ANNUAL
2020 REPORT

MINERALS
FOR A SUSTAINABLE
FUTURE

A forward-looking resource company with integrated operations in exploration, extraction and production of high-end minerals and metals

SAFETY | ENVIRONMENT | INNOVATION

CONTENT

CEO's report	3
Sustainable mining	5
Operations: Engebø – rutile and garnet	6
Operations: Strategic assets and initiatives	10
Financial Investment: Keliber – lithium	12
Board of Directors' report	15
The Board of Directors	20
The Management team	21
Corporate governance	22
FINANCIAL STATEMENTS	
Consolidated statement of profit or loss	27
Consolidated statement of comprehensive income	28
Consolidated statement of financial position	29
Consolidated statement of changes in equity	30
Consolidated statement of cash flows	31
Notes to the consolidated financial statements	32
Corporate accounts for Nordic Mining ASA	51
Responsibility statement by Directors	62
Auditor's report	63
Articles of association	65
Financial calendar 2021	66

CEO'S REPORT

Dear shareholder,

Regaining position, widened perspective

2020 developed in a way we haven't seen in any modern times. The Coronavirus pandemic hit the world and affected us all and is still restricting our activities. Whilst certain nations like China and Australia have almost fully recovered, the pandemic has introduced a new and prevailing uncertainty. Still most of the world's regions are fighting to get back to normal. This unprecedented situation has caused different impacts on the mineral industries and has shown the vulnerability of several value chains. In Nordic Mining, we recognized early that our future and progress will depend on improved resilience versus market fluctuations and uncertainties in the financial markets. We therefore embarked on reviewing our position and widen our perspective.

While the pandemic impacts strongly on all business related to travels, it has recovered remarkably fast in other segments of society. The demand for titanium in airplanes dropped significantly in 2020 and is still soft. The opportunity to refurbish private homes was a strong driver for the pigment sector to recover much faster and even surpass previous demand levels. As forecasted, the garnet industry was impacted due to reduced activity in yards and workshops. Despite an overall demand reduction of 20-25%, the price levels for garnet remained stable in 2020.

Supply focus and ESG

Several factors have led to increased focus on regional and national ability to supply critical commodities for society. Europe is taking pro-active measures in its effort to improve the supply situation of critical raw materials. In September 2020, the EU lifted the ambitions by establishing new stimulus programs and the European Raw Material Alliance ("ERMA"). Both Titanium and Lithium were added to EU's list of critical elements. The importance of minerals is also shared by the Norwegian government who is seeing a long-term decline of export revenues from the oil and gas sector.

The geopolitical drivers along with increased ESG focus has changed the society's view on the mining industry in general. Through Value Engineering work on the Engebø project we have demonstrated that new thinking and approach leads to increased robustness and improved sustainability. The project has undergone changes that will improve cost effectiveness as well as environmental factors. This includes a reduction in physical area footprint of more than 40% and a reduction of process chemicals of over 99%. Exchanging fossil fuels with hydro electric power has reduced CO_2 emissions by around 80%.

New frontiers - building the team

The granting of the operational license for Engebø in June 2020 was a confirmation of the project's plans and potential as a long-term corner stone business. The final confirmation from the Ministry of Trade, Industry and Fisheries will represent another important milestone that will support a robust financing of the project.

The Updated Definitive Feasibility Study ("UDFS") for Engebø represents the start of a new phase for the project. We shift gear and re-focus on the next leg towards construction. This calls for further building of the team and alliances, implies integrating our ESG focus into the project's operations and routines, as well as sharing and adapting culture with stakeholders. The realization of Engebø will be a team effort across several borders, nationality, culture, and engagement.

The rebound of Lithium

In the middle of the Coronavirus pandemic we recognized a fundamental shift in the supply/demand balance for lithium. After a long period of softer demand and pricing, the markets firmed up and have strengthened further in 2021. The awakening of the fact that electrification of human mobility is here to stay has resulted in focus on new supply and positioning. It has further been underpinned by a massive increase in plans for new battery manufacturing plants, positively supported from the finance community.

Keliber has recently established a new partnership with a well experienced player in mining and has secured its progress towards construction of the first European production facilities for battery grade lithium hydroxide. This will bring value to all stakeholders and to us as shareholders.

I would like to thank you all for valuable support and patience in 2020.

Oslo, 27 April 2021

Ivar S. Fossum
CEO

Sustainable mining

Mining for sustainable societies

Metals and minerals are essential for combating climate change, improving standards of living, and securing economic growth. They are in use everywhere – in infrastructure, buildings, vehicles, and industry. An increasing number of metals in the earth's crust are utilized in high-tech applications. Recycling is becoming increasingly important to supply the demand globally. However, population growth, industrialization, and the transition to renewable energy call for a need to develop new mines to supply the growing demand.

Nordic Mining's goal is to explore, develop and operate resources that contributes positively in developing modern, sustainable societies. The Group's Engebø project will, with its large resources of high-quality rutile and garnet, supply sustainable minerals for important value chains. Rutile is the most environmentally friendly feedstock for pigment production, is used in various "green tech" applications and is the raw material of choice for production of titanium metal. Titanium metal has several important industrial applications and products and is used for replacement of body parts and bone reinforcement. Garnet is an environmentally friendly abrasive and is a critical feedstock for industrial water jet cutting. Keliber targets to be the first European producer of battery-grade lithium hydroxide.

ENVIRONMENTAL RESPONSIBLE MINING

Nordic Mining adopts a life cycle approach for its projects to avoid, minimize, mitigate, and restore environmental impact throughout the life of mine.

The Group undertakes comprehensive environmental impact assessments to form basis to develop smarter solutions to avoid and alleviate environmental impacts where possible.

Nordic Mining is dedicated to reducing the footprint of extractive waste through improved resource utilization and alternative use of waste. The Group will focus on minimizing the Greenhouse Gas footprint of its projects.

POSITIVE IMPACT ON COMMUNITIES

Local communities are at the heart of every operation. Nordic Mining's focus is to avoid negative effects on communities and contribute positively to people's lives.

Nordic Mining will establish sustainable relations with its stakeholders build on trust, transparency, and engagement.

The Group's believes that strong stakeholder engagement is of long-term strategic importance for reducing social risk, attracting employment, identifying new business opportunities, and obtaining a 'social license to operate'.

SAFE & HEALTHY WORK ENVIRONMENTS

Nordic Mining's operations will form cornerstone companies and long-term sources of employment in a safe and healthy work environment.

Nordic Mining will build operations where safety is embedded in the culture and mindset of the way we work and conduct business.

Nordic Mining believes that gender equality and diversity forms the best foundation for value creation.

Lithium hydroxide is used for production of batteries for electric cars, call phones and laptops, and for storing of energy from renewable energy production. In sum, the Group's mineral portfolio responds well to global priorities going forward.

Reliable access to raw materials is a growing concern within the European Union and across the globe. European countries consume approximately 20 per cent of global metal production but are responsible for only 3 per cent of global production. In 2020 the EU added Titanium and Lithium to the list of critical raw materials that are regarded as crucial for Europe's economy. Titanium and Lithium from Nordic Mining's projects can form reliable, long-term supplies within short shipping distance to European and overseas markets.

Sustainability goals

Nordic Mining's sustainability goals are based on the United Nations Sustainable Development Goals to drive economic, environmental, and social performance. The Group's goal is that all projects are developed in an economic, social, and environmentally sustainable manner, as an integral part of all stages of project development. Our projects are developed based on good industry practice and in accordance with national regulations and permits.

OPERATIONS

ENGEBØ – rutile and garnet

The development of Nordic Mining's Engebø Rutile and Garnet project on the west coast of Norway is progressing. In January 2020, the Definitive Feasibility Study ("DFS") for the project was completed. The study reinforced Engebø as a world class rutile and garnet project.

Following the finalization of the DFS, and as result of the uncertainties caused by the Covid-pandemic, Nordic Mining decided to contract engineering company Ausenco to conduct a third-party Value Engineering review with the aim to develop a more fit-for-purpose project that is more robust towards future market conditions. The review identified specific opportunities to materially reduce the initial project capital expenditure, and further improve the economic utilization of the Engebø deposit.

In October 2020, Nordic Mining appointed engineering companies Hatch and Axe Valley Mining to confirm and develop the opportunities identified in the Value Engineering to an updated DFS for the project ("UDFS"), which is currently in the process of being finalized.

Reducing the environmental footprint and the initial capital expenditure

The process to update DFS is progressing, and have unlocked the potential for considerable environmental, technical, and financial optimizations of the project. Reducing the environmental and social footprint has been integrated in the development of Engebø, and several optimizations have been made to further improve the sustainability of the project. Reengineering of the drying circuit has proved that the use of electrical dryers for drying of minerals in the production process is technically feasible. The electrical dryers, which are based on proven technology, will be powered by clean locally sourced hydroelectric power, providing a reduction in the CO_2 emissions from the project by around 80%, and in effect make the Engebø process plant CO_2 neutral.

Moving from modular-based construction, in which pre-fabricated modules are transported by sea to Engebø, to on-site stick-build construction has provided a reduction in the physical footprint of the process plant of more than 40%, meaning that more land will be preserved, and reducing the capital expenditure. Improvements in the process flow sheet has provided that the consumption of chemicals can be reduced by 99% compared with the chemicals in the discharge permit approved in 2015, reducing the environmental risk. The change in process chemicals has been approved by the Norwegian Environment Agency with a revised discharge permit being granted in January 2021. The process plant has been designed with a high degree of automation and digitalization to allow for efficient utilization of energy and consumables, and to build a safe and modern work environment. Reengineering of the underground mine has proved that backfilling of tailings and waste rock could be a feasible solution to improve stability, maximize resource utilization, and reduce the extractive waste footprint. The possible implementation of a backfill solution will be evaluated as part of ongoing operational optimizations when the project is in production.

The preliminary results from the optimizations and responses from the contractor market indicates a reduction in the initial capital expenditure in the range of USD 100 million from the USD 311 million in the DFS from January 2020. In contrast, an expected reduction in demand for garnet in the short term implies a revision of projected sales volumes in the first years of production.

Logging of drill cores.

The full economic results of the UDFS optimizations will be presented as soon as the study is finalized.

Revised execution strategy

The project execution strategy has been revised to enable an efficient and compact stick build methodology. By bundling around 80 equipment packages into 4 main EPC contracts, as well as free issued items to the EPC contractors, the execution structure has been simplified. Early engagement with key vendors for each EPC discipline has given new drive and innovation towards cost efficient solutions. The project management team will be a combination of a strong owner's team, supported by key personell from a Project Management Consultant ("PMC") supplier, hence establishing an execution set-up that fits well with an Alliance inspired culture in Scandinavia. Part of the owner's team will transition into to the operational organization towards the end of the construction period.

Environmental and Social Management integrated in the Engebø project development

Nordic Mining is developing and implementing an integrated and comprehensive Environmental and Social Management System ("ESMS") for the Engebø project. The goal of the ESMS is to systematically reduce environmental and social risk related to the project and ensure that systems and procedures are in place to avoid, minimize, mitigate, and compensate environmental and social impact, and improve operational performance. The ESMS is developed in accordance with International Finance Corporations ("IFC") Performance Standards, Equator Principles and Norwegian permits and regulations. The system and supporting programs will be completed prior to construction and will be implemented for operation as part of the operational readiness work.

The Group has developed an Environmental Monitoring Program ("EMP") for land and sea-based monitoring in potentially affected areas and to document environmental impact. The framework for the EMP has been approved by the Norwegian Environment Agency. A sub-program related to monitoring of juvenile salmon migration has been approved and was commenced in April 2021. Several other sub-programs have been submitted to the Environment Agency and are expected to be approved within 2021.

Nordic Mining project team working on UDFS at offices in Naustdal.

Nordic Mining believes that strong stakeholder engagement is of long-term strategic importance for reducing social risk, attracting employment, identifying new business opportunities, and obtaining a "social license to operate". To further strengthen and build sustainable stakeholder relations a detailed Stakeholder Engagement Plan ("SEP") has been developed for the project. The plan defines a system for communication and engagement with stake-holders at a local level. This includes tools to ensure continual stakeholder identification, platforms for communication and engagement, and a system for stakeholders to provide structured feedback to the Company. The plan has been reviewed by the international mining consultancy firm SRK Consulting to ensure its compliance with IFC's standards. Nordic Mining has as part of the plan implemented a Resource Group to engage with key stakeholders at a local level. Stakeholder members will meet with Company representatives on a regular basis to participate in environmental monitoring and address issues of concern. The first group meeting was held in October 2020. The next meeting is planned in the first half of 2021.

In addition to the SEP, the Group has finalized an Energy Management Plan. The plan provides systems for measurements, calculations and reporting of energy consumption and Greenhouse Gases ("GHG") emissions related to the project. The plan provides options and measures to continually reduce energy and GHG footprint.

In advance of construction of the Engebø project the Group will develop an Extractive Waste Management Plan. The plan will describe issues related to waste and tailings management and provide management systems to minimize and mitigate environmental and social risk. Furthermore, a Closure and Rehabilitation Plan will be completed later in 2021, which will define the process to rehabilitate areas impacted by mining and a safe closure of the mine site. The plan will be continually evaluated and improved throughout the project period.

Engebø operating license completes the main regulatory permits

In June 2020, the Directorate of Mining granted the operating license for the Engebø project. The operating license completed the main regulatory framework required for the project, including extraction permits, approved zoning plan for the mining and processing areas and the environmental permit. The operating license is granted for the life of mine of the project which includes the open pit and underground phases, however, with a possibility for revision after 10 years. The license regulates operational scope, methodology and procedures to secure safe and efficient production of the mineral resources and follows the strict regulation practice for Norwegian mining operations which implies high standards for environment, health, and safety.

The Directorate's decision was appealed by various stakeholders. In November 2020, the Directorate confirmed that the appeals received do not provide any basis to revoke or change the decision. The matter has been forwarded to the Ministry of Trade, Industry and Fisheries for final confirmation.

Preliminary Engebø UDFS illustration.

Garnet product sample from Engebø.

In December 2020 Sunnfjord and Askvoll municipalities approved the zoning plan for a water supply pipeline from Skorven, on the southern side of the Førde Fjord, to the project site at Engebø. Preparation of application for building permits and technical dialogues with authorities, contractors and equipment suppliers are ongoing as a part of the plans for project execution.

Long-term market fundamentals supportive for Engebø

Europe has a significant supply deficit of titanium feedstock, including rutile, and no production of garnet. Engebø is positioned to supply the European and overseas markets with strategic production of industrial minerals in strong demand with clear logistical advantages.

The market outlook for rutile and garnet remains modest in the short to medium term with reduced growth as result of the Covid-pandemic. In the longer term, the economic fundamentals for rutile remain solid with global supply expected to decrease as rutile deposits are depleted, and at the same time demand is expected to increase driven by value and importance for industrial processes and applications. The average rutile price in 2020 is reported to be around USD 1,220 per tonne (FOB). This is around USD 80 per tonne higher than reported rutile prices in 2019 and the long-term rutile price assumed in the 2020 DFS.

The main applications for garnet are in waterjet cutting and sand blasting. Prices vary depending on quality and application. The garnet demand in 2020 was impacted by reduced economic activity and lower oil price. Prices to end customers in the main markets in Europe and USA are to a large extent reported to remain relatively unaffected, despite demand having contracted 20-25% compared with 2019. The existing main producers of garnet are in Australia, China, India, and South-Africa, with no production in Europe. In the USA, domestic production is significantly short of the demand.

Heads of Agreement for long-term offtake of rutile is progressing

In January 2019, Nordic Mining signed a Heads of Agreement ("HoA") with a reputable Japanese trading house relating to long-term offtake for rutile and participation with a substantial portion of the construction financing for the Engebø project.

Strengthening of garnet marketing efforts

For many years, Nordic Mining has had a constructive partnership with the US garnet producer and distributor, Barton Group ("Barton"). In February 2020, Barton informed that they were not in position to enter into an offtake agreement for garnet from the Engebø project under the terms set out in the HoA entered into between the parties in 2017. The agreement was as a result terminated.

Following the termination, Nordic Mining has strengthened its marketing efforts to secure offtake for garnet from the Engebø project. Various garnet buyers have indicated that long-term supply of high-quality garnet from Europe is important for supply security and efficient logistics. Nordic Mining has provided garnet samples for testing and is continuing constructive discussions with potential distributors and customers for long-term offtake agreements for sale of garnet.

OPERATIONS

STRATEGIC ASSETS AND INITIATIVES

In addition to Nordic Mining's flagship project at Engebø, and its 14.3% ownership in Keliber, the Group continues its engagement in other strategic initiatives. This includes patented rights for a new technology for production of alumina which are jointly owned with the Institute for Energy Technology. The Group has also taken initiatives related to seabed mineral exploration in Norway and participated in the MarMine research project. Nordic Mining is a participant in the research project NorGiBat with focus on production of batteries and connected value chains.

SEABED MINERALS
– Research and Knowledge Building

Through its subsidiary Nordic Ocean Resources ("NORA"), Nordic Mining is a pioneer in Norway in terms of seabed minerals and intends to build a strong competence on marine mineral resources in collaboration with other industrial companies and research institutions. Assessments undertaken indicate a substantial potential for discovery of metallic ore deposits along the Norwegian part of the Mid-Atlantic Ridge. Norwegian oil and gas companies have developed advanced technology for subsea operations which can be applicable for mineral exploration and extraction. NORA,

Norwegian Petroleum Directorate and K. G. Jebsen Center for Deep Sea Research at the University of Bergen carrying out research in the Norwegian Sea.

together with the Norwegian University of Science and Technology in Trondheim ("NTNU") as the project coordinator and other parties, have undertaken MarMine, a research project on marine mineral resources.
The project was granted NOK 25 million in financial support from the Norwegian Research Council to conduct field excursions and investigations for subsea minerals along the Mid-Atlantic Ridge. The project was finalized in 2020.

In 2019, the new Seabed Minerals Act came into force as result of systematic mapping of seabed minerals by the Norwegian Petroleum Directorate. Prior to opening for seabed mineral exploration and extraction, an environmental impact assessment must be carried out and in January 2021 the Ministry of Petroleum and Energy issued a hearing for a proposal for an impact assessment program.

In light of the positive developments on the regulation of seabed minerals, and increased focus on how the Norwegian mining industry can play an important role on seabed minerals to support the green-transition, the Group will review its strategy on how to commercialize the Group's knowledge and position on seabed minerals.

ALUMINA
– Sustainable Technology Development

Nordic Mining has since 2009 been engaged in development of a new technology alumina production as a sustainable alternative to the current production. The technology has successfully been developed together with Institute for Energy Technology ("IFE") and has been patented in several countries including Norway, Russia, USA, Canada and with the European Patent Office. In June 2019, the Company announced that the EU's Horizon 2020 program has granted EUR 5.9 million for the AlSiCal project to further develop the technology. AlSiCal is an ambitious research and innovation project to further research, develop and de-risk the technology.

The technology, named the Aranda-Mastin technology ("AM technology"), is a low waste and low carbon footprint alternative, to the current alumina production. Today's alumina production is mainly based on bauxite resources refined through the Bayer process. Bauxite mining and processing is known to have substantial environmental impact due to extensive production of toxic waste, carbon emissions and land use. The new technology is an innovative alternative based on alumina/calcium-rich rocks such as anorthosite. Anorthosite is an alumina rich feldspar rock with approximately 30% alumina. With the new technology, anorthosite can be close to fully utilized to produce alumina together with silica and calcium carbonate by-products. The technology includes a carbon consumption process-step allowing for a low carbon footprint.

The production process is based on leaching with hydrochloric acid at moderate temperature and pressure. Silica forms a residue in the leaching process and is extracted as a by-product. Aluminum is extracted through a sparging process and subsequently calcined to form alumina. Precipitated calcium carbonate ("PCC") is produced by integrating CO_2 utilization in the process.

PCC is a commodity used as filler in paper, plastics and paint, and silica is used as filler in tires and plastics, and in the production of cement. The process can potentially consume close to 500,000 tonnes of CO_2 per million tonne of alumina which corresponds to the emission from a medium sized oil and gas platform. The CO_2 can either be stored safely or utilized as part of the production of PCC. The process aims at being waste free since nearly all the components of the anorthosite are expected to be saleable products.

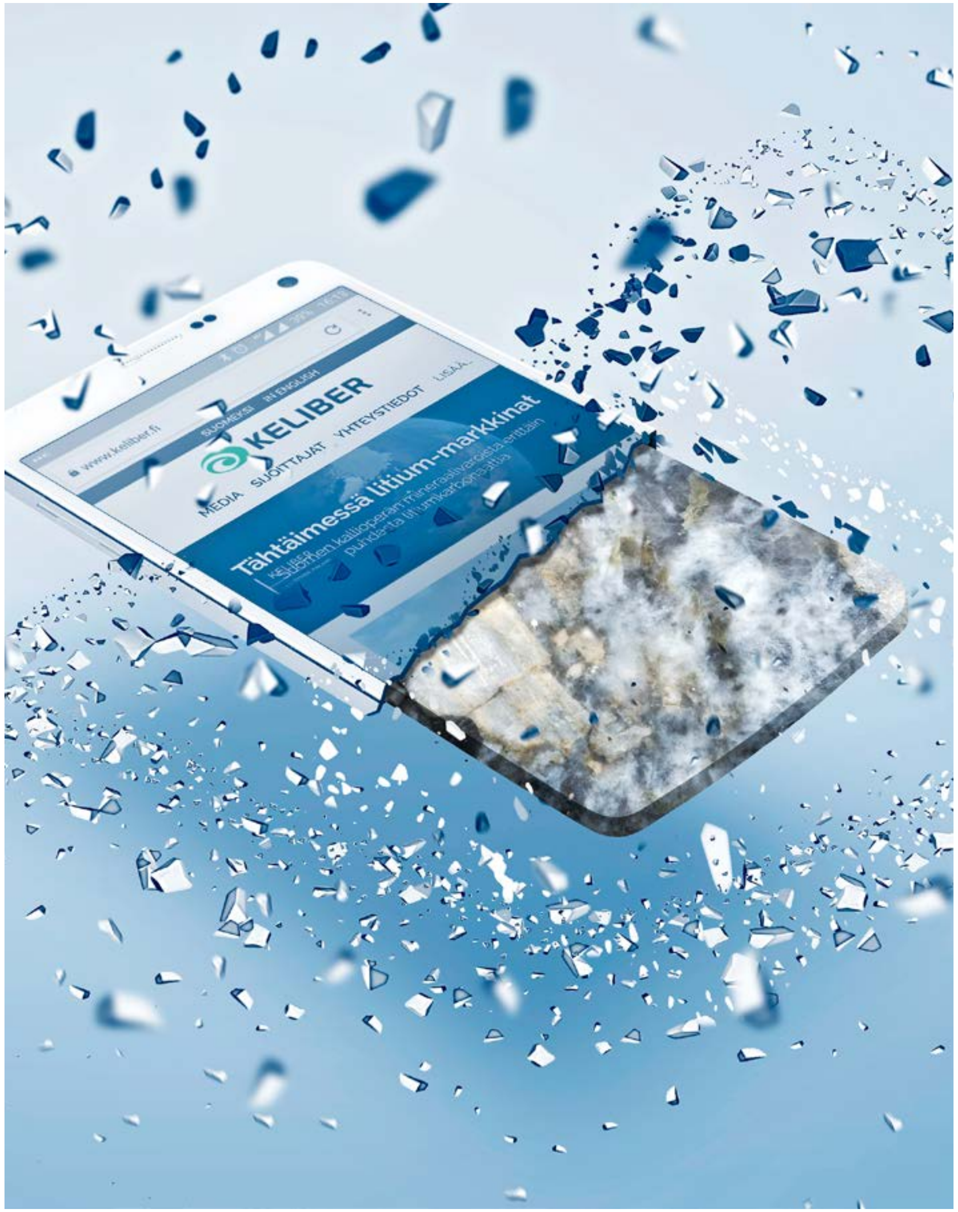
With the granting of the AlSiCal Project an ambitious 4-year work plan is in place to further develop the technology (visit: https://www.alsical.eu/). The AlSiCal Project consortium comprise of 16 international partners from 9 countries.

The aim of the project is to further research and de-risk the technology and assess the technical and economic feasibility. The project has a goal of developing the technology towards a zero-carbon emission production process by including integrated CO_2 capture. Nordic Mining is actively participating in the project, leading one of the work packages focused on raw material sources and leaching optimization. Nordic Mining will assess how the patented technology and the Group's knowledge and position related to sustainable alumina production can be commercialized.

FINANCIAL INVESTMENT

KELIBER – lithium

Keliber is progressing its lithium project in Finland towards realization and targets to be the first European producer of battery-grade lithium hydroxide. Market outlook for batteries is positive, mainly driven by the ongoing transition to greener solutions for transportation and renewable energy production. Nordic Mining currently owns approximately 14.3% of the shares in Keliber.



Building international partnership with leading international mining company

In February 2021, Keliber entered into an investment agreement with the leading international mining company Sibanye-Stillwater Limited ("SSW") for an initial phased equity investment of EUR 30 million for approximately 30% shareholding in Keliber. In March 2021 the first tranche of the initial investment was closed with SSW subscribing for shares for EUR 15 million, and at the same time a share issue of up to 250,000 shares was opened to existing shareholders of Keliber. In the issue Nordic Mining was allocated in total 58,975 shares at an issue price of EUR 40 per share corresponding to approximately 23.6% of the share issue, to retain an ownership of approximately 14.3%.

SSW plans to play a key role as an industrial anchor investor in the project financing planned for mid-2022, and has in accordance with the investment agreement the option to secure a majority shareholding in Keliber, following the completion of the updated feasibility study.

Solid market fundamentals

The fastest demand growth for lithium is related to batteries for electric/hybrid vehicles and energy storage. Electrification of transportation is regarded a global mega-trend positively aligned with environmental priorities, globally as well as on national levels. Currently, the main developments are related to land-based transportation. In the future, also parts of the sea-based transportation and possibly also air-based transportation could be electrified. Further, storage and grid-integration of new production of renewable energy from i.e. solar and wind will require battery capacity and demand for lithium.

The global lithium market is currently recovering from a temporary slow-down, and the long-term outlook is positive. The demand growth of lithium hydroxide is the strongest among the lithium products as the battery chemical industry is moving towards nickel-rich cathode chemicals.

Keliber targets to be the first producer in Europe of battery-grade lithium hydroxide. Significant European initiatives related to battery chemicals and battery production are under development. Building a strong value chain for lithium in Europa have a strong focus and priority, both for industries and authorities.

Optimizing the business case

Keliber will extract lithium-bearing spodumene from pegmatite veins, mainly in open pit deposits. Decision has been taken to move the concentrator plant closer to the main spodumene deposits to increase efficiency and reduce environmental footprint. The processing plant for lithium chemicals will be in Kokkola Industrial Park. Keliber has decided to increase the production capacity for lithium hydroxide from 12,000 to 15,000 tonnes per year. The industrial park area in Kokkola has an established infrastructure, including shipping facilities, and a variety of industrial services are available. Possibilities for co-operation with established industry players in the area will be investigated, i.e. related to access control, security and other safety services, fire and rescue duties and statutory environmental monitoring.

Keliber continues to advance all aspects of the project assessments including technical planning, permitting, ore potential, marketing, and financing. Basic engineering work is ongoing related to the concentrator, tailings disposal solutions and the chemical plant. An update of the DFS is scheduled late 2021 or early in 2022.

Steady increase of the resource base

Over the last years, Keliber has consistently increased the resource base for its lithium project in Finland. The proven and probable ore reserves in accordance with JORC 2012, totaling 9.4 million tonnes with a grade of 0.98% Li_2O, were latest updated in 2019. Keliber has continued drilling in 2020 and the first part of 2021. Preliminary indications from the drilling programs are positive. Updated mineral resource estimates will be presented at a later stage and implemented in the resource basis for the project.

Permits progressing

Keliber has been granted mining licenses and environmental permits for the Länttä and Syväjärvi lithium deposits. The Environmental Impact Assessment ("EIA") report for the mineral concentrator and main mining areas were submitted to the authorities in the fall 2020. Keliber targets to submit the permit application for the concentrator and main mining areas in the first half of 2021. The environmental permit application for the Kokkola chemical plant was submitted late in 2020. The application caters for a possible future capacity expansion and intends to secure strategic flexibility utilizing combinations of domestic raw materials and overseas supply.

BOARD OF DIRECTORS' REPORT

Nordic Mining's (the "Company") assets comprise the following subsidiaries (jointly, the "Group"):

- Nordic Rutile AS (100%): Engebø Rutile and Garnet project
- Nordic Quartz AS (100%): High-purity quartz
- Nordic Ocean Resources AS (100%): Seabed mineral exploration

In addition, Nordic Mining has approximately 14.3% (31 December 2020: 16.3%) shareholding in the Finnish lithium company, Keliber Oy. The investment is classified as a financial investment.

INTRODUCTION AND OVERVIEW

The Group's project portfolio comprises of world class development assets that are diversified across high-end industrial minerals with largely uncorrelated end-user markets. The assets, and in particular the wholly owned Engebø project and the ownership in the Keliber lithium project, hold significant economic potential, and combined with a debt-free balance sheet provide a solid value basis for Nordic Mining's shareholders. For more information about the Group's projects and Keliber, see page 6-14 of this annual report.

Key developments in 2020 and year-to-date 2021

In September, the EU added titanium and lithium to its list of Critical Raw Materials to reflect the changed economic importance of the minerals in the transition towards a green and digital economy, and the need to develop resilient value chains for Europe's industrial ecosystems by reducing dependency on third countries, diversifying supply sources and improving resource efficiency and circularity.

The minerals which will be produced at Engebø and in Keliber are well aligned with EU's requirements and priorities going forward. Following from equity issues in January 2020, and the latest issuance in February 2021 in relation to participation in the Keliber EUR 40 million equity raise, the Group has secured the needed working capital to take the Engebø project to project financing and develop of a strategy for how to commercialize the Group's position within the NORA seabed initiative. The Group has no interest-bearing debt.

GROUP PROJECTS

Engebø Rutile and Garnet

The Engebø deposit is one of the largest unexploited rutile deposits in the world and has among the highest grade of rutile (TiO_2) compared to existing producers and projects under development. The deposit also contains significant quantities of high-quality garnet.

The techno-economic feasibility of the wholly owned project was reinforced in the DFS completed in January 2020. Following the finalization of the DFS, and as result of the uncertainties caused by the Covid-pandemic, the Group decided to undertake a third-party Value Engineering review and is now in the process to finalize a UDFS, which have unlocked the potential for considerable environmental, technical, and financial optimizations of the project. This includes a 40% reduction in physical footprint, a 99% reduction of process chemicals, and around 80% reduction of CO_2 emissions.

The preliminary results from the optimizations and responses from the contractor market indicates a reduction in the initial capital expenditure in the range of USD 100 million from DFS from 2020.

The main results presented in the 2020 DFS were:

- Post-tax NPV@8% USD 344 million
- Post-tax IRR 19.8%
- Average annual free cashflow first 15 years of USD 70 million
- Net operating cashflow (un-discounted) of USD 2,160 million
- Initial capex of USD 311 million and deferred capex of USD 25 million (underground)
- Pay-back period < 5 years

In June 2020, the Directorate of Mining granted the operating license for the Engebø project. The operating license completed the main regulatory framework required for the project, including extraction permits, approved zoning plan for the mining and processing areas and the environmental permit. The zoning plan for the mining and processing areas, including detailed regulations, and the environmental permit for the project are fully granted. The operating license is granted for the life of mine of the project which includes an open pit and underground phase, however, with a possibility for revision after 10 years. The license regulates operational scope, methodology and procedures to secure safe and efficient production of the mineral resources and follows the strict regulation practice for Norwegian mining operations which implies high standards for environment, health, and safety. The Directorate of Mining confirmed in November 2020 that the appeals received in relation to the operating license do not provide any basis to revoke or changes the decision. The matter has been forwarded to the Ministry of Trade, Industry and Fisheries for final confirmation.

In January 2021, the Norwegian Environment Agency granted a revised discharge permit for the Engebø project, commenting that the significant reduction in chemical consumption will have lower impact on the environment than the previous planned consumption.

In January 2019, Nordic Mining signed a Heads of Agreement with a reputable Japanese trading house relating to long-term offtake for rutile and participation with a substantial portion of the construction financing for the Engebø project. The agreement has, despite the uncertainties caused by the Covid-pandemic, been constructively progressed towards a final agreement over the course of 2020.

In February 2020, Nordic Mining was informed that Barton is not in a position to enter into an offtake agreement for garnet from the Engebø project under the terms set out in the Heads of Agreement. The agreement was as a result terminated. Nordic Mining has following the termination strengthened the efforts to secure offtake for garnet from the Engebø project and have received indications from garnet buyers that long-term supply of high-quality garnet from Europe is important for supply security and efficient logistics. Nordic Mining has provided garnet samples for testing to potential distributors and customers, and is in constructive discussions for long-term garnet offtake agreements.

Despite the Covid-pandemic uncertainties and economic set-backs, the longer-term fundamentals for rutile remain solid with global supply expected to decrease as rutile deposits are depleted, and at the same time demand is expected to be retained driven by value and importance for industrial processes and applications. The average rutile price in 2020 is reported to be around USD 1,220 per tonne (FOB). This is around USD 80 per tonne higher than reported rutile prices in 2019 and the long-term rutile price assumed in the 2020 DFS.

FINANCIAL INVESTMENT

Keliber lithium hydroxide

Nordic Mining remains positive to the battery minerals segment and to the investment in the Finnish lithium company, Keliber. Keliber targets to be the first producer in Europe of battery-grade lithium hydroxide. Over the last years, Keliber has consistently increased the resource base for its lithium project and further updates are expected.

Keliber continues to advance project assessments including technical planning, permitting, ore potential, marketing, and financing. The company have decided to increase the production capacity for lithium hydroxide from 12,000 to 15,000 tonnes per year. Further, the concentrator plant will be moved closer to the main spodumene deposits to increase efficiency and reduce environmental footprint. The company expects to finalize an update of the DFS late in 2021 or early in in 2022.

In February 2021, Keliber entered into an investment agreement with the leading international mining company Sibanye-Stillwater Limited for an initial phased equity investment of EUR 30 million for approximately 30% shareholding in Keliber. The first tranche investment of EUR 15 million was completed in March 2021. Together with other shareholders, Nordic Mining participated in an additional EUR 10 million share issue in March-April 2021 on the same terms and conditions as Sibanye-Stillwater Limited. Nordic Mining's shareholding in Keliber is approximately 14.3 % at the date of this report.

FINANCIAL PERFORMANCE

For comparison, numbers in brackets relate to the comparable period in 2019.

The Group is in the Definitive Feasibility Study phase of the Engebø project and has, so far, no sales revenues from operations. The Group's operating costs in 2020 was NOK 42.5 million (NOK 72.8 million), largely resulting from development activities related to the third-party Value Engineering review and update of the Definitive Feasibility Study for the Engebø project, and general corporate expenses. In 2020, the Group has capitalized cost relating to licenses at Engebø of NOK 2.2 million (NOK 0.8 million), of which around NOK 1.7 million is payable in 2021.

In the fourth quarter of 2020, the Group reassessed the fair market value of the investment in Keliber at EUR 59 million on 100% basis, compared to the previous valuation of EUR 48 million, which has been retained since Keliber's capital raise in March 2020. The assessment takes into account available information related to the positive developments in Keliber, the lithium project, and in particular the lithium market, which started to recover after significant increase in demand from global battery producers, and Keliber's discussions with investors for their contemplated EUR 30 million funding. This values the Group's shares in Keliber to NOK 100.1 million, which is the carrying value as per 31 December 2020 (NOK 90.8 million), resulting in a gain on the investment of NOK 9.3 million (2019: NOK 75.5 million gain) for the year.

Total net result for the Group in 2020 was NOK -32.9 million (NOK +1.4 million), which after normalizing for the gain on investment from reclassification of Keliber, is an improvement in the net result of NOK 41.2 million compared to 2019.

Net cash outflow from the Group's operating activities in 2020 was NOK 41.8 million, which is a reduction of NOK 33.7 million from 2019 (NOK 75.6 million). Net cash outflow to investment activities in 2020 was NOK 0.4 million (NOK 0.8 million). The investments in 2020 and 2019 mainly relate to capitalized cost relating to licenses at Engebø. Net cash inflow from financing activities in 2020 was NOK 53.8 million (NOK 57.1 million) resulting from the share issue in January 2020. For more information, see Note 4.

The Group's total assets as of 31 December 2020 was NOK 173.7 million (31.12.2019: NOK

152.4 million), and total equity was NOK 164.3 million (31.12.2019: NOK 143.8 million). The Group had no interest-bearing debt.

As per 31 December 2020, the Group's cash and cash equivalents amounted to NOK 42.2 million (NOK 30.6 million). In February 2021, Nordic Mining completed a private placement with gross proceeds of NOK 80 million. Reference is made to Note 25, in the consolidated financial statements for information relating to the equity issue.

Based on current forecasts and plans, the Board considers that the Group's working capital is satisfactory to secure payment of financial obligations for at least 12 months from the time of this report. The Board confirms that the financial statements have been prepared on the basis of a going concern assumption and in accordance with section 3-3a of the Accounting Act.

RISK MANAGEMENT

The Group is exposed to a range of risks that may affect its business, including regulatory, market, operational and financial risks. In the opinion of the Board, the Company has implemented management systems that are satisfactory to address risk management and internal controls for the current stage of the Group.

Regulatory risk

Nordic Mining depends as resource company in the mining industry on permits and licenses from relevant authorities. In June 2020, the Directorate of Mining granted the operating license for the Engebø project. This completed the main regulatory framework required for the project, including extraction permits, approved zoning plan for the mining and processing areas and the environmental permit. The zoning plan for the mining and processing areas, including detailed regulations, and the environmental permit for the project are fully granted with no possibilities for appeal.

The Directorate of Mining confirmed in November 2020 that the appeals received in relation to the operating license do not provide any basis to revoke or changes the decision. The matter has been forwarded to the Ministry of Trade, Industry and Fisheries for final confirmation.

Artic Mineral Resources ("AMR") is one of the appellants. In March 2021 AMR summoned Nordic Rutile claiming that AMR has exclusive rights to the garnet on the Vevring side of the Engebø deposit and that Nordic Rutile has no rights to the said garnets. Normally an appellant awaits the Ministry's decision before initiating court proceedings which attacks decisions passed by authorities. AMR's claim is contrary to the Directorate of Mining's decision and contrary to the Minerals Act and is rejected by Nordic Mining in its entirety.

The Company is awaiting the final confirmation from the Ministry of Trade, Industry and Fisheries, and is confident that the operating license for the Engebø project will be retained as granted in June 2020.

Whether and when permits will be granted, and the terms and conditions stipulated related to regulatory matters, are not fully within the Group's control.

Financial risk

Financial risk includes liquidity risk, currency risk and interest rate risk. The Group's liquidity situation is coordinated by the Group's CFO with the assistance of SumitUp AS which has been engaged to provide accounting services. The Board has established rules governing the authority of the CEO, and the CEO has established rules governing the authority of the CFO.

Nordic Mining's cash holdings are placed in bank accounts in Norwegian Kroner (NOK). The Group's only foreign currency exposure relates to the financial investment in Keliber (EUR).

Going forward, the Group will require further financing to develop its projects towards production. The development of the Group's properties, licenses and exploration rights depends on the Group's ability to obtain financing through equity financing, debt financing or other means.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to pay its financial obligations as they fall due. The Group has so far mainly used equity financing to meet liquidity requirements related to financial obligations, to cover operational losses, and for investments. The Group currently has no interest-bearing debt.

Market risk

Mineral prices can be affected by external factors such as global economic developments, competition etc. which are beyond the Group's control. Measures to mitigate this type of risk, e.g. through use of financial instruments and/or pricing structures in offtake agreements, will be implemented as the mining assets gets closer to production.

Operational risk

Mineral extraction is a high-risk activity. Generally, few investigated areas develop into producing mining operations. Long-term returns in Nordic Mining will depend on the success of the Group's exploration, development, and operational activities.

Nordic Mining is exposed to normal business risk associated with contracts with various suppliers.

Covid-19 risk

The Group is exposed to the general and significant uncertainties in the global and national economies imposed by the Coronavirus pandemic. At the date of this report, it is not possible to fully overlook and measure the possible consequences of the pandemic on the demand for mineral products, and the availability and terms of construction financing and other resources to implement the Group's Engebø project. Generally, the Group is optimistic that the vaccination programs that are progressing in most countries affected by the pandemic will facilitate a normalization of everyday lives and economic activity around the world.

The Group has taken various measures to reduce and mitigate risks for its personnel and projects:

Management and employees follow the regulations and recommendations from the Norwegian government related to personal behavior, travel etc. Management and employees are to a large extent re-located to home offices and follow-up on business electronically.

CORPORATE GOVERNANCE

The Group's principles for corporate governance, ethical guidelines and a general management structure are based on the principles of "The Norwegian Code of Practice for Corporate Governance". Reference is made to page 23 for the Board's report on corporate governance.

Nordic Mining's corporate governance policy is founded on prevailing statutory and regulatory requirements and corporate governance is implemented through processes and control measures established to protect the interests of the Company's shareholders and other stakeholders.

The Company has assessed its relations with, and payments to and from, governmental institutions in accordance with section 3-3d of the Accounting Act. For more information, see Note 23 in the consolidated financial statements.

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

The Group's strategy for Environmental, Social and Governance ("ESG") is related to its projects and is founded on four main pillars:

- Environmental responsibility
- Social responsibility
- A safe and healthy work environment
- Strict regulations regarding anti-corruption

The Group endeavors to maintain a high standard of corporate governance with an emphasis on integrity, ethical guidelines and respect for people and the environment. Development of the Group's projects are carried out in accordance with good international industry practice based on the IFCs Performance Standards and relevant Equator Principles. The Group has not identified any issues regarding human rights, labor rights and social conditions, anti-corruption or environmental footprint that deviates from its standards.

The Board of Directors is responsible for ensuring that adequate governance structures and management systems are in place to ensure that environmental and social issues are managed in accordance with the Group's goals, international standards, as well as prevailing permits and regulations.

The Towards Sustainable Mining Standard ("TSM") is under implementation in Norway by the Norwegian Mining Association. It is Nordic Mining's goal that Group projects are at A-level facility when production is started (good industry performance level).

Environmental responsibility

Nordic Mining and its subsidiaries strive to ensure that activities are within the scope of its environmental responsibilities.

The Group's projects will be developed and operated in accordance with the high standards and regulations. The Group place high emphasis on its environmental responsibilities related to the ongoing development of the Engebø Rutile and Garnet project. Environmental effects related to the projects have been thoroughly assessed through extensive environmental impact assessments. Engineering related to the projects have been carried out to avoid and mitigate impacts to ensure sustainable operations.

The Group emphasizes three areas for environmental improvements:

- Nordic Mining aims to minimize its footprint related to extractive waste through improved resource utilization and alternative use of waste products. Extractive waste will be disposed in line with regulatory guidelines and sustainable principles to minimize adverse impacts.
- The Company will seek solutions to reduce Greenhouse gas emissions and energy consumption through the project life.
- The area footprint of the project operations will be minimized as far as possible through smarter and more efficient mining and processing solutions. Areas that have been utilized will be restored or prepared for alternative use as far as possible.

Environmental monitoring programs, using state of the art technologies, will be put in place to ensure adherence to permits and to enable mitigating measures and reduction of environmental effects.

Social responsibility

The social responsibility for Nordic Mining is closely linked to the local communities where the Group operates. Minerals are often found in scattered populated areas and long-term mineral production will open new opportunities for local activity and value creation. Nordic Mining's goal is to build cornerstone companies that have positive impact on people's livelihood, education, and work opportunities. The Group will actively engage with communities and project stakeholders, and build relations based on transparency, respect, and responsiveness.

Nordic Mining aims to create value, both directly and indirectly, in the regions where the Group operates. Directly, the shareholders will receive dividend and local authorities will receive tax payments (income and real estate taxes). The Group will also add to local value creation by job opportunities and purchase of products and services.

High standards for health and safety

The employees are the Group's most important resource. A pro-active approach in health and safety matters has high priority and will form an integral part of the planning and development activities going forward.

Strict anti-corruption regulations

Nordic Mining's ethical guidelines entail a set of guiding principles for the employees of the Group in the day-to-day operations. The ethical guidelines are established to ensure that the staff does not engage in corruption or bribery and Nordic Mining will compete in the marketplace in a fair and ethically justifiable manner.

Goals and further work

Nordic Mining's work on sustainability and corporate governance is a dynamic and continuous process which will be developed in line with the Group's growth and progress going forward.

ORGANIZATIONAL MATTERS

Nordic Mining had at the end of 2020 (and at the date of this report) 8 employees (8), of which 4 are employed in the subsidiary Nordic Rutile, and 4 are employed in the Company.

The Board of Nordic Mining consists of three men and two women. Kjell Roland has been Chair of the Board since 2019 and a board member since 2012. The composition of the Board will be evaluated in connection with the annual general meeting in line with customary procedures.

The Company facilitates equal opportunities for professional and personal development regardless of gender. The Company has a reasonable gender balance and strives to maintain a good working environment. The Management team in 2020 comprised three (four) men and two (one) women. Sick absence in 2020 was less than 0.5%, and no safety issues were recorded.

SHAREHOLDERS AND CAPITAL SITUATION

Nordic Mining has one class of shares, each with a nominal value of NOK 0.60. The Company's shares are listed on Euronext Expand Oslo and may be traded without restrictions. The Company has around 6,700 shareholders. As per mid-April 2021, around 20% of the Company's shares were held by shareholders domiciled outside of Norway.

In November 2018, the general meeting approved a share-based incentive program for employees and qualified resource persons. The Board was authorized to award options that in total gives the right to subscribe for up to 4,500,000 new shares in Nordic Mining. In November 2018, the Board awarded options for 3,000,000 options to employees. The exercise price was set to NOK 2.63 per share. The option agreements expire in 2022. As per 31 December 2020, the number of options outstanding was 2,425,000.

In January 2020, the Company completed a private placement with gross proceeds of NOK 57.4 million. In February 2020, the general meeting authorized the Board to carry out a subsequent share issue and increase the share capital with up to NOK 6,000,000. In April 2020, the Board decided not to proceed with the subsequent offering as result of the impacts of the Covid-pandemic on Nordic Mining's share price. As per 31 December 2020, the Company's share capital amounted to NOK 118,495,063.20 divided into 197,491,772 shares, each with a par value of NOK 0.60.

In February 2021, Nordic Mining completed a private placement with gross proceeds of NOK 80 million pursuant the authorization to the Board to increase the share capital granted by the Company's general meeting held 14 May 2020. The Board of Directors resolved at the same time to carry out a subsequent offering of up to 7,000,000 new shares directed towards existing shareholders. In March 2020, the Board decided not to proceed with the subsequent offering as the price of the share had for an extended period and with substantial volume, traded below the subscription price in the planned subsequent offering. Nordic Mining's share capital as per the date of this report is NOK 137,695,063.20 divided on 229,491,772 shares of a nominal value of NOK 0.60.

PARENT COMPANY FINANCIAL RESULTS

The net loss for the parent company Nordic Mining ASA for 2020 was NOK 7.0 million (NOK 18.1 million). As per 31 December 2020, the total equity for the parent company amounted to NOK 396.6 million (NOK 350.2 million).

The Board proposes that the year's loss of NOK 6,997,140 in Nordic Mining ASA shall be transferred to retained losses.

Oslo, 27 April 2021
The Board of Directors of Nordic Mining ASA

Kjell Roland
Chair

Kjell Sletsjøe
Deputy chair

Eva Kaijser
Board member

Benedicte Nordang
Board member

Antony Beckmand
Board member

Ivar S. Fossum
CEO

THE BOARD OF DIRECTORS

Kjell Roland
Chair

Roland holds a Master of Science degree from the department of Economics at the University of Oslo, a lower degree in Philosophy from University of Tromsø and has been a visiting scholar at the Department of Economics and Department Operations Research at Stanford University. Roland was CEO of Norfund (the Norwegian government's investment fund for developing countries) from 2006-2018. Roland co-founded ECON in 1986 and was partner and CEO in ECON Management AS and ECON Analysis for more than two decades. As consultant, he has worked on macro-economics, energy and environmental issues for private companies, governments and international organizations such as the World Bank and the Asian Development Bank. Roland is a Norwegian citizen and resides in Oslo, Norway.

Kjell Sletsjøe
Deputy Chair

Sletsjøe holds a Master of Science in Civil Engineering from the University of Science and Technology in Trondheim, Norway and an MBA from Colombia University in New York, USA. Sletsjøe has comprehensive international management experience from mining, coatings and construction industries as well as from consulting. He has been CEO of Rana Gruber AS (iron ore), Lundhs AS (natural stone) and held various top management positions in Jotun Group (coatings) in Norway, UK and Malaysia. Sletsjøe has also worked as a business consultant in McKinsey & Co and Hartmark Consulting and served on several boards in Europe and Asia. He now runs a consulting business and serves as board member of several companies. Sletsjøe is a Norwegian citizen and resides in Sandefjord, Norway.

Eva Kaijser
Board Member

Kaijser holds a Bachelor of Science in Business Administration and Economics with advanced studies in Finance from the University of Stockholm, Sweden. Kaijser has more than 20 years of experience from the mining industry, whereof 11 years in the Boliden group in various positions including top management. Kaijser has been CFO in Northland Resources and CEO in Nordic Mines. Eva Kaijser runs an investment and consulting business, alongside with being a board member in listed and private companies. Kaijser is a Swedish citizen and resides in Stockholm, Sweden.

Benedicte Nordang
Board Member

Nordang is a Naval Architect with a Master of Science from the Norwegian Institute of Technology. She has more than 20 years' experience from the offshore industry, including various management positions from Equinor ASA and Aker Marine Contractors. Nordang has held board positions in the mining industry for more than 10 years, including Nussir ASA and Wega Mining ASA. She currently works as Head of Subsea and Pipelines department in Project Development at Equinor ASA. Nordang is a Norwegian citizen and resides in Oslo, Norway.

Antony Beckmand
Board Member

Beckmand is a qualified CPA with a Bachelor of Commerce from the University of Western Australia and holds a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. He has more than 20 years' experience in financial, corporate and site management roles within the mining industry. Beckmand is currently CFO of Kalium Lakes Limited in Australia and has previous industry experience across a range of commodities from Sydvaranger AS (CEO), Exxaro Resources, Perilya Ltd and Robe River Iron Associates. Beckmand is an Australian citizen and resides in Perth, Australia.

THE MANAGEMENT TEAM

Ivar S. Fossum
CEO

Fossum holds a Master of Science in Mechanical Engineering from the University of Science and Technology (NTNU) in Trondheim, Norway. He has previously held various managerial and commercial positions within the petroleum and fertilizer industries in the Norsk Hydro Group and in FMC Technologies, including as General Manager of Norsk Hydro East Africa Ltd. and as Chief Executive Officer of Loke AS. Fossum is a Norwegian citizen and resides in Asker, Norway.

Christian Gjerde
CFO

Gjerde holds a Master of Professional Accounting from Griffith University in Queensland, Australia. He has broad financial management experience from NorgesGruppen ASA, Telenor ASA, and Yara International ASA, where he headed finance and investments function for Yara's mining division. Gjerde has extensive experience from international financial markets and project financing, as well as broad financial management experience from large-scale mining projects and operations in Brazil, Ethiopia and Finland. Gjerde is a Norwegian citizen and resides in Oslo, Norway.

Lars K. Grøndahl
Sr. Advisor

Grøndahl holds a Master of Science in Economics and Business Administration from the Norwegian School of Economics (NHH) in Bergen, Norway. He was CFO of Nordic Mining in the period 2006-18 and has previously held various managerial positions within the cement and building materials industries, including in Aker, Scancem and Heidelberg Cement. Grøndahl was Deputy COO of Heidelberg Cement's operations in Africa and was Head of Department in the Norwegian Ministry of Industry. Grøndahl is a Norwegian citizen and resides in Oslo, Norway.

Mona Schanche
VP Resource and Sustainability

Schanche holds a Master of Science in Resource Geology from the University of Science and Technology (NTNU) in Trondheim, Norway. She has broad experience from working in the mining industry with various exploration and mine development projects. Schanche has previously worked as Geologist for Titania AS (Kronos Group), a major producer of ilmenite feedstock for titanium pigment production. Schanche is a Norwegian and US citizen and resides in Oslo, Norway.

Kenneth Nakken Angedal
Project Manager, Engebø

Angedal holds a Bachelor of Automation Technology, Control Engineering from the Western Norway University of Applied Science. He has broad management and project experience from various technical and management positions in the ABB Group including as Vice President, Digital Services in ABB's Marine Business Unit. Angedal is a Norwegian citizen and resides in Førde, Norway.

CORPORATE GOVERNANCE

Proactive and transparent corporate governance is essential for aligning the interests of our various stakeholders. The Board of Directors (the "Board") of Nordic Mining ASA ("Nordic Mining" or the "Company") believes that good corporate governance drives sustainable business conduct and long-term value creation. Nordic Mining's framework for corporate governance has been implemented to decrease business risk, maximize value, and utilize the Company's resources in an efficient and sustainable manner for the benefit of shareholders, employees, and society at large.

Implementation and reporting on corporate governance

Nordic Mining targets to comply with the principles in the Norwegian Code of Practice for Corporate Governance (the "Corporate Governance Code") where applicable and will explain possible deviations. The Company's corporate governance framework is subject to annual reviews and discussions by the Board.

The Corporate Governance Code, last revised in October 2018, is available on the Norwegian Corporate Governance Committee's website (www.nues.no). The objective of the Corporate Governance Code is that companies listed on regulated markets in Norway will practice corporate governance that regulates the division of roles between shareholders, the Board, and executive management ("Management") more comprehensively than is required by legislation.

The Company is subject to corporate governance reporting requirements under the Norwegian Accounting Act section 3-3b as well as the Continuing Obligations of Oslo Rule Book II Section 4.4. The Company has fulfilled its reporting requirements.

Business

Nordic Mining's objectives are defined in the Company's Articles of Association which are published on page 65 of this annual report as well as at the corporate website (www.nordicmining.com): "The object of the Company is to carry out exploration for minerals and ores, mining activity, technology development, activities that may be associated herewith, and participation in other companies anywhere in the world."

It is the responsibility of the Board to define clear objectives, strategies, and risk profiles for the Company's business activities and to ensure that these support value creation for shareholders. The Board evaluates these objectives, strategies, and risk profiles at least annually. More details on Nordic Mining's activities and strategies are presented in the Board of Directors' Report on pages 15-19 of this annual report.

Nordic Mining owns 100% of the shares in the subsidiaries Nordic Rutile AS, Nordic Quartz AS and Nordic Ocean Resources AS (jointly "the Group"). In addition, Nordic Mining owns approximately 14.3% of the shares in Keliber Oy.

Equity and dividends

As per 31 December 2020, the Group's equity amounted to NOK 164.3 million, which is equivalent to 95% of the total assets. The Board assesses the Company's capital structure on a regular basis to ensure adequate liquidity for prioritized activities and funding for the Group's planned construction projects.

Nordic Mining plans to implement a competitive dividend policy with the objective to providing its shareholders with a return on investment at minimum comparable with investments with similar risk profiles. The return should come in the form of cash dividends and/or share buyback, if applicable, and increased share value. The amount of any dividends to be distributed will depend on the Group's investment needs and general development and financing of the Company.

For information of equity issues in 2020 and to the date of this report, as well as the status of authorizations from the general meeting to the Board to increase the share capital of the Company, reference is made to the Board of Directors' Report.

The authorization to issue shares related to the Company's option program for employees and qualified resource persons deviates from the recommendation of the Code of Practice in that it was granted for two years, until November 2020, in order to fulfil the Company's obligations under the program.

Equal treatment of shareholders and transactions with related parties

There were no significant transactions between the Company and related parties in 2020, except for ordinary commercial transactions with subsidiaries. All transactions between the Company and related parties are on arm's length basis.

Any recommendation made by the Board to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital will be justified. In the opinion of the Board, satisfactory arguments and information have been provided regarding such deviations from existing shareholders' priority rights related to equity issues by the Company.

Shares and negotiability

Nordic Mining has one class of shares, and all shares carry equal rights. The Articles of Association do not contain any provisions restricting the exercise of voting rights.

Further, the Articles of Association place no restrictions on the transferability of Nordic Mining shares, and the shares are freely negotiable.

General meetings

The shareholders exercise supreme authority in Nordic Mining through the general meeting. The Company's Articles of Association and the provisions of the Norwegian Public Limited Companies Act assign the following functions to the general meeting:

- Election of members of the Nomination Committee
- Election of members of the Board
- Election of the external auditor and approval of the auditor's remuneration
- Adoption of the annual accounts and the Board of Directors' Report
- Resolve any distribution of dividend recommended by the Board
- Consideration of any other items on the agenda in the notice of the general meeting

Nordic Mining's annual general meeting in 2020 was held on 14 May 2020. The date of the forthcoming annual general meeting is 20 May 2021.

Notices of general meetings is published as stock exchange releases and made available at the corporate website at least 21 days in advance of a general meeting. The Company's annual report is published at the corporate website at least 21 days prior to the annual general meeting. General meeting notices outlines the agenda matters and are distributed in Norwegian with an English translation to foreign shareholders.

The general meeting vote on each matter separately and all shareholders are entitled to submit items to the general meeting agenda, to meet, speak and vote, either in person or by proxy. The deadline for notifying attendance is normally five days prior to the general meeting.

The Nomination Committee's recommendation concerning the election of Directors and members of the Nomination Committee is published together with the notice of the general meeting. In line with the Corporate Governance Code's recommendation, it is the Company's policy that the general meeting vote on each candidate separately.

Nordic Mining has around 6,700 shareholders who are widely distributed geographically. The Company provides shareholders that are unable to attend in person the opportunity to vote on every item on the agenda by proxy. To ensure that general meetings are conducted professionally and impartially, the Company's share registrar, DNB Verdipapirservice, assists on practical matters in relation to the general meeting.

Representatives of the Board and Management are represented at the general meetings. Normally, the Company's auditor and legal advisor are also present. The general meeting is normally chaired by the Chair or the Deputy Chair of the Board. In the event of disagreement about specific agenda items where the Chair of the meeting either supports one of the factions or for other reasons cannot be considered impartial, Nordic Mining has procedures to ensure that the meeting is chaired impartially. In such cases, the general meeting will have an opportunity to appoint an alternative Chair of the meeting to ensure impartiality in relation to the item(s) on the agenda.

Nomination Committee

The Articles of Association stipulates that the Company shall have a Nomination Committee consisting of three members who shall be elected by the general meeting for terms of two years. As of 31 December 2020, the Nomination Committee consisted of the following members who all are independent of the Board and Management:

- **Ole G. Klevan, Chair**
  Lawyer/Partner and Head of Industry & Energy at the law firm Schjødt
- **Torger Lien, Member**
  Chair Nord Pool AS, Senior advisor Norfund
- **Brita Eilertsen, Member**
  Non-executive Director for listed and unlisted companies

The Nomination Committee's duties are to:

- Prepare recommendations to the general meeting concerning the election and remuneration of Directors
- Prepare recommendations to the general meeting regarding the election of members to the Nomination Committee

The Nomination Committee's recommendations contain separate justifications for each candidate proposed. Contact details and guidelines for the Nomination Committee are available at the corporate website.

Board of Directors; composition and independence

As of 31 December 2020, the Board of Directors consisted of five members who all are independent of the Company's major shareholders and Management. The Chair of the Board and the other Directors are elected by the general meeting for terms not exceeding two years.

Further information on each Director is available on page 20 of this annual report and at the corporate website. Information about Directors' remuneration and number of shares held in Nordic Mining is provided in Note 20 to the consolidated financial statements.

As of 31 December 2020, and at the date of this report, the Board consists of:

- **Kjell Roland, Chair**
  Participated in 15 of 15 meetings in 2020
- **Kjell Sletsjøe, Deputy Chair**
  Participated in 15 of 15 meetings in 2020
- **Eva Kaijser, Board Member**
  Participated in 15 of 15 meetings in 2020
- **Benedicte Nordang, Board Member**
  Participated in 15 of 15 meetings in 2020
- **Antony Beckmand, Board Member**
  Participated in 15 of 15 meetings in 2020

The work of the Board

The Board's work follows an annual plan which is evaluated and approved at or before the start of the calendar year. The agenda items reflect the Board's main duties for the overall governance of the Group and for the general monitoring of the Group's activities. The Board evaluates its performance and expertise at least annually and makes the evaluation available to the Nomination Committee.

The Board has established written instructions for its own work and the work of the CEO, and the CEO has established instructions for other Management. These instructions cover issues concerning the Board's duties and responsibilities, the CEO's duty to inform the Board, and procedural rules for the Board's and Management's work.

The Company's ethical guidelines include rules intended to avoid conflicts of interest and requires that any person acting on behalf of Nordic Mining act honestly and in line with principles for good business ethics. The ethical guidelines require Directors and Management to notify the Board in case they, directly or indirectly, hold a material interest in a transaction or key matter of the Company or the Group. The Board's consideration of material matters in which the Chair is personally involved, or in other way is restrained from participate in, shall be chaired by the Deputy Chair or another Director.

At present, the Company is not required to establish an Audit Committee, as governed by the Norwegian Public Limited Liability Companies Act. Considering the Company's current phase of development, it is the opinion of the Board that assessments linked to financial statements and remuneration of Management are most appropriately undertaken by the Board acting as a whole. The Board will continue to assess potential benefits of establishing Board committees (e.g. Audit Committee, Compensation Committee or other) going forward.

Risk management and internal control

The Board is responsible for ensuring that the Company has good internal control and a well-functioning system for risk management and social responsibility. The Board's annual plan includes a review of the Company's risk areas and internal control system. In the Board's opinion, the current governance systems satisfactorily address risk management and internal control.

Management is responsible for establishing and maintaining an adequate level of internal control regarding the Group's financial reporting. Internal control related to financial reporting is a process that is designed to provide reasonable certainty that financial reporting is reliable and that financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the EU. The accounting principles applied by the Group conform to the IFRS as published by the International Accounting Standards Boards ("IASB"). A summary of significant accounting principles as well as discussion of risk factors are included in Note 2 and 17, respectively, in the consolidated financial statements.

The Company has engaged Sumit Up AS as the Group's accountant and have established routines for accounting work and reporting.

Nordic Mining has established policies to insure both people and property for certain risks as well as established a liability insurance for Directors.

Nordic Mining has developed guidelines concerning corporate, social, and ethical conduct which are available at the corporate website.

Remuneration of the Board

The remuneration of the Board is proposed by the Nomination Committee and resolved by the general meeting. The remuneration of the Board is not linked to the Company's performance and Directors are not granted share options.

The remuneration of the Board reflects the Board's responsibility, expertise, time commitment and the complexity of the Company's activities. Information on the remuneration to the Board in 2020 is included in Note 20 in the consolidated financial statements.

Remuneration of Management

Pursuant to section 6-16a of the Public Limited Liability Companies Act, the Board prepares an annual statement on the setting of salaries and other remuneration for Management. The statement is presented to and considered by the general meeting. Any equity-based remuneration is resolved by the general meeting.

The key principles underlying the remuneration of Management for 2020 have been that total remuneration should reflect the responsibilities and duties undertaken by each individual in Management, as well as contribution to the long-term value creation in the Group. In the opinion of the Board, it is crucial for Nordic Mining to offer competitive salaries and conditions to attract the qualities and expertise necessary to promote the strategic development of the Group.

Share options have been granted to employees. The option agreements entitle the holders to purchase a specified number of shares at a fixed price (NOK 2.63 per share which was 5% above the share price at the allocation date) and stipulates that 1/3 of the options become exercisable (vest) each year. The option program expires in 2022.

Information regarding remuneration of Management in 2020 is presented in Note 20 in the consolidated financial statements.

Information and communications

Nordic Mining has adopted guidelines designed to ensure that its information policy is based on the principles of openness and equal treatment of all shareholders and participants in the securities market. The objective is to maintain accounting and reporting systems in which the investors will have confidence.

Management is responsible for communication with the capital markets and for relations with current and potential new investors. Nordic Mining's financial reports provide comprehensive information about the Group's operations, including its major value drivers and risk factors.

The financial reports and other information are published electronically. All shareholders are treated equally in relation to access to financial information. Reports, stock exchange releases and other presentation material are made available at the corporate website.

Take-overs

Nordic Mining's Articles of Association do not set any restrictions on acquisition of the shares in the Company. In the event of a take-over bid for Nordic Mining, the Board will follow the overriding principle of equal treatment of all shareholders. Further, the Board will strive to ensure that the shareholders are given sufficient information and time to assess the offer as well as ensure that the Company's business activities are not unnecessarily disrupted.

The Board will not seek to prevent any take-over unless it believes that the interests of the Company and the shareholders justify such. The Board will not exercise mandates or pass any resolutions with the intention of obstructing any take-over bid unless it is approved by the general meeting following the announcement of the bid.

The Board will issue a statement in accordance with statutory requirements and the recommendations in the Corporate Governance Code, including considerations regarding a possible valuation from an independent expert.

Transactions that in effect imply a sale of Nordic Mining's entire business will be subject to approval by the general meeting.

The Company has not established other principles for potential take-over situations.

Auditor

Nordic Mining's auditor is elected by the general meeting and is independent of the Company. The general meeting also approves the auditor's remuneration.

The auditor's work is based on a plan that is presented to the Board on an annual basis. The auditor attends Board meetings that discuss and approve the Group's and Company's annual reports. At such meetings, the auditor gives a statement of any material changes to Nordic Mining's accounting principles and provides an assessment of material accounting estimates, as well as a complete account of any situation where there has been disagreement between the auditor and Management. The auditor presents to the Board a review of the Company's control routines and potential areas of improvement in relation to accounting. When required and at least once a year, the auditor meets with the Board without Management present.

To a limited extent, Nordic Mining assigns the auditor for services other than auditing. If, and when required, the Board will prepare guidelines regarding the Company's use of other services from the auditor.

Information of the fees paid to the auditor in 2020, including breakdown between statutory auditing and other assistance/service, is presented in Note 6 to the consolidated financial statements.

The Board, from the left: Kjell Sletsjøe, Benedicte Nordang, Eva Kaijser, Kjell Roland, Antony Beckmand.

Oslo, 27 April 2021
The Board of Directors of Nordic Mining ASA

Kjell Roland	Kjell Sletsjøe	Eva Kaijser	Benedicte Nordang	Antony Beckmand	Ivar S. Fossum
Chair	*Deputy chair*	*Board member*	*Board member*	*Board member*	*CEO*

Consolidated accounts for Nordic Mining

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Amounts in NOK thousands)	Note	2020	2019
Payroll and related costs	4,20	(14 413)	(15 455)
Depreciation and amortization	11	(241)	(202)
Impairment of exploration and evaluation assets	10	-	-
Other operating expenses	6	(27 874)	(57 154)
Operating profit/(loss)		**(42 528)**	**(72 811)**
Share of loss in associate	12	-	(759)
Gains/losses on investments	12	9 336	75 507
Financial income	7	500	552
Financial costs	7	(240)	(1 098)
Profit/(loss) before tax		**(32 932)**	**1 391**
Income tax	8	-	-
Profit/(loss) for the period		**(32 932)**	**1 391**
(Amounts in NOK)			
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS			
Basic and diluted earnings per share	9	(0.17)	0.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in NOK thousands)	Note	2020	2019
Net profit/(loss) for the period		(32 932)	1 391
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences	12,15	-	(385)
Currency translation reclassified to profit and loss	12,15	-	(4 880)
Items that will not be reclassified subsequently to profit or loss:			
Changes in pension estimates	15,21	(808)	(146)
Other comprehensive income directly against equity		**(808)**	**(5 411)**
Total comprehensive income/(loss) for the period		(33 740)	(4 020)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK thousands)	Note	31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Evaluation and exploration assets	10	28 349	26 140
Property, plant and equipment	11	374	469
Right-of-use assets	11	377	123
Financial investments	12	100 114	90 778
Total non-current assets		**129 214**	**117 510**
Current assets			
Trade and other receivables	13,17	2 215	4 286
Cash and cash equivalents	14	42 223	30 619
Total current assets		**44 438**	**34 905**
Total assets		**173 652**	**152 415**

(Amounts in NOK thousands)	Note	31.12.2020	31.12.2019
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	15	118 495	101 275
Share premium	15	472 824	436 074
Other paid-in capital	5	15 804	15 578
Retained losses		(439 711)	(406 779)
Other comprehensive income	15	(3 124)	(2 316)
Total equity		**164 288**	**143 832**
Non-current liabilities			
Lease liabilities	22	218	-
Pension liabilities	21	1 368	586
Total non-current liabilities		**1 586**	**586**
Current liabilities			
Trade payables	17	1 668	3 142
Other current liabilities	16,17	6 110	4 855
Total current liabilities		**7 778**	**7 997**
Total liabilities		**9 364**	**8 583**
Total shareholders' equity and liabilities		**173 652**	**152 415**

Oslo, 27 April 2021
The Board of Directors of Nordic Mining ASA

Kjell Roland	Kjell Sletsjøe	Eva Kaijser	Benedicte Nordang	Antony Beckmand	Ivar S. Fossum
Chair	*Deputy chair*	*Board member*	*Board member*	*Board member*	*CEO*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributed to equity holders of the parent					
(Amounts in NOK thousands)	Share capital	Share premium	Other paid-in capital	Other comprehensive income	Accumulated losses	Total equity
Equity 1 January 2019	78 505	401 597	14 502	3 095	(408 170)	89 529
Profit for the period	-	-	-		1 391	1 391
Other comprehensive income	-	-	-	(5 411)	-	(5 411)
Total comprehensive income	**-**	**-**	**-**	**(5 411)**	**1 391**	**(4 020)**
Share issue	22 770	39 749	-	-	-	62 519
Transaction costs	-	(5 272)	-	-	-	(5 272)
Share-based compensation			1 076	-	-	1 076
Equity 31 December 2019	**101 275**	**436 074**	**15 578**	**(2 316)**	**(406 779)**	**143 832**
Equity 1 January 2020	**101 275**	**436 074**	**15 578**	**(2 316)**	**(406 779)**	**143 832**
Loss for the period	-	-	-	-	(32 932)	(32 932)
Other comprehensive income	-	-	-	(808)	-	(808)
Total comprehensive income		**-**	**-**	**(808)**	**(32 932)**	**(33 740)**
Share issue	17 220	40 180	-	-	-	57 400
Transaction costs	-	(3 430)	-	-	-	(3 430)
Share-based compensation	-	-	226	-	-	226
Equity 31 December 2020	**118 495**	**472 824**	**15 804**	**(3 124)**	**(439 711)**	**164 288**

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in NOK thousands)		2020	2019
Operating activities:			
Income/loss (-) before income tax		(32 932)	1 391
Depreciation	11	241	202
Gains/losses on investments	12	(9 336)	(75 507)
Share of loss in associate	12	-	759
Share-based expenses		226	1 076
Changes in assets and liabilities:			
Other receivables and prepayments		2 071	(1 784)
Trade payables		(1 463)	365
Other current liabilities		(545)	(1 672)
Difference between pension expense and payment		(26)	(394)
Net cash used in operating activites		**(41 764)**	**(75 564)**
Investing activities:			
Acquisition of licenses and properties	10	(449)	(533)
Investment in property, plant and equipment	11	-	(285)
Net cash used in investing activities		**(449)**	**(818)**
Financing activities:			
Share issuance	15	57 400	62 519
Transaction costs, share issue	15	(3 430)	(5 272)
Payment of lease liabilities	22	(153)	(148)
Net cash from financing activities		**53 817**	**57 099**
Net change in cash and cash equivalents		11 604	(19 283)
Cash and cash equivalents at beginning of period		30 619	49 902
Cash and cash equivalents at end of period		**42 223**	**30 619**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL INFORMATION

Nordic Mining ASA ("the Company") and its subsidiaries (together "the Group") is engaged in the exploration for and development of projects for high-end industrial minerals and metals. The address to Nordic Mining's office is Munkedamsveien 45, N-0250 Oslo, Norway. These financial statements were approved for issue by the Board of Directors on 27 April 2021.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of preparation
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated. The consolidated financial statements of Nordic Mining ASA have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated financial statements have been prepared under the historical cost convention with some exceptions outlined below; the main exception being Financial investments at fair value through profit or loss. The annual accounts are based on the going concern assumption. Reference is made to the next paragraph and the Board of Directors' report for further details.

Going concern assumption
Based on current forecasts and working plans, the Group's working capital is sufficient to fund operations and payment of financial obligations in 2021 and well into 2022. Going forward, the Group will need to raise more equity, issue debt instruments or divest assets to fund further development including construction of the Engebø Rutile and Garnet project.

Reference is made to the Board of Directors' report and Note 17 for further information on liquidity risk.

Significant accounting judgments, estimates and assumptions
The preparation of the Group's financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability.

Key areas of judgement and estimation uncertainty:

- *Capitalization of exploration and evaluation assets (Note 10):*
  Cost directly related to exploratory drilling is temporary capitalized as exploration and evaluation assets until the drilling is complete and the results have been evaluated in accordance with the successful efforts method. The cost includes rig cost, contractors, materials used, and salaries of employees directly attributable to the exploratory drilling. Management uses judgement to determine whether or not temporary capitalized exploration and evaluation cost shall remain in the balance sheet or be expensed based on the impairment evaluation described below. This assessment will have material impact on the financial statement.

  Total capitalized drilling cost was NOK 18.6 million at 31 December 2020.

- *Impairment evaluation of exploration and evaluation assets (Note 10):*
  Exploration and evaluation assets are evaluated for impairment under the indicators of IFRS 6 "Exploration for and evaluation of mineral resources." Management must determine whether there are circumstances indicating possible impairment of exploration and evaluation assets. This includes individual assessment of each license related to planned and budgeted activity, magnitude of future exploration and evaluation activity to assess whether there are sufficient commerciality quantities of mineral resources over the remaining license period. Management also considers expected demand and prices for the minerals.

- *Classification and valuation of financial investments (Note 12):*
  The Group's investment in Keliber Oy was in 2019 reclassified from an Associate to a Financial Investment Measured at Fair Value Through Profit and Loss under IFRS 9 ("FVPL Method"). The reclassification was based on reduced ownership combined with a change in Board composition, resulting in less influence for the Group.

  On reclassification the valuation of the investment was based on the pricing of a share issue at that time. To the extent that there are recent observable prices based on Keliber Oy equity transactions available, the Group is using these for assessing the fair value of the investment on the balance sheet day. When there is no observable market price, the Group is assessing the fair value of the investment using industry practice valuation techniques. Fair value is the price that would be received to sell the investment in an orderly transaction between market participants at the measurement date. The fair value of the investment is measured using the assumptions that market participants would use when pricing the investment. The Group uses industry practice valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The determination of the fair value of the investment still requires significant judgment from management. The valuation of the investment in Keliber Oy has been based on level 3 inputs in the fair value hierarchy.

As there were no observable market price for Keliber Oy at year end 2020, the fair value of the investment is based on Management's internal assessment of the market value at year end, which include a comparable valuation analysis based on market prices for similar lithium development projects/companies at PFS/DFS level at similar level of commercial development and risk profiles as Keliber's lithium project. The assessment takes into account available information related to the positive developments in Keliber, the lithium project, and in particular the lithium market, which has started to recover after significant increase in demand from global battery producers, and Keliber's ongoing discussions with investors for EUR 30 million funding.

In February 2021 Keliber Oy and leading international mining company Sibanye-Stillwater Limited (SSW) announced that they have entered into an investment agreement for an initial phased equity investment of EUR 30 million for approximately 30% shareholding in Keliber, corresponding to a share price of around EUR 40/share. See note 26.

- *Share-based compensation (Note 5):* The Group grants equity settled options to its employees and qualified resource persons. Fair value of options is estimated by use of the Black Scholes option model and Management must estimate key inputs to the model, such as volatility, expected life, and number of options expected to vest.

Basis for consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The subsidiaries include Nordic Rutile AS, Nordic Ocean Resources AS, and Nordic Quartz AS, all 100% owned and located in Oslo. The accounting principles of the subsidiaries have been changed when necessary to ensure consistency with the policies adopted by the Group. All intra-group transactions, balances, income and expenses are eliminated.

Business combinations

The acquisition method of accounting is used to account for the acquisition of businesses and subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Directly attributable transaction cost related to the business combination is expensed as incurred.

Investment in associates

The Group uses the equity method of accounting for investment in associates. Associated companies are investments in companies where the Group has significant influence, but not control. Significant influence normally exists when the Group controls between 20% and 50% of the voting rights. Under the equity method, the investment in the associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. The income statement reflects the Group's share of the associate. Any transactions with the associate are eliminated to the extent of the interest in the associate.

Investments in associates are derecognized based on an assessment of influence, and normally when the Group has less than 20% of the voting rights. Such investments are then reclassified to financial assets. See accounting principles for financial assets below.

Financial assets

Initial recognition and measurement:
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

Financial assets at fair value through profit or loss:
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss.

Foreign currency translation

Functional and presentation currency
NOK is the functional currency of the parent and the presentation currency of the Group. Assets and liabilities in foreign entities,

including goodwill and fair value adjustments related to business combinations are translated to NOK at the exchange rate at the balance sheet date. Revenues, expenses, gains and losses are translated using the average exchange rate during each quarterly period. Translation adjustments are recognized directly to Other Comprehensive Income.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized as finance income or finance expense in the income statement.

Acquisition of mining and mineral properties and exploration and development of such properties
IFRS 6 "Exploration for and evaluation of mineral resources" requires that exploration and evaluation assets are classified as tangible or intangible according to the nature of the assets acquired.

Some exploration and evaluation assets should be classified as intangibles, such as drilling rights and capitalized exploration cost. When technical feasibility and commercial viability of extracting a mineral resource is demonstrable, the assets should be reclassified as tangible assets. Evaluation and exploration assets that are classified as intangible assets are tested for impairment prior to reclassification.

Exploration and development for mineral properties
The Group employs the successful efforts method to account for exploration and development cost. All exploration cost, with the exception of acquisition cost of licenses and direct drilling cost of exploration wells is expensed as incurred. Drilling cost of exploration wells is temporarily capitalized pending the evaluation of the potential existence of mineral reserves. If reserves are not found, or if discoveries are assessed not to be technically and commercially recoverable, the drilling cost of exploration holes is expensed. Cost of acquiring licenses is capitalized and assessed for impairment at each reporting date.

Property, plant and equipment
The Group's property, plant and equipment, consisting of machinery and equipment, are recorded at cost less accumulated depreciation. Acquisition cost include cost directly attributable to the acquisition of the asset.

Subsequent cost is included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance cost are expensed as incurred.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is presented as a net gain or net loss in the income statement.

Depreciation is calculated on a straight-line basis over the useful life of the asset (land is not depreciated):

- Machinery and equipment: 4-10 years

The asset's useful life and residual amount are reviewed on an annual basis and revised if necessary. The carrying amount of the asset is written down to recoverable amount when the carrying amount is higher that the estimated recoverable amount (further details are provided under "Impairment of non-financial assets" below).

Impairment of non-financial assets
Intangible assets that have an indefinite useful life or intangible assets not yet available for use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Government grants
Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

Leases (as lessee)
The Company adopted IFRS 16 – Leases from 1 January 2019. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosures of leases. IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract that meets this definition, IFRS 16 requires lessees to recognize a right-of-use asset and a lease liability in the balance sheet with certain exemptions for short term and low value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated over the shorter of the lease term and the assets' useful life. Lease liabilities are measured at the

present value of remaining lease payments, discounted using the Company's calculated borrowing rate. Right-of-use assets are measured at an amount equal to the lease liability.

Receivables
Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at banks and other short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in fair value and with original maturities of three months or less.

Share capital
Ordinary shares are classified as equity.

Share issuance cost that is incremental and directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. If deferred tax assets are not recognized, items recorded directly to equity are accounted for gross, without any deduction of deferred taxes.

Interest-bearing liabilities
All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue cost associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction cost) and the redemption value is recognized on the income statement over the period of the interest-bearing liabilities.

De-recognition of financial liabilities
The Group de-recognizes a financial liability (or a part of a financial liability) from its balance sheet when, and only when, it is extinguished. A financial liability is extinguished when the obligation specified in the contract is discharged or cancelled, or when it expires.

Trade payables
Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Share-based compensation
The Group uses equity settled options to incentivize employees and qualified resource persons. The fair value of the options is recognized as a payroll expense in the statement of profit or loss over the vesting period and as other paid in equity in the balance sheet. Fair value of options is estimated by use of the Black Scholes option model and is charged to the statement of profit or loss over the vesting period without revaluation of the value of the options.

Income taxes
Income tax expense represents the sum of the taxes currently payable and deferred tax. Taxes payable are provided based on taxable profits at the current tax rate. Deferred taxes are recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred income tax is not recognized on temporary differences arising from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

If deferred tax assets are not recognized, items recorded directly to equity, or in other comprehensive income (OCI), are accounted for gross, without any deduction of deferred taxes.

Pensions
Defined benefit plan:
The Group has a defined benefit pension plan for its employees that meet the Norwegian statutory requirement. For the defined benefit plan, the cost of providing the benefits is determined using the unit credit method, with actual valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined contribution plan:
In the defined contribution pension plan, the Group is responsible for making an agreed contribution to the employee's pension assets. The future pension will be determined by the amount of the contributions and the return on the pension savings. Once the contributions have been paid, there are no further payment obligations attached to the defined contribution pension.

Contingent liabilities
Contingent liabilities are defined as:

- possible obligations resulting from past events whose existence depends on future events
- obligations that are not recognized because it is not probable that they will lead to an outflow of resources
- obligations that cannot be measured with sufficient reliability

Contingent liabilities are not recognized on the balance sheet unless arising from assuming assets and liabilities in a business combination.

Significant contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Reference is made to Note 10 in the consolidated financial statements regarding contingent liabilities related to the Engebø rutile deposit.

Cash flow statement
The Group reports the cash flow statement using the indirect method. The method involves adjusting the result for the period for the effects of transactions without effect on cash and changes in assets and liabilities to show net cash flow from operations. Cash flow relating to investment activities and financing activities are shown separately.

Related party transactions
All transactions, agreements and business activities with related parties are conducted according to ordinary business terms and conditions. Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. The Group provides note disclosure for related party transactions and balances in Note 20 in the consolidated financial statements.

Earnings per share
The calculation of basic earnings per share is based on the profit/loss attributable to ordinary shareholders using the weighted average number of shares outstanding during the year after deduction of the average number of treasury shares held over the period. The calculation of diluted earnings per share is consistent with the calculation of basic earnings per share while giving effect to all dilutive potential ordinary shares that were outstanding during the period, that is:

- The net profit for the period attributable to ordinary shares is increased by the after-tax amount of dividends and interest recognized in the period in respect of the dilutive potential ordinary shares and adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares.
- Weighted average number of shares which includes the effect of all potential dilutive shares as if converted at the beginning of the period, or from the issue date if later.

New accounting standards
New standards and amendments to standards and interpretations effective from 1 January 2020 did not have any significant impact on the financial statements.

New standards, amendments and interpretations issued but not adopted by the Group
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2021 and have not been applied in preparing these financial statements. None of these new standards and amendments to standards and interpretations are expected to have any significant impact on the Group's financial statements.

NOTE 3 - SEGMENTS

The Group presents segments on the basis of the mineral projects. From 1 January 2020 the only reportable segment of the Group is the Titanium and garnet segment. These are the minerals which can be produced from the mineral deposit at Engebø. The zoning plan and the discharge permit for the project are approved and final, without possibility for appeals and the operating license has been granted by the Directorate of Mining. The Definitive Feasibility Study was presented in January 2020. The change in reportable segments from 2019 is due to the increasing focus on the development of Engebø.

NOTE 4 - SALARIES

(Amounts in NOK thousands)	2020	2019
Wages and salaries	9 822	10 011
Social security costs	1 651	1 858
Pension costs defined benefit plan	931	792
Pension costs defined contribution plan	211	226
Board members, etc	1 300	1 213
Share-based compensation	226	1 076
Other personnel costs	272	279
Total	**14 413**	**15 455**
Average number of full time employees	7	7

Reference is made to Note 20 for further information about remuneration of Senior Management and guidelines for remuneration.

NOTE 5 - SHARE-BASED COMPENSATION

On 1 November 2018, the General Meeting of Nordic Mining approved an equity settled share-based compensation program of up to 4.5 million options for employees and qualified resource persons. On 26 November 2018, the Board of Directors granted 3 million options at a strike price of NOK 2.63 per share to employees in the Group. The options vest by 1/3 each year, first time on 30 June 2019. The option agreements expire on 30 June 2022 and are conditional on the employee remaining in the Group's employment for the duration of the vesting period.

	2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding 1 January	2 425 000	2.63	3 000 000	2.63
Granted during the year	-	-	-	-
Cancelled during the year	-	-	(575 000)	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding 31 December	**2 425 000**	**2.63**	**2 425 000**	**2.63**
Exercisable 31 December	**1 616 666**	**2.63**	**808 333**	**2.63**

The average fair value of options granted in 2018 was NOK 0.59. The average remaining contractual life for options outstanding as per 31 December 2020 was 1.5 years.

The Group has expensed share based payment of NOK 226 thousand in 2020 (2019: NOK 1 076 thousand).

The Group used the Black Scholes model to estimate fair value the options granted. The following table show the weighted-average assumptions used in the model:

Weighted-average assumptions	2020	2019
Volatility*	40 %	40 %
Expected life	2.58	2.58
Risk free interest	1.16 %	1.16 %
Share price	2.47	2.47
Exercise price	2.63	2.63

* The expected volatility has been estimated based on historical volatility of the share price of the Company.

NOTE 6 – OTHER OPERATING COSTS

(Amounts in NOK thousands)	2020	2019
Lease expenses	2 213	2 539
Project costs – Engebø rutile and garnet	18 208	43 960
Consulting and legal fees	4 203	7 595
Other costs	3 250	5 160
Research tax credit	-	(2 100)
Total	**27 874**	**57 154**

Auditor fees:

(Amounts in NOK thousands)	2020	2019
Statutory audit	577	654
Other attestation services	63	61
Tax services	-	63
Other services	-	568
Total	**640**	**1 345**

The amounts exclude VAT. Other services provided by the auditor in 2019 were mainly related to due diligence assessments.

NOTE 7 – FINANCE INCOME AND FINANCE COSTS

The following table shows the components of financial income and financial expense:

(Amounts in NOK thousands)	2020	2019
Interest income on bank deposits	173	330
Foreign exchange gains	313	222
Other interest income	14	-
Finance income	**500**	**552**
Interest cost	(12)	(79)
Other finance costs	(70)	(12)
Foreign exchange losses	(158)	(1 007)
Finance costs	**(240)**	**(1 098)**

NOTE 8 - INCOME TAXES

The Group has incurred substantial tax losses carried forward and the related tax asset is shown in the table below. At this stage, the Group cannot substantiate that there will be sufficient future taxable income to be able to realize the Group's unused tax losses, and therefore the Group has not recognized deferred tax assets at 31 December 2020. Tax losses can be carried forward indefinitely in Norway.

(Amounts in NOK thousands)	2020	2019
Taxes payable	-	-
Deferred tax	-	-
Income tax expense/(income)	**-**	**-**

Tax effects of temporary differences and tax loss carryforwards at 31 December

(Amounts in thousands)	2020	2019
Mineral properties/PP&E	9 627	(3 253)
Pensions	301	129
Tax loss carryforwards	114 252	103 767
Total net deferred tax assets	**124 180**	**100 643**
Nominal tax rate (used for measurement)	22 %	22 %
Recognized in the statement of financial position:		
Deferred tax asset	-	-
Deferred tax liability	-	-

The Group recognized NOK 3.4 million in gross transaction cost of the 2020 share issues directly in equity (in 2019: NOK 5.3 million) which is included in tax loss carry forwards.

The following table shows the reconciliation of expected tax using the nominal tax rate to the actual tax expense/(income):

(Amounts in thousands)	2020	2019
Income/loss (-) before tax	(32 932)	1 391
Nominal tax rate	22 %	22 %
Expected income tax	**(7 245)**	**306**
Non-deductible costs	52	279
Effect of non deductible expenses from associates	-	167
Effect of non taxable gains/losses on investments	(2 054)	(16 612)
Non-recognized tax assets on current year result	9 247	15 860
Tax expense/(income)	**-**	**-**

NOTE 9 - EARNINGS PER SHARE

(Amounts in NOK thousands and number of shares in thousands)	2020	2019
Earnings		
Attributable to ordinary shareholders	(32 932)	1 391
Number of shares		
Weighted average number of ordinary shares outstanding	195 211	143 873
Earnings per share attributable to ordinary shareholders		
(amounts in NOK)		
Basic and diluted earnings per share	(0.17)	0.01

The effect of 2.425 million (2019: 2.425 million) potentially dilutive shares arising from options (ref. Note 5) is not included in the calculation of diluted results per share for 2020 or 2019 since the options were anti-dilutive at year end (2020) and not in-the-money (2019).

NOTE 10 - EXPLORATION AND EVALUATION ASSETS

(Amounts in NOK thousands)	License cost	Capitalized exploration	Total
Cost at 1 January 2019	10 705	18 621	29 326
Additions	533	-	533
Cost at 31 December 2019	**11 238**	**18 621**	**29 859**
Additions	2 209	-	2 209
Cost at 31 December 2020	**13 447**	**18 621**	**32 068**
Provision for impairment at 1 January 2019	-	(3 719)	(3 719)
Impairments	-	-	-
Provision for impairment at 31 December 2019	**-**	**(3 719)**	**(3 719)**
Impairments	-	-	-
Provision for impairment at 31 December 2020	**-**	**(3 719)**	**(3 719)**
Net book value 31 December 2020	**13 447**	**14 902**	**28 349**
Net book value 31 December 2019	11 238	14 902	26 140
Net book value 1 January 2019	10 705	14 902	25 607

Mining concessions

The carrying amount for licenses relates to the Engebø area. Additionally, the Group has a conditional liability to the seller of NOK 40 million that will be paid if and when commercial operation commences at Engebø. No liability has been recognized as per 31 December 2020. In March 2021 the Group was summoned by one of the appellants to the operating license for Engebø. See note 24.

The exploration and extraction licenses are subject to annual renewals at the option of the Group. An annual fee is paid when the license period is extended.

The Group has evaluated the implications of the ongoing Covid-pandemic, and considers that there are no indications of impairment of the Evaluation and explorations assets.

NOTE 11 - PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS

(Amounts in NOK thousands)	Machinery & equipment	Right-of-use assets	Total
Cost			
1 January 2019	656	-	656
Additions	285	264	549
31 December 2019	**941**	**264**	**1 205**
Additions	-	400	400
31 December 2020	**941**	**664**	**1 605**
Depreciation			
1 January 2019	(411)	-	(411)
Depreciation expensed	(61)	(141)	(202)
31 December 2019	**(472)**	**(141)**	**(613)**
Depreciation expense	(95)	(146)	(241)
31 December 2020	**(567)**	**(287)**	**(854)**
Net book value:			
31 December 2020	**374**	**377**	**751**
31 December 2019	469	123	592
1 January 2019	245	-	245

Machinery and equipment are depreciated over a period of 4-10 years.

NOTE 12 - FINANCIAL ASSETS

The Group's only investment in financial assets in 2020 and 2019 is the holding of shares in the Finnish mining company Keliber OY.

2020:

As per 31 December 2020, the Group has revised the mark-to-market valuation of the investment in Keliber on 100% basis at around EUR 59 million, or EUR 40 per share. This results in a gain on the investment of NOK 9.3 million (2019: NOK 75.5 million gain) for the year. The valuation of the investment in Keliber Oy has been based on level 3 inputs in the fair value hierarchy. The assessment takes into account available information related to the positive developments in Keliber, the lithium project, and in particular the lithium market, which has started to recover after significant increase in demand from global battery producers, and Keliber's ongoing discussions with investors for EUR 30 million financing.

See also note 26.

2019:

In February 2019, Keliber completed a share issue directed towards existing shareholders with gross proceeds of EUR 10 million which implied a post-money value of Keliber of EUR 63 million. Following the share issue, Nordic Mining was diluted from 22% to 18.5% ownership. The Group's ownership has later been diluted to 16.3%. Consequently, the Group assessed that it no longer imposed significant influence and reclassified the investment in Keliber from an Associate to a Financial Asset Measured at Fair Value Through Profit and Loss under IFRS 9 ("FVPL Method").

On 15 February 2019, the Group derecognized the investment in associate and recognized the financial asset at estimated fair value. A gain was recognized on the difference between the carrying amount of the investment in associate on derecognition and the fair value of the financial asset on the same date. Currency translation adjustments on 15 February 2019 relating to Keliber was reclassified from other comprehensive income to the 18 income statement and included in the recognized gain.

At year end 2019 the Group assessed the value of Keliber OY based on input from an independent valuation report. Based on this assessment Keliber was valued at EUR 49.7 million at year end. This implied a value of EUR 38.50 per share and the Group's investment was adjusted accordingly at year end 2019.

Summary of effects from Keliber investment in 2020 and 2019

(Amounts in NOK thousands)	Balance sheet	Statement of profit or loss	OCI
Fair value 1 January 2020	90 778		
Gain on investment 2020	9 336	9 336	
Fair value 31 December 2020/Total effects on statement of profit or loss and OCI 2020	**100 114**	**9 336**	**-**
Investment in associate 1 January 2019	**21 296**		
Share of loss in associate up until reclassification in 2019	(759)	(759)	
Translation adjustment for year 2019	(385)		(385)
Investment in associate at reclassification 15 February 2019	20 152	(759)	(385)
Reclassification of cumulative translation adjustment	(4 880)		(4 880)
Gain on reclassification 2019	99 154	99 154	
Subsequent change in fair value 2019	(23 647)	(23 647)	
Fair value 31 December 2019/Total effects on statement of profit or loss and OCI 2019	**90 778**	**74 747**	**(5 266)**

NOTE 13 - TRADE AND OTHER RECEIVABLES

(Amounts in NOK thousands)	2020	2019
Other financial receivables	957	897
Prepayments	610	803
Skattefunn (receivable tax credit)	-	2 100
VAT receivable	648	486
Totalt	**2 215**	**4 286**

NOTE 14 - CASH AND CASH EQUIVALENTS

(Amounts in NOK thousands)	2020	2019
Bank deposits	42 223	30 619
Total cash and cash equivalents	**42 223**	**30 619**
Restriced cash in tax withholding account	594	625

NOTE 15 - SHARE CAPITAL

Number of shares outstanding	Ordinary Shares
2019:	
Opening balance	130 841 772
Share issuance	37 950 000
31 December 2019	**168 791 772**
2020:	
Opening balance	168 791 772
Share issuance	28 700 000
31 December 2020	**197 491 772**

All shares carry equal rights and has a par value of 0.60 per share.

Share issues in 2019

On 29 May 2019, Nordic Mining completed a private placement of 12 950 000 shares with gross proceeds of NOK 27.5 million.

On 3 October 2019 the Company completed a rights issue of 25 000 000 offer shares with gross proceeds of NOK 35 million. Following registration of the share capital increase and as per 31 December 2019, the Company has a share capital of NOK 101,275,063.20 divided into 168,791,772 shares, each with a nominal value of NOK 0.60. For share issues in 2020 to the date of this report, please see note 24 to the consolidated financial statements.

Share issues in 2020

On 28 January 2020, Nordic Mining completed a private placement of 28,700,000 shares with gross proceeds of NOK 57.4 million. Following registration of the share capital increase, and at the date of this report, the Company has a share capital of NOK 118,495,063.20 divided into 197,491,772 shares, each with a nominal value of NOK 0.60.

See also note 26 for information about share issue subsequent to year end.

Components of other comprehensive income

The following table shows a reconciliation of the components of other comprehensive income ("OCI"):

(Amounts in NOK thousands)	Translation adjustment	Actuarial gain/loss	Total OCI
Balance on 1 January 2019	**5 264**	**(2 169)**	**3 095**
Translation adjustment for year	(385)	-	(385)
Reclassification of translation adjustment to profit and loss	(4 880)	-	(4 880)
Actuarial gain/(loss)	-	(146)	(146)
Balance on 31 December 2019	**(1)**	**(2 315)**	**(2 316)**
Adjustment	1	(1)	-
Actuarial gain/(loss)	-	(808)	(808)
Balance on 31 December 2020	**-**	**(3 124)**	**(3 124)**

NOTE 16 - OTHER CURRENT LIABILITIES

(Amounts in NOK thousands)	2020	2019
Tax withholding and social security accrual	1 009	1 071
Employee salary and holiday pay accrual	1 066	1 138
VAT payable	325	66
Lease liability	155	114
Prepayments received	-	246
Accrued expenses	3 555	2 220
Total	**6 110**	**4 855**

NOTE 17 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Management of financial risk
Nordic Mining is exposed to certain types of financial risk related to the Group's financial instruments, primarily market risk related to floating interest rate risk on cash and cash equivalents, liquidity risk and currency risk.

Management of Nordic Mining manages the Group's financial risk primarily by identifying and evaluating potential risk areas. Management's focus is primarily on managing liquidity risk to secure continuing operations and financing of the Group's capital-intensive projects. Nordic Mining's cash holdings are placed in bank accounts in Norwegian Kroner (NOK). Throughout 2020 and as per the date of this report, the Group's only currency exposure of significance relates to the investment in Keliber Oy (EUR).

The Group has no interest-bearing debt and does not have recurring revenues since the Group's projects are still in the development phase. The Group's financial instruments mainly consist of customary short-term receivables and trade payables.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to settle its financial obligations as they fall due. The Group has to a large extent used equity financing in order to meet liquidity requirements related to financial obligations, covering operational losses, exploration activities and investments.

All the Group's financial liabilities as at 31 December 2020 of NOK 6.3 million mature within 6 months from balance sheet date (31 December 2019: all financial liabilities of NOK 6.5 million mature within 6 months).

Based on current forecasts and working plans, the Group's working capital is sufficient to fund operations and payment of financial obligations for the next 12 months from 31 December 2020. There are still uncertainties in the global and national economies imposed by the coronavirus pandemic. Due to the pandemic, the Group has had to adjust the progress plan for the further development activities including the preparation for project financing. Going forward, the Group will need to raise more equity, issue debt instruments or divest assets to fund further development including construction of the Engebø Rutile and Garnet project. In February 2021 the Group completed a private placement with gross proceeds of NOK 80 million. See note 26. For a more complete description of Nordic Mining Group's liquidity risk, reference is made to the Board of Directors' report.

Market risk
Market risk consists of the risk that real value or future cash flow related to financial instruments will vary as a consequence of fluctuation in market prices. Market risk includes, but is not limited to, currency risk, interest rate risk and price risk from sales. Currently, the Group has no exposure to price risk from sale of goods, and no financial instruments have been entered into related to future expected exposures. To a limited extent, the Group has market risk from financial instruments such as cash and cash equivalents and trade payables.

(i) Variable interest rate risk
The Group's cash and cash equivalents are exposed to changes in the market interest rate on bank deposits. The Group's exposure on the result at year end 2020 is approximately +/-NOK 422 thousand per percentage-point change in the variable market interest rate (2019: NOK 306 thousand).

(ii) Currency exchange risk
Throughout 2020 and as per the date of this report, the Group's only currency exposure of significance relates to the investment in Keliber Oy (EUR). A 10% increase or decrease in the EUR currency rates would increase/decrease the net income by approximately NOK 10.0 million at year end 2020 (2019: NOK 9.1 million).

Credit risk
Credit risk is the risk of financial losses if a customer or counterpart of a financial instrument is unable to meet contractual obligations.

The Group's current business has only limited credit risk. Cash and cash equivalents and security deposits in banks represent a large portion of the Group's financial assets at 31 December 2020. There has been no recognized loss on trade receivables in 2020 or 2019.

Procedures for evaluation of credit risk has only to a limited degree been introduced. However, discretionary evaluations are done on a case-by-case basis. Management will evaluate the necessity of implementing stricter credit evaluations on an on-going basis. Maximum exposure to credit risk is related to receivables which on the date of the accounts were NOK 0 million in 2020 and 2019.

Political risk
In addition to financial risk, the Group is exposed to political risk related to its mining projects. The political risk includes the risk of not obtaining or extending the relevant governmental permits necessary to extract and produce minerals from these mining projects.

Categories and fair value of financial instruments

The carrying amounts on the balance sheet of cash and cash equivalents, receivables, payables to suppliers, interest bearing bank loans and other short-term financial items are close to fair value due to the short time period till maturity. The carrying amount of Financial assets comprise of the investment in Keliber Oy and the carrying amount equals fair value. See note 12.

Year ended 31 December 2020

(Amounts in NOK thousands)	Amortized cost	Fair value through profit or loss	Carrying amount
Financial assets by category:			
Financial assets	-	100 114	100 114
Trade and financial receivables	957	-	957
Cash and cash equivalents	42 223	-	42 223
Total financial assets	**43 180**	**100 114**	**143 294**
Financial liabilities by category:			
Accounts payable	1 668	-	1 668
Other current financial liabilities	4 621	-	4 621
Total financial liabilities	**6 289**	**-**	**6 289**

Year ended 31 December 2019

(Amounts in NOK thousands)	Amortized cost	Fair value through profit or loss	Carrying amount
Financial assets by category:			
Financial assets	-	90 778	90 778
Trade and financial receivables	897	-	897
Cash and cash equivalents	30 619	-	30 619
Total financial assets	**31 516**	**90 778**	**122 294**
Financial liabilities by category:			
Accounts payable	3 142	-	3 142
Other current financial liabilities	3 358	-	3 358
Total financial liabilities	**6 500**	**-**	**6 500**

Capital management

The Group has to a large degree used equity financing to finance research, operations, purchase of licenses and other investments. The Group's capital management target is to secure liquidity for operations and for development of the Group's projects. The Group has no interest-bearing debt, and a cash balance well in excess of its existing liabilities. Thus, the net gearing ratio is negative. The ratio of net debt (debt less cash) divided by total capital (net debt and equity) as of 31 December 2020 is -19% (as of 31 December 2019 -15%).

NOTE 18 - INVESTMENTS IN SUBSIDIARIES

The table below provides an overview of Nordic Mining ASA's subsidiaries as at 31 December 2020:

(Amounts in NOK thousands)	Location	Year incorp.	Owner-ship
Nordic Rutile AS	Oslo, Norge	2006	100 %
Nordic Ocean Resources AS	Oslo, Norge	2011	100 %
Nordic Quartz AS	Oslo, Norge	2011	100 %

NOTE 19 - SHAREHOLDERS

The table below shows the Company's 20 largest shareholders as at 31 December 2020:

Shareholder	Number of shares	% ownership
Nordnet Bank AB	20 099 852	10.18 %
Verdipapirfondet Nordea Avkastning	12 237 040	6.20 %
Nordnet Livsforsikring AS	5 011 838	2.54 %
Nordea Bank Abp	4 847 076	2.45 %
Danske Bank A/S	3 587 571	1.82 %
Knut Fosse AS	3 405 955	1.72 %
Adurna AS	3 052 100	1.55 %
Citibank, N.A.	2 985 652	1.51 %
Kime Holding AS	2 250 000	1.14 %
Naturlig Valg AS	2 020 000	1.02 %
Infoinvest AS	2 015 000	1.02 %
Dybvad Consulting AS	1 773 500	0.90 %
Magil AS	1 725 000	0.87 %
Swedbank AB	1 654 505	0.84 %
Snati AS	1 600 000	0.81 %
Oddmund Holmefjord	1 531 866	0.78 %
Jack J Holding AS	1 400 000	0.71 %
Huldrastølen AS	1 165 326	0.59 %
Espmart Invest AS	1 160 000	0.59 %
Tore Solberg	1 125 000	0.57 %
Total 20 largest shareholders	74 647 281	37.80 %
Other shareholders	122 844 491	62.20 %
Total	**197 491 772**	**100.00 %**

NOTE 20 - RELATED PARTIES AND COMPENSATION OF MANAGEMENT

Compensation to Board members and Senior Management in 2020

(Amounts in NOK thousands)	Salary	Board member fees	Other compensation	Pension costs	Share based compensation	Total
Ivar S. Fossum, CEO	2 220	-	186	354	154	2 914
Christian Gjerde, CFO[1]	667		14	38	-	718
Birte Norheim, CFO[2]	587	-	5	15	-	607
Lars K. Grøndahl, Senior Advisor	1 672	-	146	266	59	2 144
Kenneth N. Angedal, Project Manager - Engebø	1 482	-	11	80	59	1 632
Mona Schanche, VP Exploration	1 344	-	116	214	59	1 732
Ole Klevan, Nomination Committee (Chair)	-	50	-	-	-	50
Brita Eilersen, Nomination committee	-	30	-	-	-	30
Torger Lien, Nomination committee	-	18	-	-	-	18
Hans Olav Kvalvaag, former member Nomination Committee	-	12	-	-	-	12
Kjell Roland, Chair of the Board	-	296	-	-	-	296
Kjell Sletsjøe, Deputy Chair of the Board	-	210	-	-	-	210
Eva Kaijser, Board member	-	210	-	-	-	210
Benedicte Nordang, Board member	-	129	-	-	-	129
Antony Beckmand, Board member	-	129	-	-	-	129
Tarmo Tuominen, former Chair of the Board	-	135	-	-	-	135
Mari Thjømøe, former Board member	-	81	-	-	-	81
Total	**7 972**	**1 300**	**479**	**966**	**331**	**10 831**

Compensation to Board members and Senior Management in 2019

(Amounts in NOK thousands)	Salary	Board member fees	Other compensation	Pension costs	Share based compensation	Total
Ivar S. Fossum, CEO	2 184	-	209	350	377	3 120
Birte Norheim, CFO[2]	1 892	-	7	88	206	2 193
Lars K. Grøndahl, Senior Advisor	1 649	-	138	264	144	2 194
Kenneth N. Angedal, Project Manager - Engebø	1 359	-	11	72	144	1 585
Mona Schanche, VP Exploration	1 306	-	116	209	144	1 774
Hans Olav Kvalvaag, Nomination Committee	-	30	-	-	-	30
Ole Klevan, Nomination Committee (Chair)	-	50	-	-	-	50
Brita Eilersen, Nomination committee	-	30	-	-	-	30
Tarmo Tuominen, former Chair of the Board	-	350	-	-	-	350
Kjell Roland, Chair of the Board	-	210	-	-	-	210
Mari Thjømøe, former Board member	-	210	-	-	-	210
Kjell Sletsjøe, Deputy Chair of the Board	-	123	-	-	-	123
Eva Kaijser, Board member	-	210	-	-	-	210
Benedicte Nordang, Board member	-	-	-	-	-	-
Antony Beckmand, Board member	-	-	-	-	-	-
Total	**8 390**	**1 213**	**481**	**983**	**1 014**	**12 080**

1. Christian Gjerde started as CFO on 1 August 2020
2. Birte Norheim left the Company on 11 February 2020

Senior Management is subject to termination periods of 3-6 months.

Guidelines for management remuneration

The main components of the guidelines for Senior Management salaries are as follows:

- The compensation package should reflect the responsibility and the tasks that the individual persons in Senior Management, and that the employee contributes towards the long-term creation of value in Nordic Mining.
- The Company will offer competitive conditions to attract relevant expertise for the development of the Company.
- The compensation package consists of fixed salary plus participation in an option program that has been approved by the annual meeting.
- Senior Management participates in pension and insurance plans.

These guidelines have been used to recruit Senior Management in Nordic Mining ASA and to establish salary levels.

Shares owned/controlled by members of the Board and senior management and those related to them as of 31 December 2020

Name	No of shares	% owned
Kjell Roland, Chair of the Board	90 475	0.07 %
Kjell Sletsjøe, Board member	21 676	0.02 %
Ivar S. Fossum, CEO	696 755	0.53 %
Birte Norheim, former CFO[2]	90	0.00 %
Lars K. Grøndahl, Senior Advisor[3]	1 725 000	1.32 %
Kenneth A. Nakken, Project Manager - Engebø	45 822	0.04 %
Mona Schanche, VP Exploration	41 063	0.03 %
Total	2 731 353	2.09 %

Shares owned/controlled by members of the Board and senior management and those related to them as of 31 December 2019

Name	No of shares	% owned
Kjell Roland, Chair of the Board	90 475	0.07 %
Kjell Sletsjøe, Board member	21 676	0.02 %
Eva Kajser, Board member[1]	110 472	0.08 %
Ivar S. Fossum, CEO	696 755	0.53 %
Birte Norheim, CFO[2]	64 327	0.05 %
Lars K. Grøndahl, Senior Advisor[3]	1 725 000	1.32 %
Kenneth A. Nakken, Project Manager - Engebø	45 822	0.04 %
Mona Schanche, VP Exploration	41 063	0.03 %
B-L Holding Company[4]	9 864 734	7.54 %
Total	12 660 324	9.68 %

1. The shares are owned by the company Fågelsången AB
2. The shares are owned by, the company Bino Consult AS
3. The shares are owned by the company Magil AS
4. B-L Holding Company (Barton Group) had an observer to the Board of Directors as per 31 December 2019

Options held by Board Members and key management at 31 December 2020

Name	Total granted and outstanding	Exercise price	Expiry date
Ivar S. Fossum, CEO	1 050 000	2.63	jun.22
Lars K. Grøndahl, Senior Advisor	400 000	2.63	jun.22
Mona Schanche, VP Exploration	400 000	2.63	jun.22
Kenneth N. Angedal, Project Manager - Engebø	400 000	2.63	jun.22
Total	2 250 000		

No options have been granted to members of the Board.

NOTE 21 - PENSIONS

The Group has a defined benefit plan or a defined contribution plan (for new employees) for its employees in the parent company, Nordic Mining ASA and a defined contribution plan for its employees in Nordic Rutile AS. The plans meet the Norwegian statutory requirements for pension plans for employees.

Defined Benefit Plan

The Group has one benefit plan for Norwegian employees with a total of 3 active members. The Group's defined benefit pension plan is a final salary plan and contributions are made to a separately administered fund. The level of benefits provided depends on the member's length of service and salary at retirement age.

Pension cost

(Amounts in NOK thousands)	2020	2019
Pension cost - employee benefit	810	798
Pension cost - interest expense	24	24
Total pension related costs	**834**	**822**
Remeasurement gains/(losses) recorded to OCI	(808)	(146)

Movement in pension obligation during the year

(Amounts in NOK thousands)	2020	2019
Pension obligations January [1]	12 996	12 103
Current value of pension benefits for the year	834	822
Interest costs	264	276
Payments	(131)	(115)
Remeasurement loss/ (gain)	738	(18)
Other	85	(74)
Pension obligations as of 31 December	**14 785**	**12 996**

Movement in pension funds during the year

(Amounts in NOK thousands)	2020	2019
Pension funds 1 January	12 410	11 270
Expected return on plan assets	229	240
Contributions	957	1 185
Payments	(131)	(115)
Other	23	(7)
Remeasurement (loss)/ gain	(70)	(163)
Pension funds as of 31 December	**13 417**	**12 410**

Pension liability is classified in the balance sheet as follows

(Amounts in NOK thousands)	2020	2019
Pension funds	13 417	12 410
Pension obligations	(14 785)	(12 996)
Net pension asset	**(1 368)**	**(586)**
Pension asset/(liability) is shown in the balance sheet as:		
Other long-term asset	-	-
Other liabilities	(1 368)	(586)

Assumptions

	2020	2019
Discount interest rate	1.70 %	2.30 %
Annual projected increase in salary	2.25 %	2.25 %
Annual projected G- regulation	2.00 %	2.00 %
Annual projected regulation of pension	0.00 %	0.50 %

The major categories of plan assets as a percentage of the fair value of total plan assets

	2020	2019
Equities	7.20 %	12.70 %
Bonds	20.40 %	13.50 %
Money market	10.60 %	17.00 %
Hold to maturity bonds	30.80 %	31.40 %
Loans and receivables	17.00 %	14.10 %
Real estate	13.60 %	11.10 %
Other	0.40 %	0.20 %

NOTE 22 - LEASES

The Group implemented IFRS 16 Leases from 1 January 2019 and recognized a right-to-use asset related to the leasing of vehicles; see note 11. Short-term leases have been expensed as incurred; see note 6. The Group's office lease is cancellable with 4 months' notice with no more than an insignificant penalty and is as such considered a short-term lease.

Lease liability

(Amounts in NOK thousands)	2020	2019
Lease liability 1 January	114	251
Additions lease contracts	400	-
Accretion lease liability, included in finance cost	12	10
Payments of lease liability	(153)	(148)
Total lease liability 31 December	**373**	**114**

Specification of lease liability in the balance sheet

(Amounts in NOK thousands)	2020	2019
Current*	155	114
Non-current	218	-
Total lease liability 31 December	**373**	**114**

* Current lease liability is included in other current liabilities; see note 16.

Future minimum lease payments under non-cancellable lease agreements (undiscounted)

(Amounts in NOK thousands)	2020	2019
Within a year	747	706
From year 2-5	284	4
Total	**1 031**	**709**

NOTE 23 – PAYMENTS TO AND FROM GOVERNMENTAL INSTITUTIONS

In accordance with the Accounting Act, section 3-3d, the Group has assessed its relations with and payments to and from governmental institutions. The Group's governmental relations are only with institutions in Norway. All relations and payments are in the ordinary course of business and related to i.a. license payments, payment of prospectus/financial authority fees, R&D projects grants, tax refund, etc.

Estimated total payment from the Group to various Norwegian governmental institutions was NOK 1.1 million in 2020 (2019: NOK 0.6 million). Estimated total payment to the Group from various Norwegian governmental institutions was NOK 2.1 million in 2020 (2019: nil).

NOTE 24 – COMMITMENTS AND CONTINGENCIES

Conditional liability Engebø

The Group has a conditional liability to the seller of the mining rights in the Engebø area of NOK 40 million that will be paid if and when commercial operation commences at Engebø. No liability has been recognized as per 31 December 2020.

Potential legal dispute regarding Vevring side of Engebø

In June 2020, the Directorate of Mining granted the operating license for the Engebø project. The Directorate of Mining confirmed in November 2020 that the appeals received in relation to the operating license do not provide any basis to revoke or changes the decision. The matter has been forwarded to the Ministry of Trade, Industry and Fisheries for final confirmation.

Artic Mineral Resources (AMR) is one of the appellants. In March 2021 AMR, summoned Nordic Rutile claiming that AMR has exclusive rights to the garnet on the Vevring side and that Nordic Rutile has no rights to the said garnets. Normally an appellant awaits the Ministry's decision before initiating court proceedings which attacks decisions passed by authorities. AMR's claim is contrary to the Directorate of Mining's decision and contrary to the Minerals Act.

The Company is awaiting the final confirmation from the Ministry of Trade, Industry and Fisheries, and is confident that the operating license for the Engebø project will be retained as granted in June 2020.

NOTE 25 – EFFECTS OF THE COVID-19 PANDEMIC

The Covid-19 pandemic caused significant uncertainties in the global and national economies during 2020. Due to this uncertainty, the Group had to adjust the progress plan for the further development activities in 2020 including the preparation for project financing.

The Group has evaluated the implications of the ongoing Covid-pandemic, and considers that there are no indications of impairment of the Evaluation and explorations assets, or other assets in the Groups balance sheet.

During 2020 other financial effects of the pandemic for the Company has been some extra costs related to setting up home offices for employees and other costs related to measures directed at minimising the risk of infection in the office.

NOTE 26 – EVENTS AFTER BALANCE SHEET DATE

On 23 February 2021 Keliber Oy and leading international mining company Sibanye-Stillwater Limited announced that they have entered into an investment agreement for an initial phased equity investment of EUR 30 million for approximately 30% shareholding in Keliber. In addition, existing shareholders will be offered to subscribe for shares for up to EUR 10 million on the same terms as the investment from Sibanye-Stillwater, securing Keliber bridge financing of in total EUR 40 million.

On 24 February 2021, Nordic Mining completed a private placement with gross proceeds of NOK 80 million. Following registration of the new share capital Nordic Mining's share capital has increased by NOK 19,200,000 to NOK 137,695,063.20 divided into 229,491,772 shares, each with a par value of NOK 0.60.

The proceeds from the Private Placement of NOK 80 million will primarily be used towards participation in the Keliber EUR 40 million equity raise described above. The remaining proceeds will be used towards securing financing for the Engebø project, and preparing for execution, development of NORA's (a subsidiary of Nordic Mining) position within the seabed minerals resources area, and general corporate purposes and business development.

In March 2021 the first tranche of the initial investment was closed with SSW subscribing for shares for EUR 15 million, and at the same time a share issue of up to 250,000 shares was opened to existing shareholders of Keliber. In a primary - and secondary issue the Group was allocated in total 58,975 shares corresponding to a investment of around EUR 2.36 million, to retain a ownership in Keliber of 14.3%. The Groups subscription right in the primary issue was 39,841 shares. Sibanye-Stillwater plans to play a key role as an industrial anchor investor in the project financing planned for mid-2022, and has in accordance with the investment agreement the option to secure a majority shareholding in Keliber, following the completion of the updated feasibility study.

On 22 April 2021, the Group CFO, Christian Gjerde, was awarded in total 400,000 options pursuant to the Option Program. Each option gives the right to subscribe for one share in Nordic Mining. The subscription price for each share shall be NOK 2.62 (i.e. equal to the 3-day volume weighted average share price of Nordic Mining prior to the award date plus 5 per cent). The options will be vested and may be used to subscribe for shares in the Company on the terms and conditions set out in the Option Program.

Corporate accounts for Nordic Mining ASA

INCOME STATEMENT

(Amounts in NOK thousands)	Note	2020	2019
Revenues from Group companies		7 535	7 273
Payroll and related costs	4	(10 361)	(11 781)
Depreciation and amortization	3	(95)	(16)
Other operating expenses	5	(7 367)	(11 935)
Operating loss		**(10 288)**	**(16 459)**
Impairment of investment and loans to subsidiary	13	(873)	(6 541)
Financial income	6	4 234	4 906
Financial costs	6	(70)	(11)
Profit/(loss) before tax		**(6 997)**	**(18 105)**
Income tax	7	-	-
Net profit/(loss)		**(6 997)**	**(18 105)**
ALLOCATION OF (LOSS)/PROFIT:			
Allocated to other equity		(6 997)	(18 105)
(Amounts in NOK)			
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS:			
Basic and diluted earnings per share		**(0.04)**	**(0.13)**
Weighted average number of shares		195 211	143 873

BALANCE SHEET

(Amounts in NOK thousands)	Note	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	174	269
Investment in subsidiaries	13	231 303	201 024
Investment in equity instruments	13	51 160	51 160
Long term receivables from Group companies	9	76 030	70 378
Total non-current assets		**358 667**	**322 830**
Current assets			
Other receivables and prepayments	9	1 530	1 674
Cash and cash equivalents	10	41 094	30 230
Total current assets		**42 624**	**31 904**
Total assets		**401 291**	**354 734**

(Amounts in NOK thousands)	Note	2020	2019
SHAREHOLDERS' EQUITY & LIABILITIES			
Shareholders' equity			
Share capital	11	118 495	101 275
Share premium	11	472 824	436 074
Other paid-in capital	11	15 805	15 578
Other equity		(210 527)	(202 722)
Total equity	11	**396 597**	**350 206**
Non-current liabilities			
Pension liabilities	4	1 368	586
Total non-current liabilities		**1 368**	**586**
Current liabilities			
Trade payable		574	848
Provision and other current liabilities	12	2 752	3 094
Total current liabilities		**3 326**	**3 942**
Total liabilities		**4 694**	**4 528**
Total shareholders' equity and liabilities		**401 291**	**354 734**

Oslo, 27 April 2021
The Board of Directors of Nordic Mining ASA

Kjell Roland	Kjell Sletsjøe	Eva Kaijser	Benedicte Nordang	Antony Beckmand	Ivar S. Fossum
Chair	*Deputy chair*	*Board member*	*Board member*	*Board member*	*CEO*

CASH FLOW STATEMENT

(Amounts in NOK thousands)	Note	2020	2019
Operating activities			
Net profit/(loss) before income tax		(6 997)	(18 105)
Depreciation		95	16
Impairment of investment and loans to subsidiary	13	873	6 541
Share-based expenses	4	142	870
Changes in assets and liabilities			
Receivables, operating receivables from subsidiaries, prepayments	9	(36 577)	(64 847)
Trade payables		(274)	13
Accrued expenses and other current liabilities	12	(343)	722
Other		(25)	(393)
Net cash used in operating activites		**(43 106)**	**(75 183)**

(Amounts in NOK thousands)	Note	2020	2019
Investing activities			
Investment in associate	13	-	-
Investment in property, plant and equipment		-	(285)
Net cash used in investing activities		**-**	**(285)**
Financing activities			
Share issuance net of transaction costs	11	57 400	62 519
Transaction costs on equity issue		(3 430)	(5 273)
Repurchase of non-controlling interest		-	-
Net cash from financing activities		**53 970**	**57 246**
Net change in cash and cash equivalents		10 864	(18 222)
Cash and cash equivalents at beginning of period	10	30 230	48 452
Cash and cash equivalents at end of period	10	**41 094**	**30 230**
Non-cash transactions			
Conversion of debt to equity in subsidiaries		32 180	86 698

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – GENERAL INFORMATION

Nordic Mining ASA ("the Company") and its subsidiaries (together "the Group") focus on exploration, extraction and production of high-end industrial minerals and metals. The address of Nordic Mining's office is Munkedamsveien 45, N-0250 Oslo, Norway.

These financial statements were approved for issue by the Board of Directors on 27 April 2021.

NOTE 2 – SUMMARY OF THE MOST IMPORTANT ACCOUNTING PRINCIPLES

The most important accounting principles that have been used in developing the Company accounts are described below. These principles have been consistently applied unless otherwise stated.

Basic principles

The Company accounts have been presented in accordance with the Norwegian accounting act and generally accepted accounting principles in Norway. The related notes are an integral part of the financial statements of the Company. The annual accounts are based on the going concern assumption, ref. discussion below.

Going concern assumption

Based on current forecasts and working plans, the Company's working capital is sufficient to fund operations and payment of financial obligations in 2021 and well into 2022.

For a more complete description of Nordic Mining Group's liquidity risk, reference is made to Note 14 in these annual financial statements, Note 17 and 25 in the consolidated annual statements and the Board of Directors' report.

Investment in subsidiaries, associated entities and equity instruments

Subsidiaries are companies controlled by the Company. Associated companies are investments in companies where the Company has significant influence, but not control. Significant influence normally exists when the company controls between 20% and 50% of the voting rights. The investment in Keliber Oy was reclassified in 2019 from investment in associate to investment in equity instruments, based on reduced ownership combined with a change in Board composition, resulting in less influence for the Company.

Subsidiaries, associates and investments in equity instruments are measured at cost in the statutory accounts. The investments are measured at acquisition cost, unless impairment has been necessary. Such assets are deemed to be impaired at fair value when a decrease in value cannot be considered to be of temporary nature. Impairments are reversed when the basis for the impairment no longer applies.

Transactions in foreign currency

Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Acquisition of mining and mineral properties and exploration and development of such properties

Exploration and evaluation assets are classified as tangible or intangible according to the nature of the assets acquired.

Some exploration and evaluation assets should be classified as intangibles, such as drilling rights and capitalised exploration cost. When technical feasibility and commercial viability of extracting a mineral resource is demonstrable, the assets should be reclassified as tangible assets. Evaluation and exploration assets that are classified as intangible assets are tested for impairment prior to reclassification.

Mining and mineral properties

Mining interests represent capitalised expenditures related to the acquisition, exploration and development of mining properties and related plant and equipment. Capitalised cost is depreciated and depleted using a unit of production method over the estimated economic life of the mine to which they relate.

Exploration and development for mineral properties

The Company employs the successful efforts method to account for exploration and development cost. All exploration cost, with the exception of acquisition cost of licenses and direct drilling cost of exploration wells are expensed as incurred.

Drilling cost of exploration holes are temporarily capitalized pending the evaluation of the potential existence of mineral resources. If resources are not found, or if discoveries are assessed not to be technically and commercially recoverable, the drilling cost of exploration holes are expensed. Cost of acquiring licenses are capitalized and assessed for impairment at each reporting date.

Receivables

The Company's receivables are mainly receivables from group companies. Receivables are recognized initially at cost, and subsequently measured at amortized cost using the effective interest method if the amortization effect is material, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company may not be able to collect all amounts due according to the original terms of receivables.

Cash and cash equivalents
Cash and cash equivalents consist of cash, bank deposits and other short term, easily convertible investments with maximum three months original maturity.

Share capital
Ordinary shares are classified as equity. Expenses that are directly linked to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Loans
All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue cost associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction cost) and the redemption value is recognized on the income statement over the period of the interest-bearing liabilities.

Trade payables
Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, if the amortization effect is material.

Government grants
Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

Share-based compensation
The Group use options to incentivize employees and qualified resource persons. The fair value of the options is recognized as an expense in the financial statements over the vesting period. Fair value of options is estimated by use of the Black Scholes option model.

Deferred tax
Income tax expense represents the sum of the taxes currently payable and deferred tax. Taxes payable are provided based on taxable profits at the current tax rate. Deferred taxes are recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred income tax is not recognized on temporary differences arising from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Revenue recognition
The primary revenue comes from sale of services to Group companies. Revenues are recognized in the accounting period in which the services are provided.

Pensions
The Company has a defined benefit pension plan and a defined contribution plan for its employees that meet the Norwegian statutory requirement. For the defined benefit plan, the cost of providing the benefits is determined using the unit credit method, with actual valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and los- ses, the effect of asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in equity in the period in which they occur. Past service cost are recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. For the defined contribution plan the cost is expensed as incurred.

Cash flow statement
The Company reports the cash flow statement using the indirect method. The method involves adjusting the result for the period for the effects of transactions without effect on cash and changes in assets and liabilities to show net cash flow from operations. Cash flow relating to investment activities and financing activities are shown separately.

Related parties
All transactions, agreements and business activities with related parties are processed on standard arm's length business terms. Parties are related if they have the possibility to directly or indirectly control the business or provide significant influence over the financial and operational decision of the business. The parties are also related if they are subject to "common control". The Company provides information in notes about transactions and balances with related parties in Note 4.

Earnings per share
The calculation of basic earnings per share is based on the profit/ loss attributable to ordinary shareholders using the weighted average number of shares outstanding during the year after deduction of the weighted average number of treasury shares held over the period. The calculation of diluted earnings per share is consistent with the method for calculating basic earnings per share, considering potential diluted shares in the period:

- The net profit for the period that is assigned to ordinary shareholders is increased with an after-tax amount for dividends and interest recognized in the period related to potential diluted shares.
- Weighted average number of shares issued that include the effect of all potential diluted had been converted to ordinary shares in the beginning of the period or from the issuing date if this is later.

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

(Amounts in NOK thousands)	Vehicles
31 December 2019	**285**
Additions	-
31 December 2020	**285**
Depreciation	
1 January 2019	-
Depreciation expensed	16
31 December 2019	**(16)**
Depreciation expense	(95)
31 December 2020	**(111)**
Net book value:	
31 December 2020	**174**
31 December 2019	269

Vehicles are depreciated over a period of 5 years.

NOTE 4 - SALARIES, SHARE-BASED COMPENSATION, RELATED PARTY AND MANAGEMENT COMPENSATION, AND PENSIONS

(Amounts in NOK thousands)	2020	2019
Wages and salaries	6 551	7 180
Social security costs	1 189	1 435
Pension costs defined benefit plan	931	792
Pension costs defined contritbution plan	53	88
Board members, etc	1 300	1 213
Share-based compensation	142	870
Other personnel costs	196	203
Total	**10 362**	**11 781**
Average number of full time employees	4	4

Option granted to employees

On 1 November 2018, the General Meeting of Nordic Mining approved a share-based compensation program of up to 4.5 million options for employees and qualified resource persons. On 26 November 2018, the Board of Directors granted 3 million options at a strike price of NOK 2.63 per share to employees in the Group. The options vest by 1/3 each year, first time on 30 June 2019. The option agreements expire on 30 June 2022.

	2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding 1 January	1 850 000	2.63	2 425 000	2.63
Granted during the year	-	-	-	-
Cancelled during the year	-	-	(575 000)	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding 31 December	**1 850 000**	**2.63**	**1 850 000**	**2.63**
Exercisable 31 December	**1 233 333**	**2.63**	**808 333**	**2.63**

The average fair value of options granted in 2018 was NOK 0.59. The average remaining contractual life for options outstanding as per 31 December 2020 was 1.5 years.

The Group used the Black Scholes model to estimate fair value the options granted. The following table show the weighted-average assumptions used in the model:

Weighted-average assumptions	**2020**	**2019**
Volatility	40 %	40 %
Expected life	2.58	2.58
Risk free interest	1.16 %	1.16 %
Share price	2.47	2.47
Exercise price	2.63	2.63

Reference is made to Note 4, 5, 20, and 21 in the consolidated financial statements for information regarding salaries, share-based compensation, related party and Senior Management, pensions etc.

The disclosure in Note 21 – Pensions regarding the defined benefit plan - relates in its entirety to Nordic Mining ASA as the subsidiaries only has defined contribution plans.

NOTE 5 – OTHER OPERATIONAL COSTS

(Amounts in NOK thousands)	2020	2019
Leasing costs	1 949	2 109
Consulting and legal fees	3 125	5 853
Other costs	2 293	3 973
Total	7 367	11 935

Auditor fees

(Amounts in NOK thousands)	2020	2019
Statutory audit	388	431
Other attestationservices	27	568
Tax services	-	63
Total	415	1062

The amounts exclude VAT.

NOTE 6 – FINANCIAL INCOME AND FINANCIAL COSTS

(Amounts in NOK thousands)	2020	2019
Interest income on bank deposits	172	329
Interest from Group companies	4 048	4 547
Foreign exchange gains	14	30
Finance income	**4 234**	**4 906**
Other finance costs	3	11
Foreign exchange losses	66	-
Finance costs	**69**	**11**

NOTE 7 - TAXES

The Company has incurred substantial tax loss carry forwards of NOK 249,7 million as per 31 December 2020. At this stage, the Company cannot substantiate that there will be sufficient future income to be able to realise the Company's unused tax losses, and thus the Company has not recognized any deferred tax asset as per 31 December 2020. There is no time limitation for utilization of tax losses carried forward in Norway.

Income taxes for the year

(Amounts in thousands)	2020	2019
Taxes payable	-	-
Deferred tax	-	-
Income tax expense/(income)	**-**	**-**

Tax impact of temporary differences as of 31 December

(Amounts in thousands)	2020	2019
Property, plant & equipment	(2 318)	(9)
Pensions	301	129
Tax loss carryforwards	54 941	52 878
Net deferred tax assets	**52 924**	**52 998**
Nominal tax rate (used to measure deferred tax items)	22 %	22 %
Recognized on the balance sheet:		
Deferred tax asset	-	-
Deferred tax liability	-	-

The Company recognized NOK 3.4 million in gross transaction cost of the 2020 share issues directly in equity (in 2019: NOK 5.3 million) which is included in tax loss carry forwards.

The following table shows the reconciliation of expected tax using the nominal tax rate to the actual tax expense/(income):

(Amounts in thousands)	2020	2019
Net profit/(loss) before tax	(6 997)	(18 105)
Nominal tax rate	22 %	22 %
Expected tax expense/(income)	(1 539)	(3 983)
Non-deductible costs	2	12
Impairment of investment and loans to subsidary	192	1 439
Non-deductible share compensation costs	31	191
Non-recognized deferred tax asset	1 314	2 341
Tax expense/(income)	-	-

NOTE 8 – EXPLORATION AND EVALUATION ASSETS

There were no exploration activities in Nordic Mining ASA in 2020 or 2019.

NOTE 9 - OTHER RECEIVABLES, PREPAYMENTS AND LOANS TO RELATED PARTIES

Other receivables and prepayments

(Amounts in NOK thousands)	2020	2019
Other financial receivables	957	897
Prepayments	573	777
Totalt	**1 530**	**1 674**

Specification of intercompany loans/receivables

(Amounts in NOK thousands)	2020	2019
Nordic Rutile AS	76 030	70 378
Nordic Quartz AS	-	-
Nordic Ocean Resources AS	-	-
Total	**76 030**	**70 378**
Classified as current liabilities	-	-
Classified long-term receivables	76 030	70 378

During 2020, the Company converted NOK 30,195 million of debt in Nordic Rutile AS to equity, NOK 1,762 million of debt in Nordic Quartz AS to equity, and NOK 0,223 million of debt in Nordic Ocean Resources AS to equity.

The Company has written down loan receivable from Nordic Quartz of NOK 583 thousand and a receivable of NOK 291 thousand from Nordic Ocean Resources as per 31.12.20.

The interest rate on the intercompany loans is 5% pa.

NOTE 10 - CASH AND CASH EQUIVALENTS

(Amounts in NOK thousands)	2020	2019
Bank deposits	41 094	30 230
Total cash and cash equivalents	**41 094**	**30 230**
Included in cash and cash equivalent - Employee witholding tax	427	477

NOTE 11 - SHARE CAPITAL AND CHANGES IN EQUITY

Number of shares outstanding	Ordinary Shares
2019:	
Opening balance	130 841 772
Share issuance	37 950 000
31 December 2019	**168 791 772**
2020:	
Opening balance	168 791 772
Share issuance	28 700 000
31 December 2020	**197 491 772**

Reference is made to Note 15 in the consolidated financial statements for information regarding share issues in 2020 and 2019. Reference is made to Note 19 for information regarding the 20 largest shareholders in Nordic Mining ASA as per 31 December 2020. Further, reference is made to note 25 in the consolidated financial statements for information of a share issue in 2021.

All shares have equal rights. Nominal value is NOK 0.60 per share.

Changes in equity were as follow

(Amounts in NOK thousands)	Share capital	Share premium	Other paid-in equity	Other equity	Total
Equity at 1 January 2019	**78 505**	**401 598**	**14 502**	**(184 470)**	**310 135**
Share-based payment	-	-	1 076	-	1 076
Share issue	22 770	39 749	-	-	62 519
Transaction costs on share issue	-	(5 273)	-	-	(5 273)
Actuarial gain losses on pensions	-	-	-	(146)	(146)
Profit for period	-	-	-	(18 105)	(18 105)
Equity at 31 December 2019	**101 275**	**436 074**	**15 578**	**(202 721)**	**350 206**
Share-based payment	-	-	226	-	226
Share issue	17 220	40 180	-	-	57 400
Transaction costs on share issue	-	(3 430)	-	-	(3 430)
Actuarial gain losses on pensions	-	-	-	(808)	(808)
Loss for the period	-	-	-	(6 997)	(6 997)
Equity at 31 December 2020	**118 495**	**472 824**	**15 804**	**(210 526)**	**396 597**

NOTE 12 - PROVISION AND OTHER CURENT LIABILITIES

The following table specifies amounts included in provisions and other current liabilities at 31 December:

(Amounts in NOK thousands)	2020	2019
Tax withholding and social security accrual	703	812
Employee salary and holiday pay accrual	712	846
VAT payable	325	66
Prepayments received	-	246
Accrued expenses and other current liabilities	1 012	1 124
Total	2 752	3 094

NOTE 13 - INVESTMENTS IN SUBSIDIARIES, ASSOCIATE AND EQUITY INSTRUMENTS

Nordic Mining ASA's investment in subsidiaries as at 31 December 2020 is shown in the following table:

(Amounts in NOK thousands)	Location	Year incorp.	Share capital	Ownership	Equity 31.12.20	Net loss 2020	Carrying amount 31.12.20
Nordic Rutile AS	Oslo, Norge	2006	21 960	100 %	(1 956)	(35 263)	231 303
Nordic Ocean Resources AS	Oslo, Norge	2011	121	100 %	(276)	(292)	-
Nordic Quartz AS	Oslo, Norge	2011	126	100 %	(581)	(582)	-
Total							**231 303**

2020:
The Company converted NOK 30,195 million of debt in Nordic Rutile AS to equity, NOK 1,762 million of debt in Nordic Quartz AS to equity, and NOK 0,223 million of debt in Nordic Ocean Resources AS to equity.

Despite low equity, the carrying value of shares in Nordic Rutile AS is deemed recoverable based on currently available information regarding the discovered resources.

Due to the expiration of the exclusive rights for investigation and development of the Kvinnherad quartz deposit in April 2019, the carrying amount of the Company's investment in Nordic Quartz was written off at year end 2020.

Due to the general uncertainties related to timing and progress of seabed mineral exploration and the Group's prioritization of the Engebø Rutile and Garnet project, the carrying amount of the Company's investment in Nordic Ocean Resources was written off at year end 2020.

2019:
The Company converted NOK 82,995 million of debt in Nordic Rutile AS to equity, NOK 3,37 million of debt in Nordic Quartz AS to equity, and NOK 0,333 million of debt in Nordic Ocean Resources AS to equity.

Despite low equity, the carrying value of shares in Nordic Rutile AS is deemed recoverable based on currently available information regarding the discovered resources.

Due to the expiration of the exclusive rights for investigation and development of the Kvinnherad quartz deposit in April 2019, the carrying amount of the Company's investment in Nordic Quartz has been written off at year end 2019.

Due to the general uncertainties related to timing and progress of seabed mineral exploration and the Group's prioritization of the Engebø Rutile and Garnet project, the carrying amount of the Company's investment in Nordic Ocean Resources has been written off at year end 2019.

Investments in associate/investment in equity instruments

Nordic Mining owns approximately 14.3% of the shares in Keliber at the date of this report. See note 26.

(Amounts in NOK thousands)	Carrying amount
Carrying amount 1.1.19	51 160
Additional investment 2019	-
Carrying amount 31.12.19	**51 160**
Additional investment	-
Carrying amount 31.12.20	**51 160**

NOTE 14 - EFFECTS OF THE COVID-19 PANDEMIC

Reference is made to Note 24 in the consolidated financial statements for information regarding the effects of the Covid-19 pandemic.

NOTE 15 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Management of financial risk
Nordic Mining is exposed to various types of financial risk related to its financial instruments, market risk primarily related to currency (EUR) related to the investment in Keliber and floating interest rate on cash and cash equivalents, and liquidity risk.

Liquidity risk
Liquidity risk is the risk that the Company is not able to pay its financial obligations upon maturity. The Company has to a large degree used equity financing to meet liquidity demands related to financial obligations, cover operational losses and for investments. Nordic Mining ASA does not have significant financial obligations and has no interest-bearing debt.

As per the date of this report, the Company is adequately financed for its ongoing and prioritized activities. Due to the significant uncertainties in the global and national economies imposed by the coronavirus pandemic, and the ongoing market re-orientation resulting from the termination of the cooperation with Barton related to garnet from Engebø, progress plans for the further development activities will be adjusted. Based on current forecasts and adjusted work plans, the Company's working capital is sufficient to fund operations and payment of financial obligations in 2021 and well into 2022.

For a more complete description of Nordic Mining Group's liquidity risk, reference is made to Note 17 in the consolidated financial statements and the Board of Directors' report.

Market risk
Variable interest risk
The Company is exposed to cash flow risk related to receivables from subsidiaries that has a fixed interest rate. Furthermore, the Company has exposure to the floating interest risk related cash or cash equivalent deposits.

Currency exchange risk
As per 31 December 2020, the Company has limited exposure to currency exchange risk. Cash holdings are placed in bank accounts in Norwegian Kroner (NOK). Throughout 2019 and 2020, the Group's only currency exposure of significance relates to the investment in Keliber Oy (EUR).

Credit risk
The Company does not have receivables from sales (receivables are primarily from companies within the Group). The Company has no or limited credit risk from external parties. The Company has written down NOK 1.9 million of loans to subsidiary as per 31.12.2020. (ref. Note 9).

Sensitivity analysis
The Company's result and equity is only to a limited extent exposed to changes in interest rate (bank deposit and intercompany loans) and currency exchange rates.

NOTE 16 – EVENTS AFTER BALANCE SHEET DATE

See note 25 in the consolidated financial statements.

Nordic Mining ASA

Vika Atrium
Munkedamsveien 45
Entrance A – 5th floor
N-0250 Oslo
Norway

Tel. : +47 22 94 77 90
Fax.: +47 22 94 77 91

post@nordicmining.com
www.nordicmining.com

Org. no. 989 796 739

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the consolidated financial statements for 2020 have been prepared in accordance with IFRS as adopted by the European Union, as well as additional information requirements in accordance with the Norwegian Accounting Act, that the financial statements for the parent company for 2020 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and result of Nordic Mining ASA and the Nordic Mining Group for the period.

We also confirm to the best of our knowledge that the Board of Directors' Report includes a true and fair review of the development, performance and financial position of Nordic Mining ASA and the Nordic Mining Group, together with a description of the principal risks and uncertainties that they face.

Oslo, 27 April 2021

The Board of Directors of Nordic Mining ASA

Kjell Roland
Chair

Kjell Sletsjøe
Deputy Chair

Benedicte Nordang
Board member

Eva Kaijser
Board member

Antony Beckmand
Board member

Ivar S. Fossum
CEO

Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6A, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Nordic Mining ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Nordic Mining ASA comprising the financial statements of the parent company and the Group.

The financial statements of the parent company comprise the balance sheet as at 31 December 2020, the statements of income and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

The consolidated financial statements comprise the financial position as at 31 December 2020, the statements of profit and loss, comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Building a better working world

Valuation of investment in Keliber Oy ("Keliber")

The ownership in Keliber was diluted from 18.5% to 16.3% through a share issue on 20 March 2020, in which the Group did not participate. At year-end the investment was valued at NOK 100.1 million, after recognizing a gain on fair value measurement of NOK 9.3 million. Management's fair value assessment of the investment at year-end, is based on a significant degree of judgment and input from data that is not directly observable in the market. Considering the use of significant judgment and that the measurement would have a material effect on the financial statements, the valuation of the investment in Keliber at fair value was deemed to be a key audit matter.

We evaluated management's assessment of the influence over Keliber and the classification and accounting for the investment at fair value against the requirements within IFRS, including economic ownership, shareholder structure and the composition of nomination committee and the Board.

At year-end we obtained an understanding of management's valuation process and valuation model used to determine the fair value of the investment. We tested and assessed the significant assumptions applied in the valuation to supporting documentation such as the lithium market outlook, financial metrics of peers, currency rates and other external and entity specific observable factors. In addition, we benchmarked the assessment made by Management with the implied valuation of Keliber in a subsequent equity offering/strategic investment agreement entered into after the balance sheet date. Our audit procedures also included recalculating the fair value adjustment and performing a sensitivity analysis on key assumptions.

Refer to note 2 Summary of significant accounting policies in the consolidated financial statement under the section Significant accounting judgements, estimates and assumptions and note 12 Financial assets for further description of the Group's assessment.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for

the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 28 April 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

ARTICLES OF ASSOCIATION

for Nordic Mining ASA per 24 February 2021

1. The name of the company is Nordic Mining ASA. The company is a public limited liability company.

2. The registered office of the company is in Oslo.

3. The object of the company is to carry out exploration for minerals and ores, mining activity, technology development, activities that may be associated herewith, and participation in other companies anywhere in the world.

4. The share capital of the company amounts to NOK 137,695,063.20 divided on 229,491,772 shares of a nominal value of NOK 0.60. The shares of the company shall be registered in the Norwegian Registry of Securities.

5. The board of directors of the company shall have from 3 to 8 members according to the decision of the shareholders' meeting. Two board members jointly can sign on behalf of the company.

6. The company shall have an Election Committee consisting of three members who shall be elected by the general meeting. The members of the Election Committee shall, when they are elected, be shareholders or representatives of shareholders of the company. The Election Committee shall make recommendations to the general meeting concerning the election of members and deputy members to the board of directors. The Election Committee shall also make recommendations concerning remuneration to such members. Members of the Election Committee are elected for a period of two years. The members of the board of directors which have been elected by the general meeting make recommendations for and adopt instructions for the Election Committee.

7. The shareholders' meeting shall deal with:
(i) Adoption of the annual accounts and annual report, including payment of dividends.
(ii) Other matters that pursuant to law are the business of the shareholders' meeting.

8. If a document that relates to an issue that the general meeting shall decide on is made available to the company's shareholders on the company's website, then such a document does not have to be physically sent to the shareholders of the company. However, such a document shall be sent to the shareholder free of charge if share-holders request it.

9. Shareholders that plan to attend a General meeting must give notice to the company within 5 days of the general meeting. Shareholders who have not given such notice within 5 days of the general meeting may be denied entrance to the general meeting.

10. The Board of Directors may determine that the shareholders may cast advance votes in writing in matters to be considered by the general meetings of the Company. Such votes may also be casted through electronic means. Voting in writing requires an adequately secure method to authenticate the sender. The Board of Directors may determine further guidelines for written advance voting. The summons to the general meeting shall state whether advance voting is allowed prior to the general meeting, and, if so, the guidelines for such voting.

FINANCIAL CALENDAR 2021

May 2021
11
First quarter results 2021

May 2021
20
Annual General Meeting

August 2021
17
Half yearly results 2021

November 2020
9
Third quarter results 2021

February 2022
8
Fourth quarter results 2021

Photos:
Nordic Mining: Page 2, 3, 6, 7, 8, 9, 10, 21, 22
Keliber: Page 12, 13, 14
GettyImages: Page 1, 6, 10, 12
Karl R. Lilliendahl: Page 4, 20, 21, 22, 26
Roskill: Page 1, 2
J.Guillem-Titanium Bicycles: Page 2
Shutterstock: Page 6
K. G. Jebsen Center for Deep Sea Research at the University of Bergen: Page 11
United Nations: Page 5

Design and production:
oktanoslo.no

NORDIC MINING

Nordic Mining ASA
Munkedamsveien 45 A
NO-0250 Oslo
Norway
Tel: +47 22 94 77 90
Email: post@nordicmining.com
www.nordicmining.com