



**NORDIC
MINING**



Nordic Mining ASA – Half-year report per 30 June 2011

Nordic Mining ASA (“Nordic Mining” or “the Company”) is a resource company with operating activity and focus on high-end industrial minerals and metals in Norway and internationally. The Company’s project portfolio is of high international standard and holds a significant economic potential. Nordic Mining has rights to advanced EM-applications (electro magnetic technology) for mineral and metals exploration onshore and offshore. The Company’s assets are mainly in the Nordic region.

The Company has production of anorthosite products through its subsidiary Gudvangen Stein AS (“Gudvangen Stein”). Further, Nordic Mining is undertaking large-scale project development at Engebøfjellet in Sogn and Fjordane where the Company has rights to a substantial eclogite deposit with rutile and garnet. Nordic Mining has rights for exploration and production of high-purity quartz in Kvinnherad municipality in Hordaland county. Through its subsidiary Keliber Oy (“Keliber”) in Finland, Nordic Mining plans to start mining of lithium bearing spodumene and production of lithium carbonate.

Nordic Mining is listed on Oslo Axess.

The Board of Directors’ report for the period ending 30 June 2011

Important events since 1st quarter 2011

- ***Municipality approvals of industrial area plan for the Engebø rutile project***
In May 2011, the municipality boards in Naustdal and Askvoll approved the industrial area plan for Nordic Mining’s contemplated rutile production. The approvals mark an important milestone in the process to establish long term, profitable and sustainable rutile production at Engebø. The county governor of Sogn and Fjordane has forwarded the plan, including an objection from the Directorate of Fisheries, to the Ministry of the Environment for resolution. The county governor recommends approval of the industrial area plan.
- ***Significant price increase for rutile***
The market for rutile products is developing positively. By year-end 2010, rutile prices were reported around USD 550 per ton FOB Australia. In July/August 2011, prices are reported in the range USD 1,000 – 1,120 per ton. Expectations are that prices will increase further. New projects that could possibly increase supply are few, and growing demand fuels expectation of a favorable long term market outlook.
- ***Positive quarterly results in Gudvangen Stein***
The markets for anorthosite products from Gudvangen Stein are developing positively and measures to improve operations have started to give effect. Sales volume in the second quarter was 67,000 tons. Profit after tax for the quarter was NOK 0.3 million.
- ***New tests confirm world class ultrapure quartz deposit***
Nordic Mining has received positive results in making high purity concentrates from the Company’s quartz deposit at Nesodden in Hordaland county. The results confirm the deposit as world class, and indicate potential for several high-value applications and a significant commercial value.
- ***Exiting results from in the Seiland Igneous Province***
Geophysical measuring indicates interesting mineralization in the Seiland Igneous Province in Troms and Finnmark. In particular, the results from the Reinfjord area indicate promising possibilities related to i.a. copper, nickel and cobalt. The results will be further investigated in exploration field work in August.

Financial performance

Unless specifically noted, all figures below relate to the consolidated accounts. For comparison, numbers in brackets relate to the same period 2010.

Nordic Mining's operational activity relates to Gudvangen Stein. Sales revenue in the second quarter 2011 was NOK 7.8 million (NOK 6.0 million). Sales volume in the second quarter was 67,000 tons (55,000 tons). Accumulated sales revenue in the first half year was NOK 12.1 million (NOK 9.0 million) based on a sales volume of 103,000 tons (84,000 tons).

The operating loss for the Group in the second quarter was NOK -5.4 million (NOK -8.1 million). Gudvangen Stein contributed positively in the second quarter with an operating result of NOK 0.5 million. Accumulated operating loss in the first half year was NOK -11.1 million (NOK -14.4 million). The operating loss for the quarter and the half-year period is mainly related to costs in connection with development of the projects at Engebøfjellet and in Keliber, as well other exploration and development activities.

Net loss in the second quarter was NOK -5.8 million (NOK -8.5 million). Accumulated net loss in the first half year was NOK -12.0 million (NOK -15.4 million). Included in the half-year result is net financial costs of NOK -0.9 million (NOK -1.0 million).

Cash flow from the Group's operating activities was negative in the second quarter and in the half-year period with NOK -7.5 million (NOK -4.5 million) and NOK -12.9 million (NOK -13.0 million), respectively. In the first half year, Nordic Mining has completed equity issues with total gross proceeds of NOK 29.0 million; ref. note 2. As per 30 June 2011, the Group's cash and cash equivalents amounted to NOK 16.7 million (NOK 19.6 million).

Nordic Mining's balance sheet as of 30 June 2011 was NOK 105.6 million (NOK 106.2 million). As per 30 June 2011, total equity amounted to NOK 60.4 million (NOK 57.6 million). This gives an equity ratio for the Group of 57%. As per 30 June 2011, the Company had no distributable equity.

The Board of Directors confirms that the financial statements have been prepared on a going concern basis and in compliance with IFRS and IAS 34 "Interim Financial Reporting". The Company's equity accommodates current goals, strategies and plans. Nordic Mining has financial flexibility and the Company will adjust progress plans and ambitions for the projects to available resources. The Company evaluates partnership models, both industrial and financial, as an integrated part of the project development process.

Main activities in the second quarter 2011 and in the period up till the reporting date

Engebøfjellet rutile (TiO₂) project

Nordic Mining intends to establish industrial operation for production of rutile concentrate (TiO₂) based on its rutile deposit at Engebøfjellet. Rutile is an important raw material for production of titanium metal and pigments used in i.a. production of paintings, plastics and paper. The mineral deposit at Engebøfjellet also contains significant volumes of garnet, and Nordic Mining plans to produce high quality garnet as a by-product. Garnet has various industrial applications, i.a. as abrasive material for sand blasting, water-jet cutting etc..

Industrial area plan and permit for waste disposal

In May 2011, the municipality boards in Naustdal and Askvoll approved the industrial area plan for the contemplated rutile production at Engebø. The approvals mark an important milestone in the process to establish long term, profitable and sustainable rutile production at Engebø. The municipality boards also approved an infrastructure agreement (in accordance with Norwegian planning regulations) for upgrading of county road 611 in Naustdal. The county governor of Sogn

and Fjordane has forwarded the plan, including an objection from the Directorate of Fisheries, to the Ministry of the Environment for resolution. The county governor recommends approval of the industrial area plan.

The Engebø project is gaining strong political support locally in the municipalities and on county level in Sogn and Fjordane. This provides an important foundation for the project work going forward with the intention to start construction and production.

An expert committee established by the Norwegian Climate and Pollution Agency (Klif) for evaluation of environmental aspects of handling/deposit for tailings from mining operations submitted its report in 2010. The report does not specifically evaluate the Engebø project. The experiences and practices which are described are, however, in line with Nordic Mining's assessment and proposal for waste disposal.

Commercial status

The market for rutile products is developing very positively. By year-end 2010, rutile prices were reported around USD 550 per ton FOB Australia. In July/August 2011, prices are reported in the range USD 1,000 – 1,120 per ton. Expectations are that prices will increase further. Rutile is a highly demanded titanium feedstock with significant advantages in further processing in modern pigment plants. The relative attractiveness of rutile compared with other titanium feedstock is expected to increase in the years to come. New projects that could possibly increase supply are few, and growing demand fuels expectation of a favorable long term market outlook. The positive market situation and outlook have boosted the international interest for the Engebø project.

In October 2010, Nordic Mining signed a strategically important agreement ("Memorandum of Understanding") with Cristal Global, Inc. ("Cristal"). Cristal is the world's second-largest producer of titanium based pigment products. The purpose of the agreement is to develop and optimize rutile products at Engebø in order to meet the feedstock quality requirements of Cristal. Nordic Mining and Cristal will cooperate on processing tests and quality requirements relevant for titanium dioxide pigments. Subject to establishment of a production process that meet the requirements of Cristal, the parties intend to negotiate the terms and conditions for a long-term supply and off-take agreement for rutile.

Previously, Nordic Mining has signed an agreement with a leading, international producer of industrial minerals related to technical and commercial development of garnet products from Engebø. On the technical side, the cooperation will include i.a. testing, product analysis and process design for an optimal beneficiation process for high quality garnet. Subject to a successful development of the Engebø project, the parties intend to enter into exclusive commercial relations for sales and distribution of garnet from Engebø.

Applications for rest minerals (tailings)

Nordic Mining evaluates several possibilities and applications for rest materials from the production process at Engebø. The rest minerals are approved as capping material for contaminated sediments, for instance in harbor areas or similar. Both in a Norwegian and a European perspective, this can possibly represent a significant market potential for the rest minerals from Engebø. Further, the rest minerals are considered in i.a. various concrete applications, as soil conditioner and as raw material for various construction purposes. Logistically, the Engebø location with deep-water port facilities and short distance to the European markets represents a significant advantage in connection with commercial application of rest minerals. In the future, parts of the rest material may represent a positive additional value for the project, financially, and with regard to new industrial activity. In addition, waste disposal from the project can be reduced.

Mineral processing

Evaluation and tests continue related to methods for ore dressing and beneficiation for production of rutile and garnet. Outotec Oyj (Finland), a leading international company in mineral processing, continues as consultant in connection with process and flow sheet evaluations. A solid understanding has been obtained related to critical parameters for the mineral processing. Tests with electrical crushing have been executed by Selfrag AG in Switzerland. The results are positive with regard to possible increase of rutile recovery in the process. In test work going forward, Nordic Mining intends to utilise additional international competence in order to optimise the plans for mineral processing. Particular focus will be on rutile recovery.

Gudvangen Stein

Current market segments

The markets for anorthosite products from Gudvangen Stein are developing positively. Sales volume in the second quarter was 67,000 tons (55,000 tons). The stonewool insulation industry is the largest market segment. The positive market development is expected to continue, and sales volume for the year is expected to be higher than 2010. Renewals of contracts with larger customers confirm an underlying positive trend for anorthosite and its main application areas.

Operational issues

Generally, operations in the quarter and in the first half year have developed positively. In May, problems with the primary crusher resulted in nearly two weeks production loss. New agreements have been established for transportation services and mine operation has shifted to new blasting media. A new excavator has been purchased for the mine operation. Measures have been taken to increase efficiency and product quality in the crushing operation. In particular, removal of fines in the coarser product fractions is focused. Installation of new equipment related to quality improvements is expected to be completed in October 2011.

New applications and product development

Nordic Mining and Institute for Energy Technology (IFE) have project work with purpose to develop new technology for production of alumina from anorthosite. Tests are carried out at IFE's laboratory at Kjeller. The alumina content of Nordic Mining's anorthosite is approximately 30% and is therefore potentially a major alumina source. Gassnova SF, a Norwegian state enterprise sponsoring technology concepts evolving CO₂ management, has granted financial support for the project. Results from previous development work which was carried out by Nordic Mining, IFE og Statoil and reported in 2009 are used in the project. Possibilities and consequences related to scaling will be assessed in the ongoing project. Preliminary results from the project are expected in September 2011 and final report will be ready by year-end.

In addition to processing of anorthosite Gudvangen Stein is developing anorthosite concentrates as feedstock for various industrial applications; i.a. ceramics, glass related products and as filler in various industries. In 2010, Gudvangen Stein entered into a development cooperation agreement with a leading producer of advanced mineral products. Production of anorthosite concentrates for industrial scale testing is executed in a third party production facility. The parties intend to negotiate a long term supply/off-take agreement. Gudvangen Stein has the intention to establish a production plant which can produce the applicable quantity and quality of anorthosite concentrates. Dialogues are ongoing with other interested parties for similar test programs.

Keliber

Through its subsidiary Keliber in Finland, Nordic Mining will start mining and production of high-purity lithium carbonate. Lithium carbonate has a variety of industrial applications, i.a. for batteries which takes up an increasing share of the total global consumption.

Improved resource base and confirmation of additional potential

In 2010, Keliber executed a drilling program with the purpose is to identify additional mineable mineral resources adjacent to Keliber's other activity. The drilling program was completed in January 2011. A new spodumene pegmatite deposit at Outovesi in Kaustinen municipality was discovered and the Länttä resource base was upgraded. Also a south-western continuation of the Länttä ore zone was indicated.

The exploration work has improved the quality and classification of the deposits at Länttä and Outovesi. Approximately 1.26 million tons of ore have been classified by independent experts in the ore reserve category (proven and probable). An ore reserve is the portion of a mineral resource which is evaluated as technical and economical feasible in a viable project. The possibility to further increase the resource base as a result of continued targeted exploration is considered to be good.

In 2011, Keliber has acquired a land area at Outovesi where the lithium deposit is located. Ownership to the land will facilitate a flexible mine development and reduce landowner fees.

Keliber participates in a tender initiated by the Finnish government for two lithium deposits. The result of the auction has been delayed longer than expected. Nordic Mining assumes a positive result from the auction before end of August.

Commercial status

The demand for lithium carbonate and prices for derived products have increased over the last years and also in 2011. A long-term positive market trend is expected to continue, mainly driven by strong growth in the battery sector as a consequence of increased sales of electrified and hybrid cars, portable tools and batteries for other industrial applications. Lithium, in combination with other minerals/ materials, brings unique properties to modern batteries. Extensive international product development is ongoing related to battery technology. Also in other application areas consumption of lithium carbonate and lithium minerals are increasing, i.a. in various glass and melting industries.

Keliber follows up on several commercial contacts. The substantial development work which is ongoing internationally, in particular with regard to battery technology, is to an increasing extent expected to make demands on raw materials and chemicals. Keliber's lithium carbonate will be well positioned for this development. Additional measures to position Keliber commercially will be evaluated in connection with ongoing process optimization studies.

Other exploration activity

High-purity quartz

In January 2011, Nordic Mining entered into an agreement with landowners and secured exclusive rights for investigation and development of a quartz deposit in Kvinnherad municipality in Hordaland county in Norway. Studies show that the quartz has a low content of contaminants and therefore can be regarded as high-purity type quartz.

A comprehensive analysis and test program have been executed at Dorfner Anzaplan's laboratory in Germany. The results confirm the deposit as world class, and indicate potential for several high-

value applications and a significant commercial value. The tests have involved various separation methods to remove impurities, including mechanical separation and acid leaching techniques. Concentrates with a total of only 16 ppm of total impurities was produced, a purity level being comparable to the highest quality and highest priced quartz products on the market.

At NTNU in Trondheim melting tests for solar grade silicon are executed with quartz from Nordic Mining's deposit. Preliminary results indicate good melting properties for the quartz.

Nordic Mining is experiencing substantial international interest for the deposit from industrial users of high-purity quartz. Contact with different market segments has been established and the Company is aiming at testing the quartz for various applications. Specifications and the quality level for quartz products vary between different applications and producers. While unprocessed quartz from Nesodden seems to meet specifications for solar silicon production, it may be further processed to meet the requirements for high purity markets such as optical glass, lamp tubing, crucibles, semiconductors and microelectronics.

The deposit has previously been estimated by the Norwegian Geological Survey ("NGU") to 2.7 million tons of quartz appearing from a 12*600 meters long quartz vein reaching to a depth of at least 150 meters. In July 2011, Nordic Mining together with NTNU has carried out detailed mapping of the deposit. Generally, previous mapping and estimate have been confirmed. Several samples were taken along the deposit, and these will be tested for quality and variations,

Copper, nickel, palladium, platinum

Nordic Mining has secured exploration rights for copper, nickel, palladium, platinum etc. in the Seiland Igneous Province in Troms and Finnmark counties in Norway. A geophysical measuring program has been executed in July 2011. Results from the measuring indicate interesting mineralisations. In particular, the results from the Reinfjord area indicate promising possibilities related to i.a. copper, nickel and cobalt. Exploration field work with mapping, sampling and other geological investigations is executed in August. Report from the field work is expected in October. All data from the geophysical measuring and the field exploration will be assessed by independent experts.

Gold licenses in Ecuador

The government of Ecuador has indicated that the Los Santos licenses where Nordic Mining has economic interest can be formally reinstated. If feasible, Nordic Mining intends to clarify ownership matters and secure rights for further exploration. Results from previous exploration in the Los Santos area give evidence of anomalies of i.a. copper, gold and silver.

Corporate governance

Nordic Mining has defined good corporate governance as processes and control procedures to protect the interest of shareholders and other stakeholders relative to the Company's activities. Nordic Mining's corporate governance is based on requirements following from existing laws and regulations. The Company's principles and routines will be revised in accordance with prevailing laws and regulations.

The Company has established principles for corporate governance, ethical guidelines and general business conduct based on Norwegian standards and recommendations as presented in "The Norwegian Code of Practice for Corporate Governance". In the annual report for 2010, the Company has provided a comprehensive report on corporate governance in accordance with the Norwegian Code.

Organization, environment, health and safety

On Group level and as per the date of this report, Nordic Mining has 16 employees; 8 in Gudvangen Stein, 3 in Keliber and 5 in the Company.

As a mining company, Nordic Mining will strive to hold high standards as regards environment, health and safety. The working environment is considered to be good. Sickness absence in the first half year has been low.

The Company's activity in the first half year has had limited impact on nature and environment.

Financial risks

Financing, cash management and accounting are handled by the CFO with contracted assistance from Accepta AS. The Board of Directors has defined levels of authorisation for the Managing Director, and the Managing Director has defined authorisations for the CFO and general managers of the subsidiaries.

Nordic Mining's surplus cash is placed on bank accounts in Norwegian kroner (NOK) and in Euro related to Keliber. The Group is to some extent exposed to currency fluctuations in connection with Euro-nominated sale of anorthosite products from Gudvangen Stein and bank deposits in Euro.

Nordic Mining faces normal business risks related to contractual agreements, primarily with suppliers of various kinds. For the mining industry there are, however, certain general risk factors which are also applicable for Nordic Mining. The main risk factors include:

- ❖ Mineral exploration involves a high degree of risk, and few properties that are explored, are ultimately developed into producing mines. The long-term profitability of Nordic Mining will in part depend of the cost and success of its exploration program.
- ❖ Nordic Mining has no control over mineral prices which can be affected by numerous factors like international economic and political development etc.
- ❖ Nordic Mining might require new equity in the future in order to be able to continue the exploration programs and the possible development of its projects. The progress of project development might be affected by issues related to financing.

Shareholders and capital

In the first half of 2011 Nordic Mining has completed equity issues with total gross proceeds of NOK 29.0 million. The price in the issues was NOK 1.45 per share.

Total number of shares in Nordic Mining as per 30 June 2011 was 145,470,091, each with a face value of NOK 0.10. The number of shareholders in the Company is approximately 2,360. By mid-August 2011, approximately 75% of the shares were held by persons and companies resident in Norway. This implies that the international shareholding in the Company has increased in 2011.

At the Company's ordinary general meeting in June 2011, the Board of Directors was authorised to submit a total of 50 million new shares in connection with e.g. acquisitions, private placements and other purposes as decided by the Board. The authorisation is not utilised as per the date of this report.

In June 2010, the general meeting approved a share-based incentive program for leading employees and qualified resource persons. The Board of Directors was authorised to award

options that in total gives the right to subscribe for up to 5 million new shares in Nordic Mining. In June 2010, a total of 3,500,000 options were awarded to leading employees and resource persons. As per the date of this report none of the options have been utilised.

Oslo, 18 August 2011

The Board of Directors of Nordic Mining ASA



Dag Dvergsten
Chairman



Tarmo Tuominen



Egil M. Ullebø



Camilla Fiskevoll



Anne Dæhlie



Ivar S. Fossum
CEO

CONDENSED CONSOLIDATED INCOME STATEMENTS

	2011	2010	2011	2010	2010
	01.04-31.06	01.04-30.06	01.01-30.06	01.01-30.06	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Sales	7 763	6 014	12 119	9 042	22 397
Other income	44	-	223	-	43
Cost of sales	(1 946)	(2 225)	(2 408)	(2 571)	(6 497)
Payroll and related costs	(3 354)	(4 958)	(7 371)	(7 863)	(14 665)
Office costs and business service fee	(670)	(670)	(1 340)	(1 340)	(2 679)
DD&A	(713)	(713)	(1 427)	(1 319)	(2 783)
Other operating expenses	(6 474)	(5 573)	(10 938)	(10 377)	(20 488)
Operating profit/(loss)	(5 350)	(8 125)	(11 142)	(14 428)	(24 673)
Financial income	152	159	250	206	408
Financial costs	(579)	(515)	(1 106)	(1 189)	(2 434)
Profit/(loss) before tax	(5 778)	(8 481)	(11 999)	(15 411)	(26 699)
Income Tax	-	-	-	-	814
Net profit/(loss)	(5 778)	(8 481)	(11 999)	(15 411)	(25 885)
Profit/(loss) attributable to					
Equity holders of parent	(5 531)	(8 295)	(11 535)	(15 092)	(25 134)
Minority	(247)	(186)	(464)	(318)	(751)
Earnings per share attributable to ordinary shareholders <i>(Amounts in NOK)</i>					
Basic and diluted earnings per share	(0,04)	(0,07)	(0,08)	(0,13)	(0,21)

STATEMENTS OF COMPREHENSIVE INCOME

	2011 04.01-30.06 Unaudited	2010 01.04-30.06 Unaudited	2011 01.01-30.06 Unaudited	2010 01.01-30.06 Unaudited	2010 01.01-31.12 Audited
<i>(Amounts in NOK thousands)</i>					
Net profit/(loss) for the period	(5 778)	(8 481)	(11 999)	(15 411)	(25 885)
Other comprehensive income:					
Currency translation differences	(197)	(81)	(106)	(1 116)	(1 832)
Other comprehensive income directly against equity	(197)	(81)	(106)	(1 116)	(1 832)
Total comprehensive income for the period	(5 975)	(8 562)	(12 105)	(16 527)	(27 717)
Profit/(loss) attributable to					
Equity holders of parent	(5 686)	(8 316)	(11 619)	(15 847)	(26 451)
Minority	(289)	(246)	(486)	(680)	(1 266)

CONDENSED CONSOLIDATED BALANCE SHEETS

As per 30 June 2011 and 31 December 2010

	2011 30 June <i>Unaudited</i>	2010 31 December <i>Audited</i>
<i>(Amounts in NOK thousands)</i>		
ASSETS		
Non-current assets		
Goodwill	7 234	7 260
Licences	6 940	6 272
Minerals, property, plant and equipment	65 086	65 404
Total non-current assets	79 260	78 936
Current Assets		
Inventory	3 718	2 745
Trade and other receivables	5 945	5 342
Cash and cash equivalents	16 705	7 065
Total current assets	26 368	15 152
Total assets	105 628	94 088
SHAREHOLDERS' EQUITY & LIABILITIES		
Shareholders' equity		
Share capital	14 547	12 547
Share premium	177 416	153 337
Other paid-in capital	7 033	7 033
Retained losses	(145 184)	(133 649)
Translation adjustment	(492)	(408)
Equity attributable to ordinary shareholders	53 320	38 860
Non-controlling interest	7 040	7 526
Total equity	60 360	46 386
Non-current liabilities		
Interestbearing loan	7 921	8 364
Deferred tax	8 578	8 606
Lease obligations	6 416	7 613
Other liabilities	10 388	9 859
Total non-current liabilities	33 303	34 442
Current liabilities		
Current portion of long-term debt	4 600	4 853
Trade Payables	2 784	4 040
Other current liabilities	4 581	4 367
Total current liabilities	11 965	13 260
Total liabilities	45 268	47 702
Total shareholders' equity and liabilities	105 628	94 088

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As per 30 June
Unaudited

	Attributed to equity holders of the parent					Non - controlling interest	Total equity	
<i>(Amounts in NOK thousands)</i>	Share capital	Share premium	Other-paid- in capital	Translation adjustment	Retained earnings	Total		
Equity 1 January 2010	9 547	129 484	5 304	910	(108 517)	36 728	8 792	45 520
Share issue	3 000	27 000	-	-	-	30 000	-	30 000
Transaction costs	-	(3 147)	-	-	-	(3 147)	-	(3 147)
Share based payment	-	-	1 729	-	-	1 729	-	1 729
Total comprehensive income	-	-	-	(755)	(15 092)	(15 847)	(680)	(16 527)
Equity 30 June 2010	12 547	153 337	7 033	155	(123 609)	49 463	8 112	57 575
Equity 1 January 2011	12 547	153 337	7 033	(408)	(133 649)	38 860	7 526	46 386
Total comprehensive income	-	-	-	(84)	(11 535)	(11 619)	(486)	(12 105)
Share issue	2 000	27 000	-	-	-	29 000	-	29 000
Transaction costs	-	(2 921)	-	-	-	(2 921)	-	(2 921)
Equity 30 June 2011	14 547	177 416	7 033	(492)	(145 184)	53 320	7 040	60 360

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
For the period ended 30 June

	2011	2010
	01.01-30.06	01.01-30.06
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited
Net cash used in operating activities	(12 881)	(13 028)
Purchases of property, plant & equipment	(1 252)	(1 194)
Purchases of intangible assets	(668)	(79)
Net cash used in investing activities	(1 920)	(1 273)
Share issuance	26 079	26 853
Payments of loans	(417)	-
Principal payments on finance leases	(1 160)	(905)
Net cash from financing activities	24 502	25 948
Net change in cash and cash equivalents	9 701	11 647
Effect of changes in foreign exchange rates	(62)	166
Cash and cash equivalents at beginning of period	7 065	7 782
Cash and cash equivalents at end of period	16 705	19 595

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

NOTE 1 – ACCOUNTING PRINCIPLES

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting”. They do not include all of the information required for full annual financial reporting, and should be read in conjunction with the consolidated financial statements of Nordic Mining ASA and the Group for the year ended 31 December 2010.

This report was approved by the Board of Directors on 18 August 2011.

The accounting policies adopted are consistent with those followed in the preparation of the Company’s and the Group’s annual financial statements for the year ended 31 December 2010.

NOTE 2 – EQUITY ISSUE

<u>Number of shares in 1,000</u>	<u>Ordinary shares</u>
Opening balance 1 January 2011	125 470
Share issuance	<u>20 000</u>
Closing balance 30 June 2011	<u>145 470</u>

In the first quarter 2011, Nordic Mining issued 20 million shares for a gross proceeds amounting to NOK 29.0 million. The net proceeds was NOK 26.1 million after deducting directly attributable transaction costs of NOK 2.9 million.

Note 3 – SEGMENT

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

- Anorthosite which is produced by Gudvangen Stein AS.
- Lithium whereby Keliber Oy in Finland owns mineral reserves and is planning production of Lithium carbonate.
- Titanium feedstock which can be produced from the mineral deposit at Engebøfjellet; the municipalities have approved the industrial area plan for the project and Nordic Mining has submitted an application for waste disposal.

The reconciling column “Adjustments and eliminations” include the Group’s administration costs and other unallocated corporate business development costs as well as elimination entries related to preparing consolidated financial statements.

The Group uses the segments’ profit/(loss) before tax as the basis for the segment results including some allocations of corporate expenses but excluding purchase price allocations related to business combinations. All the numbers in the table below are in NOK thousands and present the period 1 January – 30 June.

	Anorthosite		Lithium		Titanium		Adjustments and eliminations		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenues	12 333	9 042	9	-	-	-	-	-	12 342	9 042
Segment result	(2 603)	(4 238)	(1 631)	(1 405)	(5 876)	(3 517)	(1 889)	(6 251)	(11 999)	(15 411)

NOTE 4 – TRANSACTIONS WITH RELATED PARTIES

Nordic Mining has a business service agreement with Dag Dvergsten AS for i.a. office rental and administrative support functions. Dag Dvergsten AS is owned by Dag Dvergsten who is Chairman of the Board of Directors of Nordic Mining ASA. In the period 1 January to 30 June 2011, Nordic Mining has purchased services according to the business service agreement for NOK 1.3 million (NOK 1.3 million) from Dag Dvergsten AS.

Note 5 – SUBSEQUENT EVENTS

High-purity quartz

Nordic Mining has received positive results in making high-purity concentrates from the Company's quartz deposit at Nesodden in Hordaland county. The results confirm the deposit as world class, and indicate potential for several high-value applications and a significant commercial value.

Geophysical measuring in the Seiland Igneous Province

Geophysical measuring indicates interesting mineralization in the Seiland Igneous Province in Troms and Finnmark. In particular, the results from the Reinfjord area indicate promising possibilities related to i.a. copper, nickel and cobalt. The results will be further investigated in exploration field work in August.

Responsibility statement

Today, the Board of Directors and the CEO have resolved the report and the interim condensed consolidated financial statements for Nordic Mining ASA per 30 June 2011 and for the first half year of 2011, including interim condensed consolidated figures for comparison per 30 June 2010 and for the first half year 2010.

The half-year report is submitted in accordance with IAS 34 "Interim Financial Reporting" as adopted by EU, and in accordance with further requirements in the Norwegian Securities Trading Act.

The Board of Directors and the CEO confirm, to the best of our knowledge, that the interim financial statements for the first half year of 2011 have been prepared in accordance with prevailing accounting standards, and that the information given in the financial statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results as per 30 June 2011 and 30 June 2010, respectively. To the best of our knowledge, the Board of Directors' report for the first half year of 2011 gives a true and fair overview of the main activities in the period. Further, the most important risks and uncertainties, as well as related parties' significant transactions, are described in a best possible manner.

Oslo, 18 August 2011

The Board of Directors of Nordic Mining ASA



Dag Dvergsten
Chairman



Tarmo Tuominen



Egil M. Ullebø



Camilla Fiskevoll



Anne Dæhlie



Ivar S. Fossum
CEO