



Nordic Mining ASA – Interim report per 31 March 2008

Nordic Mining ASA

Nordic Mining ASA (“Nordic Mining” or “the Company”) is an Oslo-listed mining company focusing on high-end industrial minerals and metals, with assets mainly in the Nordic region. The Company has currently production of anorthosite in Norway through its subsidiary Gudvangen Stein AS. Further, Nordic Mining has a large development project for rutile (titanium dioxide) at Engebøfjellet in Norway. Realization of the titanium feedstock project will make Nordic Mining one of the largest producers in the world of rutile feedstock, with reserves for more than 30 years of production. In addition, Nordic Mining will produce high quality garnet for the abrasive industry from the Engebøfjellet, representing a significant increase in projected revenues.

In January 2008, Nordic Mining entered into an agreement to acquire 68% in Keliber Oy; a Finnish company with permits and concessions to start mining and production of lithium carbonate in Finland. With estimated start-up of production in 2010 Keliber will be the first European producer of lithium carbonate. The demand for lithium carbonate is expected to increase significantly in the coming years, especially based on demand from the fast-growing Li-ion battery industry.

Nordic Mining will be developed with integrated activities within exploration, production and sales of high-end industrial minerals and metals. The management of Nordic Mining is focusing on business development with the purpose to expand operations and develop new strategic assets.

Nordic Mining is listed on Oslo Axess with ticker code NOM.

Activities in Nordic Mining in the period ending 31 March 2008

Operations in Gudvangen Stein

Operations in Gudvangen Stein in the first quarter have developed in line with normal seasonal variations. Sales volume was 47,000 tons which is higher than the same period last year. Operating loss in Gudvangen Stein for the first quarter was NOK 1.9 million. Please observe that Gudvangen Stein was consolidated in Nordic Mining's accounts from 1 June, 2007 and consequently historical figures will be introduced for comparison as from second quarter 2008.

Discussions are ongoing regarding product development and new applications for anorthosite. The intention is to realize a higher margin for the products, reflecting to a larger extent the valuable mineral composition of anorthosite.

Mr. Olav Auro has been employed as General Manager in Gudvangen Stein. He will take up the position in August 2008.

Nordic Mining is in the process of arranging refinancing of Gudvangen Stein in order to prepare for planned business development.

Titanium feedstock (rutile) project at Engebøfjellet

Nordic Mining has comprehensive ongoing activities related to planning regulation and environmental impact assessment (EIA) in connection with preparations for industrial development of the rutile (TiO₂) deposit at Engebøfjellet. NIVA (Norwegian institute for water research) has been appointed to coordinate all aspects of the EIA. Asplan VIAK is engaged in connection with regulation issues. For the various EIA studies well-reputed, independent institutions are engaged in order to have a best possible documentation of project consequences and impact.

The work is progressing according to plan. The plan is to conclude documentation for planning regulation, including EIA by year-end 2008, and further to have regulatory matters related to development of the Engebøfjellet mining and process plant clarified by end of Q1 2009.

Based on the comprehensive geological information Nordic Mining has taken over from the previous owner of the licences at Engebøfjellet, including descriptions of mineralogy and geology and block modeling data, assessment of the deposit in compliance with the JORC code is ongoing. Nordic Mining considers to accelerate with a core drilling program in order to have supplementary geological information included in the JORC assessment.

Evaluations and tests related to ore dressing and beneficiation processes for rutile production are ongoing. High quality garnet has materialized as a specially interesting by-product from the minerals processing. The garnet at Engebøfjellet is of high quality and suitable for various industrial applications, i.a. water-jet cutting and abrasives, and consequently garnet will substantially add to the ore value at Engebøfjellet.

Nordic Mining is continuously, although in an early phase, evaluating potential markets for TiO₂ and garnet from Engebøfjellet and possible international alliances related to marketing and project execution.

Due diligence of Keliber Oy

Nordic Mining has executed due diligence of Keliber Oy and verification of the plans for production of lithium carbonate. Reputable due diligence partners have been engaged and the due diligence has been concluded with satisfactory result. The plan is to conclude the transaction in which Nordic Mining acquires 68% of the shares in Keliber in June 2008.

Lithium carbonate has several industrial application areas, i.a. batteries which count for approximately 20% of the total global lithium consumption. The demand for lithium carbonate is expected to grow by 10-15% p.a. in the coming years, mainly driven from an expected strong growth in the battery segment due to increasing sales of hybrid and electric cars, mobile tools and other industrial applications. Lithium has technical properties which gives significant advantages over alternative materials in modern battery technologies.

A prosperous market outlook for lithium carbonate and Li-ion batteries have been confirmed with various industrial contacts during Nordic Mining's due diligence of Keliber. Nordic Mining will pursue further international industry contacts in order to prepare the lithium project commercially.

Personell

Mona Schanche has been employed as geologist in Nordic Mining. Ms. Schanche took up the position 19 May 2008.

Paul Inge Norkyn has been employed in Nordic Mining as Vice President Mining Operations. Mr. Norkyn will take up the position in August 2008. Both Ms. Schanche and Mr. Norkyn come from Titania A/S, one of the world's largest producers of ilmenite concentrate feeding (TiO₂) for the pigment industry.

Exploration activity

Nordic Mining is in the process of evaluating and planning exploration activities for 2008. Priority will be given to the Company's concessions for gold in Ecuador and the pre-claims for tungsten, molybdenum and palladium/platinum in Norway.

Analysis of core drilling samples from the drilling program for gold at Røisvangen in Eidsvoll municipality is ongoing. The work load at the laboratory engaged for the analysis is currently high, and it is difficult to indicate when the results will be available. Nordic Mining will plan possible further exploration activities at Røisvangen when the results from the initial drilling program have been evaluated.

Comments to the accounts for the period ended 31 March 2008

Currently, Nordic Mining's sales income from mining operation is related to Gudvangen Stein. Consolidated sales income in the first quarter was NOK 3.6 million (2007: 0). Significant seasonal variations are related to sales from Gudvangen Stein. The sales in the first quarter reflects normal seasonal variations.

Nordic Mining and its subsidiaries Gudvangen Stein AS and Nordic Rutile AS were in January 2008 approved for VAT registration. The registration is valid from 1 September 2007. Furthermore, Nordic Mining's application for refund of all VAT paid since its incorporation in May 2006 has been approved. As a result of the VAT refund for 2007 and 2006, Nordic Mining has recognized NOK 5.6 million in the first quarter 2008 as a reduction of Other operating expences. Including the VAT refund, Other operating expenses in the first quarter amount to NOK 1.0 million (2007: NOK 2.2 million).

Operating loss in the first quarter was NOK 2.5 million (2007: operating loss NOK 8.0 million). Gudvangen Stein contributed with an operating loss in quarter of NOK 1.9 million, mainly resulting from normal seasonal variation related to the company's activity.

Net loss in the first quarter was NOK 2.7 million (2007: net loss NOK 16.0 million). The reduction in net loss in the quarter from 2007 to 2008 (NOK 13.3 million) is explained from the following, to a large extent non-recurring items:

2007: Loss on settlement of debt	NOK 7.3 million
Cost related to share-based payments	NOK 2.5 million
Financial costs (variance 2007/2008)	NOK 0.5 million
2008: Refund of VAT	NOK 5.6 million
Various items incl. Gudvangen Stein	<u>NOK (2.6) million</u>
Total variation	<u>NOK 13.3 million</u>

CONDENSED CONSOLIDATED INCOME STATEMENTS

For the period ended 31 March 2008

	2008	2007	2007
	01.01-31.03	01.01-31.03.	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited	Audited
Sales	3 606	-	12 105
Other income	-	-	466
Cost of sales	(783)	-	(3 477)
Payroll and related costs	(2 520)	-	(5 375)
Management fee/Business service fee	(673)	(3 323)	(10 715)
Share-based payment	-	(2 469)	(2 956)
DD&A	(1 080)	-	(2 588)
Other operating expenses	(1 036)	(2 218)	(17 746)
Operating profit/(loss)	(2 485)	(8 010)	(30 285)
Financial income	348	333	1 448
Financial costs	(525)	(1 064)	(2 449)
Loss on settlement of debt	-	(7 270)	(7 270)
Profit/(loss) before tax	(2 662)	(16 011)	(38 556)
Income Tax	-	-	5 074
Net profit/(loss)	(2 662)	(16 011)	(33 482)
Profit/(loss) attributable to equity holders of parent	(2 662)	(16 011)	(33 482)
Basic and diluted earnings per share	(0.05)	(0.56)	(0.75)

CONDENSED CONSOLIDATED BALANCE SHEET

For the period ended 31 March 2008

	<i>2008</i>	<i>2007</i>
	<i>31 March</i>	<i>31 December</i>
	<i>Unaudited</i>	<i>Audited</i>
<i>(Amounts in NOK thousands)</i>		
ASSETS		
Non-current assets		
Licences	3 196	3 196
Minerals, property, plant and equipment	46 686	47 622
Shares	85	85
Total non-current assets	49 967	50 903
Current Assets		
Inventory	1 048	1 291
Other receivables and prepayments	6 282	4 877
Restricted cash	-	-
Cash and cash equivalents	21 472	23 692
Total current assets	28 802	29 860
Total assets	78 769	80 762
SHAREHOLDERS' EQUITY & LIABILITIES		
Shareholders' equity		
Share capital	5 348	5 348
Share premium	75 881	75 881
Other paid-in capital	4 031	4 031
Retained losses	(41 964)	(39 302)
Total equity	43 296	45 958
Non-current liabilities		
Interestbearing loan	4 471	4 865
Lease obligations	9 131	9 759
Other liabilities	7 632	7 432
Total non-current liabilities	21 234	22 056
Current liabilities		
Current portion of long-term debt	3 707	3 726
Bank overdraft	2 325	2 995
Trade Payable	5 355	3 025
Provision and other current liabilities	2 852	3 002
Total current liabilities	14 239	12 748
Total liabilities	35 473	34 804
Total shareholders' equity and liabilities	78 769	80 762

CONDENSED CONSOLIDATED STATEMENT OF EQUITY

For the period ended 31 March 2008

<i>(Amounts in NOK thousands)</i>	Share capital	Share premium	Other-paid-in capital	Retained earnings	Total equity
At 1 January 2007	2 872	21 251	844	(5 820)	19 147
Share based compensation			2 469		2 469
Loss for the period				(16 011)	(16 011)
At 31 March 2007	2 872	21 251	3 313	(21 831)	5 605
At 1 January 2008	5 348	75 881	4 031	(39 302)	45 958
Loss for the period				(2 662)	(2 662)
At 31 March 2008	5 348	75 881	4 031	(41 964)	43 296

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 31 March 2008

<i>(Amounts in NOK thousands)</i>	2008 01.01-31.03	2007 01.01-31.03
Net cash used in operating activities	(364)	(6 406)
Purchases of intangible assets	-	(3 210)
Purchases of property, plant and equipment	(145)	-
Net cash used in investing activities	(145)	(3 210)
Payments of bank overdraft	(670)	-
Payment of loan	(436)	-
Principal payments on finance leases	(605)	-
Net cash from financing activities	(1 711)	-
Net change in cash and cash equivalents	(2 220)	(9 616)
Cash and cash equivalents at beginning of period	23 692	10 275
Cash and cash equivalents at end of period	21 472	659

Non-cash transaction:

Restricted cash used to settle bond loan (88 683)

NOTES TO THE INTERIM FINANCIAL STATEMENTS ENDING AT 31 MARCH 2008

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 statements, and should be read in conjunction with the consolidated financial statements of Nordic Mining ASA and the Group for the year ended 31 December 2007.

These interim financial statements were approved by the Board of Directors on 31 May 2008.

The accounting policies adopted are consistent with those followed in the preparation of the Company's annual financial statements of the year ended 31 December 2007.

2. EARNINGS PER SHARE

The calculation of basic and diluted earnings per shares is based on the following data:

(Amounts and number of shares in thousands)	2008 01.01-31.03	2007 08.05-31.12
Loss for period for the purposes of basic and diluted earnings per share	(2 662)	(16 011)
Weighted average number of ordinary shares outstanding	53 480	28 718

4.9 million potentially dilutive share options are not included in calculation of diluted earnings per share, since their effect would be antidilutive for the period presented.

3. OTHER OPERATING EXPENSES

Nordic Mining ASA and its subsidiaries, Gudvangen Stein AS and Nordic Rutile AS, were in January 2008 approved for VAT registration. The registration is valid from 1 September 2007. Furthermore, Nordic Mining ASA's application for refund of all VAT paid since incorporation in May 2006 has been approved. As a result of the VAT refund, the Group has reduced operating expenses by NOK 5.6 million in the first quarter of 2008.

4. EVENTS AFTER THE BALANCE SHEET DATE

Acquisition of Keliber Oy

In January 2008, Nordic Mining entered into an agreement with the shareholders in Keliber Oy with the purpose to acquire 68% of the shares in Keliber Oy. Keliber Oy has concessions and permits for extraction of minerals and production of lithium carbonate in Finland. Nordic Mining has completed a due diligence of Keliber Oy and verification of the project plans with satisfactory result. According to the agreement, Nordic Mining will pay for 68% of the shares in Keliber Oy a nominal cash amount of EUR 2.4 million and a share consideration of 5 104 000 shares in Nordic Mining ASA. The cash amount will be in three installments. Closing of the transaction is planned in June 2008.

Share issue

In accordance with the decision by the Extraordinary General Meeting on 15 April 2008, Nordic Mining ASA on 30 May 2008 completed a directed issue of new shares at a price of NOK 1.50 per share. In total 33,333,333 new shares were subscribed, representing approximately 62.3% of existing outstanding shares. The share issue was oversubscribed by leading domestic and Nordic investors and gross proceeds from the share issue amounted to NOK 50,000,000.

The net proceeds from the directed issue will be used to part finance the further development of Keliber and the Engebøfjellet project (titanium) in addition to strengthen the Company's working capital.

Following the completion of the directed issue, Nordic Mining's share capital is NOK 8,681,330.80 consisting of 86,813,308 shares.

The Board of Directors of Nordic Mining will propose that the private placement is followed up by a repair issue where shareholders as at 29 May 2008 not taking part in the private placement are offered to subscribe up to total 13,333,334 shares at NOK 1.50 per share (total proceeds up to NOK 20,000,001). The proposal will be presented on the forthcoming Ordinary General Meeting scheduled 19 June 2008.

Oslo, 31 May 2008
Nordic Mining ASA