

## Nordic Mining

Ticker: NOM

Target: NOK 2,60  
Price: NOK 1,47

June 25<sup>th</sup>, 2008

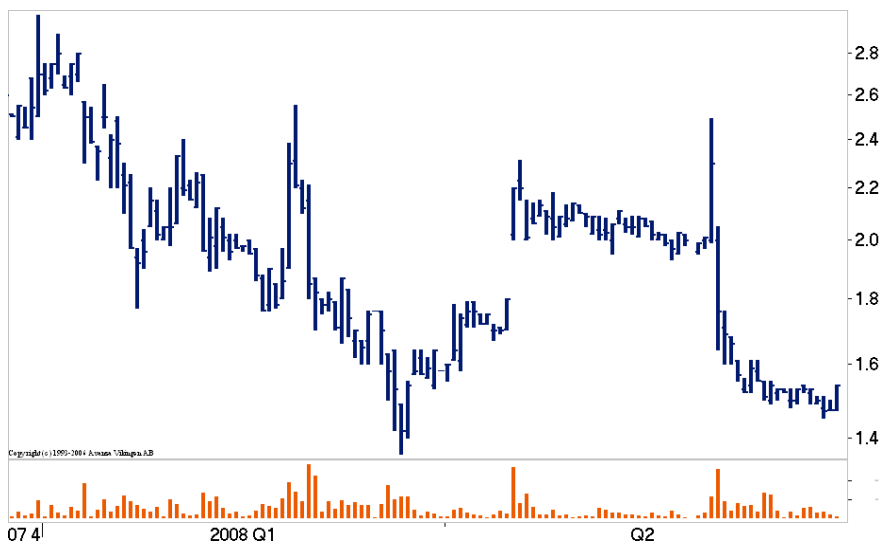
### Nordic Mining

Sector: **Materials**  
Industry: **Metals&Mining**  
Market cap.: **135**  
Recommendation: **STRONG BUY**  
Risk: **MEDIUM**

NOKm	2007	2008E	2009E
Revenues	13	20	23
EBITDA	-28	-23	-30
EBIT	-30	-28	-35
EPS (NOK)	-0,69	-0,24	-0,17

Ratios	2007	2008E	2009E
P/E	neg	neg	neg
EV/NOPLAT	neg	neg	neg
EV/EBITDA	neg	neg	neg
EV/EBIT	neg	neg	neg
P/B	3,1	1,5	0,8
P/Sales	11,9	7,9	6,6

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



### Strong long term outlook

- Nordic Mining delivered weak Q1 figures, mainly due to the seasonal variation impact on its single revenue-generating project. However, the company remains positive towards the future and expects improved operations in the coming quarters.
- Recently Nordic Mining successfully concluded the acquisition of a 68% stake in Keliber Oy, the lithium producer, located in Finland. For the financing needs, related to the project development, the total amount of 38,44 million shares was issued. According to our calculations, Keliber contributed with NOK 0,48 to the fair value of the Nordic Mining share.
- Our estimates for 2008-2010 are lowered, mainly due to the decreased anorthosite price assumption. In line with the previous forecasts, the break-even in operating results is expected only in 2011.
- Despite that our assumptions are somewhat changed, we keep a fair value estimate unchanged at NOK 3,4 per share with an upside potential in a long term. For the short run, however, we set our target at NOK 2,60, since we see it unlikely for the share to double in a 6-month period. Seeing a clear upside for the company, we reiterate our Strong Buy recommendation.

### Analyst

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Please see disclosures at the end of this report

### Conclusion

Nordic Mining had weak Q1, which is mainly related to seasonality. We have lowered our estimates for the anorthosite project, but still seeing a huge upside potential, reiterate our Strong Buy recommendation reducing a 6-month target to NOK 2,60 per share. Our fair value of NOK 3,4 per share is left unchanged.

**Q1 results below normal level**

**Seasonally weak Q1 results**

Nordic Mining delivered a weak set of Q1 figures. The sales volume stood at 47 000 tons of anorthosite, which gave sales revenue of NOK 3,61m versus NOK 5,31m booked in Q4 2007. As expected, EBITDA and EBIT were in red and stood at NOK -1,41m and NOK -2,49m respectively. Therefore, EPS for the closed quarter was negative at NOK 0,05.

However, the results from the anorthosite project cannot be compared to the same period a year ago, since the project at Gudvangen was consolidated in Q2 2007.

Weak Q1 results are, of course, disappointing for the company, but not of a major importance, since the main earnings for the company are still in the future. According to the company, the seasonal variation was in line with the company's expectations and the operations should improve in the coming quarters.

**In total 38,44m shares were issued in Q2 and up to 13,33m shares should be subscribed in July**

**The number of shares has increased**

The main company's targets for the second quarter were the successful acquisition of a 68% stake in Keliber Oy, the lithium carbonate producer, as well as a raise of funds to secure financing for the projects development. The acquisition was successfully concluded and approved in the Ordinary General Meeting on June 19<sup>th</sup>, 2008. As a part of the agreement, 5,10 million shares were issued on the closing of Keliber's transaction. Before that the company had issued 33,33 million new shares, constituting approx. 62,3% of the outstanding shares. The current number of shares will be further increased, as the shareholders who did not take part in the private placement are offered to subscribe up to 13,33 million new shares. The issue is due to be registered in July.

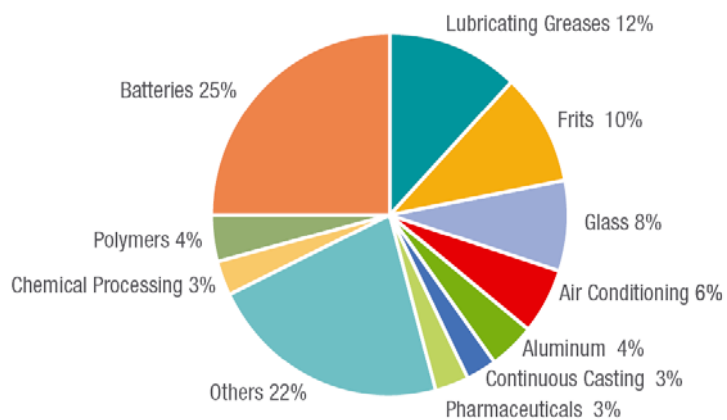
**Strong lithium demand ahead**

**Market outlook**

For the nearest future, the company should focus on the lithium project development in Keliber Oy and turn the project into a fully operating and cash generating one. The timing for entering lithium market seems favourable for the company, as currently the strong demand is forecasted to keep growing at an annual rate above 10%.

Within the structure of lithium usage, a 25% share is attributable to batteries. The figure has a potential for the further increase, as there is a strong driver, which should boost lithium demand for rechargeable batteries, i.e. hybrid and electric cars. With the oil prices consistently beating new records, the alternative energy sources become more important and the prevalence of electric cars seems to be only the matter of time. The lithium supply, in turn, is estimated to be below the demand, indicating a favourable impact on lithium prices.

**MAIN USES OF LITHIUM**



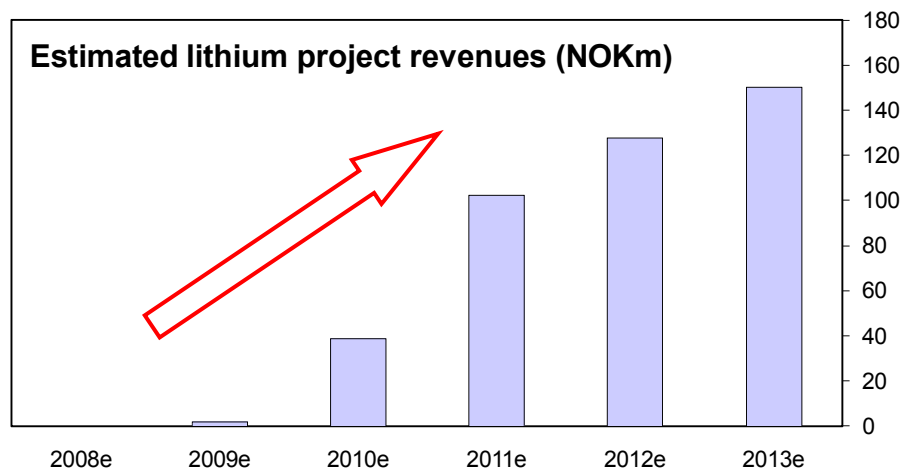
Source: SQM estimates

### Estimates are lowered after cutting anorthosite price assumption

## Estimates

On the back of Q1, we have lowered our anorthosite price assumption, which has led to the noticeable revenue reduction for 2008 and 2009. The effect of decreased revenues went down the P&L account, lowering 2008 and 2009 figures. EPS changes are caused by the new number of shares.

Bear in mind that one should expect earnings in red until 2011- 2012, when the lithium project brings the cash flow into a positive territory. The top line, comprised of only anorthosite and lithium bi-products sales, will be weak for the coming 2 years. In case the company will not face any disruptions and delays in the lithium project development, revenues should be boosted in the second half of 2010.



Source: the Company, Orion Securities estimates

## Valuation

In order to cover the capital expenditures needs, Nordic Mining has three ways of financing – partnership, equity issue and borrowing. Funds, which are needed for the company to cover the capex requirement for the smaller projects, should come in a form of a long term debt as well as an additional share issue. We expect that the share issue could be made in 2009.

### We assume a partnership with a 25% stake to Nordic Mining

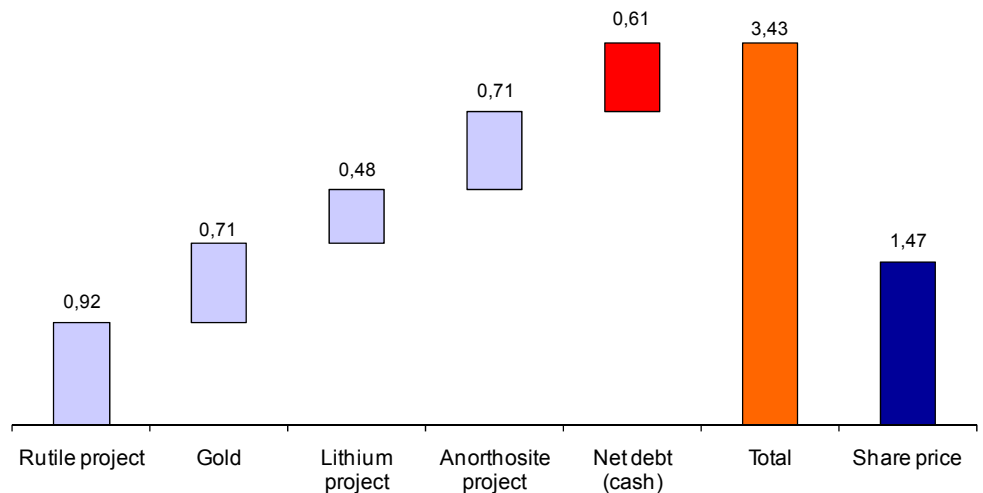
The partnership is most likely to be applied to the rutile project, which requires a large amount of capital. The required capex, which stands at USD 350m based on the most recent calculations and is essential to the launch of the rutile project, seems too high for the company to develop the project on its own. Thus, the possibility for partnership is being contemplated. Although the exact details should come out only in 2009-2010, now we assume Nordic Mining to have a 25% stake in the rutile project. This represents a USD 87,5m contribution in terms of capex and translates into a net present value of NOK 97m for the company from the rutile project. We should remind that the question related to the partnership will be considered in 2009-2010. Thus, our assumptions are preliminary and not based on any company's guidance.

Stronger US dollar had a positive effect on our valuation. On the other hand, the downside pressure came from raised WACC used in our DCF calculations, which increased from 9,3% to 10,3%, and lowered anorthosite prices. Now we value the rutile, lithium and anorthosite projects at NOK 97m, NOK 51m and NOK 74m respectively.

### We set a target price at NOK 2,60 per share

In total, the employed sum of the parts method indicates a fair value of NOK 3,40 per Nordic Mining share, which is unchanged compared to our previous estimate. This implies a significant upside from the current share price. In addition, successful implementation of the main projects should make us lift our probabilities of success and, in turn, raise the company's fair value in a long term. However, we do not see enough triggers that could lift the share price more than twice in a 6-month horizon. Thus, we see it fair to apply a 25% discount to the company's fair value and set a 6-month target price of NOK 2,60 per share down from NOK 3,40 per share. Our Strong Buy recommendation is left unchanged.

### Valuation parts of NOM, NOK per share



Source: Orion Securities estimates

### Valuation

Nordic Mining had weak Q1, which is mainly related to seasonality. We have lowered our estimates for the anorthosite project, but still seeing a huge upside potential, reiterate our Strong Buy recommendation reducing a 6-month target to NOK 2,60 per share. Our fair value of NOK 3,4 per share is left unchanged.

## Estimate changes

NOKm	2008e			2009e			2010e		
	Old	New	Change	Old	New	Change	Old	New	Change
Revenues	26	20	-24,5%	31	23	-24,6%	69	61	-11,0%
EBITDA margin, %	-59,0%	-119,5%	-60,5%p	-43,0%	-128,9%	-85,9%p	-3,0%	-11,7%	-8,7%p
EBITDA	-16,0	-23,5	nm	-14,0	-30,1	nm	-2,0	-7,2	nm
EBIT	-20,0	-28,3	nm	-18,0	-35,0	nm	-7,0	-19,4	nm
EBIT margin, %	-77,0%	-144,0%	-67,0%p	-58,0%	-149,5%	-91,5%p	-10,0%	-31,6%	-21,6%p
EPS (NOK)	-1,83	-0,24	nm	-1,97	-0,17	nm	-0,97	-0,13	nm

## Recent insider trades

Date	Name	Position	Action	Price	Value in NOK	Change	Comment
30.05.2008	Dag Dvergsten	Board member	Buy	1,50	5 050 500	63%	-
30.05.2008	Lars K. Grøndahl	CFO	Buy	1,50	400 500	17%	-

## SOTP of Nordic Mining

Number of shares, mill (including expected issue): 105,251

Assets	Value, MNOK	Value per share, NOK	Comment
Rutile project at Engebøfjellet	97	0,92	DCF-based NPV with WACC 10,3% and 35% probability of success; assumed partnership where NM will own a 25% stake
Gold	75	0,71	Based on the previous independent analysis (Micon, 2006)
Keliber's lithium project	51	0,48	DCF-based NPV with WACC 10,3% and 80% probability of success (adjusted for ownership of 68%)
Anorthosite in Aurland (Gudvangen Stein AS)	74	0,71	DCF-based NPV with WACC 10,3% and 100% probability of success (adjusted for ownership of 85%)
Net debt (cash)	-64	-0,61	End Q1 2008, adjusted for the share issue
<b>Net asset value</b>	<b>361</b>	<b>3,43</b>	
<b>Net asset value (rounded)</b>		<b>3,40</b>	

## Peer comparison

Source	Mcap, USD million	Resources (million tons)	Grade of TiO <sub>2</sub> , %	Rutile (million tons)	Mcap/TiO <sub>2</sub> (USD/ton)
Nordic Mining Orion	26	380	3,92%	14,90	1,8
<b>Peers</b>					
White Mountain The Company	28	160	2,10%	3,36	8,3

Source: the Company, Orion Securities estimates, White Mountain Corp.

## Segment information

(NOKm)	4Q-2007	1Q-2008	2Q-2008e
<b>Revenues</b>			
Anorthosite project	5,3	3,7	5,5
Lithium project	0,0	0,0	0,0
Rutile project	0	0	0
<b>Total</b>	<b>5</b>	<b>4</b>	<b>5</b>

2007	2008e	2009e	2010e	2011e	2012e	2013e
12	20	21	23	25	38	40
0	0	2	39	102	128	150
0	0	0	0	0	0	506
<b>12</b>	<b>20</b>	<b>23</b>	<b>61</b>	<b>128</b>	<b>166</b>	<b>696</b>

## Key assumptions

	4Q-2007	1Q-2008	2Q-2008e
Anorthosite price, USD/t	17	19	19
Anorthosite production, 1000 tons	59	47	72
Lithium price, USD/t	-	-	-
Lithium production, 1000 tons	-	-	-
Garnet price, USD/t	-	-	-
Garnet production, 1000 tons	-	-	-
Rutile price, USD/t	-	-	-
Rutile production, 1000 tons	-	-	-
USD/NOK	5,44	5,31	5,09

2007	2008e	2009e	2010e	2011e	2012e	2013e
15	15	16	17	18	18	19
131	251	260	263	280	400	400
-	-	-	7 000	7 500	7 500	8 000
-	-	-	1,0	2,4	3,0	3,3
-	-	-	-	-	-	500
-	-	-	-	-	-	30
-	-	-	-	-	-	570
-	-	-	-	-	-	100
<b>5,86</b>	<b>5,19</b>	<b>5,17</b>	<b>5,17</b>	<b>5,17</b>	<b>5,17</b>	<b>5,17</b>

## DCF model

## Rutile and garnet project at Engebøfjellet

DCF, USDm	2Q-4Q'2008e	2009e	2010e	2011e	2012e	2013e	2014e-2033e
Revenues	0	0	0	0	0	98	3 096
Operating costs	2	3	3	3	3	27	769
EBITDA	-2	-3	-3	-3	-3	71	2 327
Depreciation	0	0	0	0	0	10	380
EBIT	-2	-3	-3	-3	-3	61	1 946
Tax rate	0%	0%	0%	0%	0%	28%	28%
Net profit	-2	-3	-3	-3	-3	44	1 401
Investment	0	0	0	105	175	70	40
Free Cash Flow	-2	-3	-3	-108	-178	-16	1 742
DCF	-2	-2	-2	-75	-112	-9	415
<b>Sum NPV</b>	<b>213</b>						

## Keliber's lithium project

DCF, USDm	2Q-4Q'2008e	2009e	2010e	2011e	2012e	2013e	2014e-2024e
Revenues	0	0	7	20	25	29	332
Operating costs	1	2	5	9	12	13	139
EBITDA	-1	-1	3	10	13	16	193
Depreciation	0	0	1	3	4	5	49
EBIT	-1	-1	2	7	9	11	144
Tax rate	0	0	28%	28%	28%	28%	28%
Net profit	-1	-1	1	5	6	8	103
Investment	12	28	23	0	0	0	0
Free Cash Flow	-13	-29	-20	8	10	13	152
DCF	-12	-25	-16	6	7	7	51
<b>Sum NPV</b>	<b>18</b>						

## Anorthosite in Aurland (Gudvangen Stein AS)

DCF, USDm	2Q-4Q'2008e	2009e	2010e	2011e	2012e	2013e	2014e-2027e
Revenues	3	4	4	5	7	8	114
Operating costs	3	3	3	3	5	5	64
EBITDA	0	1	1	2	3	3	49
Depreciation	1	1	1	1	1	1	14
EBIT	0	0	0	1	2	2	35
Tax rate	28%	28%	28%	28%	28%	28%	28%
Net profit	0	0	0	1	1	2	25
Investment	0	0	0	0	0	0	1
Changes in working capital	0	0	0	0	0	0	0
Free Cash Flow	0	1	1	1	2	3	39
DCF	0	1	1	1	1	1	12
<b>Sum NPV</b>	<b>17</b>						

## DCF model (cont'd)

USDm	2Q-4Q'2008e	2009e	2010e	2011e	2012e	2013e	2014e-2027
Revenues	3	5	12	25	32	135	3 542
Operating costs	5	8	11	15	19	45	973
EBITDA	-2	-3	1	9	13	117	2 759
Depreciation	1	1	2	4	6	15	444
EBIT	-3	-4	-1	5	8	75	2 125
Tax rate	28%	28%	28%	28%	28%	28%	0
Net profit	-3	-4	-2	3	5	54	1 530
Investment	12	28	23	105	175	70	41
Free Cash Flow	-14	-31	-22	-98	-165	-1	1 932
DCF	-13	-26	-17	-68	-104	-1	477
<b>Sum NPV</b>	<b>248</b>						

## Assumptions

Rutile project at Engebøfjellet	
Mine lifetime, years	21
Start of production	2013
Average rutile price, USD/t	550
Annualized average production rate, tons of rutile	200 000
Capital costs, USD million	390
Probability of success	35%
Garnet production at Engebøfjellet	
Mine lifetime, years	21
Start of production	2013
Average garnet price, USD/t	500
Annualized average production rate, tons of garnet	80 000
Probability of success	35%
Keliber's lithium project	
Mine lifetime, years	15
Start of production	2010
Average lithium carbonate price, USD/t	8 500
Annualized average production rate, tons of lithium carbonate	3 000
Capital costs, USD million	63
Probability of success	80%
Anorthosite in Aurland (Gudvangen Stein AS)	
Mine lifetime, years	20
Start of production	2007
Anorthosite price, NOK/t	90
Annualized average production rate, tons of anorthosite	400 000
Capital costs, USD million	1
Probability of success	100%
USD/NOK	5,17

## WACC calculation

Debt ratio	17%
Cost of debt (after tax)	4,3%
Risk free rate	5,1%
Beta	1,3
Market risk premium	5,0%
Cost of equity	11,5%
<b>WACC</b>	<b>10,3%</b>

## Sensitivity tables

### Fair value based on possible share issue

Number of shares issued, million	Price of shares issued, NOK					
	1,10	1,50	1,90	2,30	2,70	3,10
0	3,43	3,43	3,43	3,43	3,43	3,43
25	2,98	3,06	3,14	3,21	3,29	3,37
50	2,68	2,81	2,94	3,07	3,19	3,32
75	2,46	2,63	2,79	2,96	3,13	3,29
88	2,37	2,55	2,73	2,92	3,10	3,28
100	2,29	2,49	2,68	2,88	3,07	3,27

### Fair value based on the ownership in the Engebo project

USD/NOK	Ownership in the rutile project					
	15%	20%	25%	30%	35%	40%
4,60	2,87	3,03	3,20	3,36	3,52	3,69
4,80	2,94	3,11	3,28	3,45	3,62	3,79
5,00	3,00	3,18	3,36	3,54	3,71	3,89
<b>5,17</b>	3,06	3,25	<b>3,43</b>	3,61	3,80	3,98
5,40	3,14	3,33	3,52	3,71	3,91	4,10
5,60	3,21	3,40	3,60	3,80	4,00	4,20

## 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 on Oslo Axess 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 the owner of a 68% stake in Keliber Oy, a Finnish company with permits and concessions to start mining and producing lithium carbonate in Finland.

## Company data

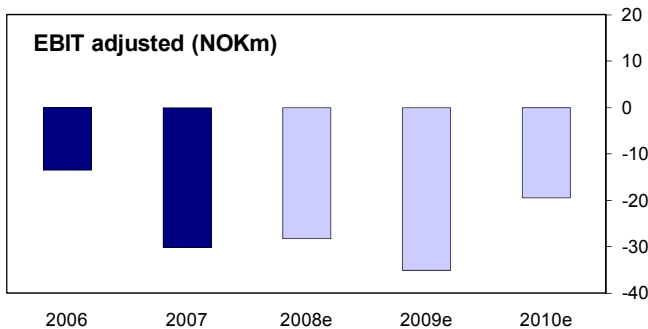
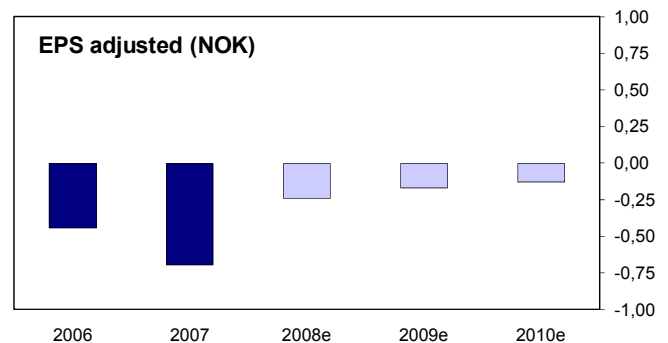
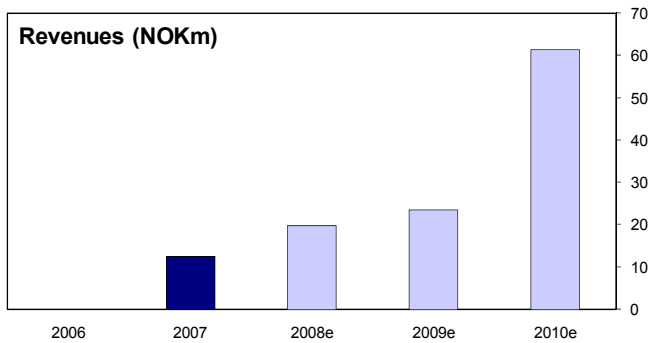
Chief Executive Officer: Ivar Sund Fossum  
 Chief Financial Officer: Lars K. Grøndahl

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 N-0250 Oslo  
 Norway

Listing: Oslo Axess Exchange  
 Number of shares: 91 917 308

## News flow

Date	Event
22.Aug.08	Q2 2008 financial report
07.Nov.08	Q3 2008 financial report



<b>PROFIT &amp; LOSS (NOKm)</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008e</b>	<b>2009e</b>	<b>2010e</b>
Sales	na	na	na	na	na	na	0	13	20	23	61
COGS	na	na	na	na	na	na	0	-3	-10	-13	-18
<b>Gross profit</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>43</b>
Sales & general administration costs	na	na	na	na	na	na	-13	-37	-33	-40	-50
<b>EBITDA</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>-13</b>	<b>-28</b>	<b>-23</b>	<b>-30</b>	<b>-7</b>
Depreciation & amortisation	na	na	na	na	na	na	0	-2	-5	-5	-12
<b>EBIT adjusted</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>-13</b>	<b>-30</b>	<b>-28</b>	<b>-35</b>	<b>-19</b>
Non-recurring items	na	na	na	na	na	na	8	0	0	0	0
Goodwill amortisation/write-ups/-downs	na	na	na	na	na	na	0	0	0	0	0
<b>EBIT</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>-6</b>	<b>-30</b>	<b>-28</b>	<b>-35</b>	<b>-19</b>
Net financial items	na	na	na	na	na	na	0	-8	1	2	-2
Equity earnings	na	na	na	na	na	na	0	0	0	0	0
<b>Pretax profit</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>-6</b>	<b>-38</b>	<b>-27</b>	<b>-33</b>	<b>-21</b>
Tax	na	na	na	na	na	na	0	5	0	0	0
Tax rate	na	na	na	na	na	na	0%	13%	0%	0%	0%
Profit after taxes	na	na	na	na	na	na	-6	-33	-27	-33	-21
Minority interest	na	na	na	na	na	na	0	0	2	2	-2
<b>Net profit</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>-6</b>	<b>-33</b>	<b>-25</b>	<b>-30</b>	<b>-23</b>

<b>BALANCE SHEET (NOKm)</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008e</b>	<b>2009e</b>	<b>2010e</b>
Goodwill	na	na	na	na	na	na	0	0	0	0	0
Intangible assets	na	na	na	na	na	na	0	3	10	10	10
Tangible assets	na	na	na	na	na	na	0	48	69	162	231
Financial assets	na	na	na	na	na	na	0	0	0	0	0
Inventories	na	na	na	na	na	na	0	1	1	1	6
Accounts receivable	na	na	na	na	na	na	2	4	7	8	34
Cash	na	na	na	na	na	na	101	24	63	51	62
<b>Total assets</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>104</b>	<b>79</b>	<b>149</b>	<b>233</b>	<b>343</b>
Shareholders' equity	na	na	na	na	na	na	19	46	103	185	163
Minority interest	na	na	na	na	na	na	0	0	0	0	0
Pension provisions	na	na	na	na	na	na	0	0	0	0	0
Interest-bearing debt	na	na	na	na	na	na	80	12	21	21	151
Non-interest-bearing debt	na	na	na	na	na	na	4	22	25	27	30
<b>Equity and liabilities</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>104</b>	<b>79</b>	<b>149</b>	<b>233</b>	<b>343</b>

<b>KEY FIGURES (*NOK)</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008e</b>	<b>2009e</b>	<b>2010e</b>
Sales per share*	na	na	na	na	na	na	0,00	0,24	0,19	0,13	0,34
Cash flow per share*	na	na	na	na	na	na	-0,20	-0,58	-0,20	-0,14	-0,06
EPS*	na	na	na	na	na	na	-0,20	-0,62	-0,24	-0,17	-0,13
<b>EPS* (adjusted)</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>-0,44</b>	<b>-0,69</b>	<b>-0,24</b>	<b>-0,17</b>	<b>-0,13</b>
Dividends per share*	na	na	na	na	na	na	0,00	0,00	0,00	0,00	0,00
Book value per share*	na	na	na	na	na	na	0,67	0,86	0,98	1,03	0,90
Net financial position per share*	na	na	na	na	na	na	-0,74	0,09	-0,24	-0,08	0,59
P/E	na	na	na	na	na	na	na	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>na</b>	<b>na</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>	<b>neg</b>
P/CF	na	na	na	na	na	na	na	neg	neg	neg	neg
P/Sales	na	na	na	na	na	na	na	11,9	7,9	6,6	2,5
P/Book value	na	na	na	na	na	na	na	3,1	1,5	0,8	1,0
Dividend yield	na	na	na	na	na	na	na	0%	0%	0%	0%
EV/EBITDA**	na	na	na	na	na	na	na	neg	neg	neg	neg
EV/EBIT**	na	na	na	na	na	na	na	neg	neg	neg	neg
<b>EV/NOPLAT**</b>	<b>na</b>	<b>na</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>
EV/Sales	na	na	na	na	na	na	na	12,3	6,6	6,0	4,2
EBITDA margin	na	na	na	na	na	na	nm	<-100%	-120%	-129%	-12%
EBIT** margin	na	na	na	na	na	na	nm	<-100%	-144%	-149%	-32%
Growth of Sales	na	nm	na	na	na	nm	nm	nm	62%	19%	163%
Growth of EBITDA	na	nm	na	na	na	nm	nm	nm	nm	nm	nm
EPS** growth	na	na	na	na	na	na	nm	nm	nm	nm	nm
Share price*	na	na	na	na	na	na	na	2,7	1,5	1,5	1,5
No. shares year-end	na	na	na	na	na	na	na	28,7	53,5	105,3	180,3
Market capitalisation*	na	na	na	na	na	na	na	144,4	154,7	154,7	154,7
Net debt*	na	na	na	na	na	na	na	-21	5	-26	105
Enterprise value*	na	na	na	na	na	na	na	149	129	140	260
Book value of equity*	na	na	na	na	na	na	na	19	46	103	185
Equity percentage	na	na	na	na	na	na	na	18%	58%	69%	80%
Net debt/EBITDA	na	na	na	na	na	na	na	na	na	na	na

Book Value does not include goodwill. \*\*Adjusted for non-recurring items and goodwill amortisation/write-ups/-downs

<b>PROFIT &amp; LOSS</b>											
<b>(NOKm)</b>	<b>2Q-2006</b>	<b>3Q-2006</b>	<b>4Q-2006</b>	<b>1Q-2007</b>	<b>2Q-2007</b>	<b>3Q-2007</b>	<b>4Q-2007</b>	<b>1Q-2008</b>	<b>2Q-2008e</b>	<b>3Q-2008e</b>	<b>4Q-2008e</b>
Sales	0,0	0,0	0,0	0,0	1,1	5,9	5,5	3,6	5,5	5,6	4,9
COGS	0,0	0,0	0,0	0,0	-0,6	-2,1	-0,8	-0,8	-2,7	-3,5	-3,2
Sales & general administration costs	-3,1	-4,2	-6,2	-8,4	-10,5	-9,4	-8,9	-4,2	-8,6	-10,2	-9,7
<b>EBITDA</b>	<b>-3,1</b>	<b>-4,2</b>	<b>-6,2</b>	<b>-8,4</b>	<b>-10,0</b>	<b>-5,6</b>	<b>-4,2</b>	<b>-1,4</b>	<b>-5,9</b>	<b>-8,2</b>	<b>-8,0</b>
Depreciation & amortisation	0,0	0,0	0,0	0,0	-0,4	-0,8	-0,8	-1,1	-1,3	-1,3	-1,1
<b>EBIT adjusted</b>	<b>-3,1</b>	<b>-4,2</b>	<b>-6,2</b>	<b>-8,4</b>	<b>-10,4</b>	<b>-6,4</b>	<b>-5,5</b>	<b>-2,5</b>	<b>-7,2</b>	<b>-9,4</b>	<b>-9,2</b>
Non-recurring items	7,5	0,0	0,0	0,0	0,0	0,0	0,0	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>4,4</b>	<b>-4,2</b>	<b>-6,2</b>	<b>-8,4</b>	<b>-10,4</b>	<b>-6,4</b>	<b>-5,5</b>	<b>-2,5</b>	<b>-7,2</b>	<b>-9,4</b>	<b>-9,2</b>
Net financial items	0,0	0,1	0,0	-8,0	0,1	-0,1	-0,3	-0,2	0,1	0,8	0,6
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>4,4</b>	<b>-4,1</b>	<b>-6,2</b>	<b>-16,4</b>	<b>-10,3</b>	<b>-6,5</b>	<b>-5,7</b>	<b>-2,7</b>	<b>-7,1</b>	<b>-8,6</b>	<b>-8,5</b>
Tax	0,0	0,0	0,0	0,0	5,1	0,0	0,0	0,0	0,0	0,0	0,0
Tax rate	0%	0%	0%	0%	-49%	0%	0%	0%	28%	28%	28%
Profit after taxes	4,4	-4,1	-6,2	-16,4	-5,3	-6,5	-5,7	-2,7	-7,1	-8,6	-8,5
Minority interest	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,8	0,7
<b>Net profit</b>	<b>4,4</b>	<b>-4,1</b>	<b>-6,2</b>	<b>-16,4</b>	<b>-5,3</b>	<b>-6,5</b>	<b>-5,7</b>	<b>-2,7</b>	<b>-7,0</b>	<b>-7,9</b>	<b>-7,8</b>

<b>BALANCE SHEET</b>											
<b>(NOKm)</b>	<b>2Q-2006</b>	<b>3Q-2006</b>	<b>4Q-2006</b>	<b>1Q-2007</b>	<b>2Q-2007</b>	<b>3Q-2007</b>	<b>4Q-2007</b>	<b>1Q-2008</b>	<b>2Q-2008e</b>	<b>3Q-2008e</b>	<b>4Q-2008e</b>
Goodwill	0	0	0	0	0	0	0	0	0	0	0
Intangible assets	0	0	0	3	3	3	3	3	3	3	10
Tangible assets	0	0	0	0	46	48	48	47	65	70	69
Financial assets	0	0	0	0	0	0	0	0	0	0	0
Inventories	0	0	0	0	2	1	1	1	1	1	1
Accounts receivable	10	7	2	0	4	5	4	6	7	8	7
Cash	7	5	101	3	41	30	24	21	79	64	63
<b>Total assets</b>	<b>17</b>	<b>12</b>	<b>104</b>	<b>7</b>	<b>97</b>	<b>87</b>	<b>79</b>	<b>79</b>	<b>154</b>	<b>146</b>	<b>149</b>
Shareholders' equity	15	11	19	5	58	52	46	43	119	111	103
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Interest-bearing debt	0	0	80	0	10	9	12	11	11	11	21
Non-interest-bearing debt	1	1	4	2	29	27	22	25	25	25	25
<b>Equity and liabilities</b>	<b>17</b>	<b>12</b>	<b>104</b>	<b>7</b>	<b>97</b>	<b>87</b>	<b>79</b>	<b>79</b>	<b>154</b>	<b>146</b>	<b>149</b>

<b>KEY FIGURES</b>											
<b>(*NOK)</b>	<b>2Q-2006</b>	<b>3Q-2006</b>	<b>4Q-2006</b>	<b>1Q-2007</b>	<b>2Q-2007</b>	<b>3Q-2007</b>	<b>4Q-2007</b>	<b>1Q-2008</b>	<b>2Q-2008e</b>	<b>3Q-2008e</b>	<b>4Q-2008e</b>
EPS*	0,31	-0,28	-0,21	-0,57	-0,10	-0,12	-0,11	-0,05	-0,08	-0,07	-0,07
<b>EPS* (adjusted)</b>	<b>-0,20</b>	<b>-0,27</b>	<b>-0,20</b>	<b>-0,54</b>	<b>-0,18</b>	<b>-0,12</b>	<b>-0,10</b>	<b>-0,05</b>	<b>-0,08</b>	<b>-0,07</b>	<b>-0,07</b>
EBITDA margin	nm	nm	nm	nm	<-100%	-98%	-78%	-39%	<-100%	<-100%	<-100%
EBIT** margin	nm	nm	nm	nm	<-100%	<-100%	<-100%	-69%	<-100%	<-100%	<-100%
Growth of Sales (Q/Q)	nm	nm	nm	nm	nm	430%	-7%	-32%	52%	2%	-12%
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)	nm	nm	nm	nm	nm	nm	nm	nm	410%	-2%	-7%
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*	na	na	na	na	na	3,6	2,7	1,6	1,5	1,5	1,5
No. shares quarter-end	14,4	14,4	28,7	28,7	53,5	53,5	53,5	53,5	91,9	105,3	105,3
Market capitalisation*	na	na	na	na	na	191,5	144,4	84,5	135,1	154,7	154,7
Net debt*	-7,1	-5,2	-21,3	-3,2	-13,1	-1,0	5,0	5,7	-51,5	-36,5	-25,6
Enterprise value*	na	na	na	na	na	190,4	149,4	90,2	83,7	118,2	129,1
Book value of equity*	15,2	11,2	19,1	5,3	58,2	51,9	46,0	43,3	119,0	111,2	103,4
Equity percentage	91%	89%	18%	77%	60%	59%	58%	55%	77%	76%	69%

Book Value does not include goodwill. \*\*Adjusted for non-recurring items and goodwill amortisation/write-ups/-downs

TOP 20 INVESTORS		16.06.2008		Change over a week
No.	Investor	Ownership*	No. of shares	No. of shares
1	DAG DVERGSTEN AS	8,1%	8 469 145	3 367 000
2	SKAGEN VEKST	6,6%	6 908 000	3 183 000
3	CARNEGIE ASA MEGLERKONTO INNLAND	5,3%	5 550 000	5 550 000
4	VERDIPAPIRFONDET KLP AKSJENORGE	4,0%	4 225 000	4 225 000
5	MP PENSJON	2,4%	2 500 000	1 500 000
6	SOLON AS	2,1%	2 242 333	2 242 333
7	<private>	1,8%	1 867 000	267 000
8	DNO INVEST AS	1,7%	1 806 442	0
9	DYBVAD CONSULTING AS	1,6%	1 700 788	540 000
10	KLP LK AKSJER	1,6%	1 690 000	1 690 000
11	SANDNES INVESTERING ASA	1,2%	1 250 000	400 000
12	BOREA NOTERTE II AS	1,1%	1 126 800	1 126 800
13	<private>	1,0%	1 021 984	0
14	<private>	0,9%	910 714	0
15	BOREA AS	0,9%	901 440	901 440
16	EUROVEKST II AS	0,9%	900 000	150 000
17	<private>	0,9%	890 000	0
18	BOREA NOTERTE III AS	0,8%	788 760	788 760
19	JONNY HESTHAMMER AS	0,7%	764 508	0
20	<private>	0,7%	760 730	0

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

Nordic Mining		NOM											
Price	NOK	1,47	Risk: <i>Medium</i>									Last report	31.03.2008
Capitalisation	NOK	135	Investment potential: <i>Average</i>									Last update	25.06.2008
		2000	2001	2002	2003	2004	2005	2006	2007	2008e	2009e	2010e	
Sales	NOK	na	na	na	na	na	na	0	13	20	23	61	
EBITDA	NOK	na	na	na	na	na	na	-13	-28	-23	-30	-7	
EBIT adjusted	NOK	na	na	na	na	na	na	-13	-30	-28	-35	-19	
Operating earnings (EBIT)	NOK	na	na	na	na	na	na	-6	-30	-28	-35	-19	
Pretax profits (EBT)	NOK	na	na	na	na	na	na	-6	-38	-27	-33	-21	
Net profit	NOK	na	na	na	na	na	na	-6	-33	-25	-30	-23	
Net debt (cash)	NOK	na	na	na	na	na	na	-21	5	-26	-14	105	
Enterprise value	NOK	na	na	na	na	na	na	na	149	129	140	260	
Book value of equity	NOK	na	na	na	na	na	na	19	46	103	185	163	
Equity percentage		na	na	na	na	na	na	18%	58%	69%	80%	47%	
Sales per share	NOK	na	na	na	na	na	na	0,00	0,24	0,19	0,13	0,34	
Cash flow per share	NOK	na	na	na	na	na	na	-0,20	-0,58	-0,20	-0,14	-0,06	
EPS	NOK	na	na	na	na	na	na	-0,20	-0,62	-0,24	-0,17	-0,13	
EPS (adjusted)	NOK	na	na	na	na	na	na	-0,44	-0,69	-0,24	-0,17	-0,13	
Dividends per share	NOK	na	na	na	na	na	na	0,00	0,00	0,00	0,00	0,00	
Book value per share	NOK	na	na	na	na	na	na	0,67	0,86	0,98	1,03	0,90	
Net debt (cash) per share	NOK	na	na	na	na	na	na	-0,74	0,09	-0,24	-0,08	0,59	
P/E		na	na	na	na	na	na	na	neg	neg	neg	neg	
P/E (adjusted)		na	na	na	na	na	na	na	neg	neg	neg	neg	
P/CF		na	na	na	na	na	na	na	neg	neg	neg	neg	
P/Sales		na	na	na	na	na	na	na	11,9	7,9	6,6	2,5	
P/Book value		na	na	na	na	na	na	na	3,1	1,5	0,8	1,0	
Dividend yield		na	na	na	na	na	na	na	0,0%	0,0%	0,0%	0,0%	
EV/EBITDA*		na	na	na	na	na	na	na	neg	neg	neg	neg	
EV/EBIT*		na	na	na	na	na	na	na	neg	neg	neg	neg	
EV/NOPLAT*		na	na	na	na	na	na	na	neg	neg	neg	neg	
EV/Sales		na	na	na	na	na	na	na	12,3	6,6	6,0	4,2	
EBITDA* margin		na	na	na	na	na	na	nm	<-100%	-120%	-129%	-12%	
EBIT* margin		na	na	na	na	na	na	nm	<-100%	-144%	-149%	-32%	
Growth of Sales		na	nm	na	na	na	nm	nm	nm	62%	19%	163%	
Growth of EBITDA*		na	nm	na	na	na	nm	nm	nm	nm	nm	nm	
EPS* growth		na	na	na	na	na	na	nm	nm	nm	nm	nm	

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### Recommendation history for NOM

Date	Recommendation	Target price (NOK)
25.06.2008	STRONG BUY	2,60
05.05.2008	STRONG BUY	3,40

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

### Planned updates

Orion Securities plans to update the recommendation on the company: 1) when new accounting figures are released, 2) if any material news on the company or industry is released, 3) 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 probability of success applied for the company's projects as well as changes in the metals and minerals price estimates.

### 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, Infionals, Reuters Ecwin.

### Potential conflict of interest

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 bodies of the Company. Responsible analyst has not provided investment banking services for the company during the last 12 months. Please note that Orion Securities operate as market maker in the shares of Nordic Mining and may have holdings for this purpose. Complete lists of corporate clients and updated share positions are available at [www.analyse.no](http://www.analyse.no).

### Share positions in the Company:

Responsible analyst(s)	0
Employees	100
Orion Securities	0

Analysts never hold shares in companies they analyze. Positions of employees are based on lists gathered at the end of each week. Holdings as part of Orion Securities' investment services activity 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 recommendations:

Risk	Strong buy	Buy	Hold	Reduce	Sell
Low	>15%	5%-15%	2%-4%	1% - -10%	<-10%
Medium	>20%	8%-20%	4%-7%	3% - -8%	<-8%
High	>25%	13%-25%	5%-12%	4% - -5%	<-5%

The percentages are defined as upside to our price target plus eventual dividends within six months. 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 Apr 9

Børsblikk	Strong buy	Buy	Hold	Reduce	Sell
Total	25	57	54	31	12
% of total	14%	32%	30%	17%	7%
Corporate clients	8	5	14	0	0
% of total	30%	19%	52%	0%	0%

The recommendation distribution above is based on Orion-rating in Børsblikk. 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. We have recently increased number of investment recommendations from three to five grades, so that statistics covering the current number of recommendations is not yet reliable.

### Recommendation distribution as of Apr 9

Company reports	Strong buy	Buy	Hold	Reduce	Sell
Total	32	36	23	21	11
% of total	26%	29%	19%	17%	9%
Corporate clients	5	5	4	1	0
% of total	33%	33%	27%	7%	0%

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

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