items	na	na	na	na	na	0	0	-13	-2	0	0	0	0
Goodwill amortisation/write-ups/-downs	na	na	na	na	na	0	0	0	0	0	0	0	0
EBIT	na	na	na	na	na	-6	-30	-42	-27	-36	-37	-33	5
Net financial items	na	na	na	na	na	0	-8	0	-1	0	-8	-19	-23
Equity earnings	na	na	na	na	na	0	0	0	0	0	0	0	0
Pretax profit	na	na	na	na	na	-6	-39	-42	-28	-36	-45	-52	-18
Tax	na	na	na	na	na	0	5	-1	1	0	0	0	2
Tax rate	na	na	na	na	na	0 %	13 %	-2 %	4 %	0 %	0 %	0 %	12 %
Profit after taxes	na	na	na	na	na	-6	-33	-43	-27	-36	-45	-52	-16
Minority interest	na	na	na	na	na	0	0	0	0	2	3	2	-6
Extraord. items / Discontinued oper.	na	na	na	na	na	0	0	0	0	0	0	0	0
Net profit	na	na	na	na	na	-6	-33	-43	-27	-34	-42	-49	-23
Other comprehensive income	na	na	na	na	na	0	0	0	0	0	0	0	0
Comprehensive income	na	na	na	na	na	-6	-33	-43	-27	-34	-42	-49	-23

BALANCE SHEET													
(NOKm)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010e	2011e	2012e	2013e
Goodwill	na	na	na	na	na	0	0	10	8	8	8	8	8
Intangible assets	na	na	na	na	na	0	3	3	4	4	4	4	4
Tangible assets	na	na	na	na	na	0	48	85	69	65	156	245	274
Financial assets	na	na	na	na	na	0	0	0	0	0	0	0	0
Inventories	na	na	na	na	na	0	1	2	2	3	5	5	5
Accounts receivable	na	na	na	na	na	2	5	5	7	5	8	10	34
Other current assets	na	na	na	na	na	91	0	0	0	0	0	0	0
Cash and cash equivalents	na	na	na	na	na	10	24	40	8	6	13	121	46
Total assets	na	na	na	na	na	104	81	146	97	91	193	393	370
Shareholders' equity	na	na	na	na	na	19	46	68	37	32	30	31	8
Minority interest	na	na	na	na	na	0	0	11	9	9	9	9	9
Pension provisions	na	na	na	na	na	0	0	0	0	0	0	0	0
Interest-bearing debt	na	na	na	na	na	80	12	11	11	11	111	311	311
Other liabilities	na	na	na	na	na	4	23	56	41	39	43	42	42
Equity and liabilities	na	na	na	na	na	104	81	146	97	91	193	393	370

KEY FIGURES													
(NOK)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010e	2011e	2012e	2013e
Sales per share	na	na	na	na	na	na	0,24	0,19	0,21	0,16	0,25	0,33	0,75
Free cash flow per share	na	na	na	na	na	na	-0,82	-0,32	-0,26	-0,23	-1,04	-1,10	-0,39
EPS	na	na	na	na	na	na	-0,63	-0,45	-0,28	-0,27	-0,34	-0,39	-0,18
EPS (adjusted)	na	na	na	na	na	na	-0,52	-0,32	-0,21	-0,19	-0,24	-0,28	-0,16
Dividends per share	na	na	na	na	na	na	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Book value per share*	na	na	na	na	na	na	0,86	0,61	0,30	0,20	0,18	0,18	0,00
Net debt (cash) per share	na	na	na	na	na	na	-0,05	-0,19	0,13	0,11	0,86	1,59	2,19
P/E	na	na	na	na	na	na	neg	neg	neg	neg	neg	neg	neg
P/E (adjusted)	na	na	na	na	na	na	neg	neg	neg	neg	neg	neg	neg
P/FCF	na	na	na	na	na	na	neg	neg	neg	neg	neg	neg	neg
P/Net Sales	na	na	na	na	na	na	16,7	3,5	6,8	20,1	9,8	6,4	2,0
P/Book value*	na	na	na	na	na	na	3,1	1,0	3,3	6,3	6,9	6,7	>100
P/Book value (incl. goodwill)	na	na	na	na	na	na	3,1	0,8	2,6	4,8	5,1	5,0	18,7
EV/EBITDA	na	na	na	na	na	na	neg	neg	neg	neg	neg	neg	17,2
EV/EBIT**	na	na	na	na	na	na	neg	neg	neg	neg	neg	neg	86,4
EV/NOPLAT**	na	na	na	na	na	na	neg	neg	neg	neg	neg	neg	>100
EV/Sales	na	na	na	na	na	na	11,7	2,8	5,7	9,0	8,7	8,8	4,7
Dividend yield	na	na	na	na	na	na	0 %	0 %	0 %	0 %	0 %	0 %	0 %
ROE* (adjusted)	na	na	na	na	na	na	-85 %	-58 %	-46 %	-90 %	-125 %	-153 %	-166 %
Equity ratio*	na	na	na	na	na	na	18 %	57 %	43 %	32 %	30 %	12 %	6 %
Debt/Equity*	na	na	na	na	na	na	419 %	46 %	37 %	71 %	84 %	534 %	53033 %
Net debt/EBITDA	na	na	na	na	na	na	nm	nm	nm	nm	nm	nm	10,74
Gross margin	na	na	na	na	na	na	69 %	91 %	68 %	39 %	51 %	59 %	82 %
EBITDA margin	na	na	na	na	na	na	-78,6%	<-100%	<-100%	<-100%	<-100%	-63,9%	27,2%
EBIT** margin	na	na	na	na	na	na	-78,6%	<-100%	<-100%	<-100%	<-100%	-79,7%	5,4%
Growth of Sales	na	na	na	na	na	na	nm	nm	47 %	14 %	-2 %	58 %	32 %
Growth of EBITDA	na	na	na	na	na	na	nm	nm	nm	nm	nm	nm	nm
EPS** growth	na	na	na	na	na	na	nm	nm	nm	nm	nm	nm	nm
Share price	na	na	na	na	na	na	2,7	0,6	1,0	1,2	1,2	1,2	1,2
No. shares year-end	na	na	na	na	na	na	53,5	95,5	95,5	125,5	125,5	125,5	125,5
Market capitalisation	na	na	na	na	na	na	144,4	57,3	94,5	155,6	155,6	155,6	155,6
Net debt	na	na	na	na	na	na	70	-2	-18	13	14	107	199
Enterprise value	na	na	na	na	na	na	142	50	116	179	272	364	439
Book value of equity*	na	na	na	na	na	na	19	46	58	29	25	23	1

\*Excluding goodwill

\*\*Adjusted for non-recurring items and goodwill amortisation/write-ups/-downs

<b>PROFIT &amp; LOSS</b>											
<b>(NOKm)</b>	<b>2Q-2008</b>	<b>3Q-2008</b>	<b>4Q-2008</b>	<b>1Q-2009</b>	<b>2Q-2009</b>	<b>3Q-2009</b>	<b>4Q-2009</b>	<b>1Q-2010e</b>	<b>2Q-2010e</b>	<b>3Q-2010e</b>	<b>4Q-2010e</b>
<b>Sales</b>	<b>4,4</b>	<b>4,2</b>	<b>5,8</b>	<b>3,0</b>	<b>4,5</b>	<b>7,5</b>	<b>5,4</b>	<b>4,3</b>	<b>4,3</b>	<b>5,9</b>	<b>5,4</b>
<b>COGS</b>	<b>0,5</b>	<b>-1,1</b>	<b>0,0</b>	<b>-0,9</b>	<b>-0,8</b>	<b>-2,9</b>	<b>-1,8</b>	<b>-3,2</b>	<b>-3,2</b>	<b>-2,9</b>	<b>-2,8</b>
<b>Gross profit</b>	<b>4,7</b>	<b>3,1</b>	<b>5,8</b>	<b>2,2</b>	<b>3,6</b>	<b>4,5</b>	<b>3,5</b>	<b>1,1</b>	<b>1,1</b>	<b>3,0</b>	<b>2,6</b>
Sales & general administration costs	-9,2	-12,0	-15,8	-9,3	-8,4	-10,6	-8,0	-8,9	-9,0	-10,7	-10,4
<b>EBITDA</b>	<b>-4,3</b>	<b>-8,9</b>	<b>-10,0</b>	<b>-7,2</b>	<b>-4,8</b>	<b>-6,0</b>	<b>-4,4</b>	<b>-7,9</b>	<b>-7,9</b>	<b>-7,7</b>	<b>-7,8</b>
Depreciation & amortisation	-1,1	-1,0	-0,9	-0,7	-0,7	-0,7	-0,8	-1,0	-1,0	-1,2	-1,1
<b>EBIT adjusted</b>	<b>-5,4</b>	<b>-9,8</b>	<b>-10,9</b>	<b>-7,9</b>	<b>-5,5</b>	<b>-6,8</b>	<b>-5,2</b>	<b>-8,8</b>	<b>-8,9</b>	<b>-8,9</b>	<b>-8,9</b>
Non-recurring items	0,0	-6,3	-7,0	0,0	0,0	0,0	-2,1	0,0	0,0	0,0	0,0
Goodwill amortisation/write-ups/-downs	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>EBIT</b>	<b>-5,4</b>	<b>-16,1</b>	<b>-17,9</b>	<b>-7,9</b>	<b>-5,5</b>	<b>-6,8</b>	<b>-7,3</b>	<b>-8,8</b>	<b>-8,9</b>	<b>-8,9</b>	<b>-8,9</b>
Net financial items	-0,1	-0,6	0,6	0,2	0,6	-0,8	-0,8	-0,2	-0,1	-0,1	-0,1
Equity earnings	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Pretax profit</b>	<b>-5,5</b>	<b>-16,7</b>	<b>-17,2</b>	<b>-7,6</b>	<b>-4,9</b>	<b>-7,5</b>	<b>-8,1</b>	<b>-9,0</b>	<b>-8,9</b>	<b>-9,0</b>	<b>-9,1</b>
Tax	0,0	0,0	-0,7	0,0	0,0	0,0	1,1	0,0	0,0	0,0	0,0
Tax rate	0%	0%	-4%	0%	0%	0%	13%	0%	0%	0%	0%
Profit after taxes	-5,5	-16,7	-17,9	-7,6	-4,9	-7,5	-7,0	-9,0	-8,9	-9,0	-9,1
Minority interest	0,0	0,1	0,1	0,1	0,1	0,1	0,1	0,4	0,4	0,4	0,4
Extraord. Items / Discontinued oper.	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Net profit</b>	<b>-5,5</b>	<b>-16,6</b>	<b>-17,8</b>	<b>-7,5</b>	<b>-4,8</b>	<b>-7,4</b>	<b>-6,9</b>	<b>-8,6</b>	<b>-8,5</b>	<b>-8,6</b>	<b>-8,7</b>
Other comprehensive income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Comprehensive income</b>	<b>-5,5</b>	<b>-16,6</b>	<b>-17,8</b>	<b>-7,5</b>	<b>-4,8</b>	<b>-7,4</b>	<b>-6,9</b>	<b>-8,6</b>	<b>-8,5</b>	<b>-8,6</b>	<b>-8,7</b>

<b>BALANCE SHEET</b>											
<b>(NOKm)</b>	<b>2Q-2008</b>	<b>3Q-2008</b>	<b>4Q-2008</b>	<b>1Q-2009</b>	<b>2Q-2009</b>	<b>3Q-2009</b>	<b>4Q-2009</b>	<b>1Q-2010e</b>	<b>2Q-2010e</b>	<b>3Q-2010e</b>	<b>4Q-2010e</b>
Goodwill	8	8	10	9	9	8	8	8	8	8	8
Intangible assets	3	3	3	3	3	3	4	4	4	4	4
Tangible assets	90	87	85	79	77	73	69	68	67	66	65
Financial assets	0	0	0	0	0	0	0	0	0	0	0
Inventories	2	2	2	2	2	2	2	2	4	3	3
Accounts receivable	6	9	5	4	5	6	7	4	4	5	5
Other current assets	0	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents	53	46	40	32	18	12	8	33	24	16	6
<b>Total assets</b>	<b>163</b>	<b>156</b>	<b>146</b>	<b>129</b>	<b>114</b>	<b>104</b>	<b>97</b>	<b>119</b>	<b>110</b>	<b>101</b>	<b>91</b>
Shareholders' equity	91	81	68	57	53	44	37	58	50	41	32
Minority interest	9	9	11	10	10	9	9	9	9	9	9
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Interest-bearing debt	12	11	11	11	12	11	11	11	11	11	11
Other liabilities	51	54	56	51	40	40	41	41	41	41	39
<b>Equity and liabilities</b>	<b>163</b>	<b>156</b>	<b>146</b>	<b>129</b>	<b>114</b>	<b>104</b>	<b>97</b>	<b>119</b>	<b>110</b>	<b>101</b>	<b>91</b>

<b>KEY FIGURES</b>											
<b>(NOK)</b>	<b>2Q-2008</b>	<b>3Q-2008</b>	<b>4Q-2008</b>	<b>1Q-2009</b>	<b>2Q-2009</b>	<b>3Q-2009</b>	<b>4Q-2009</b>	<b>1Q-2010e</b>	<b>2Q-2010e</b>	<b>3Q-2010e</b>	<b>4Q-2010e</b>
EPS	-0,06	-0,17	-0,19	-0,08	-0,05	-0,08	-0,07	-0,07	-0,07	-0,07	-0,07
<b>EPS (adjusted)</b>	<b>-0,04</b>	<b>-0,13</b>	<b>-0,13</b>	<b>-0,06</b>	<b>-0,04</b>	<b>-0,06</b>	<b>-0,06</b>	<b>-0,05</b>	<b>-0,05</b>	<b>-0,05</b>	<b>-0,05</b>
12-months forward P/E (adjusted)	neg	neg	neg	neg	neg	neg	neg	neg	neg	neg	neg
Equity ratio*	53 %	50 %	43 %	40 %	42 %	37 %	32 %	46 %	41 %	36 %	30 %
Debt/Equity*	25 %	31 %	37 %	44 %	50 %	58 %	71 %	41 %	49 %	62 %	84 %
Gross margin	111 %	74 %	100 %	71 %	81 %	61 %	66 %	25 %	25 %	50 %	48 %
EBITDA margin	<-100%	<-100%	<-100%	<-100%	<-100%	-81 %	-83 %	<-100%	<-100%	<-100%	<-100%
EBIT** margin	<-100%	<-100%	<-100%	<-100%	<-100%	-91 %	-98 %	<-100%	<-100%	<-100%	<-100%
Growth of Sales (Q/Q)	17 %	-1 %	37 %	-47 %	46 %	67 %	-29 %	-19 %	0 %	38 %	-8 %
Growth of EBITDA (Q/Q)	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
EPS** growth (Q/Q)	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Growth of Sales (Y/Y)	293 %	-26 %	8 %	-15 %	6 %	77 %	-8 %	40 %	-4 %	-21 %	3 %
Growth of EBITDA (Y/Y)	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
EPS** growth (Y/Y)	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Share price	1,5	0,7	0,6	0,9	1,2	1,4	1,0	1,2	1,2	1,2	1,2
No. shares quarter-end	91,9	95,5	95,5	95,5	95,5	95,5	95,5	125,5	125,5	125,5	125,5
Market capitalisation	133	69	57	83	115	135	95	156	156	156	156
Net debt	-33	-24	-18	-11	4	9	12,9	-12	-3	5	14
Enterprise value	110	54	50	82	129	152	116	152	161	169	179
Book value of equity*	82,7	73,0	57,8	48,6	44,0	35,7	29,0	50,4	41,9	33,4	24,7

\*Excluding goodwill

\*\*Adjusted for non-recurring items and goodwill amortisation/write-ups/-downs

TOP 20 INVESTORS		22.02.2010		Change over a week
No.	Investor	Ownership*	No. of shares	No. of shares
1	DAG DVERGSTEN AS	6,75 %	8 469 145	0
2	SKAGEN VEKST	5,95 %	7 469 600	0
3	JPMORGAN CHASE BANK	3,99 %	5 011 946	0
4	HOLBERG NORGE	2,87 %	3 600 000	0
5	DANSKE BANK A/S	2,62 %	3 281 708	10 000
6	DYBVAD CONSULTING AS	2,30 %	2 880 788	0
7	MP PENSJON	2,29 %	2 869 600	0
8	SOLON AS	1,79 %	2 242 333	0
9	<private>	1,71 %	2 149 851	0
10	SNATI AS	1,51 %	1 894 874	0
11	DNO INVEST AS	1,44 %	1 806 442	0
12	<private>	1,24 %	1 561 984	15 000
13	<private>	0,97 %	1 221 237	-20 000
14	<private>	0,83 %	1 040 000	0
15	JULIMAR AS	0,81 %	1 020 000	0
16	<private>	0,78 %	972 851	0
17	OVE KLUNGLAND HOLDING AS NIL	0,64 %	804 021	0
18	PROLOG AS	0,64 %	797 626	0
19	NORDNET BANK AB	0,63 %	786 229	786 229
20	KLP LK AKSJER	0,63 %	785 440	-10 000

\*Based on data from VPS. Shares registered on foreign depositories are not included.

Nordic Mining												NOM	
Price	NOK	1,24	Risk: <i>Medium</i>									Last report	31.12.2009
Capitalisation	NOK	156	Investment potential: <i>Average</i>									Last update	01.03.2010
		2002	2003	2004	2005	2006	2007	2008	2009	2010e	2011e	2012e	
Sales	NOK	na	na	na	na	8	13	18	20	20	31	41	
Gross profit	NOK	na	na	na	na	na	9	16	14	8	16	24	
EBITDA	NOK	na	na	na	na	-5,9	-28	-25	-22	-31	-31	-26	
EBIT adjusted	NOK	na	na	na	na	-5,9	-30	-29	-25	-36	-37	-33	
Operating earnings (EBIT)	NOK	na	na	na	na	-5,9	-30	-42	-27	-36	-37	-33	
Pretax profits (EBT)	NOK	na	na	na	na	-5,8	-39	-42	-28	-36	-45	-52	
Net profit	NOK	na	na	na	na	-5,8	-33	-43	-27	-34	-42	-49	
Net debt (cash)	NOK	na	na	na	na	70	-2	-18	13	14	107	199	
Enterprise value	NOK	na	na	na	na	na	142	50	116	179	272	364	
Book value of equity	NOK	na	na	na	na	19	46	58	29	25	23	23	
Sales per share	NOK	na	na	na	na	na	0,24	0,19	0,21	0,16	0,25	0,33	
Free cash flow per share	NOK	na	na	na	na	na	-0,82	-0,32	-0,26	-0,23	-1,04	-1,10	
EPS	NOK	na	na	na	na	na	-0,63	-0,45	-0,28	-0,27	-0,34	-0,39	
<b>EPS (adjusted)</b>	<b>NOK</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>-0,52</b>	<b>-0,32</b>	<b>-0,21</b>	<b>-0,19</b>	<b>-0,24</b>	<b>-0,28</b>	
Dividends per share	NOK	na	na	na	na	na	0,00	0,00	0,00	0,00	0,00	0,00	
Book value per share*	NOK	na	na	na	na	na	0,86	0,61	0,30	0,20	0,18	0,18	
Net debt (cash) per share	NOK	na	na	na	na	na	-0,05	-0,19	0,13	0,11	0,86	1,59	
P/E		na	na	na	na	na	neg	neg	neg	neg	neg	neg	
<b>P/E (adjusted)</b>		<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	
P/FCF		na	na	na	na	na	neg	neg	neg	neg	neg	neg	
P/Sales		na	na	na	na	na	11,93	3,22	4,66	7,81	4,96	3,77	
P/Book value*		na	na	na	na	na	3,1	1,0	3,3	6,3	6,9	6,7	
EV/EBITDA		na	na	na	na	na	neg	neg	neg	neg	neg	neg	
EV/EBIT**		na	na	na	na	na	neg	neg	neg	neg	neg	neg	
<b>EV/NOPLAT**</b>		<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	
EV/Sales		na	na	na	na	na	11,73	2,81	5,73	8,98	8,67	8,80	
Dividend yield		na	na	na	na	na	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
ROE* (adjusted)		na	na	na	na	na	-85 %	-58 %	-46 %	-90 %	-125 %	-153 %	
Equity ratio*		na	na	na	na	na	18,4 %	57 %	43 %	32 %	12 %	6 %	
Debt/Equity*		na	na	na	na	na	419 %	46 %	37 %	71 %	84 %	534 %	
1386 %		na	na	na	na	na	nm	nm	nm	nm	nm	nm	
Net debt/EBITDA		na	na	na	na	na	nm	nm	nm	nm	nm	nm	
Gross margin		na	na	na	na	na	69 %	91 %	68 %	39 %	51 %	59 %	
EBITDA margin		na	na	na	na	na	-78,6 %	<-100%	<-100%	<-100%	<-100%	-99,5 %	
EBIT** margin		na	na	na	na	na	-78,6 %	<-100%	<-100%	<-100%	<-100%	-79,7 %	
Growth of Sales		na	na	na	na	na	nm	47 %	14 %	-2 %	58 %	32 %	
Growth of EBITDA		na	na	na	na	na	nm	nm	nm	nm	nm	nm	
EPS** growth		na	na	na	na	na	nm	nm	nm	nm	nm	nm	

\*Book value of equity excludes goodwill

\*\*Adjusted for non-recurring items and goodwill amortisation/write-ups/-downs

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### Recommendation history for NOM

Date	Recommendation	Target price (NOK)
01.03.2010	STRONG BUY	2,50
26.08.2008	STRONG BUY	1,70
20.08.2008	BUY	1,70
25.06.2008	STRONG BUY	2,60

The table above shows current and previous recommendations given in company reports.

### Planned updates

Orion Securities plans to update its recommendation on the company: 1) when new accounting figures are released, 2) if any material news on the company or industry is released, 3) in other important instances.

### Was the company report presented to the issuer?

The company report was presented to the issuer before dissemination. The report was changed after being presented to the issuer.

### Price target methodology and risks

Our share price target is based on DCF valuation of the company's projects. The main risks to our price target include changes in the metals and minerals price estimates as well as the operational performance in the main company's projects.

### Critical assumptions

Earnings forecasts are highly sensitive to the metals and minerals prices and the amount of metals and minerals sales assumptions.

### Information sources

The Company, quarterly report from the company, Vikingen Børs, Infanancials, Reuters Ecowin, SQM, Iluka Resources.

### Potential conflict of interests

Investors should assume that Orion Securities is seeking or will seek Corporate Finance or other business relationships with the company in this report. None of Orion Securities' employees are a representative of the Board or any other similar supervision body of the Company. Responsible analyst has not provided any investment banking services to the Company during the last 12 months. Orion Securities has not been giving any investment banking services or acted as financial advisor or manager/co-manager for the Company during the last 12 months. Complete lists of corporate clients and updated share positions are available at [www.analyse.lt](http://www.analyse.lt).

### Share positions in the Company:

Responsible analyst(s)	0
Employees of Orion Securities AS	0
Orion Securities AS	0

Analysts never hold any shares in companies they analyze. Positions of employees are based on lists updated each week. Holdings as a part of Orion Securities' investment services activities such as market making are not included.

### Recommendation structure and risk classification

Orion Securities' recommendations are based on a six-month time horizon and are based on absolute performance adjusted for risk. Near term dividends are included into return. The table below shows our general guidelines for determining our recommendations:

Risk	Buy / Strong Buy	Hold	Reduce / Sell
Low	> 10%	2% - 10%	< 2%
Medium	> 15%	3% - 15%	< 3%
High	> 30%	5% - 30%	< 5%

The percentages are defined as an upside to our price target plus eventual dividends within six months. Whether a Buy or Strong Buy / Reduce or Sell recommendation is given, depends on analyst's conviction in the case. Our risk assessments range from high risk to medium risk and low risk and are based on a subjective assessment of the following factors: 1) volatility in the share price, 2) liquidity in share, 3) strength of balance sheet, 4) absolute earnings level and trend and 5) estimate risk.

### Recommendation distribution as of January 8, 2010

Weekly Casebook	Strong Buy	Buy	Hold	Reduce	Sell
Total	4	53	58	23	1
% of total	3%	38%	42%	17%	1%
Corporate clients	2	13	9	1	0
% of total	8%	52%	36%	4%	0%

The recommendation distribution above is based on Orion-rating in Weekly Casebook. Orion-rating of +2 is defined as Strong Buy, +1 as Buy, 0 as Hold. Orion-rating of -1 is defined as Reduce and -2 as Sell.

### Recommendation distribution as of January 8, 2010

Company reports	Strong Buy	Buy	Hold	Reduce	Sell
Total	3	60	49	11	5
% of total	2%	47%	38%	9%	4%
Corporate clients	0	13	8	0	0
% of total	0%	62%	38%	0%	0%

The table above shows recommendation distribution for all company reports issued during the last three months.

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