



Preliminary report
per 31 December 2009

Nordic Mining ASA – Preliminary report per 31 December 2009

Nordic Mining ASA ("Nordic Mining" or "the Company") is a mining 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 exploration onshore and offshore. The Company's assets are mainly in the Nordic region.

The Company has operational mining activity as a producer of anorthosite through its subsidiary Gudvangen Stein AS ("Gudvangen Stein"). Further, Nordic Mining is undertaking large-scale project development at Engebøfjellet in Sogn and Fjordane county where the Company has rights to a substantial eclogite deposit with rutile and garnet. 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.

Financial performance

Unless specifically noted, all figures below relate to the consolidated accounts. For comparison, numbers in brackets relate to the same period 2008.

Nordic Mining's operational activity relates to Gudvangen Stein. Sales revenue in the fourth quarter was NOK 5.3 million (NOK 5.7 million). Accumulated sales revenue per 31 December 2009 was NOK 20.3 million (NOK 17.8 million). The sales volume in the fourth quarter was 45,000 tons (62,000 tons). Accumulated sales volume per 31 December was 177,000 tons (203,000 tons). The volume decrease from 2008 is explained from reduced construction activity in Europe.

Operating loss in the fourth quarter was NOK -7.3 million (NOK -17.9 million). Accumulated operating loss per 31 December was NOK -27.4 million (NOK -41.9 million). The operating loss for the period and accumulated is to a large extent related to costs in connection with development of the rutile project at Engebøfjellet. An impairment charge of NOK 2.1 million (NOK 7.0 million) related to the mining operation in Gudvangen Stein has been recognised and included in the operating loss in the fourth quarter, and also accumulated (NOK 13.3 million).

Net loss in the fourth quarter was NOK -7.0 million (NOK 17.9 million). As a consequence of reduced deferred tax liabilities originated from previous acquisition, a tax income of NOK 1.1 million (NOK -0.7 million) has been recognised in the period. Accumulated net loss per 31 December 2009 was NOK -27.1 million (NOK -42.8 million).

Nordic Mining's balance sheet as of 31 December 2009 was NOK 97.1 million (NOK 145.6 million). Total equity per 31 December 2009 amounted to NOK 45.5 million (NOK 78.5 million).

Cash flow from operating activities was negative in 2009; NOK -24.0 million (NOK -21.2 million). As per 31 December 2009, the Group's cash and cash equivalents amounted to NOK 7.8 million (NOK 39.8 million).

In February 2010, Nordic Mining completed a private placement with gross proceeds of NOK 20.0 million; ref. note 6. As a consequence, the Company's financial capabilities has been strengthened.

Main activities in the fourth quarter and in the period ended 31 December 2009

Engebøfjellet rutile (TiO₂) deposit

Nordic Mining intends to establish industrial operation for production of rutile concentrate (TiO₂) based on its significant 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 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..

In 2009, Nordic Mining has completed its proposal for development plan with environmental impact assessment in connection with the contemplated industrial activity at Engebø. Naustdal and Askvoll municipalities have reviewed the proposal and submitted the plan for public hearing. The hearing period closed 27 September 2009. Various local, regional and national institutions have commented on the proposal. Nordic Mining has had significant effort and focus to secure that the impact studies included in the planning documentation are of high quality and cover all relevant aspects related to industrial development at Engebø. Naustdal and Askvoll municipalities are reviewing the comments to the development plan proposal and will make a political decision in the matter. Nordic Mining expects a clarification from the municipalities in spring 2010.

In June 2009, the county governor of Sogn and Fjordane submitted Nordic Mining's application for waste disposal for public hearing. The responsibility for handling the waste application was in 2008 delegated to the county governor from the Norwegian Pollution Control Authority (now the Climate and Pollution Agency (Klif)). The hearing period closed 1 October 2009 with a few extensions of the hearing period for certain institutions, i.a. the municipalities Naustdal and Askvoll. After closing of the hearing period the responsibility for handling the waste disposal application has been returned to Klif.

It is expected that the authorities will proceed with evaluation of the matters in an efficient and thorough manner. As much as possible Nordic Mining will assist with clarification of possible outstanding issues and contribute to a constructive decision process in order to establish relevant permits for industrial activity based on solid local support in Naustdal and Askvoll municipalities.

In 2009, Nordic Mining has undertaken evaluation and tests related to mineral resource prospecting and methods for ore dressing and beneficiation for production of rutile and garnet. Flotation tests related to the application for waste disposal have been done, with good results, at NTNU in Trondheim. In cooperation with leading technology and equipment suppliers Nordic Mining have evaluated alternative solutions for crushing and grinding. Further, the basis for completion of process flow chart has been established. Critical stages in the process have been identified in order to achieve highest possible rutile recovery. Microscopy has been undertaken to evaluate mineralogy and liberation of high purity rutile concentrate in laboratory tests.

Nordic Mining has assigned the Finnish company Outotec Oyj as consultant for mineral processing for the Engebø project. Outotec Oyj is a leading international supplier of technical

services and equipment for mining and mineral processing, and with significant competence in rutile processing. Main focus in ongoing activities is optimisation of rutile recovery and preparation of pilot production.

Nordic Mining evaluates potential markets for TiO₂ and garnet as well as international contacts and possible alliance parties related to the project. In an international context, the Engebø project represents a significant and long-term resource potential with attractive strategic location in Europe. The Company's contacts confirm the project's market potential, and Nordic Mining perceives good international attention and interest for the project.

In February 2010, 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.

Further, Nordic Mining undertakes evaluation of possible products and applications for rest materials from the production process at Engebø. Several alternatives are considered i.a. concrete aggregates, soil conditioner and as raw material for various construction purposes. Nordic Mining has in 2009 signed an agreement with a global energy services company with purpose to develop suitable eclogite mineral products for use in specialty concrete applications. Further, the Company in January 2010 signed a cooperation agreement with the Dutch company Arcadis Nederland BV with the purpose to test eclogite (and anorthosite) as stone meal for soil conditioning in agriculture. 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.

Gudvangen Stein

In 2009, the market for anorthosite products has to a large extent been affected from the general reduction in the European construction activity. Gudvangen Stein has, however, intensified marketing efforts with good effects. New sales contracts have been agreed and an increasing interest for anorthosite in new applications has been identified.

In June 2009, Nordic Mining acquired remaining outstanding shares in Gudvangen Stein which is now a wholly owned subsidiary in the Group. Nordic Mining's strategy for Gudvangen Stein is to identify new applications for anorthosite. The goal is to achieve higher value for products, reflecting the valuable mineral composition of the anorthosite. Various development activities related to new applications for anorthosite have been undertaken or are ongoing.

Nordic Mining and Statoil (previously StatoilHydro) have in cooperation with the Norwegian Institute for Energy Technology (IFE) completed initial studies to develop and test new technology for mineral processing and binding of CO₂. The initial project has been executed at IFE's laboratories at Kjeller. Minerals characterisation, analysis and testing of various reaction principles have been part of the initial project. The tests verify that aluminium feedstock (gibbsite) of satisfactory quality can be produced based on the anorthosite in Gudvangen. The reaction rate in the tests has, however, so far been too low for industrial scaling of the technology. The initial project has provided valuable knowledge of possible reactions with use of CO₂. Discussion of further development work has been initiated.

In addition to processing of anorthosite with use of CO₂, Gudvangen Stein is developing anorthosite concentrates as feedstocks for various industrial applications. Contacts with knowledge institutions in Norway and internationally have been established for this development activity. The results so far are positive. Testing is ongoing in cooperation with possible industrial partners and customers. Subject to continued successful testwork for anorthosite products in new industrial applications and clarified supply agreements, Nordic Mining intends to invest in production facilities for anorthosite concentrates.

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 count for appr. 37% of the total global consumption of lithium carbonate.

The demand for lithium carbonate and prices for derived products have increased over the last years. This 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.

The US government has granted around 2.4 billion dollars to development of battery technology and technologies for electric and hybride cars. The grants will have matching financing from the awarded companies and institutions. Also in Europe significant development initiatives are ongoing. It is expected that the comprehensive development efforts will lead to increasing use of lithium carbonate in various products and technical applications.

Nordic Mining participates together with other industrial companies and university institutes in Finland in development projects related to production of battery chemicals based on Keliber's planned lithium production. There are considerable interest and activity in Finland in connection with development of industrial activity related to lithium batteries, including i.a. battery materials, battery production, control systems and production of electric and hybrid cars.

Activities are ongoing in order to clarify outstanding matters related to start-up of the Keliber project. This includes financing and commercial matters as well as resource and processing issues.

Nordic Mining has dialogue with potential customers for off-take of lithium carbonate and development of possible derived products. Keliber's location on the doorstep to major European markets and arenas for product development represents a strategic potential.

Exploration for gold

Nordic Mining continues to clarify ownership matters related to the Los Santos area in Ecuador and rights for further exploration.

Nordic Mining has economic interests in the licence areas Canicapa and Celen in Ecuador through an agreement with IMC. IMC has notified termination of this agreement. Nordic Mining has evaluated the potential of the subject licence areas, i.a. on the basis of

information from previous exploration work. The Company has informed IMC that it has no intention to apply to the Ecuadorian government for transfer of the licences to Nordic Mining.

Oslo, 23 February 2010

Nordic Mining ASA

PRELIMINARY CONDENSED CONSOLIDATED INCOME STATEMENTS
Per 31 December

	2009	2008	2009	2008
	01.10-31.12	01.10-31.12	01.01-31.12	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited	Unaudited	Audited
Sales	5 277	5 744	20 269	17 794
Other income	100	80	35	220
Cost of sales	(1 788)	19	(6 412)	(1 401)
Payroll and related costs	(2 702)	(4 132)	(12 738)	(11 804)
Office costs and business service fee	(670)	(1 997)	(2 896)	(4 010)
Share-based payment	-	-	-	(1 273)
DD&A	(783)	(894)	(2 899)	(4 025)
Impairment assets	(2 100)	(7 000)	(2 100)	(13 300)
Other operating expenses	(4 603)	(9 686)	(20 668)	(24 113)
Operating profit/(loss)	(7 269)	(17 866)	(27 409)	(41 912)
Financial income	(200)	2 269	2 183	3 758
Financial costs	(584)	(1 635)	(2 898)	(3 990)
Profit/(loss) before tax	(8 053)	(17 232)	(28 124)	(42 143)
Income Tax	1 066	(678)	1 066	(678)
Net profit/(loss)	(6 987)	(17 910)	(27 058)	(42 821)
Profit/(loss) attributable to				
Equity holders of parent	(6 921)	(17 766)	(26 645)	(42 570)
Minority interest	(67)	(144)	(414)	(251)
Earnings per share attributable to ordinary shareholders				
<i>(Amounts in NOK)</i>				
Basic and diluted earnings per share	(0.07)	(0.19)	(0.28)	(0.55)

**PRELIMINARY CONDENSED STATEMENTS OF COMPREHENSIVE
INCOME**
Per 31 December

	2009	2008	2009	2008
	01.10-31.12	01.10-31.12	01.01-31.12	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited	Unaudited	Audited
Net profit/(loss) for the period	(6 987)	(17 909)	(27 058)	(42 821)
Other comprehensive income:				
Currency translation differences	(548)	5 804	(5 883)	7 135
Other comprehensive income directly against equity	(548)	5 804	(5 883)	7 135
Total comprehensive income for the period	(7 535)	(12 105)	(32 941)	(35 686)
Profit/(loss) attributable to				
Equity holders of parent	(7 315)	(13 996)	(30 836)	(37 470)
Minority interest	(221)	1 891	(2 105)	1 784

PRELIMINARY CONDENSED CONSOLIDATED BALANCE SHEETS
Per 31 December

<i>(Amounts in NOK thousands)</i>	<i>2009</i> <i>31 December</i> <i>Unaudited</i>	<i>2008</i> <i>31 December</i> <i>Audited</i>
ASSETS		
Non-current assets		
Goodwill	7 727	9 729
Licences	3 596	3 196
Minerals, property, plant and equipment	69 277	85 129
Shares	85	85
Total non-current assets	80 685	98 139
Current Assets		
Inventory	1 945	2 495
Trade and other receivables	6 710	5 150
Cash and cash equivalents	7 782	39 772
Total current assets	16 437	47 417
Total assets	97 122	145 556
SHAREHOLDERS' EQUITY & LIABILITIES		
Shareholders' equity		
Share capital	9 547	9 547
Share premium	129 484	129 484
Other paid-in capital	5 304	5 304
Retained losses	(108 517)	(81 872)
Translation adjustment	910	5 101
Equity attributable to ordinary shareholders	36 728	67 564
Non-controlling interest	8 792	10 897
Total equity	45 520	78 461
Non-current liabilities		
Interestbearing loan	8 364	8 417
Deferred tax	9 998	12 995
Lease obligations	9 933	10 459
Other liabilities	7 878	15 752
Total non-current liabilities	36 173	47 623
Current liabilities		
Current portion of long-term debt	2 420	2 761
Trade Payables	6 014	3 450
Other current liabilities	6 995	13 261
Total current liabilities	15 429	19 472
Total liabilities	51 602	67 095
Total shareholders' equity and liabilities	97 122	145 556

**PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**
Per 31 December
Unaudited

<i>(Amounts in NOK thousands)</i>	Attributed to equity holders of the parent					Total	Minority	Total equity
	Share capital	Share premium	Other-paid- in capital	Translation adjustment	Retained earnings		interest	
Equity at 1 January 2008	5 348	75 881	4 031	-	(39 302)	45 958	-	45 958
Share issue	3 689	51 640	-	-	-	55 329	-	55 329
Transaction costs	-	(5 336)	-	-	-	(5 336)	-	(5 336)
Shares issued in business combination	510	7 299	-	-	-	7 809	-	7 809
Share based payment	-	-	1 273	-	-	1 273	-	1 273
Minority interest from business combination	-	-	-	-	-	-	9 114	9 114
Total comprehensive income for the period	-	-	-	5 101	(42 570)	(37 469)	1 783	(35 686)
Equity at 31 December 2008	9 547	129 484	5 304	5 101	(81 872)	67 564	10 897	78 461
Total comprehensive income for the period	-	-	-	(4 191)	(26 645)	(30 836)	(2 105)	(32 941)
Equity at 30 December 2009	9 547	129 484	5 304	910	(108 517)	36 728	8 792	45 520

**PRELIMINARY CONDENSED CONSOLIDATED CASH FLOW
STATEMENTS**
Per 31 December

<i>(Amounts in NOK thousands)</i>	2009 01.01-31.12 Unaudited	2008 01.01-31.12 Audited
Net cash used in operating activities	(24 049)	(21 243)
Purchases of property, plant & equipment	(520)	(794)
Purchases of intangible assets	(400)	
Business acquisition	-	(8 627)
Net cash used in investing activities	(920)	(9 421)
Share issuance	-	49 993
Payments of loans	(6 831)	(6 923)
Payment of overdraft facility		(2 995)
Proceeds from new loans	-	10 000
Payment of contingent liability	(350)	-
Principal payments on finance leases	(120)	(2 085)
Net cash from financing activities	(7 301)	47 990
Net change in cash and cash equivalents	(32 270)	17 326
Effect of changes in foreign exchange rates	280	(1 245)
Cash and cash equivalents at beginning of period	39 772	23 692
Cash and cash equivalents at end of period	7 782	39 772
Non-cash transaction:		
Change in lease obligation	716	(2 294)

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2009

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 ("Nordic Mining" or "the Company") and the Group for the year ended 31 December 2008.

These interim financial statements were approved by the Board of Directors on 23 February 2010.

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 2008.

Note 2 – TRANSACTIONS RELATED TO BUSINESS ACQUISITIONS

Amendment of the acquisition agreement for Gudvangen Stein AS in 2009

In the acquisition of Gudvangen Stein AS in May 2007, Nordic Mining acquired 85% of the shares and entered into a put/call option with the seller, Nannok Invest AS for the remaining 15% of the shares in Gudvangen Stein AS. The acquisition agreement was amended in the 4th quarter of 2008 (see discussion in the Company's annual report for 2008). The put/call option was recognised as a financial liability and a repurchase of equity at the acquisition date and could, according to the amendments in 2008, be exercised from 1 January 2011.

In June 2009, Nordic Mining entered into agreement with Nannok Invest AS to purchase the remaining shares in Gudvangen Stein AS. The Group recognised a gain of NOK 1.2 million in the 2nd quarter 2009 related to the settlement of the financial liability.

Nordic Mining recognised a liability related to contingent consideration at the acquisition date in 2007. The contingent consideration consisted of annual payments based on production volumes until 31 December 2020. The terms of the contingent consideration were amended in the 4th quarter 2008 (see the Company's annual report for 2008).

The contingent consideration liability was settled with a one-time payment of NOK 350,000 in June 2009.

Keliber Oy

In April 2009, Nordic Mining paid EUR 768,000 to former shareholders in Keliber Oy. The settlement was in accordance with the business combination agreement.

Note 3 – SEGMENT

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

- Anorthosite, which is produced by Gudvangen Stein AS.
- Lithium, whereby Keliber Oy in Finland has mining rights for mineral resources and is planning production of lithium carbonate.
- Titanium feedstock, which can be produced from the mineral deposit at Engebøfjellet where the Group has submitted proposal for development plan with environmental impact assessment as well as 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 – 31 December.

	Anorthosite		Lithium		Titanium		Adjustments and eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenues	20 269	17 794	-	-	-	-	-	-	20 269	17 794
Segment result	(6 240)	(19 868)	(2 038)	(1 282)	(10 818)	(13 746)	(7 962)	(7 926)	(27 058)	(42 821)

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. Nordic Mining has purchased services according to the business service agreement for NOK 2.9 million from Dag Dvergsten AS in the period 1 January to 31 December 2009.

Note 5 - IMPAIRMENT OF MINERALS, PROPERTY, PLANT AND EQUIPMENT

Nordic Mining recorded an impairment charge of NOK 2.1 million in the fourth quarter 2009 related to the mining operations in Gudvangen Stein AS.

In 2009, the Group has evaluated the recoverable amount of the mining operations in Gudvangen Stein AS. The evaluation was performed as a result of a lower than expected EBITDA margin in the period for the cash generating unit.

The recoverable amount for the cash generating unit has been determined using value in use calculations. The Group has used a discount rate of 11.5% to estimate the recoverable amount. The impairment charge has been allocated to assets classified as "Minerals, property, plant and equipment" in the balance sheet.

NOTE 6 – SUBSEQUENT EVENTS

The Engebø project

In January 2010, Nordic Mining signed a cooperation agreement with the Dutch company Arcadis Nederland BV with the purpose to test eclogite (and anorthosite) as stone meal for soil conditioning in agriculture.

In February 2010, 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.

Share capital

In February 2010, Nordic Mining completed a private placement towards large existing shareholders and selected Norwegian and international institutional investors. Gross proceeds from the issue were NOK 20.0 million. The number of shares in the Company was increased from 95,470,091 to 115,470,091. The price in the private placement was set at NOK 1.00 per share

Two of the investors in the private placement have disclosed shareholdings in Nordic Mining above the threshold limit of 5%. As per 5 February 2010, Holberg Norge disclosed a shareholding in Nordic Mining of 7,500,000 shares (approximately 6.5%), and Finnish Industry Investment Ltd. disclosed a shareholding of 6,000,000 shares (approximately 5.2%).

Financing

In 2010, Gudvangen Stein AS has agreed an extension of the period with exempt from repayment on its interestbearing bank loan of NOK 9.3 million. The exempt period is extended to January 2011.

Summons for Extraordinary General Meeting

The Board of Directors in Nordic Mining has summoned an Extraordinary General Meeting to be held 1 March 2010 to resolve a subsequent share issue towards the shareholders as of 4 February 2010 who were not invited to participate in the Private Placement. The shareholders will, pursuant to the proposal, be entitled to subscribe up to a total of 10,000,000 new shares at a subscription price of NOK 1.00 per share (total gross proceeds up to NOK 10.0 million).

The summons for the Extraordinary General Meeting is available on the Company's webpage; www.nordicmining.com.