



Total share return	12M	6M	YTD
	4%	-26%	13%

Key information

Industry	Metals & Mining
Market Cap.	231 NOKm
Enterprise Value	234 NOKm
Recommendation	HOLD
Risk	HIGH
Ticker	NOM

Estimate changes	2011	2012	2013
Revenues	-0.4%	-0.5%	-1.1%
EBITDA	nm	nm	nm
EBIT adj.	nm	nm	nm
EPS adj.	nm	nm	nm

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Risk/reward not as attractive

Nordic Mining published its Q3 report on November 18. Although no major news was delivered, decreased anorthosite volumes and higher-than-expected costs in Gudvangen Stein came as a result of certain operational issues. Due to revisions made to the cost side in our model, we arrived at a lower target price of NOK 2.00 per share. Therefore, we downgrade our recommendation from Buy to Hold 12 months forward.

Bottom line dragged down by higher costs

Nordic Mining (NOM) released its Q3 report on November 18. The top line of NOK 5.8m and EBITDA of NOK -7.3m were delivered, against our expectations of NOK 6.8m and NOK -4.4m respectively. EPS came in at NOK -0.06. The operating loss for the quarter was associated with the costs of Engebø, Keliber and Gudvangen Stein project development, as well as other exploration activities.

Higher costs and lower volumes from Gudvangen Stein

Anorthosite sales volume of 47,000t was achieved over Q3 (our assumption was 58,600t), which is almost 30% lower Q/Q. Production over the quarter has had several interruptions caused by problems with the drilling rig and crushers, which adversely affected both production costs and volumes in Gudvangen Stein. While the company's guiding of 225,000t for the whole 2011 remains intact, we find the volume of 75,000t quite optimistic to be secured in Q4 2011. Thus, we project the production of 220,000t of anorthosite for 2011 in total.

Rutile price projections of USD 860/t kept

While the rutile price faced a considerable increase from USD 550/t to USD 1,300/t FOB Australia over the year, the company is expecting the price of USD 1,000/t in 2014. As the market conditions seem uncertain in the near future, we maintain our rather conservative rutile price assumption of USD 860/t for 2014 in modelling the Engebø project.

Risk/reward not as attractive

Following the slight revisions in production volumes of anorthosite, we only trimmed our top line estimates. However, our new target price, derived from probability-based DCF valuation, was affected by the adverse revisions made to the cost side in our model and landed at NOK 2.00 per share (NOK 2.70 previously). As the risk in the company's share is considered to be high, the upside now does not appear that attractive, and therefore we downgrade our Buy recommendation to Hold 12 months forward.

Figures & Ratios

Figures in NOKm	2009	2010	2011E	2012E	2013E
Revenues	20	22	26	29	32
EBITDA	-22	-20	-19	-8	-8
EBITDA margin	<-100%	-90.0 %	-70.6 %	-28.6 %	-24.5 %
EBIT adj.	-25	-23	-21	-11	-10
PTP	-28	-27	-23	-13	-13
Net income	-27	-25	-22	-12	-12
EPS adj. (NOK)	-0.29	-0.18	-0.15	-0.08	-0.08
NIBD (cash)	3	4	5	9	14
Equity ratio	32%	36%	39%	35%	30%
EV/EBITDA	neg	neg	neg	neg	neg
EV/EBIT adj.	neg	neg	neg	neg	neg
P/E adj.	neg	neg	neg	neg	neg
P/B	3.3	5.7	6.5	6.9	8.2
ROE	-64%	-75%	-66%	-35%	-39%
ROIC	-51%	-55%	-49%	-25%	-24%

Book value of equity excludes goodwill

Q3/11 earnings NOKm	Q3/10 Reported	Q2/11 Reported	Q3/11 Reported	Q3/11e Terra	Deviation
Revenues	5.5	7.8	5.8	6.8	-15.1%
EBITDA	-4.7	-4.6	-7.3	-4.4	65.1%
<i>EBITDA margin</i>	<i>-85.4%</i>	<i>-59.4%</i>	<i>-125.5%</i>	<i>-64.5%</i>	<i>-61.0%p</i>
EBIT	-5.5	-5.4	-8.0	-5.1	58.2%
Pretax profit	-6.0	-5.8	-8.5	-5.5	54.2%
Net earnings	-5.7	-5.5	-8.3	-5.2	58.5%
EPS adj. (NOK)	-0.05	-0.04	-0.06	-0.04	58.5%

Segment information

(NOKm)	1Q-2011	2Q-2011	3Q-2011	4Q-2011e	1Q-2012e	2Q-2012e	3Q-2012e	4Q-2012e
Revenues								
Anorthosite project	4.5	7.8	5.8	8.3	5.1	7.7	7.6	8.8
Lithium project	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rutile project	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	4.5	7.8	5.8	8.3	5.1	7.7	7.6	8.8

	2010	2011e	2012e	2013e	2014e
	22.4	26.4	29.2	31.6	33.6
	0.0	0.0	0.0	0.0	220.3
	0.0	0.0	0.0	0.0	273.7
Total	22.4	26.4	29.2	31.6	527.6

Key assumptions

	1Q-2011	2Q-2011	3Q-2011	4Q-2011e	1Q-2012e	2Q-2012e	3Q-2012e	4Q-2012e
Anorthosite price, USD/t	22.0	21.4	22.3	21.5	22.1	22.2	23.0	22.5
Anorthosite production, t	36,000	67,000	47,000	70,000	41,943	64,301	61,637	73,618
Lithium price, USD/t	-	-	-	-	-	-	-	-
Lithium production, t	-	-	-	-	-	-	-	-
Garnet price, USD/t	-	-	-	-	-	-	-	-
Garnet production, t	-	-	-	-	-	-	-	-
Rutile price, USD/t	-	-	-	-	-	-	-	-
Rutile production, t	-	-	-	-	-	-	-	-
USD/NOK	5.72	5.43	5.50	5.50	5.50	5.40	5.40	5.30

	2010	2011e	2012e	2013e	2014e
	18.1	21.8	22.5	24.0	26.0
	203,000	220,000	241,500	253,575	261,182
	-	-	-	-	11,000
	-	-	-	-	4,000
	-	-	-	-	375
	-	-	-	-	50,000
	-	-	-	-	860
	-	-	-	-	42,500
Total	6.04	5.54	5.40	5.20	4.95

SOTP

Number of shares, mill:*

148.970

Assets	Value, MNOK	Probability of success	Value per share, NOK	Comments
Rutile project at Engebøfjellet	448	75%	2.26	DCF-based NPV with WACC 9.9%; assumed partnership where NM will own a 51% stake
Keliber's lithium project	190	70%	0.89	DCF-based NPV with WACC 9.9% (adjusted for ownership of 68%)
Anorthosite in Aurland (Gudvangen Stein AS)	14	100%	0.10	DCF-based NPV with WACC 9.9%
General and administration	-106		-0.71	DCF-based NPV with WACC 9.9%
Net cash (debt if -)	-3		-0.02	End of Q3 2011
Net asset value	550		2.56	
Target price (20% discount)			2.00	

* 3.5m options outstanding included

Recent insider trades

Date	Name	Position	Action	Price	Value in NOK	Share	Comment
—	—	—	—	—	—	—	There were no insider trades recently

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

DCF model

Rutile and garnet project at Engerbøfjellet (100% basis)

DCF, NOKm	Q4 2011e	2012e	2013e	2014e	2015e	2016-2057e
Revenues	0	0	0	274	515	27,679
Operating costs	0	2	2	-151	-219	-11,764
EBITDA	0	2	2	123	296	15,915
Depreciation	0	0	0	-15	-29	-1,266
EBIT	0	2	2	108	267	14,649
Tax rate	28%	28%	28%	28%	28%	28%
Net profit	0	1	1	78	192	10,547
Investment	-6	-556	-536	-5	-5	-206
Free Cash Flow	-5	-555	-534	88	217	11,607
DCF	-5	-493	-432	65	145	1,599
Sum NPV	879					

Keliber's lithium project (100% basis)

DCF, NOKm	Q4 2011e	2012e	2013e	2014e	2015e	2016-2023e
Revenues	0	0	0	220	214	1,710
Operating costs	-1	-3	-3	-70	-68	-540
EBITDA	-1	-3	-3	151	146	1,170
Depreciation	0	0	0	-37	-37	-293
EBIT	-1	-3	-3	114	110	876
Tax rate	26%	26%	26%	26%	26%	26%
Net profit	-1	-3	-3	84	81	648
Investment	0	-173	-173	-2	-2	-16
Free Cash Flow	-1	-176	-176	119	116	926
DCF	-1	-157	-143	88	77	415
Sum NPV	280					

Anorthosite in Aurland (Gudvangen Stein AS)

DCF, NOKm	Q4 2011e	2012e	2013e	2014e	2015e	2016e-
Revenues	8	29	32	34	35	
Operating costs	-7	-27	-28	-28	-29	
EBITDA	1	3	4	5	6	
Depreciation	-1	-2	-2	-2	-2	
EBIT	1	0	2	3	3	
Tax rate	28%	28%	28%	28%	28%	
NOPLAT	1	0	1	2	2	
Depreciation	1	2	2	2	2	
Investment	0	-1	-1	-1	-1	
Changes in working capital	0	-3	-1	-1	-2	
Free Cash Flow	1	-2	1	2	2	
DCF	1	-2	1	1	1	11
Sum NPV	14					

DCF model (cont.)**General and administration**

DCF, NOKm	Q4 2011e	2012e	2013e	2014e	2015e	2016e-
General and administration costs	-3	-10	-11	-10	-11	
Free Cash Flow	-3	-10	-11	-10	-11	
DCF	-2	-9	-9	-8	-7	-71
Sum NPV	-106					

WACC calculation

Debt ratio	60%
Cost of debt (after tax)	8.6%
Risk free rate	4.0%
Beta	1.3
Market risk premium	6.0%
Cost of equity	11.8%
WACC	9.9%

Financial statements: Annual figures

PROFIT & LOSS (NOKm)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011e	2012e	2013e	2014e
Sales	na	na	na	na	8	13	18	20	22	26	29	32	528
COGS	na	na	na	na	0	-3	-1	-6	-6	-6	-8	-9	0
Gross profit	na	na	na	na	na	9	16	14	16	21	21	23	na
Sales, general & administrative costs	na	na	na	na	-13	-37	-46	-36	-36	-39	-30	-31	-259
EBITDA	na	na	na	na	-6	-28	-29	-22	-20	-19	-8	-8	269
Depreciation & amortisation	na	na	na	na	0	-3	-4	-3	-3	-3	-3	-3	-3
EBIT adjusted	na	na	na	na	-6	-30	-33	-25	-23	-21	-11	-10	266
Non-recurring items	na	na	na	na	0	0	-9	-2	-2	0	0	0	0
Goodwill amortisation/write-ups/-downs	na	na	na	na	0	0	0	0	0	0	0	0	0
EBIT	na	na	na	na	-6	-30	-42	-27	-25	-21	-11	-10	266
Net financial items	na	na	na	na	0	-8	0	-1	-2	-2	-2	-3	-2
Equity earnings	na	na	na	na	0	0	0	0	0	0	0	0	0
Pretax profit	na	na	na	na	-6	-39	-42	-28	-27	-23	-13	-13	264
Tax	na	na	na	na	0	5	-1	1	1	0	0	0	-60
Tax rate	na	na	na	na	0%	13%	-2%	4%	3%	0%	0%	0%	23%
Profit after taxes	na	na	na	na	-6	-33	-43	-27	-26	-23	-13	-13	204
Minority interest	na	na	na	na	0	0	0	0	1	1	1	1	-65
Extraord. items / Discontinued oper.	na	na	na	na	0	0	0	0	0	0	0	0	0
Net profit	na	na	na	na	-6	-33	-43	-27	-25	-22	-12	-12	139
Other comprehensive income	na	na	na	na	0	0	0	0	0	0	0	0	0
Comprehensive income	na	na	na	na	-6	-33	-43	-27	-25	-22	-12	-12	139

BALANCE SHEET (NOKm)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011e	2012e	2013e	2014e
Goodwill	na	na	na	na	0	0	10	8	7	7	7	7	7
Intangible assets	na	na	na	na	0	3	3	4	6	7	7	7	7
Tangible assets	na	na	na	na	0	48	85	69	65	65	64	63	62
Financial assets	na	na	na	na	0	0	0	0	0	0	0	0	0
Inventories	na	na	na	na	0	1	2	2	3	6	7	9	11
Accounts receivable	na	na	na	na	2	5	5	7	5	7	8	8	9
Other current assets	na	na	na	na	91	0	0	0	0	0	0	0	0
Cash and cash equivalents	na	na	na	na	10	24	40	8	7	8	8	8	137
Total assets	na	na	na	na	104	81	146	97	94	99	102	103	233
Shareholders' equity	na	na	na	na	19	46	68	37	39	43	41	36	175
Minority interest	na	na	na	na	0	0	11	9	8	7	7	7	7
Pension provisions	na	na	na	na	0	0	0	0	0	0	0	0	0
Interest-bearing debt	na	na	na	na	80	12	11	11	11	12	17	22	12
Other liabilities	na	na	na	na	4	23	56	41	36	37	37	38	40
Equity and liabilities	na	na	na	na	104	81	146	97	94	99	102	103	233

KEY FIGURES (NOK)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011e	2012e	2013e	2014e
Sales per share	na	na	na	na	na	0.24	0.19	0.21	0.18	0.18	0.20	0.22	3.63
EPS	na	na	na	na	na	-0.63	-0.45	-0.28	-0.20	-0.15	-0.08	-0.08	0.95
EPS (adjusted)	na	na	na	na	na	-0.72	-0.48	-0.29	-0.18	-0.15	-0.08	-0.08	0.86
Dividends per share	na	na	na	na	na	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Book value per share*	na	na	na	na	na	0.86	0.61	0.30	0.25	0.24	0.23	0.19	1.15
Net i.b. debt (cash) per share	na	na	na	na	na	-0.23	-0.30	0.03	0.03	0.03	0.06	0.10	-0.86
P/E	na	na	na	na	na	neg	neg	neg	neg	neg	neg	neg	1.7
P/E (adjusted)	na	na	na	na	na	neg	neg	neg	neg	neg	neg	neg	1.8
P/Net Sales	na	na	na	na	na	16.7	3.5	6.8	11.3	11.2	10.8	10.0	0.4
P/Book value*	na	na	na	na	na	3.1	1.0	3.3	5.7	6.5	6.9	8.2	1.4
P/Book value (incl. goodwill)	na	na	na	na	na	3.1	0.8	2.6	4.6	5.4	5.7	6.5	1.3
EV/EBITDA	na	na	na	na	na	neg	neg	neg	neg	neg	neg	neg	0.4
EV/EBIT**	na	na	na	na	na	neg	neg	neg	neg	neg	neg	neg	0.4
EV/NOPLAT**	na	na	na	na	na	neg	neg	neg	neg	neg	neg	neg	0.6
EV/Sales	na	na	na	na	na	10.9	2.2	5.2	8.5	9.2	8.4	8.0	0.2
Dividend yield	na	na	na	na	na	0%	0%	0%	0%	0%	0%	0%	0%
ROE* (adjusted)	na	na	na	na	na	-118%	-89%	-64%	-75%	-66%	-35%	-39%	128%
ROIC*	na	na	na	na	-12%	-49%	-73%	-51%	-55%	-49%	-25%	-24%	109%
Equity ratio*	na	na	na	na	18%	57%	43%	32%	36%	39%	35%	30%	72%
Debt/Equity*	na	na	na	na	419%	25%	19%	37%	36%	35%	52%	79%	7%
Net i.b. debt/EBITDA	na	na	na	na	nm	nm	nm	nm	nm	nm	nm	nm	0
Gross margin	na	na	na	na	na	69%	91%	68%	71%	78%	73%	73%	na
EBITDA margin	na	na	na	na	-78.6%	<-100%	<-100%	<-100%	-90.0%	-70.6%	-28.6%	-24.5%	51%
EBIT** margin	na	na	na	na	-78.6%	<-100%	<-100%	<-100%	<-100%	-81.2%	-37.4%	-32.5%	50%
Growth of Sales	na	na	na	na	nm	nm	47%	14%	10%	18%	11%	8%	1568%
Growth of EBITDA	na	na	na	na	nm	nm	nm	nm	nm	nm	nm	nm	nm
EPS** growth	na	na	na	na	na	nm	nm	nm	nm	nm	nm	nm	nm
Share price (NOK)	na	na	na	na	na	2.70	0.60	0.99	1.43	1.59	1.59	1.59	1.59
No. shares year-end	na	na	na	na	na	53.480	95.470	95.470	125.470	145.470	145.470	145.470	145.470
Market capitalisation	na	na	na	na	na	144.4	57.3	94.5	179.4	231.3	231.3	231.3	231.3
Net i.b. debt	na	na	na	na	70	-12	-29	3	4	5	9	14	-124
Enterprise value	na	na	na	na	na	132	40	106	191	243	247	252	114
Book value of equity*	na	na	na	na	19	46	58	29	32	36	33	28	167

*Excluding goodwill

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

Financial statements: Quarterly figures

PROFIT & LOSS (NOKm)	2Q-2010	3Q-2010	4Q-2010	1Q-2011	2Q-2011	3Q-2011	4Q-2011e	1Q-2012e	2Q-2012e	3Q-2012e	4Q-2012e
Sales	6.0	5.5	7.8	4.5	7.8	5.8	8.3	5.1	7.7	7.6	8.8
COGS	-2.2	-2.5	-1.4	-0.5	-1.9	-1.1	-2.2	-1.4	-2.1	-2.1	-2.4
Gross profit	3.8	3.0	6.4	4.1	5.9	4.6	6.0	3.7	5.6	5.6	6.4
Sales, general & administrative costs	-9.5	-7.8	-10.5	-9.2	-10.5	-11.9	-7.7	-6.9	-7.7	-7.4	-7.7
EBITDA	-5.7	-4.7	-4.0	-5.1	-4.6	-7.3	-1.6	-3.1	-2.1	-1.8	-1.3
Depreciation & amortisation	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.6	-0.6	-0.6	-0.6	-0.6
EBIT adjusted	-6.4	-5.5	-4.8	-5.8	-5.4	-8.0	-2.3	-3.8	-2.7	-2.5	-2.0
Non-recurring items	-1.7	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	-8.1	-5.5	-4.8	-5.8	-5.4	-8.0	-2.3	-3.8	-2.7	-2.5	-2.0
Net financial items	-0.4	-0.5	-0.5	-0.4	-0.4	-0.5	-0.5	-0.5	-0.6	-0.6	-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
Pretax profit	-8.5	-6.0	-5.3	-6.2	-5.8	-8.5	-2.8	-4.3	-3.3	-3.1	-2.6
Tax	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax rate	0%	0%	15%	0%	0%	0%	0%	0%	0%	0%	0%
Profit after taxes	-8.5	-6.0	-4.5	-6.2	-5.8	-8.5	-2.8	-4.3	-3.3	-3.1	-2.6
Minority interest	0.2	0.3	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
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
Net profit	-8.3	-5.7	-4.4	-6.0	-5.5	-8.3	-2.5	-4.0	-3.1	-2.8	-2.3
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
Comprehensive income	-8.3	-5.7	-4.4	-6.0	-5.5	-8.3	-2.5	-4.0	-3.1	-2.8	-2.3

BALANCE SHEET (NOKm)	2Q-2010	3Q-2010	4Q-2010	1Q-2011	2Q-2011	3Q-2011	4Q-2011e	1Q-2012e	2Q-2012e	3Q-2012e	4Q-2012e
Goodwill	7	7	7	7	7	7	7	7	7	7	7
Intangible assets	4	4	6	7	7	7	7	7	7	7	7
Tangible assets	67	67	65	66	65	65	65	65	64	64	64
Financial assets	0	0	0	0	0	0	0	0	0	0	0
Inventories	2	2	3	4	4	4	6	6	6	7	7
Accounts receivable	6	4	5	5	6	6	7	5	6	7	8
Other current assets	0	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents	20	15	7	25	17	10	8	7	13	11	8
Total assets	106	99	94	114	106	100	99	96	104	103	102
Shareholders' equity	49	44	39	59	53	45	43	39	46	43	41
Minority interest	8	8	8	7	7	7	7	7	7	7	7
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Interest-bearing debt	12	12	11	13	13	12	12	17	17	17	17
Other liabilities	37	35	36	35	33	35	37	33	34	36	37
Equity and liabilities	106	99	94	114	106	100	99	96	104	103	102

KEY FIGURES (NOK)	2Q-2010	3Q-2010	4Q-2010	1Q-2011	2Q-2011	3Q-2011	4Q-2011e	1Q-2012e	2Q-2012e	3Q-2012e	4Q-2012e
EPS	-0.07	-0.05	-0.03	-0.04	-0.04	-0.06	-0.02	-0.03	-0.02	-0.02	-0.02
EPS (adjusted)	-0.05	-0.05	-0.03	-0.04	-0.04	-0.06	-0.02	-0.03	-0.02	-0.02	-0.02
12-months forward P/E (adjusted)	neg	neg	neg	neg	neg	neg	neg	neg	neg	neg	neg
Equity ratio*	43%	40%	36%	48%	47%	41%	39%	35%	40%	37%	35%
Debt/Equity*	27%	33%	36%	25%	27%	32%	35%	55%	45%	49%	52%
Gross margin	63%	55%	82%	90%	75%	80%	73%	73%	73%	73%	73%
EBITDA margin	-95%	-86%	-52%	<-100%	-59%	<-100%	-20%	-61%	-27%	-24%	-15%
EBIT** margin	<-100%	-99%	-61%	<-100%	-69%	<-100%	-28%	-74%	-35%	-32%	-22%
Growth of Sales (Q/Q)	99%	-8%	42%	-42%	72%	-26%	44%	-38%	51%	-1%	15%
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)	34%	-26%	49%	50%	30%	4%	5%	13%	-1%	33%	6%
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 (NOK)	1.25	1.54	1.43	2.26	1.85	1.31	1.59	1.59	1.59	1.59	1.59
No. shares quarter-end	125.470	125.470	125.470	145.470	145.470	145.470	145.470	145.470	145.470	145.470	145.470
Market capitalisation	156.8	193.2	179.4	328.8	269.1	190.6	231.3	231.3	231.3	231.3	231.3
Net i.b. debt	-8.0	-2.8	4.3	-12.4	-4.2	2.6	4.6	10.3	4.2	6.1	9.0
Enterprise value	156.9	198.2	191.2	323.7	272.0	200.1	242.8	248.6	242.5	244.3	247.2
Book value of equity*	42.1	36.4	31.6	51.7	46.1	38.0	35.5	31.6	38.5	35.7	33.4

*Excluding goodwill

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

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 TiO₂ content of 3.92% at Engebøfjellet, an anorthosite mine in Gudvangen in Aurland and various exploration rights, including for high purity quartz in Kvinnherad. 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 production of lithium carbonate in Finland.

Company data

Chief Executive Officer:	Ivar Sund Fossum
Chief Financial Officer:	Lars K. Grøndahl
Web:	www.nordicmining.com
Telephone:	+47 22 94 77 90
Address	Munkedamsveien 45 Entrance A - 5th floor Vika Atrium N-0250 Oslo Norway
Listing:	Oslo Stock Exchange
Number of shares:	145,470,091

Company news flow

News flow	
Date	Event
2011	Off-take agreements
2011	PFS for Keliber
February 2012	Q4 2011 report

Top 20 shareholders

TOP 20 INVESTORS		14/11/2011	
No.	Investor	Ownership	No. of shares
1	NORDNET BANK AB	9.11%	13,247,855
2	SKAGEN VEKST	8.64%	12,570,000
3	HOLBERG NORGE VERDIPAPIRFONDET	7.43%	10,804,073
4	DAG DVERGSTEN AS	5.02%	7,304,227
5	FINNISH INDUSTRY INVESTMENT LTD.	4.51%	6,556,193
6	MP PENSJON PK	4.23%	6,160,000
7	NORDEA BANK PLC FINLAND	3.70%	5,378,541
8	DANSKE BANK A/S	3.66%	5,322,887
9	DYBVAD CONSULTING AS	2.73%	3,968,555
10	<private>	1.91%	2,776,624
11	VPF NORDEA SMB	1.83%	2,654,913
12	SNATI AS	1.66%	2,408,094
13	SOLO AS	1.54%	2,242,333
14	CITIBANK N.A. (LONDON BRANCH)	1.29%	1,883,335
15	<private>	1.29%	1,880,278
16	OVE KLUNGLAND HOLDING AS NIL	1.14%	1,653,628
17	CLEARSTREAM BANKING S.A.	0.92%	1,338,766
18	<private>	0.83%	1,207,851
19	JULIMAR AS	0.77%	1,114,550
20	<private>	0.76%	1,105,000

Source: Infront/ The Online Trader

Disclosures

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Analyst certification

The analyst(s) who has (have) prepared this report, hereby certify that notwithstanding the existence of any such potential conflicts of interests referred to later in the disclaimer, the views expressed in this report accurately reflect our personal view about the Company covered by this report. I/we further certify that I/we have not been, nor are or will be receiving any direct or indirect compensation related to specific recommendations or views contained in this report.

Recommendation history for NOM

Date	Recommendation	Target price (NOK)
21/11/2011	HOLD	2.00
11/11/2011	BUY	2.70
30/09/2011	BUY	2.70
17/08/2011	BUY	2.90
26/05/2011	BUY	3.00
13/05/2011	BUY	2.90
24/03/2011	HOLD	2.50
22/03/2011	REDUCE	2.50
14/03/2010	BUY	2.50
25/02/2011	HOLD	2.60

The table above shows current and previous recommendations given in the company reports during the last 12 months.

Planned updates

Terra Markets AS 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 not presented to the issuer before dissemination.

Price target methodology and risks

Our share price target is derived using probability-based DCF valuation of the company's projects. A 20% discount is applied due to uncertainty over financing. The main risks to our price target include changes in the metals and minerals price estimates, the operational performance in the main company's projects as well as financing issues.

Critical assumptions

Earnings forecasts are highly sensitive to the metals and minerals prices and the amount of metals and minerals sales and OPEX/t assumptions. The base case assumption is also that the projects are going on schedule, the materialization of which is crucial.

Information sources

The Company, Reuters EcoWin, Infionals and Online Trader.

Potential conflict of interests

Investors should assume that Terra Markets AS is seeking or will seek Corporate Finance or other business relationships with the company in this report. None of Terra Markets AS' 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. Terra Markets AS has not been giving any investment banking services or acted as a 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.terraresearch.no/index.php?id=78.

Share positions in the Company:

Responsible analyst(s)	0
Employees of Terra Markets AS	0
Terra Markets AS	0

Holdings of tied agents of Terra Markets AS have not been included. The analyst never holds shares in the company he/she analyzes. Positions of employees are based on lists updated each week. Holdings as a part of Terra Markets AS' investment services activities such as market making are not included.

Recommendation structure**Company reports**

Terra Markets AS' recommendations are based on a twelve-month time horizon and on absolute performance adjusted for risk (prior to 21/03/2011, the recommendations were based on a six-month horizon). Near-term dividends are included into return. The table below shows 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 in the table above are defined as an upside to our price target plus eventual dividends within twelve months. Whether a Buy or Strong Buy / Reduce or Sell recommendation is given, depends on the 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 the share, 3) strength of the balance sheet, 4) absolute earnings level and trend and 5) estimate risk.

Recommendation distribution as of September 30, 2011

Company reports	Strong Buy	Buy	Hold	Reduce	Sell
Total	10	56	36	14	1
% of total	9%	48%	31%	12%	1%
Corporate clients	3	10	8	5	0
% of total	12%	38%	31%	19%	0%

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

Historic and future returns

Please note that historic returns do not guarantee future positive returns from suggested trades. The client may not be able to achieve the same entry and exit prices for his/her positions. The client return will then deviate from the reported results of the trading. The commission and clearing cost will further reduce the return achieved by the client. Any trade can give a substantial negative result.

Information barriers

Terra Markets AS has arrangements in place to prevent conflicts of interest. As part of these arrangements, Terra Markets AS has established information barriers between different parts of the company to restrict and control the exchange of sensitive information. This may result in Terra Markets AS' employees who have prepared this report being prevented from using or being unaware of information that is available within Terra Markets AS and which may be relevant to the recipients' decisions.