



HALF-YEAR REPORT

Per 30 June 2008

Office translation

The Board of Directors' report for the period ending 30 June 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 ("Gudvangen Stein"). 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. In addition, Nordic Mining will produce high quality garnet for the abrasive industry from the Engebøfjellet, representing a significant increase in projected revenues.

In June 2008, Nordic Mining acquired a majority shareholding in Keliber Oy ("Keliber"); a Finnish company with permits and concessions to start mining and production of lithium carbonate in Finland. 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. Targets and milestones for the Company's operations and projects are closely monitored and reported.

Financial performance

Unless specifically noted, all figures below relate to the consolidated accounts. For comparison, numbers in brackets relate to the first half year 2007 unless other information is given.

Nordic Mining's operational activity relates to Gudvangen Stein. Sales income in the period was NOK 7.8 million (2007: NOK 1.1 million which was only one month of operation from the date of the acquisition of Gudvangen Stein 1 June 2007).

The operating loss in the first half year was NOK 7.9 million (2007: NOK –18.4 million). The main activities in the period have been development of the Company's rutile project at Engebøfjellet (TiO₂), with focus on environmental impact assessment and application for permit regarding waste disposal, as well as preparation and completion of the acquisition of Keliber. Operating loss in Gudvangen Stein in the first half year was NOK 1.7 million. Sales volume was 94,000 tons which is higher than the same period last year when Gudvangen Stein experienced significant production and supply problems.

Net loss in the first half year of 2008 was NOK 8.2 million (2007: NOK –21.3 million). Included in the half-year result is net financial cost of NOK 0.3 million (2007: NOK 7.9 million including loss related to non-recurring repayment of bond loan of NOK 7.3 million). In the first half year of 2007, Nordic Mining recognised an income tax benefit of NOK 5.1 million as a result of the business combination related to the acquisition of Gudvangen Stein.

Nordic Mining's balance sheet as of 30 June 2008 was NOK 163.2 million (Per 31 December 2007: NOK 80.8 million). In May 2008, Nordic Mining executed a directed share issue towards selected domestic and Nordic investors with total gross proceeds of NOK 50 million. Acquisition of Keliber and operational investments in the first half year amounted to NOK 8.8 million (2007: NOK 18.7 million including acquisitions of Gudvangen Stein and mineral rights for rutile at Engebøfjellet).

Cash flow from operating activities was negative in the first half year of 2008 with NOK 6.0 million (2007: NOK -7.7 million). As per 30 June 2008, the group's cash and cash equivalents amounted to NOK 53.5 million (2007: NOK 40.9 million). The group's cash and cash equivalents as per 30 June was NOK 32.0 million higher than 30 March (Q1-2008) due to the share issue in May.

As per 30 June 2008, 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". On a continuous basis the Board evaluates the Company's financial position and requirement for financing, both with regard to existing activity and new projects. Nordic Mining 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 first half year 2008

Engebøfjellet rutile (TiO₂) deposit

In the first half year Nordic Mining has made solid progress related to planning regulation and environmental impact assessment in connection with industrial development of the rutile deposit at Engebøfjellet. Nordic Mining intends to establish industrial operation for production of rutile concentrate (TiO₂). Rutile is an important raw material for production of titanium metal and pigments used in i.a. production of paintings, plastics and paper. The Company's activities are in accordance with the planning programme which was approved in November 2007 by the municipalities in Naustdal and Askvoll.

NIVA (Norwegian institute for water research) has been appointed to coordinate all aspects of the environmental impact assessment. For the various environmental impact studies well-reputed, independent institutions are engaged in order to have a best possible documentation of consequences and impact for environment, natural resources and society of the contemplated industrial development at Engebøfjellet. In total, 20 separate studies and evaluations are executed. Asplan Viak is engaged in connection with regulation issues. So far the work is progressing according to plan, and the target is to conclude all work related to planning regulation and environmental impact assessment before year-end in order for the municipalities to discuss and conclude regarding the plans for industrial development within April 2009.

In parallell with the planning regulations and environmental impact studies, Nordic Mining has prepared an application to the Norwegian pollution control authorities (SFT) for permit regarding waste disposal. The target is to have also the environmental permits in place within April 2009.

In the first half year, Nordic Mining has continued work related to evaluation and tests of methods for ore dressing and beneficiation process for rutile production. High quality garnet has materialized as a specially interesting by-product from the minerals processing. Commercial development of garnet will substantially add to the ore value and profitability of the project.

Based on the comprehensive geological information Nordic Mining has taken over from the previous owner of the licences at Engebøfjellet, assessment of the deposit in compliance with the JORC code has been initiated. A core drilling program will be scheduled in order to have supplementary geological information included in the JORC assessment.

Nordic Mining is evaluating potential markets for TiO₂ and garnet from Engebøfjellet and possible international contacts and alliances related to marketing and project participation.

Gudvangen Stein

In the first half year of 2008, Gudvangen Stein has been refinanced. A larger share of the financing is now on a long term basis in order to increase flexibility for further development of the company.

Product development has high priority, and various discussions are ongoing related to new applications for anorthosite. The target is to achieve a higher margin for the products, reflecting to a larger extent the valuable mineral composition of the anorthosite. With its vast resources, Gudvangen Stein has a significant potential in applications with environmental aspects ("green-tech"); i.a. purification of water and gas absorption.

As from 11 August 2008, Olav Auro has commenced the position as general manager of Gudvangen Stein.

Acquisition of majority shareholding in Keliber

In January 2008, Nordic Mining entered into an agreement with the owners of Keliber with the purpose to acquire 68% of the shares in Keliber. Keliber has permits and concessions to start mining and production of lithium carbonate in Finland. Nordic Mining has concluded a due diligence of Keliber and the plans for production of lithium carbonate with satisfactory result. The acquisition was concluded 19 June 2008. On closing of the transaction, Nordic Mining paid EUR 816,000 in cash. In addition, 5,104,000 shares in Nordic Mining were issued to the sellers. A remaining cash amount of EUR 1.6 million is due for later payment.

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 advantage over alternative materials in modern battery technologies.

A prosperous market outlook for lithium carbonate and Li-ion batteries has 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.

Exploration for gold

Nordic Mining has executed digitalisation of existing geological information for the Los Santos concessions in Ecuador. Geological and geo-chemical maps of the exploration area have been produced and significant gold/copper anomalies have been disclosed. Planning of onward activities is ongoing, and Nordic Mining intends to initiate further investigation of the licence area in the second half of the year, provided availability of geological personnel.

Based on results from analysis of core drilling samples from Røisivangen in Eidsvoll municipality, Nordic Mining has terminated a further drilling program.

Share issue

In May 2008, Nordic Mining had a directed share issue towards selected investors with total gross proceeds of NOK 50 million. The number of shares was increased from 53,479,975 to 86,813,308. Subscription price for the issue was NOK 1.50 per share.

As part of the consideration for the majority shareholding in Keliber, Nordic Mining issued 5,104,000 to the sellers. The consideration shares were issued at a price of NOK 1.53 per share which was the closing price for the Nordic Mining shares on the date of transaction. In addition to the consideration shares, Nordic Mining paid EUR 816,000 to the sellers. The total number of shares in Nordic Mining as per 30 June 2008 was 91,917,308.

Corporate governance

Nordic Mining's governance principles are based on 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". The Company has established trading instructions for primary insiders and insiders.

Organisation, environment, health and safety

On group level and as per the date of this report, Nordic Mining has 16 employees; 10 in Gudvangen Stein, 1 in Keliber and 5 in Nordic Mining ASA.

The members of the management team in Nordic Mining are:

- Ivar S. Fossum, Chief Executive Officer (CEO)
- Lars K. Grøndahl, Chief Financial Officer (CFO)
- Ottar Nakken, Vice President Commercial
- Paul I. Norkyn, Vice President Mining operations
- Mona Schanche, Geologist

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 of 2008 has been limited. One employee in Gudvangen Stein is on long-term sickness leave. Other sickness absence is less than 0.5%.

In the first half of 2008, the Company's activity 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 the general managers of the subsidiaries.

Nordic Mining's surplus cash is placed on bank accounts in Norwegian kroner (NOK). For the time being, the Company is not exposed to currency fluctuations.

Nordic Mining faces normal business risks related to contractual agreements, primarily with suppliers of various kinds. For the mining industry there is, 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

Total number of shares in Nordic Mining as per 30 June 2008 was 91,917,308 with a face value of NOK 0.10. The number of shareholders has been relatively stable around 2,700. By mid-August 2008, 86% of the shares in Nordic Mining were held by persons and companies resident in Norway.

The Board of Directors is satisfied with the capitalisation of the Company following the share issues. The current funding is regarded sufficient for realisation of planned activities in the near future. The Board and the management will continue with efforts to develop shareholder value based on existing and new projects.

At the ordinary general meeting in June 2008, the Board of Directors was authorised to submit a total of 17 million new shares in connection with e.g. acquisitions, private placements and other purposes as decided by the Board. At the date of this report, the authorisation was not utilised.

The ordinary general meeting further resolved an incentive programme 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 4.5 million new shares in Nordic Mining. In August 2008, a total of 3,090,000 options have been awarded to leading employees and resource persons. Further information is given in note 4, "Events after the balance sheet day".

Oslo, 22 August 2008

The Board of Directors of Nordic Mining ASA

Dag Dvergsten
Chairman

Per Havdal

Egil M. Ullebø

Camilla Fiskevoll

Anne Dæhlie

Ivar S. Fossum
CEO

CONDENSED CONSOLIDATED INCOME STATEMENTS

	2008	2007	2008	2007	2007
	01.04-30.06	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	4 237	1 078	7 843	1 078	12 105
Other income	134	59	134	59	466
Cost of sales	462	(613)	(321)	(613)	(3 477)
Payroll and related costs	(1 850)	(631)	(4 370)	(631)	(5 375)
Business service fee	(670)	(5 861)	(1 342)	(9 184)	(10 715)
Share-based payment	-	(287)	-	(2 755)	(2 956)
DD&A	(1 092)	(427)	(2 172)	(427)	(2 588)
Other operating expenses	(6 646)	(3 701)	(7 682)	(5 919)	(17 746)
	-	-	-	-	-
Operating profit/(loss)	(5 426)	(10 383)	(7 911)	(18 393)	(30 285)
	-	-	-	-	-
Financial income	371	215	719	548	1 448
Financial costs	(468)	(158)	(993)	(1 222)	(2 449)
Loss on settlement of debt	-	-	-	(7 270)	(7 270)
	-	-	-	-	-
Profit/(loss) before tax	(5 523)	(10 326)	(8 185)	(26 337)	(38 556)
	-	-	-	-	-
Income Tax	-	5 074	-	5 074	5 074
	-	-	-	-	-
Net profit/(loss)	(5 523)	(5 252)	(8 185)	(21 263)	(33 482)
Loss attributable to equity holders of parent	(5 523)	(5 252)	(8 185)	(21 263)	(33 482)
Basic and diluted earnings per share	(0.08)	(0.12)	(0.14)	(0.59)	(0.75)

CONDENSED CONSOLIDATED BALANCE SHEETS
As per 30 June 2008 and 31 December 2007

	<i>2008</i>	<i>2007</i>
	<i>30 June</i>	<i>31 December</i>
<i>(Amounts in NOK thousands)</i>	<i>Unaudited</i>	<i>Audited</i>
ASSETS		
Non-current assets		
Goodwill	7 887	-
Licences	3 196	3 196
Minerals, property, plant and equipment	89 936	47 622
Shares	85	85
Total non-current assets	101 104	50 903
Current Assets		
Inventory	2 224	1 291
Other receivables and prepayments	6 431	4 877
Cash and cash equivalents	53 463	23 692
Total current assets	62 118	29 860
Total assets	163 222	80 762
SHAREHOLDERS' EQUITY & LIABILITIES		
Shareholders' equity		
Share capital	9 192	5 348
Share premium	124 861	75 881
Other paid-in capital	4 031	4 031
Retained losses	(47 426)	(39 302)
Translation adjustment	(93)	-
Minority interest	9 068	-
Total equity	99 633	45 958
Non-current liabilities		
Interestbearing loan	8 917	4 865
Deferred tax	9 984	-
Lease obligations	8 495	9 759
Other liabilities	17 419	7 432
Total non-current liabilities	44 815	22 056
Current liabilities		
Current portion of long-term debt	3 299	3 726
Bank overdraft	-	2 995
Trade Payable	3 839	3 025
Provision and other current liabilities	11 636	3 002
Total current liabilities	18 774	12 748
Total liabilities	63 589	34 804
Total shareholders' equity and liabilities	163 222	80 762

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

<i>Amounts in NOK thousands)</i>	Share capital	Share premium	Other-paid-in capital	Retained earnings	Translation adjustment	Minority interest	Total equity
Equity at 1 January 2007	2 872	21 251	844	(5 820)	-	-	19 147
Share issue	2 476	54 832	-	-	-	-	57 308
Share-based payment	-	-	2 986	-	-	-	2 986
Loss for the period	-	-	-	(21 263)	-	-	(21 263)
Equity at 30 June 2007	5 348	76 083	3 830	(27 083)	-	-	58 178
Equity at 1 January 2008	5 348	75 881	4 031	(39 302)	-	-	45 958
Share issue	3 333	46 667	-	-	-	-	50 000
Transaction costs on share issue	-	(4 925)	-	-	-	-	(4 925)
Shares issued in business combination	510	7 299	-	-	-	-	7 809
Minority interest from business combination	-	-	-	-	-	9 068	9 068
Translation adjustment	-	-	-	-	(93)	-	(93)
Loss for the period	-	-	-	(8 185)	-	-	(8 185)
Equity at 30 June 2008	9 191	124 922	4 031	(47 487)	(93)	9 068	99 632

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

For the period ended 30 June

<i>(Amounts in NOK thousands)</i>	2008 01.01-30.06 Unaudited	2007 01.01-30.06 Unaudited
Net cash used in operating activities	(5 997)	(7 700)
Net cash used in investing activities	(8 759)	(18 650)
Share issuance	45 075	57 308
Payments of loans	(9 417)	(304)
Proceeds from new loans	10 000	-
Principal payments on finance leases	(1 217)	-
Net cash from financing activities	44 441	57 004
Net change in cash and cash equivalents	29 685	30 654
Effect of changes in foreign exchange rates	86	-
Cash and cash equivalents at beginning of period	23 692	10 275
Cash and cash equivalents at end of period	53 463	40 929

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

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 2007.

These interim financial statements were approved by the Board of Directors on 22 August 2008.

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 2007.

NOTE 2 – BUSINESS COMBINATION

On 19 June 2008, the Nordic Mining acquired 68% of the outstanding shares in Keliber Oy in Finland. Keliber has mineral rights for lithium minerals and plans to start production of lithium carbonate based on modern process technology. The consideration was measured at NOK 27.25 million at the date of transaction, including directly attributable transaction costs.

The carrying amount of the assets and liabilities in Keliber immediately before completion of the acquisition, and the fair values of identifiable assets and liabilities allocated in the business combination, are shown below:

(amounts in NOK thousands)	Carrying amount before acquisition	Fair value adjustments	Fair value
Mineral property	-	44 364	44 364
Property, plant and equipment	100		100
Receivables and prepayments	34		34
Cash and cash equivalents	625		625
Deferred tax liabilities	-	(10 018)	(10 018)
Borrowings	(6 541)	402	(6 139)
Trade and other payables	(531)		(531)
Total	(6 313)	34 748	28 435
Minority interest			(9 099)
Goodwill			7 914
Total consideration			27 250

The consideration includes:

Cash and cash equivalents	6 585
Shares issued in business combination	7 809
Financial liability	5 811
Contingent consideration	4 509
Transaction costs	2 536

The consideration includes a cash payment of EUR 816,000 that was paid on 19 June 2008. Further, Nordic Mining shall pay EUR 768,000 in cash within 10 months following the business combination. This amount was recognised at present value using an estimated market interest rate. The Group issued 5,104,000 shares in Nordic Mining ASA to the sellers on 19 June 2008. The shares were valued at the share price at Oslo Axess on the date of transaction.

Contingent that the planned processing plant for lithium carbonate starts operation according to agreed upon criterias, Nordic Mining will pay an additional EUR 816 000.

The recognised goodwill relates primarily to deferred tax liabilities arising from the purchase price allocation.

The result from Keliber in the period 19 June to 30 June 2008 that has been included in the Group's consolidated loss is immaterial.

If the acquisition had been completed on 1 January 2008, the loss for the period for the Group would have been NOK 8.7 million. Keliber did not recognise sales income in the period.

NOTE 3 – SHARE-BASED PAYMENT AND TRANSACTIONS WITH RELATED PARTIES

In the second quarter 2008, 4,910,000 outstanding options previously granted to key management and other resource persons expired according to the terms of the agreements. None of the options were exercised before expiration (see note 4 for further information on share-based payment).

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. The Group purchased services according to the business service agreement for NOK 1.3 million from Dag Dvergsten AS in the first 6 months of 2008.

Note 4 – EVENTS AFTER THE BALANCE SHEET DATE

Subsequent share issue

In July 2008, Nordic Mining completed a subsequent share issue with preference for existing shareholders. The total number of shares outstanding increased from 91,917,308 to 95,470,091. Subscription price for the issue was NOK 1.50 per share. Gross proceeds from the share issue was NOK 5.3 million.

Emission permit for the Engebø project

In August 2008, Nordic Mining submitted an application to the Norwegian pollution control authorities (SFT) for permit regarding waste disposal in connection with the Company's plans for rutile production at Engebøfjellet. The application relates to plans for mining operation based on rutile containing eclogite as well as ore dressing plan at Engebø in Naustdal municipality in Sogn and Fjordane.

Share-based payment program

On 19 June 2008, the Shareholders' meeting in Nordic Mining approved a share-based incentive program for key management and qualified resource persons. The Board of Directors was authorised to award options that in total gives the right to subscribe for up to 4.5 million new shares in Nordic Mining. For persons comprised by the former, now terminated, option program, and that will get their options extended, the subscription price will remain the same, i.e. NOK 2.625 or NOK 3.15 per share. The subscription price for options awarded to employees and resource persons not comprised by the former option program, and expansion of option program for persons granted extension of the previous option program, shall be equal to the share price in Nordic Mining's share issue in May 2008, i.e. NOK 1.50 per share, plus 6,67% which equals NOK 1.60 per share.

In August 2008, a total of 3,090,000 options have been awarded to leading employees and resource persons.

Responsibility statement

Today, the Board of Directors and the CEO have resolved the report for the first half year of 2008 and the interim condensed consolidated financial statements for Nordic Mining ASA per 30 June 2008 and for the first half year of 2008, including interim condensed consolidated figures for comparison per 30 June 2007 and for the first half year 2007.

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 2008 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 2008 and 30 June 2007, respectively. To the best of our knowledge, the Board of Directors' report for the first half year of 2008 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, 22 August 2008

The Board of Directors of Nordic Mining ASA

Dag Dvergsten
Chairman

Per Havdal

Egil M. Ullebø

Camilla Fiskevoll

Anne Dæhlie

Ivar S. Fossum
CEO