

Nordic Mining

Ticker: NOM

Target: NOK 3,40
Price: NOK 2,09

May 5th, 2008

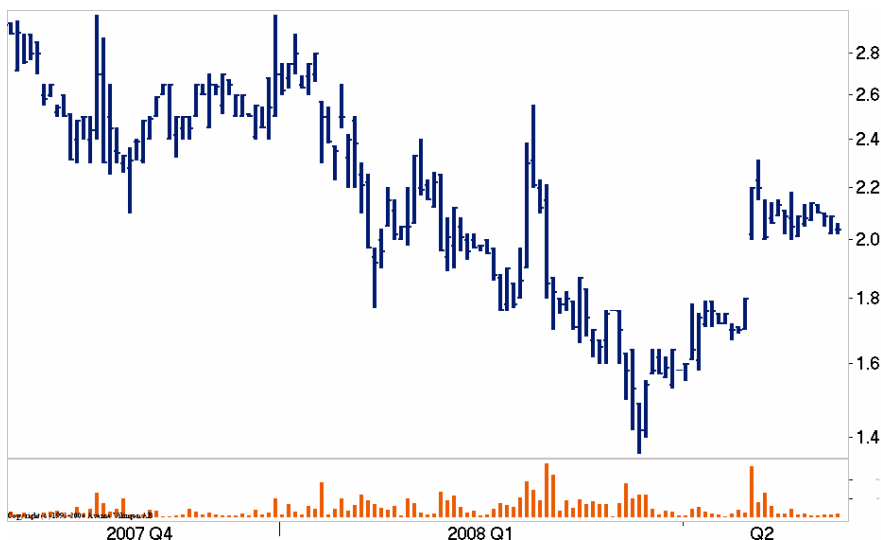
Nordic Mining

Sector: **Materials**
Industry: **Metals&Mining**
Market cap.: **112**
Recommendation: **STRONG BUY**
Risk: **MEDIUM**

NOKm	2007	2008E	2009E
Revenues	13	26	31
EBITDA	-28	-16	-14
EBIT	-30	-20	-18
EPS (NOK)	-3,76	-1,83	-1,97

Ratios	2007	2008E	2009E
P/E	neg	na	na
EV/NOPLAT	neg	na	na
EV/EBITDA	neg	na	na
EV/EBIT	neg	na	na
P/B	0,6	0,7	1,9
P/Sales	2,2	0,9	0,8

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



Decent upside potential in a long term

- We initiate coverage of Nordic Mining, an Oslo Axess-listed mining company focused on exploration, extraction and production of high-end industrial minerals and metals.
- Currently, the company mainly focuses on the wholly owned rutile deposit at Engebøfjellet in addition to the partly owned anorthosite project in Gudvangen Stein and the lithium project in Keliber Oy. Nordic Mining also has claims to gold concessions in Ecuador and tungsten deposits in Nordland.
- Our estimates for 2008–2010 reflect an accelerating growth in company's revenues and even faster surge beyond 2010, as a result of growing lithium sales and a significant revenue contribution from the rutile project.
- To calculate a fair value of the company we mainly employ a DCF-based approach. The final NAV estimate is derived by applying probabilities of success, which are set for each project individually based on the time left to a production start-up. This implies the company's fair value of NOK 6,80 per share. However, due to a planned share issue and dilution effect, we found it fair to stay at our 6-month target price of NOK 3,40 per share, which still qualifies the share for our Strong Buy recommendation.

Analyst

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Please see disclosures at the end of this report

Conclusion

We 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. Thus, we issue a Strong Buy recommendation with a NOK 3,40 target price per Nordic Mining share.

Nordic Mining is an international mining company

The company has several projects in development stage

The company acquired Engebøfjellet mineral deposit...

...with 15,1m tons of rutile resources

Company's profile

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

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 among the Nordic producers. Currently, the main company's focus is on developing the following projects:

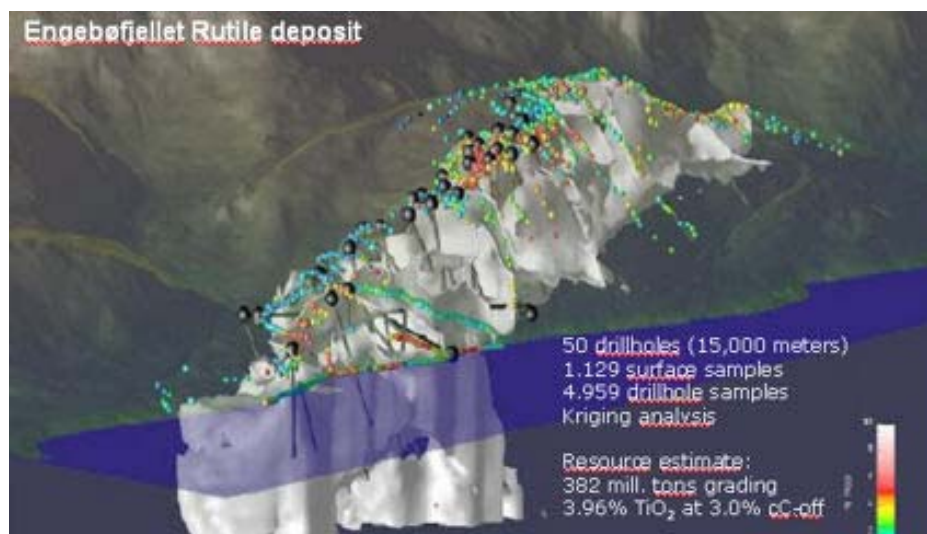
- Rutile project at Engebøfjellet;
- Lithium carbonate project in Finland;
- Anorthosite mining in Gudvangen in Aurland.

The company also works on exploring tungsten deposits in Norland as well as has claims in Laksådalen (thorium) and Stjernøya (thorium) and gold licenses in Ecuador and Norway.

In September 2006, Nordic Mining acquired a mineral deposit from Conoco Phillips Investments Norge AS at Engebøfjellet. 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 Philips, 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. Carried out seismic and drilling work has showed a potentially economic resource. The results indicated 382 million tons of ore containing 15,1 million tons of rutile.

Based on interim calculations, carried out by DuPont, current resources will allow an annual production of approximately 200 000 tons of rutile from the mining of 10 million tons of ore per year. Such figures will let Nordic Mining to be considered as one of the major long term suppliers of rutile. In addition, the expansion of the project by establishing a titanium metal plant is not rejected. Finally, the most recent studies also indicated the possibility to produce high quality garnet concentrate.



Source: the Company

Keeping in pace with lithium producers

After completion of due diligence, Nordic Mining will be the owner of a 68% stake in a Finnish company Keliber Oy, which controls one of the richest lithium carbonate (LiCO₃) resources in Europe. This will allow Nordic Mining to enter the lithium segment in the second half of 2010, when production will be started. Through an acquisition of a controlling stake in Keliber Oy, Nordic Mining will become a lithium carbonate producer with a production of 3 300 tons of lithium carbonate planned for 2013. We should note that that Nordic Mining will also turn to account the bi-products such as crushed rock and tantalum petoxide.

The company owns 85% of the cash generating anorthosite project...

Nordic Mining owns 85% of shares in Gudvangen Stein AS. The remaining part is held by Nannok Invest, but Nordic Mining has an option to purchase remaining 15% of shares during 2009-2012. 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 between 500 and 700 million tons. So far, sale of anorthosite production is the only source of Nordic Mining revenues.



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 most recent studies confirmed high mineralization of Los Santos concessions suggesting high potential in Ecuador.

Nordic Mining has interests in the Canicapa and Celen concessions based on agreement with International Mining Corporation (IMC). IMC has the right to develop these concessions and obligation to pay Nordic Mining an annual fee of USD 10 000 as long as the agreement is in force. Otherwise, the concessions will be returned to Nordic Mining. Under the agreement, IMC will pay USD 500,000 to Nordic Mining as well as a 2,5% royalty in the event of a commercial production from the properties. IMC can redeem from the royalty by paying USD 5m 120 days from the start up of the commercial production at the latest.

Nordic Mining has the right to use EM technology

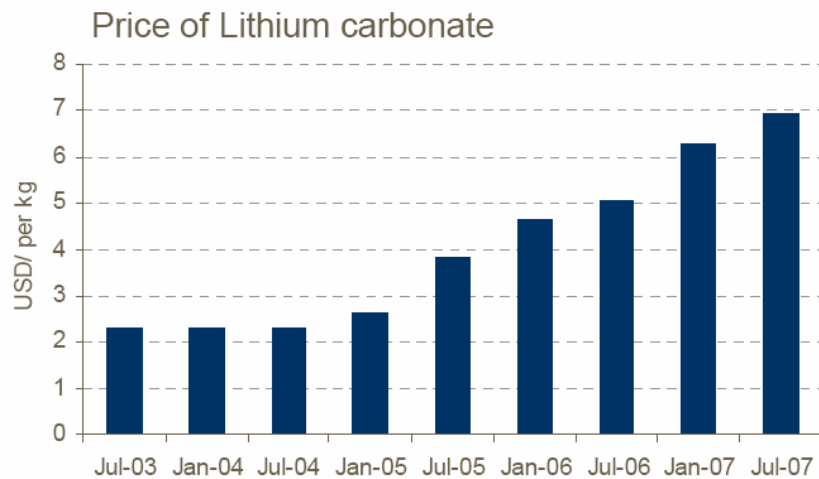
The company has also made an agreement with Rocksource, which allows Nordic Mining to use all electromagnetic (EM) and reservoir management technology. The use of EM-technology is likely to gain importance, as it enables to identify reservoir based mineral and metal resources more precisely.

Market outlook

Nordic Mining is dependent on the global balance between demand and supply of the metals, which the company has in its portfolio.

Strong outlook for lithium demand

The current lithium spot price is around USD 7 500/ton, more than twice above the price level of 2005. Historically, lithium prices were characterized by a stable growth which was initially caused by the changes in the way lithium was used. Formerly, the majority of lithium compounds and minerals were used in the production of ceramics, glass and primary aluminum. Later, the growth in usage of lithium batteries (especially rechargeable) for many types of electronic devices, and decreased use of lithium in aluminum production have resulted in batteries gaining the leading market. The future growth of lithium consumption is mainly related to lithium batteries in hybrid electric vehicles implying decent demand for this metal.

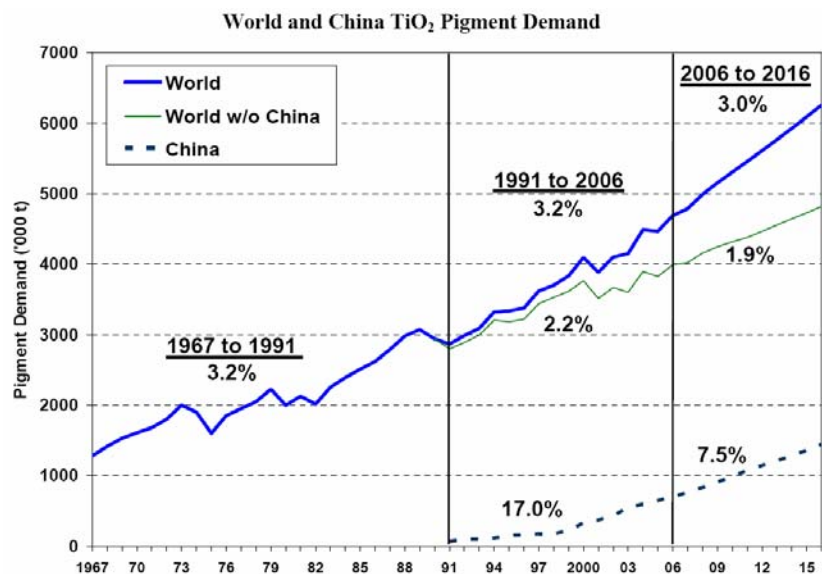


Source: the Company

Thus, lithium carbonate supply is likely to be more than offset by an increase in demand pushing the price further up. Global demand for 2010 is estimated to be close to 200 000 tons/year exceeding forecasted lithium production.

TiO₂ is mostly used in pigments and paints industry

Rutile contains a high grade of titanium dioxide (TiO₂). Pure titanium dioxide is mostly used in the paint and pigment industry, as also it is used for catalysts, ceramics, coated fabrics and textiles, floor coverings, printing ink and roofing granules. Titanium mineral concentrates can be also used for metal production.



Source: Rio Tinto estimates

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

China accounts for about 50% of the world's TiO₂ demand growth. Expected continuous strong demand in China suggests a global pigment demand to average 3% p.a. in a long term. On the supply side, it is a little complicated to forecast the production, as the supply will be affected by both increasing TiO₂ production and improved quality of Chinese sulphate pigment, which should help to reach global pigment quality standards.

Titanium metal is related to the aircraft industry

Garnet is a mineral with features such as angular fractures, relatively high hardness and specific gravity, chemical inertness, nontoxicity, and hence it is environment friendly. In addition, its ability to be recycled 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 1 million tons per year. The prices in Northern Europe might range between USD 400 – 600/ton, while especially high quality garnet could be priced even at USD 1 600/ton.

Stable anorthosite production is expected

When it comes to titanium metal, the majority of titanium production capacity will be required to manufacture aircraft and turbine engine components, as titanium metal has exclusive features of hardness and resistance to galvanic corrosion, which makes it superior compared to aluminium and steel.

We assume additional revenues from crushed rock starting 2009

Estimates and valuation

We use our long term metal price assumption and the production level based on the company's guidance to forecast the company's top line. For anorthosite sales, we assume a long term price of USD 21/ton and the annual production of 280 000 tons for 2008-2011 and 400 000 tons for 2012 and beyond. We remain conservative since our assumed mine life time is 20 years (current production level suggests reserves for more than 100 years).

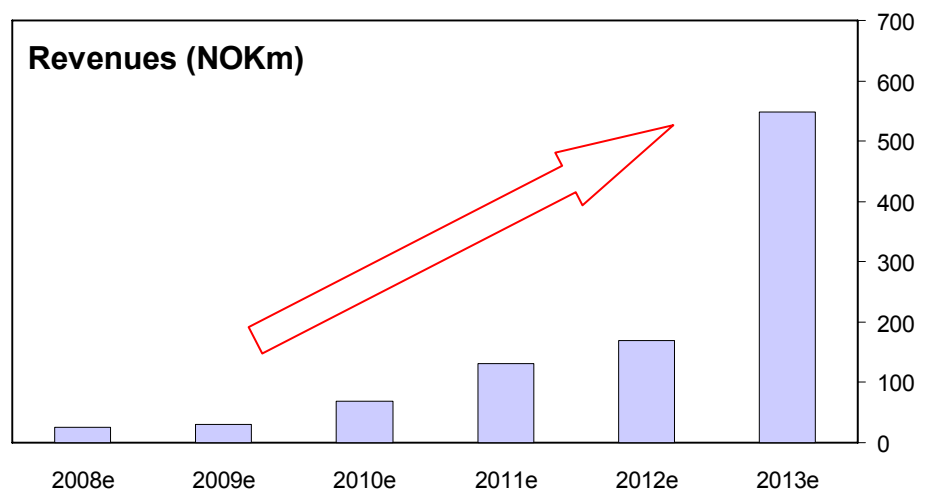
Estimates at Engebøfjellet do not include a possible titanium metal production...

For the lithium project, we assume a 15-year mine life and an average USD 9 000/ton lithium carbonate price, which is not too high bearing in mind increasing lithium demand. In addition, revenues contribution from crushed rock of NOK 2-3m is included in our estimates starting 2009, directly after the preparation of the lithium carbonate production is commenced.

...but benefits from garnet production

Based on company's plans to produce 200 000 tons of rutile at 96% TiO₂ and our long term rutile price of USD 550/ton, we arrive at an average annual revenues of USD 110m from the rutile project. We assume 21 year mine life (100 000 tons for 2013 and 200 000 for the remaining 20 years) with a 35% probability of success. So far, we do not include a possible titanium metal production in our model, which would require additional USD 450m capital expenditures.

The company expects to have approx. 2,5-5,0% of the garnet's market share, which implies a production between 25 000 and 50 000 tons annually. We assume an annual production of 30 000 tons and a long term garnet price of USD 500/ton.



Source: the Company Orion, Securities estimates

Revenues should accelerate after the contribution of lithium based activities and rutile production lately

Margins are estimated to become positive in 2011

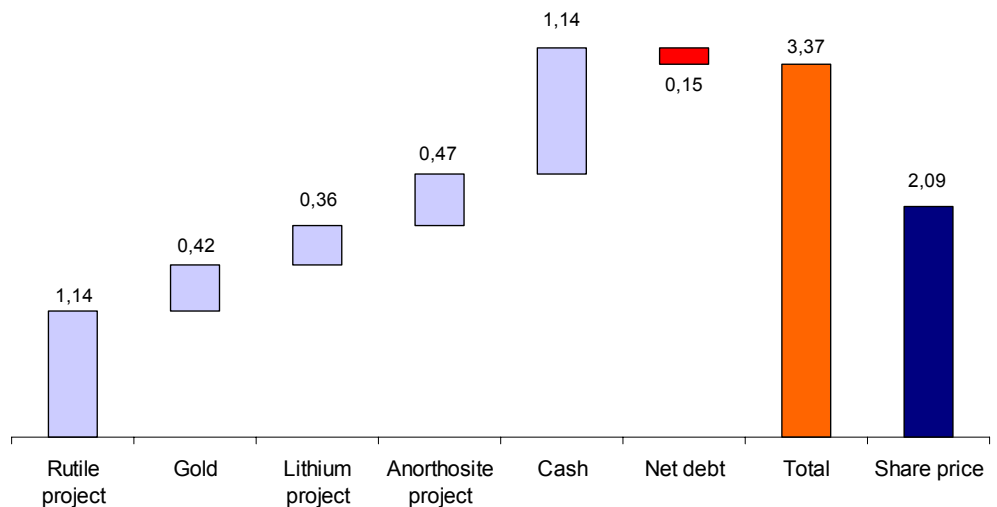
We derived the company's NAV of NOK 399m...

Summing it all up, the income will be generated only from anorthosite production in Gudvangen for this year, while forecasted 2009 revenues reflect additional NOK 2,5m from crushed rock sales at Keliber Oy. We estimate NOK 26m revenues in 2008 and NOK 31m in 2009. Lithium production should contribute significantly leading to more than doubled revenues of NOK 69m in 2010. We forecast another significant jump in the top line in 2013, as the revenues will be boosted not only by the accelerating income from lithium sales but also by the start up of TiO₂ and garnet sales.

Like most other mining companies in our universe currently being in an initial development stages, Nordic Mining should fix negative operating profit in 2008-2010. The turnover is expected in 2011 as a result of increased lithium carbonate sales.

We derived our NAV estimate of the company by using the sum of the part method. Most of the project value calculations are based on a DCF-approach. We see high risks related to the projects that are still in development stages; thus, probabilities of success applied are based on the time left to the expected production start-up. The main constituent in the company's NAV estimate is the rutile project, which is valued at NOK 203m with a 35% probability of success. The lithium and anorthosite projects are estimated to contribute additional NOK 65m and NOK 83m to the company's NAV estimate respectively. Based on the previous analysis (Micon, 2006), the concessions in Ecuador were valued in a range of NOK 45-75m. Considering healthy gold prices and the recent encouraging drilling results, we believe that the value of NOK 75m fairly reflect what the concessions are worth. In total, our calculated fair value of the company equals NOK 399m. However, by setting our target price, we take into account the share issue factor.

Valuation parts of NOM, NOK per share



Source: Orion Securities

...and considering the possible share issue we set a 6-month target price at NOK 3,40 per share

We made a sensitivity table that depicts various scenarios of the share issue and its impact on the company's NAV estimates (see page 8). The extraordinary general meeting has decided to increase the share number by up to 150 million shares. Bearing in mind that the company will face the need for cash for further projects development, we assume 120 million of the shares to be issued. On the other hand, it is sensible to expect the shares to be sold with a discount to the current market price, which leads us choose NOK 1,70 per share assumption. Thus, our dilution-risk weighted NAV estimate stands at NOK 3,37 per company's share. Consequently, we set a 6-month target of NOK 3,40 per Nordic Mining share. With the current share price significantly lagging behind our target price, this qualifies the share for our Strong Buy recommendation.

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' preparation work.

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

We also see the share dilution risk, as the company faces the need of additional financing for the further projects' development. The possible issue of up to 150 million shares at a low price would put the company's NAV estimate under dilution pressure.

Peer comparison

Nordic Mining does not have a pure peer for the comparison, as the company has various activities in its portfolio. The peer comparison is additionally burdened by the fact that the company is in the early development stage. However, we found it reasonable to compare the main company's asset, the rutile project to White Mountain Titanium Corporation, which is also involved in the rutile project. White Mountain Titanium Company owns the rutile deposit in Region III of North Chile and necessary plants to produce a premium grade TiO₂ concentrate.

Based on the pricing of one ton of TiO₂, Nordic Mining is traded below the price level implied by White Mountain Titanium Corporation. This suggests that our rutile project valuation is rather conservative and has a decent growth potential. Bear in mind that this valuation is based on the rutile assets in Nordic Mining only.

Source		Mcap, USD million	Resources (million tons)	Grade of TiO ₂ , %	Rutile (million tons)	Mcap/TiO ₂ (USD/ton)
Nordic Mining	Orion	22	380	3,92%	14,90	1,5
Peers						
White Mountain	The Company	28	160	2,10%	3,36	8,3

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

Conclusion

We 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. Thus, we issue a Strong Buy recommendation with a NOK 3,40 target price per Nordic Mining share.

The company does not have a pure peer for the comparison...

...however, White Mountain Titanium Corporation, the pure rutile producer is valued well above Nordic Mining

Recent insider trades

Date	Name	Position	Action	Price	Value in NOK	Change	Comment
07.02.2008	Lars K. Grøndahl	CFO	Buy	1,92	192 000	6%	—

SOTP of Nordic Mining

Number of shares, mill (including expected issue): 178,584

Assets	Value, MNOK	Value per share, NOK	Comment
Rutile project at Engebøfjellet	203	1,14	DCF-based NPV with WACC 9,4% and 35% probability of success
Gold	75	0,42	Based on the previous independent analysis (Micon, 2006)
Keliber's lithium project	65	0,36	DCF-based NPV with WACC 9,4% and 80% probability of success (adjusted for ownership of 68%)
Anorthosite in Aurland (Gudvangen Stein AS)	83	0,47	DCF-based NPV with WACC 9,4% and 100% probability of success (adjusted for ownership of 85%)
Cash	204	1,14	Issue of 120 million new shares at a price of NOK 1,70 per share
Net debt	27	0,15	End Q4 2007
Net asset value	603	3,37	
	Price target (rounded)	3,40	

Sensitivity analysis

Number of shares issued, million	Price of shares issued, NOK					
	1,10	1,30	1,50	1,70	1,90	2,10
0	6,80	6,80	6,80	6,80	6,80	6,80
30	4,87	4,94	5,01	5,08	5,14	5,21
60	3,92	4,02	4,12	4,22	4,32	4,42
90	3,35	3,47	3,59	3,71	3,83	3,95
120	2,97	3,11	3,24	3,37	3,51	3,64
150	2,70	2,85	2,99	3,13	3,28	3,42

Segment information

(NOKm)	4Q-2007	1Q-2008e	2Q-2008e
Revenues			
Anorthosite project	5,3	6,6	6,3
Lithium project	0,0	0,0	0,0
Rutile project	0	0	0
Total	5	7	6

2007	2008e	2009e	2010e	2011e	2012e	2013e
12	25	29	30	30	43	43
0	0	2	38	101	126	148
0	0	0	0	0	0	357
12	25	31	68	131	169	548

Key assumptions

	4Q-2007	1Q-2008e	2Q-2008e
Anorthosite price, USD/t	17	19	19
Anorthosite production, 1000 tons	59	65	65
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	5,10

2007	2008e	2009e	2010e	2011e	2012e	2013e
15	19	20	21	21	21	21
131	260	280	280	280	400	400
-	-	-	7 500	7 500	7 500	8 000
-	-	-	1,0	2,4	3,0	3,3
-	-	-	-	-	-	500
-	-	-	-	-	-	30
-	-	-	-	-	-	550
-	-	-	-	-	-	100
5,86	5,15	5,10	5,10	5,10	5,10	5,10

DCF model

Rutile and garnet project at Engebøfjellet

DCF, USDm	2008e	2009e	2010e	2011e	2012e	2013e	2014e-2033e
Revenues	0	0	0	0	0	70	2 500
Operating costs	3	3	3	3	3	17	578
EBITDA	-3	-3	-3	-3	-3	53	1 922
Depreciation	0	0	0	0	0	20	392
EBIT	-3	-3	-3	-3	-3	33	1 530
Tax rate	0%	0%	0%	0%	0%	28%	28%
Net profit	-3	-3	-3	-3	-3	24	1 102
Investment	38	38	38	66	150	8	160
Free Cash Flow	-40	-40	-40	-68	-153	35	1 334
DCF	-37	-34	-31	-48	-98	21	339
Sum NPV	114						

Keliber's lithium project

DCF, USDm	2008e	2009e	2010e	2011e	2012e	2013e	2014e-2024e
Revenues	0	0	7	20	25	29	332
Operating costs	0	0	5	8	11	12	121
EBITDA	0	0	2	11	14	17	211
Depreciation	0	0	5	5	5	5	49
EBIT	0	0	-3	7	10	13	162
Tax rate	0	0	28%	28%	28%	28%	28%
Net profit	0	0	-2	5	7	9	116
Investment	14	42	14	0	0	0	0
Free Cash Flow	-14	-42	-11	10	12	14	165
DCF	-13	-35	-9	7	7	8	58
Sum NPV	23						

Anorthosite in Aurland (Gudvangen Stein AS)

DCF, USDm	2008e	2009e	2010e	2011e	2012e	2013e	2014e-2027e
Revenues	5	6	6	6	8	8	202
Operating costs	4	4	4	3	5	5	73
EBITDA	1	2	2	3	4	4	58
Depreciation	0	1	1	1	1	1	16
EBIT	1	1	2	2	3	3	41
Tax rate	28%	28%	28%	28%	28%	28%	28%
Net profit	1	1	1	1	2	2	30
Investment	1	1	1	0	0	0	1
Changes in working capital	0	0	0	0	0	0	0
Free Cash Flow	0	1	1	2	3	3	41
DCF	0	0	0	1	2	2	13
Sum NPV	19						

DCF model (cont'd)

USDm	2008e	2009e	2010e	2011e	2012e	2013e	2014e-2027
Revenues	5	6	13	26	33	107	3 034
Operating costs	6	7	12	14	18	34	772
EBITDA	-1	-1	2	11	15	101	2 381
Depreciation	1	1	6	6	6	25	457
EBIT	-2	-2	-4	6	10	49	1 733
Tax rate	28%	28%	28%	28%	28%	28%	0
Net profit	-2	-2	-4	3	6	35	1 248
Investment	52	81	53	66	150	8	161
Free Cash Flow	-54	-82	-51	-57	-138	52	1 540
DCF	-49	-68	-39	-40	-88	31	410
Sum NPV	156						

Assumptions		WACC calculation	
Rutile project at Engebøfjellet		Debt ratio	20%
Mine lifetime, years	21	Cost of debt (after tax)	4,3%
Start of production	2013		
Average rutile price, USD/t	550	Risk free rate	4,4%
Annualized average production rate, tons of rutile	200 000	Beta	1,3
Capital costs, USD million	496	Market risk premium	5,0%
Probability of success	35%	Cost of equity	10,7%
		WACC	9,4%
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	30 000		
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	70		
Probability of success	80%		
Anorthosite in Aurland (Gudvangen Stein AS)			
Mine lifetime, years	20		
Start of production	2007		
Anorthosite price, NOK/t	100		
Annualized average production rate, tons of anorthosite	400 000		
Capital costs, USD million	3		
Probability of success	100%		
USD/NOK	5,10		

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 TiO₂ content of 3.92% at Engebøfjellet, an anorthosite mine in Gudvangen in Aurland and gold concessions in Ecuador. In addition, after completion of due diligence, the company will be the 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

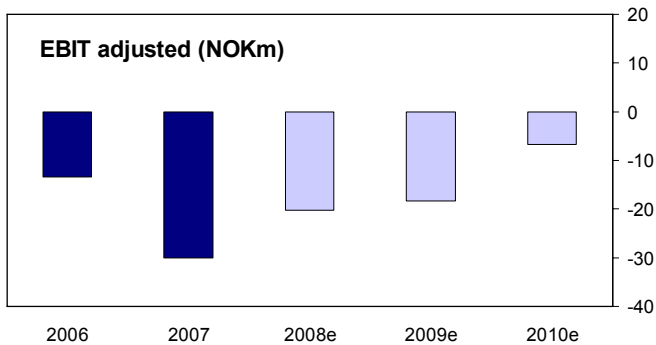
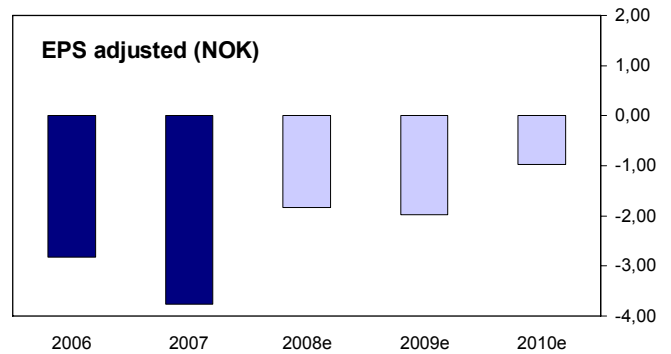
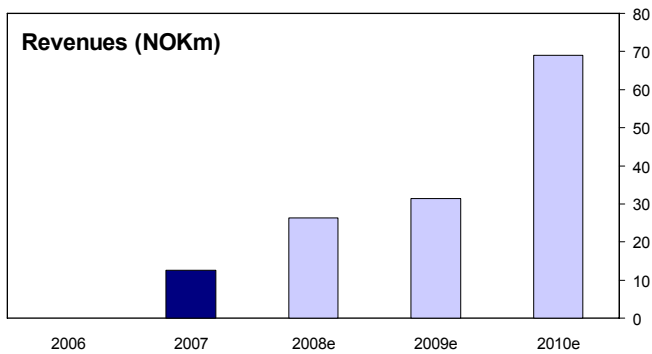
Chief Executive Officer: Ivar Sund Fossum
 Chief Financial Officer: Lars K. Grøndahl

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 Vika Atrium
 N-0250 Oslo
 Norway

Listing: Oslo Axess Exchange
 Number of shares: 53 479 975

News flow

Date	Event
29.May.08	Q1 2008 financial report
22.Aug.08	Q2 2008 financial report



Source: Reuters Ecowin

PROFIT & LOSS (NOKm)	2000	2001	2002	2003	2004	2005	2006	2007	2008e	2009e	2010e
Sales	na	na	na	na	na	na	0	13	26	31	69
COGS	na	na	na	na	na	na	0	-3	-11	-11	-20
Gross profit	na	na	na	na	na	na	na	9	15	19	48
Sales & general administration costs	na	na	na	na	na	na	-13	-37	-31	-33	-51
EBITDA	na	na	na	na	na	na	-13	-28	-16	-14	-2
Depreciation & amortisation	na	na	na	na	na	na	0	-2	-5	-5	-5
EBIT adjusted	na	na	na	na	na	na	-13	-30	-20	-18	-7
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
EBIT	na	na	na	na	na	na	-6	-30	-20	-18	-7
Net financial items	na	na	na	na	na	na	0	-8	-1	-5	-7
Equity earnings	na	na	na	na	na	na	0	0	0	0	0
Pretax profit	na	na	na	na	na	na	-6	-38	-22	-23	-14
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	-22	-23	-14
Minority interest	na	na	na	na	na	na	0	0	0	-1	2
Net profit	na	na	na	na	na	na	-6	-33	-22	-24	-12

BALANCE SHEET (NOKm)	2000	2001	2002	2003	2004	2005	2006	2007	2008e	2009e	2010e
Goodwill	na	na	na	na	na	0	0	0	0	0	0
Intangible assets	na	na	na	na	na	0	0	3	35	35	35
Tangible assets	na	na	na	na	na	0	0	48	49	50	51
Financial assets	na	na	na	na	na	0	0	0	0	0	0
Inventories	na	na	na	na	na	0	0	1	1	2	6
Accounts receivable	na	na	na	na	na	0	2	4	5	6	20
Cash	na	na	na	na	na	0	101	24	31	40	20
Total assets	na	na	na	na	na	0	104	79	121	133	132
Shareholders' equity	na	na	na	na	na	0	19	46	37	13	1
Minority interest	na	na	na	na	na	0	0	0	0	0	0
Pension provisions	na	na	na	na	na	0	0	0	0	0	0
Interest-bearing debt	na	na	na	na	na	0	80	12	62	97	107
Non-interest-bearing debt	na	na	na	na	na	0	4	22	23	23	24
Equity and liabilities	na	na	na	na	na	0	104	79	121	133	132

KEY FIGURES (*NOK)	2000	2001	2002	2003	2004	2005	2006	2007	2008e	2009e	2010e
Sales per share*	na	na	na	na	na	na	0,00	1,28	2,29	2,73	6,01
Cash flow per share*	na	na	na	na	na	na	-1,30	-3,18	-1,52	-1,66	-0,61
EPS*	na	na	na	na	na	na	-1,30	-3,39	-1,92	-2,07	-1,03
EPS* (adjusted)	na	na	na	na	na	na	-2,83	-3,76	-1,83	-1,97	-0,97
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	4,28	4,67	3,19	1,12	0,08
Net financial position per share*	na	na	na	na	na	na	-4,75	0,51	4,09	6,26	8,81
P/E	na	na	na	na	na	na	na	neg	na	na	na
P/E (adjusted)	na	na	na	na	na	na	na	neg	na	na	na
P/CF	na	na	na	na	na	na	na	neg	na	na	na
P/Sales	na	na	na	na	na	na	na	2,2	0,9	0,8	0,4
P/Book value	na	na	na	na	na	na	na	0,6	0,7	1,9	24,9
Dividend yield	na	na	na	na	na	na	na	0%	0%	0%	0%
EV/EBITDA**	na	na	na	na	na	na	na	neg	na	na	na
EV/EBIT**	na	na	na	na	na	na	na	neg	na	na	na
EV/NOPLAT**	na	na	na	na	na	na	na	neg	na	na	na
EV/Sales	na	na	na	na	na	na	na	2,6	2,7	3,1	1,8
EBITDA margin	na	na	na	na	na	na	nm	<-100%	-59%	-43%	-3%
EBIT** margin	na	na	na	na	na	na	nm	<-100%	-77%	-58%	-10%
Growth of Sales	na	nm	na	na	na	nm	nm	nm	110%	20%	123%
Growth of EBITDA	na	nm	na	na	na	nm	nm	nm	na	na	na
EPS** growth	na	na	na	na	na	na	nm	nm	na	na	na
Share price*	na	na	na	na	na	na	na	2,7	2,1	2,1	2,1
No. shares year-end	na	na	na	na	na	na	28,7	53,5	58,6	58,6	58,6
Market capitalisation*	na	na	na	na	na	na	na	144,4	122,4	122,4	122,4
Net debt*	na	na	na	na	na	0	-137	27	239	367	516
Enterprise value*	na	na	na	na	na	na	na	172	362	489	638
Book value of equity*	na	na	na	na	na	0	123	250	187	65	5
Equity percentage	na	na	na	na	na	0%	18%	58%	30%	10%	1%
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

PROFIT & LOSS											
(NOKm)	2Q-2006	3Q-2006	4Q-2006	1Q-2007	2Q-2007	3Q-2007	4Q-2007	1Q-2008e	2Q-2008e	3Q-2008e	4Q-2008e
Sales	0,0	0,0	0,0	0,0	1,1	5,9	5,5	6,8	6,5	6,5	6,5
COGS	0,0	0,0	0,0	0,0	-0,6	-2,1	-0,8	-2,7	-2,6	-2,6	-2,6
Sales & general administration costs	-3,1	-4,2	-6,2	-8,4	-10,5	-9,4	-8,9	-7,9	-7,8	-7,8	-7,8
EBITDA	-3,1	-4,2	-6,2	-8,4	-10,0	-5,6	-4,2	-3,8	-3,9	-3,9	-3,9
Depreciation & amortisation	0,0	0,0	0,0	0,0	-0,4	-0,8	-0,8	-1,1	-1,2	-1,2	-1,2
EBIT adjusted	-3,1	-4,2	-6,2	-8,4	-10,4	-6,4	-5,5	-4,9	-5,1	-5,1	-5,1
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
EBIT	4,4	-4,2	-6,2	-8,4	-10,4	-6,4	-5,5	-4,9	-5,1	-5,1	-5,1
Net financial items	0,0	0,1	0,0	-8,0	0,1	-0,1	-0,3	0,0	-0,2	-0,5	-0,7
Equity earnings	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Pretax profit	4,4	-4,1	-6,2	-16,4	-10,3	-6,5	-5,7	-4,9	-5,4	-5,6	-5,9
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%	28%	28%	28%	28%
Profit after taxes	4,4	-4,1	-6,2	-16,4	-5,3	-6,5	-5,7	-4,9	-5,4	-5,6	-5,9
Minority interest	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-0,1	-0,1	-0,1	-0,1
Net profit	4,4	-4,1	-6,2	-16,4	-5,3	-6,5	-5,7	-5,0	-5,5	-5,7	-6,0

BALANCE SHEET											
(NOKm)	2Q-2006	3Q-2006	4Q-2006	1Q-2007	2Q-2007	3Q-2007	4Q-2007	1Q-2008e	2Q-2008e	3Q-2008e	4Q-2008e
Goodwill	0	0	0	0	0	0	0	0	0	0	0
Intangible assets	0	0	0	3	3	3	3	3	22	29	35
Tangible assets	0	0	0	0	46	48	48	48	48	48	49
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	5	5	5	5
Cash	7	5	101	3	41	30	24	37	37	33	31
Total assets	17	12	104	7	97	87	79	95	113	117	121
Shareholders' equity	15	11	19	5	58	52	46	41	48	43	37
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	32	42	52	62
Non-interest-bearing debt	1	1	4	2	29	27	22	22	23	23	23
Equity and liabilities	17	12	104	7	97	87	79	95	113	117	121

KEY FIGURES											
(*NOK)	2Q-2006	3Q-2006	4Q-2006	1Q-2007	2Q-2007	3Q-2007	4Q-2007	1Q-2008e	2Q-2008e	3Q-2008e	4Q-2008e
EPS*	1,91	-1,80	-1,38	-3,55	-0,59	-0,69	-0,58	-0,49	-0,47	-0,49	-0,52
EPS* (adjusted)	-1,27	-1,71	-1,31	-3,37	-1,10	-0,66	-0,56	-0,47	-0,45	-0,47	-0,49
EBITDA margin	nm	nm	nm	nm	<-100%	-98%	-78%	-58%	-62%	-62%	-63%
EBIT** margin	nm	nm	nm	nm	<-100%	<-100%	<-100%	-75%	-81%	-81%	-81%
Growth of Sales (Q/Q)	nm	nm	nm	nm	nm	430%	-7%	23%	-4%	0%	0%
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	484%	10%	19%
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	2,1	2,1	2,1
No. shares quarter-end	14,4	14,4	28,7	28,7	53,5	53,5	53,5	53,5	58,6	58,6	58,6
Market capitalisation*	na	na	na	na	na	191,5	144,4	84,5	122,4	122,4	122,4
Net debt*	-44,0	-33,2	-136,6	-19,9	-78,5	-5,9	27,2	59,2	110,2	176,9	239,4
Enterprise value*	na	na	na	na	na	185,5	171,6	143,7	232,6	299,3	361,9
Book value of equity*	94,9	70,7	123,0	32,7	349,6	297,9	250,0	217,6	246,1	217,5	187,0
Equity percentage	91%	89%	18%	77%	60%	59%	58%	43%	43%	36%	30%

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

TOP 20 INVESTORS		21.04.2008		Change over a week
No.	Investor	Ownership*	No. of shares	No. of shares
1	DAG DVERGSTEN AS	9,5%	5 102 145	0
2	SKAGEN VEKST	7,5%	4 000 000	0
3	DNO INVEST AS	3,4%	1 806 442	0
4	GRØNDAHL LARS KRISTIAN	3,0%	1 600 000	0
5	DYBVAD CONSULTING AS	2,0%	1 085 788	-80 000
6	DYBVAD AUDSTEIN	1,9%	1 021 984	0
7	MP PENSJON	1,9%	1 000 000	0
8	SJØLIE JAN	1,7%	910 714	-100 000
9	REMØE SVEND OTTO	1,7%	900 000	0
10	SANDNES INVESTERING ASA	1,6%	850 000	0
11	JONNY HESTHAMMER AS	1,4%	764 508	0
12	BALANCED ROCK AS	1,4%	754 424	0
13	EUROVEKST II AS	1,4%	750 000	0
14	NAKKEN OTTAR	1,4%	745 000	0
15	SNATI AS	1,4%	724 874	0
16	JOHNSEN ARVE	1,3%	710 730	80 000
17	TROMSTRYGD	1,1%	595 000	0
18	SUNDE FRANK ROBERT	1,1%	565 334	0
19	HANSEN REIDAR JARL	1,0%	541 237	0
20	SKEIE CAPITAL INVESTMENT AS	0,9%	499 999	499 999
21	<Other investors>	53,4%	28 551 796	-399 999

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

Nordic Mining												NOM	
Price	NOK	2,09		Risk: <i>Medium</i>								Last report	31.12.2007
Capitalisation	NOK	112		Investment potential: <i>Average</i>								Last update	05.05.2008
		2000	2001	2002	2003	2004	2005	2006	2007	2008e	2009e	2010e	
Sales	NOK	na	na	na	na	na	na	0	13	26	31	69	
EBITDA	NOK	na	na	na	na	na	na	-13	-28	-16	-14	-2	
EBIT adjusted	NOK	na	na	na	na	na	na	-13	-30	-20	-18	-7	
Operating earnings (EBIT)	NOK	na	na	na	na	na	na	-6	-30	-20	-18	-7	
Pretax profits (EBT)	NOK	na	na	na	na	na	na	-6	-38	-22	-23	-14	
Net profit	NOK	na	na	na	na	na	na	-6	-33	-22	-24	-12	
Net debt (cash)	NOK	na	na	na	na	na	0	-21	5	47	72	101	
Enterprise value	NOK	na	na	na	na	na	na	na	32	71	96	125	
Book value of equity	NOK	na	na	na	na	na	0	19	46	37	13	1	
Equity percentage		na	na	na	na	na	0%	18%	58%	30%	10%	1%	
Sales per share	NOK	na	na	na	na	na	na	0,00	1,28	2,29	2,73	6,01	
Cash flow per share	NOK	na	na	na	na	na	na	-1,30	-3,18	-1,52	-1,66	-0,61	
EPS	NOK	na	na	na	na	na	na	-1,30	-3,39	-1,92	-2,07	-1,03	
EPS (adjusted)	NOK	na	na	na	na	na	na	-2,83	-3,76	-1,83	-1,97	-0,97	
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	4,28	4,67	3,19	1,12	0,08	
Net debt (cash) per share	NOK	na	na	na	na	na	na	-4,75	0,51	4,09	6,26	8,81	
P/E		na	na	na	na	na	na	na	neg	na	na	na	
P/E (adjusted)		na	na	na	na	na	na	na	neg	na	na	na	
P/CF		na	na	na	na	na	na	na	neg	na	na	na	
P/Sales		na	na	na	na	na	na	na	2,2	0,9	0,8	0,4	
P/Book value		na	na	na	na	na	na	na	0,6	0,7	1,9	24,9	
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	na	na	na	
EV/EBIT*		na	na	na	na	na	na	na	neg	na	na	na	
EV/NOPLAT*		na	na	na	na	na	na	na	neg	na	na	na	
EV/Sales		na	na	na	na	na	na	na	2,6	2,7	3,1	1,8	
EBITDA* margin		na	na	na	na	na	na	nm	<-100%	-59%	-43%	-3%	
EBIT* margin		na	na	na	na	na	na	nm	<-100%	-77%	-58%	-10%	
Growth of Sales		na	nm	na	na	na	nm	nm	nm	110%	20%	123%	
Growth of EBITDA*		na	nm	na	na	na	nm	nm	nm	na	na	na	
EPS* growth		na	na	na	na	na	na	nm	nm	na	na	na	

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Recommendation history for NOM

Date	Recommendation	Target price (NOK)
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, Infiancials, Reuters Ecowin.

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.

Share positions in the Company:

Responsible analyst(s)	0
Employees	0
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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