



INTERIM REPORT
PER 30 SEPTEMBER 2009

Nordic Mining ASA – Interim report per 30 September 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 related 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 deposit of titanium bearing eclogite. 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 third quarter was NOK 7.5 million (NOK 4.2 million). Accumulated sales revenue per 30 September 2009 was NOK 15.0 million (NOK 12.1 million). The sales volume in the third quarter was approximately 60,000 tons (45,000 tons). Accumulated sales volume per 30 September was 132,000 tons (139,000 tons).

Operating loss in the third quarter was NOK -6.8 million (NOK -16.1 million). Accumulated operating loss per 30 September 2009 was NOK -20.1 million (NOK -24.0 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.

Accumulated net loss per 30 September 2009 was NOK -20.1 million (NOK -24.9 million).

Nordic Mining's balance sheet as of 30 September 2009 was NOK 104.3 million (NOK 155.5 million). As per 31 December 2008, the balance sheet amounted to NOK 145.6 million. As per 30 September 2009, total equity amounted to NOK 53.1 million (NOK 90.6 million).

Cash flow from operating activities was negative in the period ending 30 September 2009; NOK -20.2 million (NOK -17.3 million).

As per 30 September 2009, the Group's cash and cash equivalents amounted to NOK 12.1 million (NOK 46.3 million).

Main activities in the third quarter and in the period ended 30 September 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 planning 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 will review the comments to the planning proposal and present evaluations in the matter.

In June, the county governor of Sogn and Fjordane submitted Nordic Mining's application for waste disposal for public hearing. The hearing period closed 1 October 2009. The county governor has granted extension of the hearing period till end of October for certain institutions, i.a. the municipalities Naustdal and Askvoll.

After closing of the hearings, 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.

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.

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 signed a Memorandum of Understanding with a global energy services company with purpose to develop suitable eclogite mineral products for use in specialty concrete applications. 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

The market for anorthosite products has to a large extent this year been affected from the general reduction in the European construction activity. Sales volume and income for Gudvangen Stein have however picked up in the third quarter, partly as a result of intensified marketing efforts, and partly as a result of slow recovery of the general market situation.

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 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, and this will be of significant importance for further development work.

In addition to processing of anorthosite with use of CO₂, Gudvangen Stein is developing anorthosite concentrates as feedstocks for various industrial applications, i.a. within glass related and ceramics industries. Contacts with knowledge institutions in Norway and internationally have been established for this development activity. Testings with optical, magnetic and chemical separation technologies have been executed with purpose i.a. to reduce iron and alkali contents in the concentrates. The results so far are positive and discussions with possible industrial partners and customers have been initiated.

Gudvangen Stein has qualified its mineral product from anorthosite as a capping material for contaminated seabed sediments. The anorthosite product complies with requirements set by the Norwegian Pollution Control Authority (SFT) regarding testing of capping materials.

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. 25% of the total global consumption of lithium carbonate.

The demand for lithium carbonate and product prices 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 to 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.

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 established valuable contacts that are involved in the project work.

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

Exploration for gold

Nordic Mining has assigned legal advisors and also contacted the Norwegian diplomatic service for assistance with clarification of ownership rights and rights for further exploration in the Los Santos area in Ecuador.

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, 5 November 2009

Nordic Mining ASA

CONDENSED CONSOLIDATED INCOME STATEMENTS

	2009 01.07-30.09 Unaudited	2008 01.07-30.09 Unaudited	2009 01.01-30.09 Unaudited	2008 01.01-30.09 Unaudited	2008 01.01-31.12 Audited
<i>(Amounts in NOK thousands)</i>					
Sales	7 459	4 207	14 992	12 050	17 794
Other income	-	6	(65)	140	220
Cost of sales	(2 917)	(1 099)	(4 624)	(1 420)	(1 401)
Payroll and related costs	(3 420)	(3 302)	(10 036)	(7 672)	(11 804)
Management fee/Business service fee	(1 116)	(670)	(2 226)	(2 012)	(4 010)
Share-based payment	-	(1 273)	-	(1 273)	(1 273)
DD&A	(703)	(959)	(2 116)	(3 132)	(4 025)
Impairment assets	-	(6 300)	-	(6 300)	(13 300)
Other operating expenses	(6 055)	(6 745)	(16 064)	(14 427)	(24 113)
Operating profit/(loss)	(6 752)	(16 135)	(20 140)	(24 046)	(41 912)
Financial income	22	771	2 383	1 489	3 758
Financial costs	(793)	(1 364)	(2 314)	(2 356)	(3 990)
Profit/(loss) before tax	(7 523)	(16 728)	(20 071)	(24 912)	(42 143)
Income Tax	-	-	-	-	(678)
Net profit/(loss)	(7 523)	(16 728)	(20 071)	(24 912)	(42 821)
Profit/(loss) attributable to					
Equity holders of parent	(7 374)	(16 621)	(19 724)	(24 805)	(42 570)
Minority	(149)	(107)	(347)	(107)	(251)
Earnings per share attributable to ordinary shareholders					
<i>(Amounts in NOK)</i>					
Basic and diluted earnings per share	(0,08)	(0,18)	(0,21)	(0,35)	(0,55)

STATEMENTS OF COMPREHENSIVE INCOME

<i>(Amounts in NOK thousands)</i>	2009 01.07-30.09 Unaudited	2008 01.07-30.09 Unaudited	2009 01.01-30.09 Unaudited	2008 01.01-30.09 Unaudited	2008 01.01-31.12 Audited
Net profit/(loss) for the period	(7 523)	(16 727)	(20 071)	(24 912)	(42 821)
Other comprehensive income:					
Currency translation differences	(2 082)	1 424	(5 335)	1 331	7 135
Other comprehensive income directly against equity	(2 082)	1 424	(5 335)	1 331	7 135
Total comprehensive income for the period	(9 605)	(15 303)	(25 406)	(23 581)	(35 686)
Profit/(loss) attributable to					
Equity holders of parent	(8 857)	(15 196)	(23 521)	(23 474)	(37 470)
Minority	(748)	(107)	(1 884)	(107)	1 784

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As per 30 September 2009 and 31 December 2008

	<i>2009</i>	<i>2008</i>
	<i>30 September</i>	<i>31 Desember</i>
<i>(Amounts in NOK thousands)</i>	<i>Unaudited</i>	<i>Audited</i>
ASSETS		
Non-current assets		
Goodwill	8 343	9 729
Licences	3 196	3 196
Minerals, property, plant and equipment	72 921	85 129
Shares	85	85
Total non-current assets	84 545	98 139
Current Assets		
Inventory	1 906	2 495
Other receivables and prepayments	5 704	5 150
Cash and cash equivalents	12 118	39 772
Total current assets	19 728	47 417
Total assets	104 273	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	(101 596)	(81 872)
Translation adjustment	1 304	5 101
Equity attributable to ordinary shareholders	44 043	67 564
Minority interest	9 013	10 897
Total equity	53 056	78 461
Non-current liabilities		
Interestbearing loan	8 629	8 417
Deferred tax	11 241	12 995
Lease obligations	9 932	10 459
Other liabilities	11 030	15 752
Total non-current liabilities	40 832	47 623
Current liabilities		
Current portion of long-term debt	2 175	2 761
Bank overdraft	-	-
Trade Payable	2 288	3 450
Provision and other current liabilities	5 922	13 261
Total current liabilities	10 385	19 472
Total liabilities	51 217	67 095
Total shareholders' equity and liabilities	104 273	145 556

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

<i>(Amounts in NOK thousands)</i>	Attributed to equity holders of the parent					Total	Minority interest	Total equity
	Share capital	Share premium	Other-paid- in capital	Translation adjustment	Retained earnings			
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	-	-	-	999	(24 805)	(23 806)	225	(23 581)
Equity at September 2008	9 547	129 484	5 304	999	(64 107)	81 227	9 339	90 566
Equity at 1 January	9 547	129 484	5 304	5 101	(81 872)	67 564	10 897	78 461
Total comprehensive income for the period				(3 797)	(19 724)	(23 521)	(1 884)	(25 406)
Equity at 30 September 2009	9 547	129 484	5 304	1 304	(101 596)	44 043	9 013	53 056

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
For the period ended 30 September

	<i>2009</i>	<i>2008</i>
	<i>01.01-30.09</i>	<i>01.01-30.09</i>
<i>(Amounts in NOK thousands)</i>	<i>Unaudited</i>	<i>Unaudited</i>
Net cash used in operating activities	(20 155)	(17 295)
Purchases of property, plant & equipment	(477)	(237)
Business acquisition	-	(8 538)
Net cash used in investing activities	(477)	(8 775)
Share issuance	-	49 993
Payments of loans	(6 831)	(6 673)
Payment of overdraft facility	-	(2 995)
Proceeds from new loans	-	10 000
Payment of contingent liability	(350)	-
Principal payments on finance leases	(101)	(1 661)
Net cash from financing activities	(7 282)	48 664
Net change in cash and cash equivalents	(27 914)	22 594
Effect of changes in foreign exchange rates	260	(25)
Cash and cash equivalents at beginning of period	39 772	23 692
Cash and cash equivalents at end of period	12 118	46 260
Non-cash transaction:		
Change in lease obligation	716	(2 294)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 and the Group for the year ended 31 December 2008.

These interim financial statements were approved by the Board of Directors on 5 November 2009.

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 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. 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. The Group recognizes a gain of NOK 1.2 million in the 2nd quarter 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 prepared 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 – 30 September.

	Anorthosite		Lithium		Titanium		Adjustments and eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenues	14 992	12 050	-	-	-	-	-	-	14 992	12 050
Segment result	(4 189)	(11 399)	(1 478)	(678)	(9 141)	(8 675)	(5 263)	(4 159)	(20 071)	(24 912)

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 2.2 million from Dag Dvergsten AS in the period 1 January to 30 September 2009.

NOTE 5 – SUBSEQUENT EVENTS

The Engebø project

In October 2009, Nordic Mining has signed a Memorandum of Understanding with a global energy services company. The purpose is to investigate the possibility to develop suitable eclogite mineral products from the Engebø rutile project for use in specialty concrete applications. Initial mineral tests have been done with good results and further mineral and material testing related to the energy services company's product specifications will be part of the forthcoming assessments. Subject to a successful development of the Engebø project and establishment of product properties that meet the requirements of use in specialty concrete applications, the parties shall discuss terms and conditions for a supply agreement.

Keliber Oy

Nordic Mining's subsidiary, Keliber Oy has been granted reservation for new exploration areas in the Ostrobothnia lithium province in Finland. The new reservations cover an area of approximately 56 km². The reservation areas are adjacent to the license and exploration areas currently held by Keliber.