



Minerals for a sustainable future



OAX: NOM

**NORDIC
MINING**

Q4 2019 Presentation

February 11, 2020



Large deposit
with unique
location



Quality offtake
partners



Robust project
economics



Strong competitive
position



Valuable
investment in lithium

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Agenda

1. Introduction
2. Financial update
3. Engebø Rutile and Garnet
4. Keliber Oy Lithium
5. Q & A

Highlights

- DFS represents a major de-risking milestone and reinforces Engebø as a robust and attractive project
- Fully financed until start of construction
- Progressing towards project realization
 - Step-up of project finance activities
 - Finalizing offtake agreements
 - Build-up of the project team

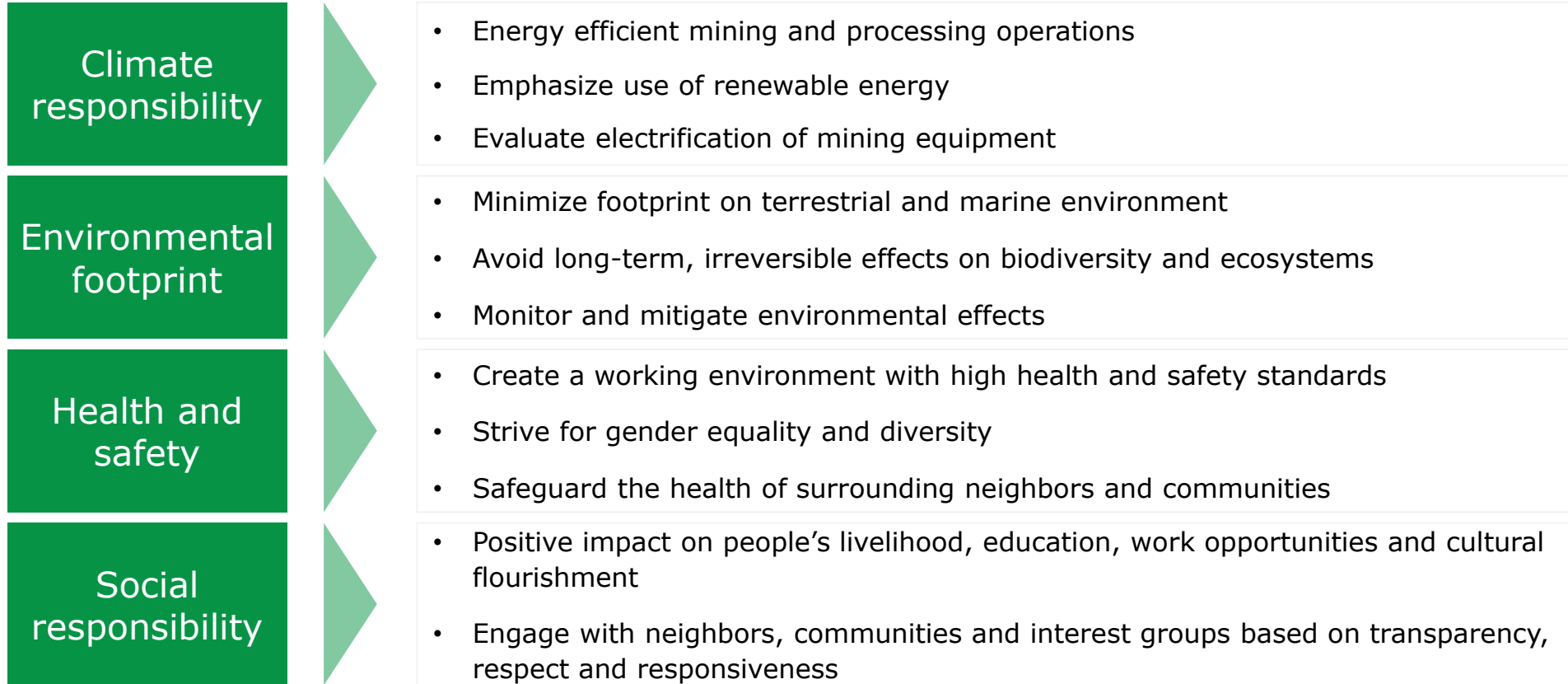


Project economics – A strong business case

	<u>Pre-Tax</u>	<u>Post-Tax</u>	
Net Present Value @ 8%	USD 450m	USD 344m	
Internal rate of return	21.9%	19.8%	
	<u>Garnet</u>	<u>Rutile</u>	
Yearly average sales ¹	278 ktpa	34 ktpa	
	<u>Revenue³</u>	<u>Opex</u>	<u>EBITDA</u>
Average per tonne sold ^{1,2}	USD 339	USD 73	USD 266
Average per year ^{1,2}	USD 106m	USD 24m	USD 82m
Capex	USD 311m		

Overarching ESG goals

Nordic Mining will develop the Company's Projects in accordance with IFC Performance Standards and the Equator Principles, and on the basis of the United Nation's sustainable development goals



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Consolidated income statement

	Q4-2019	2019	Q4-2018	2018
<i>(Amounts in NOK million)</i>	Unaudited	Unaudited	Unaudited	Audited
Sales	-	-	-	-
Payroll and related costs	-4.0	-15.5	-4.0	-11.8
Depreciation and amortisation	-0.1	-0.2	-2.4	-2.5
Other operating expenses	-11.5	-57.2	-14.5	-49.9
Operating profit/(loss)	-15.7	-72.8	-21.0	-64.2
Share of result of an associate	-	-0.8	-2.5	-8.0
Gain/(loss) on investments	-25.1	75.5	-	-
Other financial items	-0.1	-0.5	-0.1	-0.1
Profit/(loss) before tax	-40.9	1.4	-23.6	-72.3
Income tax	-	-	-	-
Profit/(loss) for the period	-40.9	1.4	-23.6	-72.3

- Operating loss reflects the cost of ongoing DFS activities
- Valuation for Keliber investment reduced from NOK 116m to NOK 91m
 - Mainly due to delay in construction schedule announced in November and continued soft spot-markets for lithium products
 - Impairment of NOK 25.1m in Q4-19; net gain for 2019 of NOK 75.5m

Consolidated statement of financial position

	31.12.2019	31.12.2018
<i>(Amounts in NOK million)</i>	Unaudited	Audited
ASSETS		
Evaluation and exploration assets	26.1	25.6
Property, plant & equipment	0.6	0.2
Financial assets	90.8	-
Investment in associate	-	21.3
Total non-current assets	117.5	47.1
Cash and equivalents	30.6	49.9
Other current assets	4.0	2.5
Total current assets	34.7	52.4
Total assets	152.2	99.6
SHAREHOLDERS' EQUITY & LIABILITIES		
Total equity	143.8	89.5
Non-current liabilities	0.7	0.8
Current liabilities	7.6	9.2
Total liabilities	8.3	10.0
Total equity and liabilities	152.2	99.6

- Financial asset comprise investment in Keliber Oy
- Cash and equivalents of NOK 30.6m
- Equity issue with gross proceeds of NOK 57.4m executed in January; not included in Q4 figures
- No interest bearing debt

Pre-construction financing completed

- Private placement of 28,700,000 shares at a subscription price of NOK 2.00 per share and gross proceeds of NOK 57.4 million successfully completed in January
- Extraordinary general meeting to be held on 25 February 2020 to resolve on a subsequent share issue of up to 10 million new shares directed towards existing shareholders
- The proceeds will primarily be used to finance the Engebø project until the construction financing has been secured. This includes all activities relating to front-end engineering and design (FEED) and to secure a financing package
- Equity raises complete capital requirement until construction start in Q4-20

Construction financing

- Completion of DFS triggers increase in activities towards finance partners
- Banks' due diligence activities ongoing
- Appointment of Clarksons Platou Securities and Sparebank 1 Markets as joint lead managers; complimentary to previous appointment of Northcott Capital
- Offtake partners intend to participate with substantial portion of the financing

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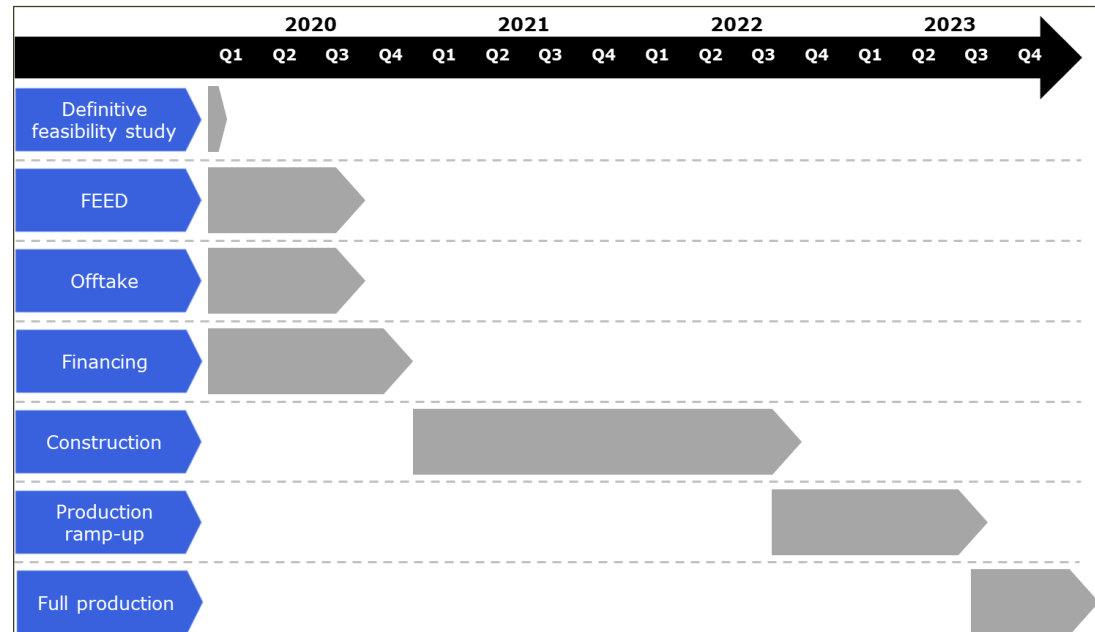
Progressing towards construction and production

FEED

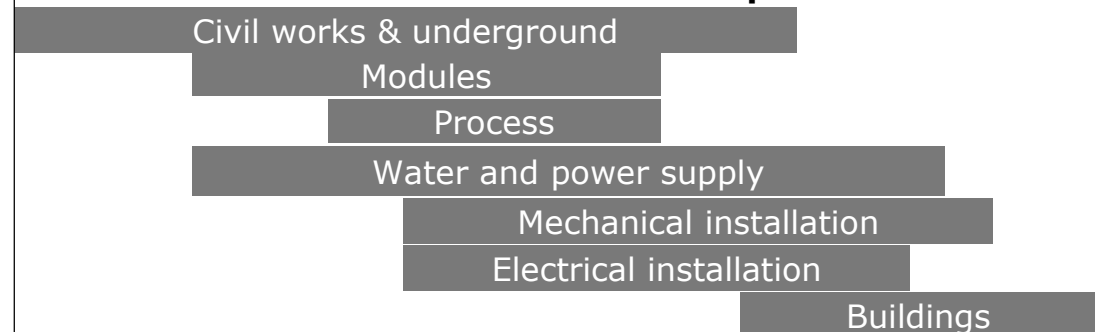
- Detailed engineering
- EPCM bid process
- Final negotiations of main contract packages
- Procurement preparations, long lead items
- Building permits at site
- Environmental monitoring

Strategic focus

- Contracted EPCM services
- Off-site construction of process plant modules
- Staged installation on-site
- Optimize synergies between contract packages
- Pre-commissioning off-site



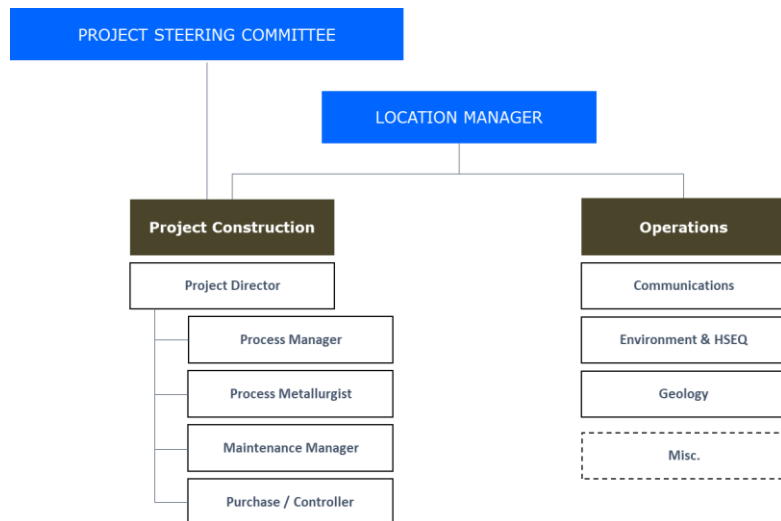
Tentative construction sequence



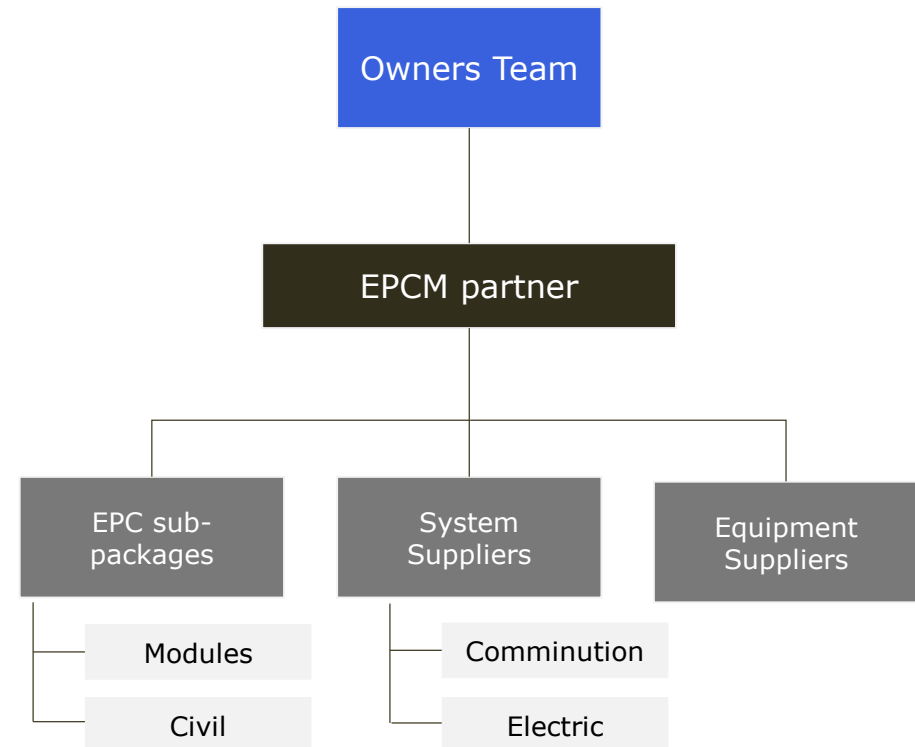
Building a long-term industrial operation

Owner's team

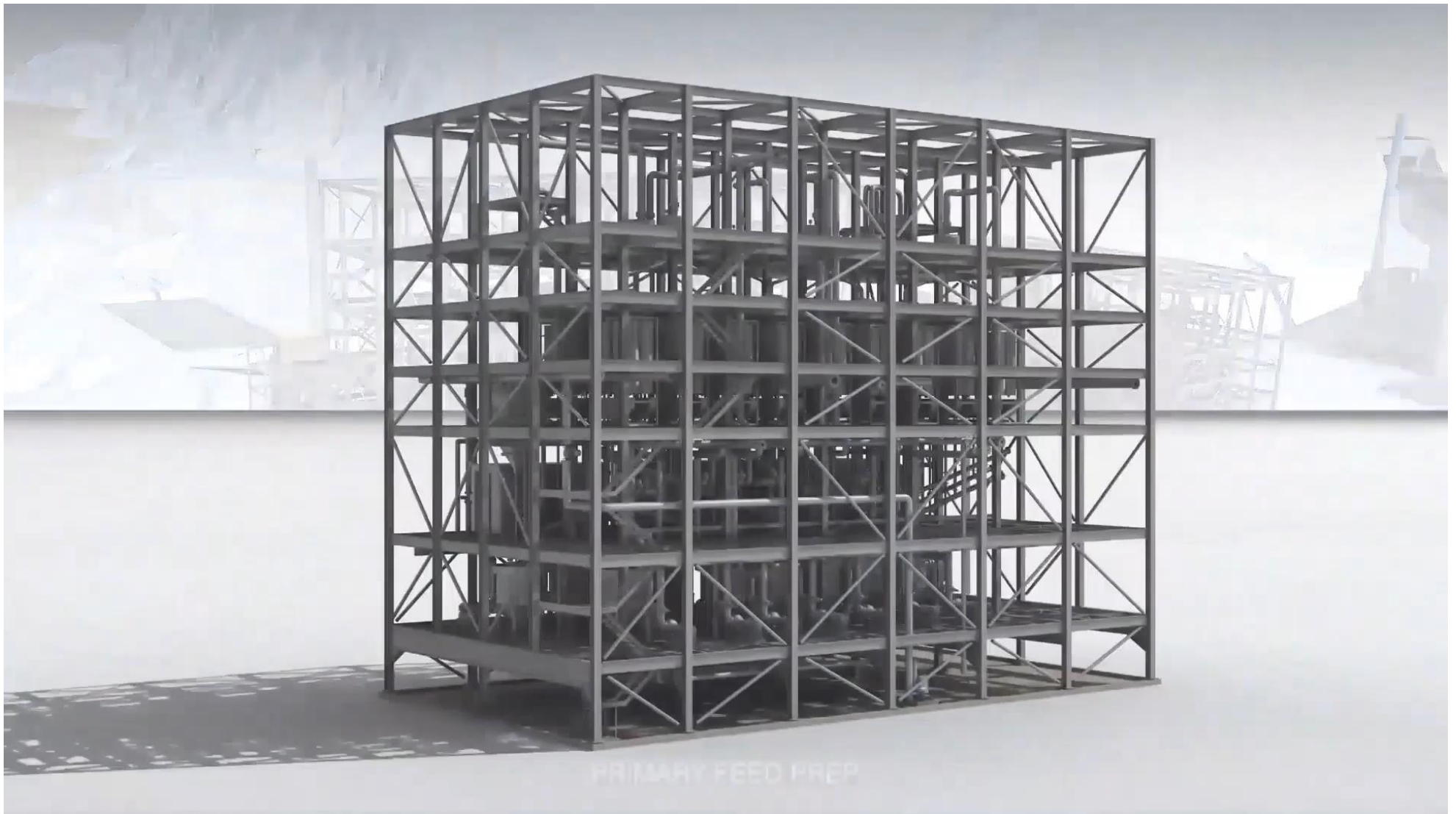
- Reducing risk; early recruitment of key personnel for procurement, construction and commissioning
- Build permanent organization for long-term operations and employment
- Contract mining during the first 5 years



Evaluation of contract strategy



Modular construction secures quality and schedule



Stepping up project financing activities

Status of activities

- Debt advisor appointed
- Initial meetings with banks and guarantors
- Banks' due diligence activities ongoing
- Traditional project financing structure pursued; terms and leverage to be developed with the banks
- Construction equity to be raised following committed debt

Sources of financing and guarantees

- Bank debt
- ECA (Export Credit Agencies)
- Offtake finance
- Vendor credit/leasing
- Alternative debt (bonds, streaming, specialized funds)
- Equity

Steps towards project financing



Stepping up project financing activities

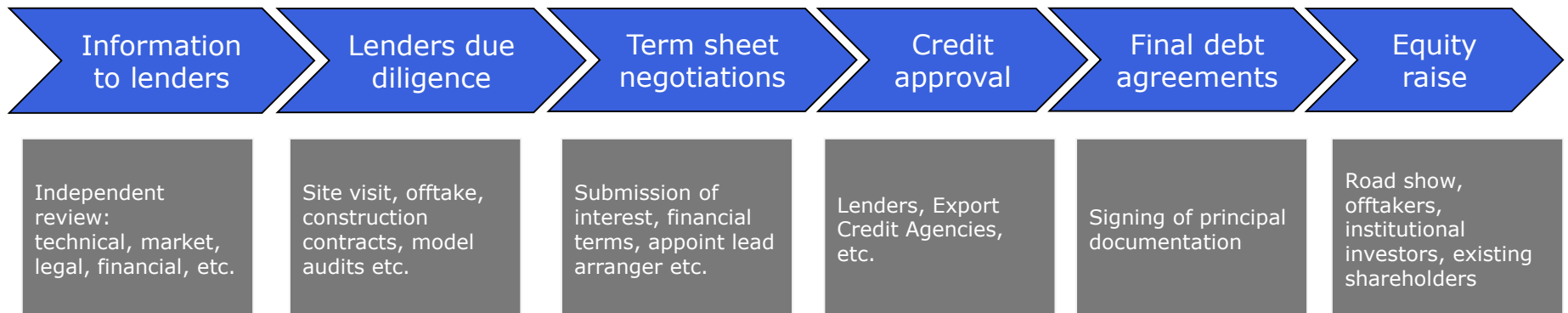
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Steps towards project financing



Comprehensive Environmental and Social Management System (ESMS)

ESMS programs

- Environmental monitoring program
- Stakeholder engagement plan and grievance mechanisms
- Internal control system
- Extractive waste management plan
- Emergency prevention and preparedness plan
- Energy leadership program
- Closure plan

Proactive approach

- Implementation of *Towards Sustainable Mining* (TSM)
- Establishment of local resource group for environmental monitoring



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Keliber Oy - Lithium

Status for Keliber's project development

- + Significant improvements achieved:
 - Increased mineral resource and ore reserve estimates
 - Increased processing recoveries
- ÷ Start of construction delayed until 2021:
 - Extensive lenders' due diligence
 - Uncertain timeline for permitting process
 - Softer short-term market conditions (long-term fundamentals remain strong)
- ⇒ Priorities going forward:
 - Continuous de-risking of the project
 - Optimize business case
 - Progress financing preparations



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Questions?

