THIRD QUARTER 2016

REPORT

THIRD QUARTER HIGHLIGHTS

(Compared to Second Quarter 2016)

> Revenues of USD 50.9 million and EBITDA Loss of USD 7.9 million
- Polysilicon Sales Volumes of 1,775MT (51% Decrease)
- 1.4% Average Solar Grade Polysilicon Sales Price Increase

> Solar Grade Polysilicon Market Disruption
- Due Primarily to Expiration of 2015 Feed in Tariffs (FiTs) in China
- Demand Expected to Stabilize in Q4 2016

> Impairment Charges of USD 79.0 million
- Continued Uncertainty Caused by the Trade Dispute
- Decline in Solar Grade Polysilicon Prices due to Oversupply

> Capacity Curtailment in Moses Lake (FBR)
- Maximize Efficiency at Lower Utilization Rates
- Will Return to Full Utilization When Trade Dispute Resolved or Market Conditions Dictate

> Silicon Gas Sales
- Sales Volume of 772MT (27% Increase)
- 3.3% Silane Gas Price Decrease

> FBR Cash Cost of USD 9.9/kg
- Includes ~ USD 0.9/kg Favorable Expense Accrual Adjustments
- Demonstrates Low Cost Advantage of FBR

> September 30, 2016 Cash Balance of USD 86.8 million
- Anticipate Decline in Cash During Q4 2016 to Meet Working Capital Requirements
- Expect to Remain Near Cash Neutral for 2017

> Yulin JV on Track for Start-up in Second Half 2017

FINANCIAL HIGHLIGHTS

Key financials - REC Silicon Group

(USD IN MILLION)	Q3 2016	Q3 2015	SEP 30, 2016	SEP 30, 2015	YEAR 2015	Q1 2016
Revenues	**50.9**	87.5	190.8	255.0	329.9	71.1
EBITDA	**-7.9**	-14.1	-35.7	16.6	-13.0	-14.3
EBITDA margin	**-15.5%**	-16.1%	-18.7%	6.5%	-4.0%	-20.2%
EBIT excluding impairment charges	**-30.8**	-46.3	-106.5	-87.1	-147.2	-38.1
Impairment charges	**-79.0**	-0.0	-79.0	-0.1	-151.6	-0.0
EBIT	**-109.8**	-46.3	-185.5	-87.2	-298.8	-38.1
EBIT margin	**-215.7%**	-52.9%	-97.2%	-34.2%	-90.6%	-53.7%
Profit/loss before tax from continuing operations	**-141.2**	10.9	-260.6	0.3	-190.1	-39.2
Profit/loss from continuing operations	**-98.5**	33.3	-181.9	49.1	-62.8	-19.0
Profit/loss from discontinued operations, net of tax	**-**	0.1	-	0.3	0.2	-
Earnings per share from continuing operations, basic and diluted (USD)	**-0.04**	0.01	-0.07	0.02	-0.03	-0.01
Polysilicon production in MT (Siemens and granular)	**3,903**	3,580	7,511	13,861	16,883	1,671
Polysilicon sales in MT (Siemens and granular)	**1,775**	4,512	9,266	10,720	13,460	3,634
Polysilicon (Multicrystalline Bricks) in MT	**-**	65	-	67	482	-
Silicon gas sales in MT	**772**	642	1,912	2,367	3,076	610

REC SILICON

REC Silicon produces polysilicon and silicon gases for the solar and electronics industries at plants in Moses Lake, Washington and in Butte, Montana. REC Silicon targets polysilicon production of approximately 10,800MT in 2016.

Revenues for the third quarter of 2016 were USD 50.9 million, a decrease of 28.4 percent compared to USD 71.1 million in the second quarter of 2016. Lower revenues were primarily a result of 51 percent lower polysilicon sales volumes compared to the prior quarter. However, revenues from silicon gas sales increased due to a 27 percent increase in sales volumes.

Polysilicon sales volumes excluding fines and powder were 1,775MT compared to 3,634MT in the second quarter of 2016. The expiration of feed in tariffs (FiTs) in China in July 2016 caused installations to spike during the second quarter as projects were accelerated to take advantage of higher tariff structures. This resulted in a precipitous drop in third quarter PV demand that impacted the entire PV supply chain. Wafer producers quickly reduced capacity utilization to prevent inventory build. In turn, this resulted in a sharp drop in polysilicon demand and pushed the average of spot price indices down by approximately 19 percent. In addition, the Company's access to Chinese markets continues to be restricted by the solar trade war between the US and China. As a result, REC Silicon's opportunities for polysilicon sales were well below expectations. In response, REC Silicon announced the curtailment of approximately 50 percent of the production capacity of the FBR facility in Moses Lake. FBR production will return to full capacity utilization when the trade dispute is resolved or when market conditions dictate.

Total polysilicon production volume in the third quarter increased to 3,903MT (134 percent increase) compared to 1,671MT in the second quarter of 2016. Production volumes increased due to the restart of FBR production capacity at the Moses Lake facility at the end of the second quarter. FBR cash production cost declined sharply to USD 9.9/kg compared to USD 31.3/kg in the prior quarter. This decrease in cash cost demonstrates the impact of higher utilization rates to maintain industry leading cost per unit. FBR cash costs include a reduction in expense accrual estimates that lowered costs for the third quarter by approximately USD 0.9/kg. Without these adjustments, cash cost for the third quarter would have been USD 10.8/kg. This demonstrates the low cost capability of the Company's FBR technology despite utilization rate restrictions imposed by damage to equipment caused by the hot oil heater fire on July 1, 2016. Siemens solar grade and semiconductor grade polysilicon production decreased by 15 percent to 548MT during the third quarter.

Silicon gas sales volumes increased by 27 percent during the third quarter of 2016 to 772MT, near the announced target of 800MT. Overall demand for silicon gases remains stable, however, sales for Crystalline PV cell applications are below expectations due to the decline in PV demand during the third quarter of 2016. Third quarter 2016 silane gas sales prices decreased by 3.3 percent compared to the second quarter of 2016 due to competitive efforts to maintain market share and decreased demand for silicon gases in PV applications.

Other income and expenses for the third quarter reflect a loss of USD 1.4 million due to equipment damaged during the hot oil heater fire at the Moses Lake facility on July 1, 2016. The loss consists of the basis of assets damaged by the fire of USD 5.2 million offset by USD 3.8 million of estimated insurance proceeds. REC Silicon received an advance of USD 1.5 million during the third quarter and expects to receive the remaining insurance proceeds for damaged property by early 2017.

EBITDA for the third quarter of 2016 was a loss of USD 7.9 million compared to a loss of USD 14.3 million in the second quarter of 2016. The current quarter loss is due primarily to restricted access to Chinese polysilicon markets caused by the trade war between the US and China and uncertainty caused by the expiration of feed in tariffs in China. EBITDA increased compared to the prior quarter due to higher production volumes driven by the restart of Silane III during July of 2016 and lower maintenance costs. Third quarter EBITDA included the impact of reversing USD 4.7 million in expenses due to changes in estimates.

Earnings before interest and taxes (EBIT) included charges for impairment of USD 79 million. The impairment charges were related to a review which indicated that the carrying values of the Company's assets at September 30, 2016 may not be recoverable. See note 2 to these financial statements for additional information on impairment.

MARKET DEVELOPMENT

Third quarter 2016 end market demand for PV systems declined sharply compared to the second quarter due to the expiration of feed in tariffs (FiTs) in China. In turn, cell and wafer producers reduced capacity utilization to prevent the accumulation of excess inventories. End use demand is estimated at approximately 15GW for the third quarter which represents a decline of approximately 28 percent compared to approximately 21GW (I.H.S. Markit Technology PV Demand Market Tracker). Second quarter 2016 demand was high due to the acceleration of projects in China to take advantage of higher tariff structures. This resulted in a sharp drop in demand for polysilicon and estimated spot prices declined by approximately 19 percent to a range between USD 13/kg and USD 14/kg. REC Silicon's sales opportunities continue to be limited by restricted access to the Chinese markets because of the trade war between the US and China. These conditions resulted in limited sales opportunities for REC Silicon products even with additional price discounts.

Markets for semiconductor grade polysilicon began to exhibit signs of recovery during the third quarter of 2016. Inventories appear to be declining to more sustainable levels. Downward pressure on spot prices continued due to limited spot market sales opportunities. The semiconductor grade polysilicon spot market is limited because of the prevalence of longer term sales contracts which limit REC Silicon's sales opportunities to the most specialized of products and applications. However, customer inquiries for longer term contracts and increased qualification efforts also indicate a potential strengthening of demand in future periods.

Third quarter demand for silicon gases remained strong overall. Demand grew due to the addition of flat panel display production capacity in China. In addition, demand due to semiconductor applications began to increase with renewed qualification activities as customers began commissioning production facilities incorporating new technologies. Demand for silicon gases was adversely impacted by the sharp decline in PV cell manufacturing during the third quarter described above. Decreased demand for silicon gases in PV applications created some oversupply situations and placed downward pressure on pricing

RESEARCH AND DEVELOPMENT

REC Silicon incurred R&D expenses of USD 1.3 million during the third quarter of 2016 compared to USD 1.5 million during the second quarter of 2016.

The FBR Process Development Facility was restarted during the third quarter of 2016. Tests were conducted to determine operating parameters to maximize process efficiency and operational stability. Important new information was collected to bridge theoretical and laboratory work with industrial operation for FBR A and FBR B. Due to the curtailment of silane production in Moses Lake, the product development facility is not expected to operate during the fourth quarter of 2016. Laboratory and theoretical work will continue during the production curtailment in Moses Lake.

Other research efforts focused on improving quality and reducing cost of analytical work both for silicon (Siemens and FBR) and silicon gases. These efforts are also expected to continue during the production curtailment in Moses Lake.

FINANCIAL ITEMS

Net currency gains and (losses) relate primarily to internal loans (loans of approximately USD 0.9 billion at September 30, 2016) that are not eliminated on consolidation.

See note 6 for additional information on borrowings.

INCOME TAX

REC Silicon reported an income tax benefit from continuing operations of USD 42.7 million for the third quarter of 2016. The tax benefit is due to a decrease in deferred tax liabilities caused by a pre-tax loss of USD 141.2 million during the third quarter. The taxable loss consists primarily of an EBITDA loss of USD 7.9 million, depreciation and amortization of USD 22.9 million, and impairment of USD 79.0 million (See note 2 fixed

Financial items - REC Silicon Group

(USD IN MILLION)	**Q3 2016**	Q3 2015	SEP 30, 2016	SEP 30, 2015	YEAR 2015	Q1 2016
Financial income	**0.3**	0.2	1.5	1.6	3.4	1.0
Interest expenses on borrowings	**-3.2**	-3.6	-10.1	-10.1	-13.7	-3.3
Capitalized borrowing cost	**0.0**	1.0	0.9	2.6	3.7	0.0
Expensing of up-front fees and costs	**-0.0**	-0.0	-0.1	-0.1	-0.2	-0.0
Other financial expenses	**-0.2**	-0.4	-0.7	-1.1	-1.1	-0.2
Net financial expenses	**-3.5**	-3.1	-10.0	-8.7	-11.2	-3.6
Net currency gains/losses	**-27.3**	54.7	-61.4	92.0	115.1	8.0
Fair value adjustment convertible bonds	**-0.0**	4.5	-2.8	3.3	3.3	-5.5
Net financial items	**-30.5**	56.3	-72.6	88.1	110.5	-0.1

Assets). The tax effects of net currency losses of USD 27.3 million were offset by a decrease in unrecognized deferred tax assets and resulted in no effective tax impact.

CASH FLOW

Net cash outflows from operating activities was USD 2.3 million in the third quarter of 2016. Increases in cash due to operating activities included USD 1.5 million in insurance proceeds associated with the hot oil heater fire at the Moses Lake facility on July 1, 2016 and a decrease in working capital of USD 5.1 million. Working capital decreases consisted of an increase in accounts payable of USD 10.6 million, customer collections in excess of sales of USD 9.8 million, offset by an increase in inventories of USD 15.3 million. The increase in inventories reflects a 2,132 MT increase in polysilicon inventories due to low sales volumes during the third quarter. Decreases in cash include an EBITDA loss of USD 7.9 million and interest payments of USD 1.8 million.

Net cash outflows from investing activities consisted of capital expenditures of USD 5.4 million offset by a refund of restricted cash of USD 0.1 million during the third quarter of 2016.

The net currency exchange effect on cash balances for the period resulted in a gain of USD 3.0 million due to the impact of a weaker US dollar on cash deposits in NOK.

Cash balances decreased by USD 4.6 million to USD 86.8 million at September 30, 2016.

FINANCIAL POSITION

Shareholders' equity decreased to USD 797.3 million (72 percent equity ratio) at September 30, 2016, compared to USD 869.5 million (75 percent) at June 30, 2016. This decrease was primarily a result of the loss from total operations of USD 98.5 million. The remaining changes were a result of net currency gains of USD 26.3 million included in other comprehensive income.

Net debt increased by USD 7.8 million to USD 84.6 million at September 30, 2016, from USD 76.8 million at June 30, 2016. This increase was a result of the decrease in cash balances of USD 4.6 million discussed above and an increase of USD 3.3 million to carrying values of the Company's NOK denominated debt due to a weaker US dollar.

Net debt includes convertible bonds at fair value. Including bonds at nominal value, nominal net debt increased by USD 7.7 million to USD 104.6 million at September 30, 2016 compared to USD 96.9 million at June 30, 2016.

See note 17 to the consolidated financial statements for 2015 and note 6 to this report for further information on interest bearing liabilities.

RISKS AND UNCERTAINTIES

During the second quarter of 2016, REC Advanced Silicon Materials LLC (ASiMi) located in Butte, Montana received a partial refund of USD 6.6M representing electricity costs paid in prior years due to rate increases incorrectly implemented by its utility provider in 2010. An association of large industrial electricity customers initiated administrative proceedings with the United States Federal Energy Regulatory Commission (FERC) to reverse the rate increases and to obtain refunds of excess payments. The utility provider has filed a notice of appeal with the D.C. Court of Appeals. REC Silicon believes that FERC's ruling will be sustained by the appeals court. No provision has been made for any potential liability should the utility provider prevail on appeal.

The solar trade war between the US and China continues to restrict REC Silicon's access to polysilicon markets in China. REC Silicon continues to work with the US government, the Chinese government, affected companies, and industry organizations to obtain a favorable resolution. In addition, REC Silicon continues to focus on identifying sales opportunities outside of China to mitigate the impact of the trade war. Although there are several initiatives to advance a resolution, the timing or outcome of any resolution remains uncertain.

The Company's current liquidity position is considered sufficient to meet expected operating cash flow requirements and debt service obligations. Although the indemnification loan was callable in February 2016, this loan has not been called and is not expected to be called before 2018 (see note 6 and 2015 Annual Report note 17). The Company's tax filings for prior years continue to be under examination by the Norwegian Central Tax Office (see 2015 Annual Report note 31) and the timing and impact of a ruling remain uncertain. In the event that conditions surrounding the call of the indemnity loan change or the outcome of tax examinations are negative, the liquidity risk for the Company will increase.

Please refer to the annual report for 2015, specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

MARKET OUTLOOK

According to external sources, total PV installations for 2016 are estimated to be approximately 72GW an increase from prior estimates near 65GW. A current draft of the 2016 feed in tariff (FiT) policy in China, indicates that FiTs for 2016 may be extended through September 2017. This extension is intended to result in more stable market conditions than 2016 when the 2015 tariffs were extended through June 30, 2016 resulting in a sharp drop in demand in the second half as compared to the first half of 2016. While estimated end use demand in China declined by 73 percent from 11GW to 3GW, PV demand in all remaining markets increased by 20 percent to 12GW. This demonstrates the positive effects of increased geographic and political diversity of PV markets.

PV demand for the fourth quarter is estimated near 19GW which indicates a return to demand patterns that are more consistent with industry history. Third party estimates of demand consistently project that demand will stabilize during the fourth quarter of 2016 and continue to grow during the first half of 2017. However, because of the expiration of FiTs and uncertainty surrounding FiT extensions, uncertainty remains for the second half of 2017 demand.

Wafer manufacturers are projecting an increase in demand and have begun to increase capacity utilization. Accordingly, spot prices for polysilicon have started to recover and are expected to increase moderately during the fourth quarter of 2016. Solar grade polysilicon supply continued to grow, however, total capacity utilization will be lower than expected due to opportunistic maintenance shutdowns to avoid the accumulation of excess inventories and conserve cash. As polysilicon capacity utilization increases, the recovery of polysilicon prices will be limited.

Markets for semiconductor grade polysilicon are expected to continue to improve. Trade organizations have recently projected a steady increase in demand for wafers of 4 to 5 percent during the next few years. The resulting increase in polysilicon consumption is expected to deplete excess inventories and may increase opportunities for spot sales. Inquiries for contract sales for the next 3 to 4 quarters indicate increased visibility to demand for polysilicon. However, sales volumes will continue to be limited by excess inventories and by firm long term contracts. REC Silicon will continue to benefit from sales opportunities in certain specialized products and applications. Demand during future periods is expected to fluctuate as REC Silicon's customers balance inventory and long term purchase commitments with demand expectations.

Demand for silicon gases for the fourth quarter of 2016 is expected to remain strong due to seasonal variability in demand and the completion of qualification activities in semiconductor applications. While PV demand is expected to stabilize, REC Silicon's gas shipments will be limited by the credit worthiness and the financial condition of customers within this segment. Silane gas prices are expected to remain stable, however, prices could decline due to efforts to maintain sales volumes and market share.

GUIDANCE

PRODUCTION TARGETS

REC Silicon targets polysilicon production of approximately 3,280MT in the fourth quarter of 2016. Decreased polysilicon production rates reflect the impact of the partial FBR capacity curtailment at the Moses Lake facility announced on September 23, 2016. This decrease in capacity utilization was necessary to limit inventory growth due to the sharp decline in PV demand experienced during the third quarter. This capacity will be restarted when market conditions dictate.

Polysilicon production targets for 2016 have been reduced from 13,618MT reflected in previous guidance to 10,791MT, a decrease of 2,827MT. This decrease is attributable to the partial curtailment of FBR production capacity announced on September 23, 2016. Polysilicon produced using the Siemens process is expected to increase by 402MT due to increases in demand for semiconductor grade polysilicon underpinned by on-hand and anticipated customer orders.

Silicon gas sales volumes are targeted at 800MT for the fourth quarter of 2016. Silicon gas sales volume targets for 2016 in total have been reduced to 2,712MT from previous guidance of 2,840MT. This decrease reflects lower than previously anticipated sales to crystalline PV cell applications due to lower PV demand during Q4.

Cost Targets

REC Silicon targets FBR cash production costs of USD 12.4/kg during the fourth quarter of 2016 and USD 15.7/kg for the full year 2016. Fourth quarter cash cost targets increased by USD 2.3/kg compared to prior guidance due the curtailment of FBR capacity in Moses Lake during the third quarter. Cost targets include only a portion of planned cost reduction initiatives to maximize efficiency at less than full capacity. Cash cost targets for the full year of 2016 are USD 1.1/kg higher than previous guidance due to the impacts of lower cash cost performance during the third quarter and higher cash costs targets for the fourth quarter.

INVESTMENT AND EXPANSION

For 2016, capital expenditures are expected to be approximately USD 13 million including USD 2 million for expansion initiatives. Cost impacts from the hot oil heater fire at the Moses Lake facility have been included in this estimate and have been partially offset by additional reductions to spending on other projects.

Activities associated with all expansion projects have been halted due to market conditions. Ongoing expenditures associated with expansion initiatives consist only of items for which non-cancelable commitments exist.

Until market conditions improve, the Company will defer and delay capital spending when possible while maintaining safe operating conditions in order to maintain liquidity.

The Yulin JV is on track for startup during the second half of 2017. Detailed engineering is complete. Structural steel installation is progressing and procurement is nearing completion. Equipment is arriving at the site and pipe fabrication is underway. JV employees are being trained in operating procedures at the Moses Lake facility in preparation for plant commissioning in 2017.

Production targets

POLYSILICON PRODUCTION VOLUME (MT)	ACTUAL RESULTS Q1 2016	ACTUAL RESULTS Q2 2016	TARGETS Q3 2016	TARGETS Q4 2016	TARGETS 2016
Granular	1,175	1,026	3,354	2,260	7,815
Semiconductor Grade	351	155	231	680	1,418
Siemens Solar	412	490	317	340	1,559
Total	1,937	1,671	3,903	3,280	10,791
Silicon Gas Sales Volume (MT)	531	610	772	800	2,712

Cost targets

POLYSILICON PRODUCTION VOLUME	ACTUAL RESULTS Q1 2016	ACTUAL RESULTS Q2 2016	TARGETS Q3 2016	TARGETS Q4 2016	TARGETS 2016
FBR Cash Cost (USD/kg)	24.8	31.3	9.9	12.4	15.7

FORWARD LOOKING STATEMENTS

This report contains statements regarding the future in connection with the Group's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section "Outlook" contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual results and developments deviating substantially from what has been expressed or implied in such statements. These factors include the risk factors relating to the Group's activities described in section 'Risks and Uncertainties' above, in REC Silicon's Annual Report 2015, including the section Risk Factors in the Board of Directors' Report.

Fornebu, November 1, 2016
Board of Directors

CONSOLIDATED STATEMENT OF FINANCIAL POSITION REC SILICON GROUP

(USD IN MILLION)	NOTES	SEP 30, 2016	SEP 30, 2015	DEC 31, 2015
ASSETS				
Non-current assets				
Intangible assets	2	**19.2**	23.9	21.9
Land and buildings	2	**53.9**	78.5	62.8
Machinery and production equipment	2	**490.4**	747.5	605.2
Other tangible assets	2	**14.0**	19.7	16.2
Assets under construction	2	**68.7**	66.0	65.8
Property, plant and equipment	2	**627.0**	911.7	750.0
Government grant assets		**89.7**	117.8	110.8
Financial assets and prepayments		**3.8**	4.1	4.1
Deferred tax assets		**114.9**	0.0	34.5
Total non-current assets		**854.6**	1,057.4	921.2
Current assets				
Inventories	5	**112.9**	167.1	141.6
Trade and other receivables	10	**41.3**	97.0	70.3
Current tax assets		**0.0**	0.3	0.0
Restricted bank accounts		**4.3**	3.8	3.7
Cash and cash equivalents		**86.8**	94.7	95.4
Total current assets		**245.2**	362.9	311.0
Total assets		**1,099.8**	1,420.3	1,232.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION REC SILICON GROUP

(USD IN MILLION)	NOTES	SEP 30, 2016	SEP 30, 2015	DEC 31, 2015
EQUITY AND LIABILITIES				
Shareholders' equity				
Paid-in capital		**3,158.0**	3,158.0	3,158.0
Other equity and retained earnings		**-2,360.7**	-2,100.1	-2,237.0
Total shareholders' equity		**797.3**	1,057.9	921.0
Non-current liabilities				
Retirement benefit obligations		**17.7**	18.0	18.2
Deferred tax liabilities		**4.8**	49.3	5.5
Investments in Associates	3	**32.9**	25.8	28.5
Non-current financial liabilities, interest bearing	6	**146.6**	140.5	138.8
Non-current prepayments, interest calculation		**6.0**	1.2	1.1
Other non-current liabilities, not interest bearing		**0.2**	0.1	0.2
Total non-current liabilities		**208.2**	234.9	192.3
Current liabilities				
Trade payables and other liabilities		**66.2**	78.3	72.5
Derivatives	4	**1.6**	1.5	1.4
Current financial liabilities, interest bearing	6	**24.7**	44.3	42.9
Current prepayments, interest calculation		**1.7**	3.4	2.0
Total current liabilities		**94.3**	127.5	118.9
Total liabilities		**302.5**	362.4	311.2
Total equity and liabilities		**1,099.8**	1,420.3	1,232.2

CONSOLIDATED STATEMENT OF INCOME REC SILICON GROUP

(USD IN MILLION)	NOTES	Q3 2016	Q3 2015	SEP 30, 2016	SEP 30, 2015	YEAR 2015
Revenues		**50.9**	87.5	190.8	255.0	329.9
Cost of materials	5	**-21.1**	-20.6	-44.6	-77.3	-96.1
Changes in inventories	5	**14.7**	-18.5	-23.2	32.5	12.0
Employee benefit expenses		**-15.9**	-21.7	-57.5	-68.4	-89.5
Other operating expenses		**-35.1**	-41.1	-108.0	-125.6	-169.2
Other income and expenses		**-1.4**	0.3	6.9	0.3	-0.1
EBITDA		**-7.9**	-14.1	-35.7	16.6	-13.0
Depreciation	2	**-22.5**	-31.4	-69.4	-101.4	-131.1
Amortization	2	**-0.5**	-0.8	-1.5	-2.3	-3.1
Impairment	2	**-79.0**	0.0	-79.0	-0.1	-151.6
Total depreciation, amortization and impairment		**-101.9**	-32.2	-149.8	-103.7	-285.7
EBIT		**-109.8**	-46.3	-185.5	-87.2	-298.8
Share of profit/loss of investments in associates	3	**-0.8**	0.9	-2.5	-0.6	-1.8
Financial income		**0.3**	0.2	1.5	1.6	3.4
Net financial expenses		**-3.5**	-3.1	-10.0	-8.7	-11.2
Net currency gains/losses		**-27.3**	54.7	-61.4	92.0	115.1
Fair value adjustment convertible bonds	6	**0.0**	4.5	-2.8	3.3	3.3
Net financial items		**-30.5**	56.3	-72.6	88.1	110.5
Profit/loss before tax from continuing operations		**-141.2**	10.9	-260.6	0.3	-190.1
Income tax expense/benefit from continuing operations		**42.7**	22.4	78.7	48.8	127.3
Profit/loss from continuing operations		**-98.5**	33.3	-181.9	49.1	-62.8
Profit/loss from discontinued operations, net of tax	9	**0.0**	0.1	0.0	0.3	0.2
Profit/loss from total operations		**-98.5**	33.5	-181.9	49.3	-62.6
Attributable to:						
Owners of REC Silicon ASA		**-98.5**	33.5	-181.9	49.3	-62.6
Earnings per share (In USD)						
From continuing operations						
-basic		**-0.04**	0.01	-0.07	0.02	-0.03
-diluted		**-0.04**	0.01	-0.07	0.02	-0.03
Earnings per share (In USD)						
From total operations						
-basic		**-0.04**	0.01	-0.07	0.02	-0.03
-diluted		**-0.04**	0.01	-0.07	0.02	-0.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME REC SILICON GROUP

(USD IN MILLION)	**Q3 2016**	Q3 2015	SEP 30, 2016	SEP 30, 2015	YEAR 2015
Profit/loss from total operations	**-98.5**	33.5	-181.9	49.3	-62.6
Other comprehensive income, net of tax:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plans	**0.0**	0.0	0.0	0.0	-0.8
Currency translation effects	**33.6**	-62.9	75.6	-103.4	-132.3
Sum items that will not be reclassified to profit or loss	**33.6**	-62.9	75.6	-103.4	-133.1
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences					
- taken to equity	**-7.3**	8.8	-17.4	14.8	19.6
Sum items that may be reclassified subsequently to profit or loss	**-7.3**	8.8	-17.4	14.8	19.6
Total other comprehensive income	**26.3**	-54.2	58.2	-88.6	-113.6
Total comprehensive income	**-72.2**	-20.7	-123.8	-39.3	-176.2
Total comprehensive income attributable to:					
Owners of REC Silicon ASA	**-72.2**	-20.7	-123.8	-39.3	-176.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY REC SILICON GROUP

	ATTRIBUTABLE TO EQUITY HOLDERS OF REC SILICON ASA						
(USD IN MILLION)	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	**TOTAL PAID-IN CAPITAL**	OTHER EQUITY	COMPREHENSIVE INCOME	**TOTAL EQUITY**
September 30, 2015							
At January 1, 2015	377.1	2,696.4	41.8	**3,115.3**	174.0	-2,234.9	**1,054.4**
Equity share option plan	0.0	0.0	0.0	**0.0**	0.1	0.0	**0.1**
Share issue	28.2	14.5	0.0	**42.7**	0.0	0.0	**42.7**
Total comprehensive income	0.0	0.0	0.0	**0.0**	0.0	-39.3	**-39.3**
At September 30, 2015	405.3	2,710.9	41.8	**3,158.0**	174.1	-2,274.2	**1,057.9**
Year 2015							
At January 1, 2015	377.1	2,696.4	41.8	**3,115.3**	174.0	-2,234.9	**1,054.4**
Equity share option plan	0.0	0.0	0.0	**0.0**	0.1	0.0	**0.1**
Share issue	28.2	14.5	0.0	**42.7**	0.0	0.0	**42.7**
Total comprehensive income	0.0	0.0	0.0	**0.0**	0.0	-176.2	**-176.2**
At December 31, 2015	405.3	2,710.9	41.8	**3,158.0**	174.1	-2,411.1	**921.0**
September 30, 2016							
At January 1, 2016	405.3	2,710.9	41.8	**3,158.0**	174.1	-2,411.1	**921.0**
Equity share option plan	0.0	0.0	0.0	**0.0**	0.1	0.0	**0.1**
Total comprehensive income	0.0	0.0	0.0	**0.0**	0.0	-123.8	**-123.8**
At September 30, 2016	405.3	2,710.9	41.8	**3,158.0**	174.2	-2,534.9	**797.3**

This table presents details of comprehensive income

(NOK IN MILLION)	TRANSLATION DIFFERENCES THAT CAN BE TRANSFERRED TO PROFIT AND LOSS	ACQUISITION	RETAINED EARNINGS	TOTAL
September 30, 2015				
Accumulated at January 1, 2015	18.1	20.9	-2,273.9	**-2,234.9**
Profit/loss from total operations	0.0	0.0	49.3	**49.3**
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	0.0	**0.0**
Currency translation effects	0.0	0.0	-103.4	**-103.4**
Sum items that will not be reclassified to profit or loss	0.0	0.0	-103.4	**-103.4**
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	19.3	0.0	0.0	**19.3**
Tax on currency translation differences taken to equity	-4.5	0.0	0.0	**-4.5**
Sum items that may be reclassified to profit or loss	14.8	0.0	0.0	**14.8**
Total other comprehensive income for the period	14.8	0.0	-103.4	**-88.6**
Total comprehensive income for the period	14.8	0.0	-54.1	**-39.3**
Accumulated at September 30, 2015	33.0	20.9	-2,328.0	**-2,274.2**
Year 2015				
Accumulated at January 1, 2015	18.1	20.9	-2,273.9	**-2,234.9**
Profit/loss from total operations	0.0	0.0	-62.6	**-62.6**
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	-0.8	**-0.8**
Currency translation effects	0.0	0.0	-132.3	**-132.3**
Sum items that will not be reclassified to profit or loss	0.0	0.0	-133.1	**-133.1**
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	24.7	0.0	0.0	**24.7**
Tax on currency translation differences taken to equity	-5.1	0.0	0.0	**-5.1**
Sum items that may be reclassified to profit or loss	19.6	0.0	0.0	**19.6**
Total other comprehensive income for the period	19.6	0.0	-133.1	**-113.6**
Total comprehensive income for the period	19.6	0.0	-195.7	**-176.2**
Accumulated at December 31, 2015	37.7	20.9	-2,469.7	**-2,411.1**
September 30, 2016				
Accumulated at January 1, 2016	37.7	20.9	-2,469.7	**-2,411.1**
Profit/loss from total operations	0.0	0.0	-181.9	**-181.9**
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans	0.0	0.0	0.0	**0.0**
Currency translation effects	0.0	0.0	75.6	**75.6**
Sum items that will not be reclassified to profit or loss	0.0	0.0	75.6	**75.6**
Items that may be reclassified to profit or loss:				
Currency translation differences taken to equity	-20.5	0.0	0.0	**-20.5**
Tax on currency translation differences taken to equity	3.1	0.0	0.0	**3.1**
Sum items that may be reclassified to profit or loss	-17.4	0.0	0.0	**-17.4**
Total other comprehensive income for the period	-17.4	0.0	75.6	**58.2**
Total comprehensive income for the period	-17.4	0.0	-106.4	**-123.8**
Accumulated at September 30, 2016	20.3	20.9	-2,576.0	**-2,534.9**

CONSOLIDATED STATEMENT OF CASH FLOWS TOTAL OPERATIONS REC SILICON GROUP

(USD IN MILLION)	NOTES	Q3 2016	Q3 2015	SEP 30, 2016	SEP 30, 2015	YEAR 2015
Cash flows from operating activities						
Profit/loss before tax from total operations 1)		**-141.2**	11.0	-260.6	0.5	-189.9
Income taxes paid/received		**0.0**	0.0	0.0	-3.0	-3.0
Depreciation, amortization and impairment	2	**101.9**	32.2	149.8	103.7	285.7
Fair value adjustment convertible bond	6	**0.0**	-4.5	2.8	-3.3	-3.3
Equity accounted investments, impairment financial assets, gains/losses on sale	3	**0.8**	-0.9	2.5	0.6	1.8
Gains/losses on disposal of discontinued operations	9	**0.0**	-0.1	0.0	-0.3	-0.2
Changes in receivables, prepayments from customers etc.	10	**8.8**	7.9	34.8	18.0	38.2
Changes in inventories	5	**-15.3**	14.7	28.7	-38.9	-13.4
Changes in payables, accrued and prepaid expenses		**12.0**	4.1	-5.4	1.8	-3.8
Changes in VAT and other public taxes and duties		**-0.1**	-3.0	0.0	-0.1	2.5
Changes in derivatives		**0.0**	-0.1	0.0	-0.3	-0.3
Currency effects not cash flow or not related to operating activities		**25.4**	-53.2	58.9	-89.0	-111.7
Other items		**5.3**	-0.1	5.0	-0.4	-1.0
Net cash flow from operating activities		**-2.3**	8.0	16.4	-10.5	1.6
Cash flows from investing activities						
Proceeds from finance receivables and restricted cash		**0.0**	0.1	0.0	0.8	0.8
Payments finance receivables and restricted cash		**0.1**	0.0	-0.2	0.0	0.0
Proceeds from sale of property, plant and equipment and intangible assets		**0.0**	0.0	0.0	0.0	0.0
Payments for property, plant and equipment and intangible assets	2	**-5.4**	-17.6	-10.3	-46.1	-54.7
Proceeds from investment grants		**0.0**	5.7	0.0	5.7	5.7
Net cash flow from investing activities		**-5.3**	-11.9	-10.5	-39.6	-48.2
Cash flows from financing activities						
Increase in equity		**0.0**	42.7	0.0	42.7	42.7
Payments of borrowings and up-front/waiver loan fees		**0.0**	-6.7	-21.2	-6.7	-6.7
Proceeds from borrowings		**0.0**	17.1	0.0	17.1	17.1
Net cash flow from financing activities		**0.0**	53.1	-21.2	53.1	53.1
Effect on cash and cash equivalents of changes in foreign exchange rates		**3.0**	-3.7	6.6	-4.8	-7.4
Net increase/decrease in cash and cash equivalents		**-4.6**	45.5	-8.7	-1.8	-1.0
Reclassification to/from assets held for sale		**0.0**	0.0	0.0	0.0	0.0
Cash and cash equivalents at the beginning of the period		**91.3**	49.2	95.4	96.4	96.4
Cash and cash equivalents at the end of the period		**86.8**	94.7	86.8	94.7	95.4
1) PROFIT/LOSS BEFORE TAX FROM TOTAL OPERATIONS CONSISTS OF						
Profit/loss before tax from continuing operations		**-141.2**	10.9	-260.6	0.3	-190.1
Profit/loss before tax from discontinued operations		**0.0**	0.1	0.0	0.3	0.2
Profit/loss before tax from total operations		**-141.2**	11.0	-260.6	0.5	-189.9

NOTES

1 GENERAL

THE GROUP

REC Silicon ASA (the Company) and its subsidiaries (together REC Silicon Group, REC Silicon, or Group) are a leading producer of advanced silicon materials, delivering high-purity polysilicon and silicon gases to the solar and electronics industries worldwide.

REC Silicon ASA is headquartered in Fornebu, Norway and operates manufacturing facilities in Moses Lake, Washington and Butte, Montana in the USA. REC Silicon's subsidiaries include: REC Silicon Inc., REC Solar Grade Silicon LLC, and REC Advanced Silicon Materials LLC in the US. REC Silicon's marketing activities for sales of solar grade polysilicon, semiconductor grade silicon and silicon gases are carried out in China, Japan, Korea, Taiwan, and the United States. The Group's joint venture operations are held in REC Silicon Pte Ltd in Singapore.

BASIS OF PREPARATION

The financial statements are presented in million USD. As a result of rounding, the figures in one or more rows or columns included in the financial statements may not add up to the total of that row or column.

FINANCIAL STATEMENTS

These consolidated interim financial statements, combined with other relevant financial information in this report, have been prepared in accordance with IAS 34. They have not been audited or subject to a review by the auditor. They do not include all of the information required for full annual financial statements of the Group and should be read in conjunction with the consolidated financial statements for 2015. The consolidated financial statements for 2015 are available upon request from the Company's registered office in Fornebu, Norway or at www.recsilicon.com.

The Board of Directors has prepared these interim financial statements under the assumption that the Company is a going concern and is of the opinion that this assumption was realistic at the date of the accounts. Please refer to the section Risks and Uncertainties in this report for additional information.

ACCOUNTING POLICIES

The consolidated financial statements for 2015 were prepared in accordance with IFRS as adopted by the EU and the Norwegian Accounting Act. The accounting policies adopted by the Company are consistent with those of the previous financial year. See note 2.24 to the consolidated financial statements for 2015.

ESTIMATES AND JUDGMENTS

Preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4 to the consolidated financial statements for 2015.

DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES

An Alternative Performance Measure (APM) is a measure of historical or future financial performance, financial position, or cash flows other than a financial measure defined or specified in the applicable financial reporting framework.

The Company has identified the following APMs used in reporting:

- **EBIT** - Profit/loss from total operations excluding income tax expense/benefit, net financial items, and share of profit/loss from investments in associates.
- **EBIT Margin** - EBIT divided by revenues.
- **EBITDA** - EBIT excluding depreciation, amortization and impairment.
- **EBITDA Margin** - EBITDA divided by revenues.
- **Net Debt** – Carrying value of interest bearing debt instruments less cash and cash equivalents.
- **Nominal Net Debt** – Contractual principal repayment values of interest bearing debt instruments less cash and cash equivalents.
- **FBR Cash Cost** - Variable, direct, and indirect manufacturing costs excluding depreciation and amortization divided by units produced (excluding fines and powder). FBR Cash Cost does not include general and administrative costs.
- **Equity Ratio** – Total shareholders' equity divided by total assets.

2 FIXED ASSETS

See note 6 to the consolidated financial statements for 2015.

Property, plant and equipment and intangible assets

(USD IN MILLION)	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	ASSETS UNDER CONSTRUCTION	**TOTAL PROPERTY, PLANT AND EQUIPMENT**	TOTAL INTANGIBLE ASSETS	**TOTAL**
Carrying value at January 1, 2016	62.8	605.2	16.2	65.8	**750.0**	21.9	**771.9**
Exchange differences	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Net additions 1)	0.1	2.8	2.3	2.9	**8.1**	-0.2	**7.9**
Government grant	0.9	20.4	0.3	0.0	**21.5**	-0.2	**21.3**
Disposals	0.0	-5.2	0.0	0.0	**-5.2**	0.0	**-5.2**
Depreciation and amortization	-2.4	-65.0	-2.0	0.0	**-69.4**	-1.5	**-70.8**
Impairment	-7.4	-67.9	-2.8	0.0	**-78.1**	-0.9	**-79.0**
Carrying value at September 30, 2016	53.9	490.4	14.0	68.7	**627.0**	19.2	**646.2**
At September 30, 2016							
Historical cost	145.7	2,062.2	80.8	73.6	**2,362.3**	84.9	**2,447.2**
Accumulated depreciation/amortization/impairment	-91.8	-1,571.9	-66.8	-4.8	**-1,735.2**	-65.8	**-1,801.0**
Carrying value at September 30, 2016	53.9	490.4	14.0	68.7	**627.0**	19.2	**646.2**

1) Net additions include transfers from assets under construction

IMPAIRMENT REVIEWS

The Group has conducted a review of impairment indicators and impairment testing was performed at September 30, 2016. Impairment indicators that could give rise to a change in impairment included carrying value in excess of the Company's market capitalization, changes in solar grade polysilicon market conditions, and production capacity curtailments due to uncertainty associated with the trade dispute between the US and China (See Note 8).

Management determined that the Group continues to contain only one cash generating unit. Value in use has been estimated using discounted cash flows over a 5 year period with the last year used as a basis for terminal value. A discount rate of 12.0 percent was estimated on an after tax basis and adjusted to estimate the equivalent before tax discount rate of 15.8 percent.

Impacts on long term polysilicon market conditions caused by the trade dispute between the US and China are difficult to determine. Forecasts used to arrive at estimated future cash flows include the assumption that market conditions will support the restart of idled capacity at Moses Lake facility in 2018. Should the impacts of the trade dispute continue, additional impairment would be required.

See note 7 to the consolidated financial statements for 2015 for a discussion of the determination of the cash generating unit and a description of the key assumptions and sensitivities.

The net carrying value of REC Silicon exceed the resulting value in use at September 30, 2016. Therefore, an impairment of USD 78.5 million has been taken against the Company's property, plant and equipment at September 30, 2016.

Impairments are included in the line "Impairment" in the statement of income and include USD 0.5 million of assets that have been replaced or taken out of service during the third quarter of 2016.

3 EQUITY ACCOUNTED INVESTMENTS (ASSOCIATES AND JOINT VENTURES)

The Group has entered into a joint arrangement in China; Shaanxi Non-Ferrous Tian Hong REC Silicon Materials Co., Ltd. (Yulin JV). The Group has a 49 percent interest and joint control, therefore, it is a joint venture and is accounted for according to the equity method.

The Group's share of net assets does not reflect its 49 percent ownership interest in the Yulin JV due to differences in timing of equity contributions by the JV partners.

The following table presents a reconciliation of the Group's investment in the Yulin joint venture:

(USD IN MILLION)	SEP 30, 2016
Carrying value at January 1, 2016	-28.5
Equity contributions	0.0
Amortization of basis difference in technology contributed	0.0
Share of joint venture profits/loss	-2.5
Effects of changes in currency exchange rates	-1.9
Carrying value at September 30, 2016	-32.9

The following table presents the major classification of assets and liabilities reflected on the Yulin JV's statement of financial position at September 30, 2016:

(USD IN MILLION)	SEP 30, 2016
Non-current assets	616.9
Other Current assets	46.8
Cash and cash equivalents	2.6
Non-current liabilities	-281.8
Current liabilities	-82.5
Net Assets (100%)	302.0
REC Silicon's share of net assets	64.1
Adjusted for technology transfer	-97.0
Carrying amount of REC's interest	-32.9

See note 7 below and note 8 to the consolidated financial statements for 2015.

4 DERIVATIVES

See notes 3 and 11 to the consolidated financial statements for 2015.

Derivatives consist of an option contract which is a part of the indemnification agreement associated with the REC Wafer bankruptcy. Changes in estimated fair values have been reported as part of the profit/loss from discontinued operations on the statement of income.

At September 30, 2016, the option contract was a liability valued at USD 1.6 million (USD 1.4 million at December 31, 2015).

5 INVENTORIES

See note 13 to the consolidated financial statements for 2015.

Inventories at end of period

	SEP 30, 2016			DEC 31, 2015		
(USD IN MILLION)	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS	BEFORE WRITEDOWNS	WRITEDOWNS	AFTER WRITEDOWNS
Stock of raw materials	**16.7**	**0.0**	**16.7**	21.9	0.0	21.9
Spare parts	**42.0**	**-13.7**	**28.3**	42.5	-13.4	29.2
Work in progress	**13.9**	**-2.5**	**11.4**	11.8	-1.8	10.0
Finished goods	**96.9**	**-40.4**	**56.5**	125.8	-45.3	80.5
Total	**169.5**	**-56.6**	**112.9**	202.0	-60.5	141.6

6 BORROWINGS AND GUARANTEES

See notes 3 and 17 to the consolidated financial statements for 2015.

Carrying amounts of interest bearing liabilities at September 30, 2016 and contractual repayments (excluding interest payments) are specified in the table below.

	CARRYING AMOUNT		CONTRACTUAL PAYMENTS, EXCLUDING INTEREST	
(USD IN MILLION)	CURRENCY	USD	TOTAL	2018
Unamortized upfront fees (NOK)	-1.2	-0.2	0.0	0.0
NOK bonds (NOK)	450.3	55.9	56.6	56.6
USD convertible bond (USD)	90.7	90.7	110.0	110.0
Indemnification loan (NOK)	200.0	24.8	24.8	24.8
Total		171.4	191.4	191.4

The difference between carrying amounts and contractual repayments of the USD convertible bonds are due to fair value adjustments. The difference for the NOK bonds is related to fair value interest rate hedges. The fair value hedges have been revoked and the remaining fair value adjustments are being amortized prospectively as part of the effective interest.

The indemnification loan is related to the bankruptcy of a former subsidiary in 2012. At September 30, 2016 the indemnification loan is NOK 200 million (USD 24.8 million) and can only be called if certain conditions are met. Once the loan is called, outstanding amounts will bear interest at a rate of NIBOR plus 0.5%. Although the indemnification loan was callable in February 2016, this loan has not been called and is not expected to be called before 2018 (see note 8 and 2015 Annual Report note 17).

Guarantees
See note 29 to the consolidated financial statements for 2015.

At September 30, 2016, the Company had provided USD 5.2 million in bank guarantees against which the Company has pledged USD 4.1 million of restricted cash. This included bank guarantees for the benefit of REC Solar of USD 1.4 million with USD 0.2 million of restricted cash as security.

The Company has also provided parent company guarantees related to the performance of solar panels and systems sold by the REC Solar Group. These guarantees were USD 54.7 million at September 30, 2016 and December 31, 2015.

The Company has been provided with offsetting guarantees by REC Solar Holdings AS as part of the sale of REC Solar in 2013.

Fair values of financial instruments
See note 30 to the consolidated financial statements for 2015.

The option contract contained in the indemnification agreement associated with the REC Wafer Norway AS bankruptcy is subject to level 3 of the fair value hierarchy of IFRS 13. The value of this option has increased from USD 1.4 million at December 31, 2015 to USD 1.6 million at September 30, 2016 due to the impact of changes in currency translation rates.

The Group estimates that the carrying values of financial instruments approximate fair values except for the NOK bond REC03 (level 2).

The fair value of the USD convertible bond at September 30, 2016 is estimated at 83 percent of nominal value, compared to 80 percent at December 31, 2015. Fair value of the USD convertible bond is estimated using recent transactions reported for the bond.

	SEP 30, 2016		
(USD IN MILLION)	NOMINAL VALUE	CARRYING VALUE	ESTIMATED FAIR VALUE
REC03	56.6	55.9	51.9

USD convertible bond

(USD IN MILLION)	AT ISSUE SEP 2013	SEP 30, 2016	SEP 30, 2015	DEC 31, 2015	CHANGE TO P/L Q3 2016	CHANGE TO P/L Q3 2015	CHANGE TO P/L SEP 30, 2016	CHANGE TO P/L SEP 30, 2015
Nominal value	110.0	110.0	110.0	110.0				
Value of the total loan	110.0	90.7	88.0	88.0	0.0	-4.5	2.7	-3.3

Estimated fair values exclude accrued interest. Increase (decrease) in fair value is recognized as an expense (income) in the statement of income.

7 COMMITMENTS

Contractual purchase obligations and minimum operating lease payments at September 30, 2016

		DISTRIBUTION OF PAYMENTS						
(USD IN MILLION)	TOTAL FUTURE PAYMENTS	REMAINING 2016	2017	2018	2019	2020	2021	AFTER 2021
Purchase of goods and services								
REC Silicon	23.9	15.3	4.2	0.2	0.2	1.2	1.5	1.5
Other	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total purchase of goods and services	23.9	15.3	4.2	0.2	0.2	1.2	1.5	1.5
Minimum operating lease payments								
REC Silicon	61.7	5.0	18.9	14.0	8.8	8.8	2.1	4.2
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total minimum operating lease payments	61.7	5.0	18.9	14.0	8.8	8.8	2.1	4.2

REC Silicon is a partner in a joint venture in China (See Note 3). REC Silicon has agreed to contribute additional equity to the joint venture of USD 15 million and USD 154 million in July 2017 which have not been included in the table above. REC Silicon expects to delay or cancel these contributions if the Company does not have sufficient liquidity when the equity contribution commitments are scheduled.

8 CLAIMS, DISPUTES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

During the second quarter of 2016, REC Advanced Silicon Materials LLC (ASiMI) located in Butte, Montana received a partial refund of USD 6.6M representing electricity costs paid in prior years due to rate increases incorrectly implemented by its utility provider in 2010. An association of large industrial electricity customers initiated administrative proceedings with the United States Federal Energy Regulatory Commission (FERC) to reverse the rate increases and to obtain refunds of excess payments. The utility provider has filed a notice of appeal with the D.C. Court of Appeals. REC Silicon believes that FERC's ruling will be sustained by the appeals court. No provision has been made for any potential liability should the utility provider prevail on appeal.

The solar trade war between the US and China continues to restrict REC Silicon's access to polysilicon markets in China. REC Silicon continues to work with the US government, the Chinese government, affected companies, and industry organizations to obtain a favorable resolution. In addition, REC Silicon continues to focus on identifying sales opportunities outside of China to mitigate the impact of the trade war. Although there are several initiatives to advance a resolution, the timing or outcome of any resolution remains uncertain.

The Company's current liquidity position is considered sufficient to meet expected operating cash flow requirements and debt service obligations. Although the indemnification loan was callable in February 2016, this loan has not been called and is not expected to be called before 2018 (see note 6 and 2015 Annual Report note 17). The Company's tax filings for prior years continue to be under examination by the Norwegian Central Tax Office (see 2015 Annual Report note 31) and the timing and impact of a ruling remain uncertain. In the event that conditions surrounding the call of the indemnity loan change or the outcome of tax examinations are negative, the liquidity risk for the Company will increase.

Please refer to the annual report for 2015, specifically, note 31 to the consolidated financial statements and the risk factors section of the Board of Directors' Report.

9 DISCONTINUED OPERATIONS

Amounts related to discontinued operations are due to changes in estimates used to value assets and liabilities associated with operations which were sold or disposed of during prior years.

See notes 2.22 and 9 to the consolidated financial statements for 2015 for further information on discontinued operations.

10 RECEIVABLES

See note 12 and 30 to the consolidated financial statements for 2015.

Aging of receivables at September 30, 2016

			AGING OF RECEIVABLES THAT ARE NOT IMPAIRED PAST DUE				
(USD IN MILLION)	TOTAL CARRYING AMOUNT	NOT DUE	< 30 DAYS	>30<90 DAYS	>90<365 DAYS	>365 DAYS	IMPAIRED
Trade receivables and accrued revenues	44.0	16.4	6.4	0.9	0.2	0.0	20.2
Provision for loss on trade recivables	-20.2	0.0	0.0	0.0	0.0	0.0	-20.2
Other non-current and current receivables	3.0	3.0	0.0	0.0	0.0	0.0	0.0
Total receivables	26.8	19.4	6.4	0.9	0.2	0.0	0.0
Prepaid Costs	14.5						
Total trade and other receivables	41.3						

11 TRANSACTIONS WITH RELATED PARTIES

See note 10 and note 16 to the consolidated financial statements for 2015.

In the third quarter of 2016, REC Silicon invoiced Yulin JV USD 1.5 million for engineering and project services.

REC Silicon ASA offices are owned by shareholder UMOE AS and leased to the Company.

12 SEGMENT INFORMATION

See notes 2.3 and 5 to the consolidated financial statements for 2015 for further information on segments.

FOR MORE INFORMATION, PLEASE CONTACT

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About REC Silicon

REC Silicon ASA is a leading producer of advanced silicon materials, supplying high-purity polysilicon and silicon gases to the solar and electronics industries worldwide. We combine over 30 years experience and best-in-class proprietary technology to deliver on customer expectations. Our two U.S. based plants have a capacity of more than 20,000 MT high-purity polysilicon. REC Silicon is headquartered in Fornebu, Norway and listed on the Oslo stock exchange under the ticker: REC.

For more information, go to: www.recsilicon.com