

INTERIM REPORT

Per 31 December 2022



Minerals for a sustainable future

Nordic Mining ASA ("Nordic Mining" or the "Company") is a resource company with focus on high-end industrial minerals and metals. The Company's project portfolio is of high international standard and holds significant economic potential. The Company's assets are in the Nordic region.

Nordic Mining is undertaking a large-scale project development at Engebø on the west coast of Norway where the Company has rights and permits to a substantial eclogite deposit with rutile and garnet. In addition, Nordic Mining holds interests in other initiatives at various stages of development. This includes patented rights for a new technology for production of alumina and exploration of seabed minerals.

Nordic Mining is listed on Euronext Expand Oslo with ticker symbol "NOM".

Group interim report for the quarter ended 31 December 2022

Summary of important events in the fourth quarter of 2022 and year to date:

CORPORATE

Summons to Extraordinary General Meeting – Contemplated Private Placement

Nordic Mining has successfully secured around USD 211 million in financing for the Engebø Rutile and Garnet Project in 2022, including around USD 19 million in equity from strategic rutile offtake partner Iwatani Corporation ("Iwatani"), USD 55 million investment conditionally agreed from leading mining investment firm Orion Resource Partners ("Orion")¹, USD 90 million in a senior secured bond that was successfully raised in November 2022, and around USD 47 million from the sale of the shares in Keliber Oy. The investments from Iwatani and Orion and the senior secured bond are subject to Engebø Project being fully funded, and the investment from Orion and the senior secured bond certain pre-disbursement conditions precedent before the proceeds will be released to the Engebø Project. The USD 211 million that is secured to date covers around 76% of the project financing package for the Engebø Project of USD 277 million, which will include both a contingency of around USD 25 million and a project reserve of USD 30 million.

Nordic Mining has started a process for a private placement to raise the remaining USD 66 million (or more) in equity to fully finance the Engebø Project, and satisfy relevant financing conditions. The Board of Directors resolved on 2 February to call for an Extraordinary General Meeting to be held on Friday 3 March 2023 to approve the private placement. The Company intends, subject to completion and the final terms of the private placement and equal treatment considerations and other considerations, to propose a subsequent repair offering (subsequent offering) of new shares at the subscription price in the private placement.

Keliber share sale for EUR 46.9 million closed in September 2022

In June Nordic Mining ASA accepted to sell its shares in Keliber Oy ("Keliber") to Sibanye Stillwater Limited ("SSW") for a cash consideration of EUR 157.28 per share, in total EUR 46.9 million, under a voluntary offer ("Voluntary Offer") provided by SSW to the shareholders of Keliber. The share sale was closed on 15 September 2022 with the transfer of shares and settlement of the cash consideration on 20 September. Following the sale, Nordic Mining holds no shares in Keliber. Please see note 4 for further information.

ENGEBØ RUTILE AND GARNET PROJECT (100% ownership)

Project economics continues to improve as project progresses towards production

In February 2023, Nordic Mining revised the project economics for the Engebø Rutile and Garnet Project based on the latest available data and assumptions in relation the contemplated private placement. The analysis confirmed further improvements in the key financials compared to the last funding update in November 2022 as the project continues to progress towards production (numbers in brackets for comparison to last funding update from November 2022).

High-margin cash flow and short pay-back support bankability (unlevered):

- NPV@8% of USD 491 million (up from USD 453 million)
- Post-tax IRR of 25.9% (up from 24.4%)
- Remaining initial capital investment of around USD 187 million (down from USD 207 million)
- Life of Mine EBITDA of USD 3.2 billion (up from USD 3.1 billion), corresponding to an EBITDA-margin of 76% (up from 75%)
- Life of Mine Operating Cash Flow of USD 2.55 billion (up from USD 2.5 billion)
- Free Cash Flow the first 10 years of full operations of over USD 60 million per annum
- Pay-back period of less than 4 years from start of production (down from 4 years)

Binding offtake agreements for full production of minerals for the first 5-years of production

In January 2023, Nordic Rutile entered into a global exclusive offtake agreement the full planned garnet production from Engebø for the first 5 years of production. The offtake agreement is for the supply and delivery of minimum total of 762,500 metric tonnes of garnet concentrate in the 5-year contract period, up to a total of 785,000 metric tonnes, which is the full planned garnet production the first 5-years of production. Further to the initial garnet offtake, the parties shall discuss extension of the cooperation, comprising for example joint

¹ Investment from Orion Resource Partners is conditional, and subject to the parties signing binding agreements and the satisfaction of certain conditions and approvals.

marketing, sales, and distribution of garnet from the Engebø Rutile and Garnet Project. The consideration under the garnet offtake agreement will be based on a pre-agreed price schedule. In 2022, Nordic Rutile entered into two rutile offtake agreements, the first with Iwatani Corporation for close to 60% of the planned rutile production for the first 5-year and the second agreement in October 2022 for up to the remaining annual planned rutile production for the first 5-year. The consideration under the rutile offtake agreements will be based on the market price for 95% natural rutile concentrate, adjusted for actual TiO₂ content, as determined from TZMI index or annual price discussions between the parties.

Nordic Mining has with the rutile and garnet offtake agreements secured committed sales for up to the full production of all minerals from the Engebø Rutile and Garnet Project for the first 5 years of production, all with highly reputable buyers. The offtake agreements are *inter alia* subject to certain conditions precedent.

Final agreement signed with Hatch and Sweco as PMC for the Engebø Project

Nordic Rutile AS entered in December 2022 into a final agreement with the leading engineering companies Hatch and Sweco as Project Management Consultant ("PMC") for the Engebø Rutile and Garnet project. The PMC agreement is signed with Hatch as principal consultant, with Sweco supplementing key resources to support the Norwegian construction regulations. The PMC is integrated into the Owners' team, reporting to the Engebø Project Director, Terje Gundersen, and will be responsible for process design, and overall engineering coordination and integration of the selected partners for Engineering, Procurement and Construction ("EPC").

Metso Outotec selected as strategic supplier of comminution circuit for Engebø Rutile and Garnet

In December 2022, Nordic Rutile AS entered into an agreement with Metso Outotec, a leading supplier of sustainable end-to-end technologies, solutions, and services for the minerals industry globally, for delivery of a comprehensive comminution technology package for the Engebø Rutile and Garnet project.

The technology package includes delivery of primary and secondary mills, stack sizer and vibrating screens. The agreements include pre-production pilot scale confirmatory testwork and minimum 3-year collaborative optimization agreement focusing on securing ramp-up of production to design criteria and ongoing optimization of the comminution circuit the first years of production. This is the first major contract for critical process equipment and will represent up to 30% of the total process equipment expenditure, corresponding to around USD 10 million.

Metso Outotec will be the main technology provider for comminution circuit for Engebø Rutile and Garnet, which delivery includes the crushers as part of the lump-sum EPC contract with Nordic Bulk AS.

Nordic Rutile wins in Artic Mineral Resources appeal case in Borgarting Court of Appeal

The Borgarting Court of Appeal ruled on 24 October 2022 in favor of Nordic Rutile in Artic Mineral Resources ("AMR") appeal of the ruling from Oslo District Court. The appeal case took place 19–28 September 2022. The Court of Appeal ruling confirmed the ruling from the Oslo District Court that Nordic Rutile has exclusive right to all minerals in the Engebø deposit within the limits of the Norwegian Mining Act, in line with the operating license granted by the Ministry of Trade, Industry and Fisheries in May 2022. The court ruled that AMR shall pay all legal expenses, which Nordic Rutile will now focus on securing. The ruling of the appeal court has been appealed to the Supreme Court. The Supreme Court is expected to decide if the appeal will be heard in February. Nordic Mining maintain that AMR's claims have no merit and will continue to defend the case rigorously. Furthermore, two NGO's have stated in the press that they will summon the Norwegian Government claiming that Nordic Rutile's disposal permit granted by the Norwegian Government in 2015 is null and void.

Engebø early construction works advances; enables optimizations of the construction schedule

In April 2022 Nordic Mining started early construction works at Engebø, following the acquisition of the main properties. In September 2022, the Company resolved to contribute funds from the sale of the shares in Keliber to continue to advance the early construction works. The groundwork in the process area is progressing in accordance with plan and we expect to be ready to start concrete work in Q1 2023. The sea filling of the bay, which is intended for future industry related to tailings, started in November and will allowed a shorter transportation route for the material from blasting at the process area. The work on the transport tunnel including the vertical shaft is 55% completed and the access road up to the service area 70% of completed. The main construction works has been undertaken by local contractor, Sunnfjord Industripartner AS, under the lump-sum EPC contract signed in November 2021. In addition, Detail Engineering on the process plant is ongoing by Åsen & Øvrelid AS, Nordic Bulk AS and Normatic AS. The EPCs expect to complete the main parts of this Detail Engineering in H1 2023. In parallel the Owner's team has been running a procurement process for the mechanical packages ("CPIs") for the process plant, with the procurement of the time critical long lead packages now close to complete. The completion of Detail Engineering will allow start of mechanical and electro

procurement and installation work. The advancement of early works secures important project developments that enables optimizations of the construction schedule.

Titanium feedstock demand remained firm in Q4 2022

The fourth quarter 2022 showed strong results for titanium feedstock producers. Rutile sales volumes exceeded production and prices for rutile continued to increase during the quarter. Titanium metal demand, being an important driver for rutile, remained robust due to the ongoing revival of air traffic, as well as demand for non-Russian products. Titanium metal producers reported strong demand and increasing sales prices. Furthermore, there was continuous strong demand for titanium metal into general industrial and semiconductor applications.

The titanium dioxide pigment market reduced production levels during the fourth quarter of 2022, especially in Europe and Asia, to match the lower demand and prevent building inventories. The lifting of the Covid-19 restrictions in China, as well as easing energy prices in Europe have led to an earlier than expected restart of production and to maintain a steady demand for titanium feedstocks. Reported bulk natural rutile prices in Q4 2022 have been around USD 1,550/mt FOB and above, with the main producers expecting pricing to soften marginally in Q1 2023.

Demand for high quality garnet in both waterjet cutting and abrasive blasting was reported to be strong and steady in Q4 2022, with the main drivers being investments in infrastructure, oil, and gas industry as well as shipbuilding and manufacturing, as well as aerospace.

FINANCIAL PERFORMANCE IN Q4

Unless other information is given, numbers in brackets for comparison relate to the corresponding period in 2021.

The Group is under construction of the Engebø Project and has, so far, no sales revenues from operations. Reported operating loss for the fourth quarter was NOK -8.0 million (NOK -15.9 million) and NOK -45.9 million for full year 2022 (NOK -60.7 million).

In June, Nordic Mining accepted an offer from SSW to sell its shares in Keliber for a cash consideration of EUR 157.28 per share, in total EUR 46.9 million. The sale of the shares has been completed in Q3 2022. The Group realized a fair value gain of NOK 283.8 million in 2022. The consideration received in EUR resulted in foreign exchange gains in 2022 of NOK 16.1 million, which is included in financial income. Please see note 4 and 8 for further information. The Group has assessed the fair value of the convertible loan to NOK 143.0 million as per the fourth quarter of 2022, recognizing a fair value gain of NOK 0.4 million in the quarter, and fair value loss of NOK -10.5 million for the full year 2022. Please see note 5 for further information.

Net financial items in the fourth quarter was NOK -33.2 million and NOK -25.0 million for the full year 2022 (NOK -0.3 million), with the main net financial items over the year being gain on foreign exchange of NOK 9.5 million, interest cost of NOK -10.2 million, and transaction costs from financing of NOK -24.4 million. Please see note 8 for further information.

Reported net loss was NOK -40.8 million in the fourth quarter (NOK -19.3 million) and net profit over the full year NOK 202.4 million (NOK 5.4 million), with the year-end net profit being driven by the realized gain on the sale of the shares in Keliber in the third quarter of 2022.

In April 2022, the Group started early construction works at Engebø, which includes preparing the properties for construction, continuation of detailed project planning and process for procurement of critical process equipment, and commencement of groundworks on process plant area and tunnelling work. In the fourth quarter of 2022 the Group has capitalized in the balance sheet under Mine under construction direct costs related to the construction work of NOK 120.5 million (Q3 2022: NOK 51.2 million), in addition to NOK 0.9 million in property, plant and equipment related to the Engebø Project. Nordic Mining's carrying amount for Mine under construction was NOK 288.4 million as of 31 December 2022 (Q3 2022: NOK 167.9 million).

Net cash outflow from operating activities was NOK -48.8 million in 2022 (NOK -60.0 million). Net cash flow from the Group's investment activities in 2022 was NOK 239.7 million, with the main cashflow being the proceeds from the sale of Keliber in September of NOK 474.4 million, offset by NOK -233.7 million in investment in Mine under construction. Net cash outflow from financing activities in 2022 was NOK -62.5 billion, resulting from the net proceeds from the convertible loan in February 2022 of NOK 126.4 million and share issue of NOK 7.4 million May 2022 following exercise of share options held by Management, less transfer of NOK -178.8 million for issue discount of USD -10 million and four months bond interest of USD -4.2 million to bond Escrow

account, as well as financing fees of NOK –17.4 million (NOK 75.7 million). Please see note 7 for information on senior secured bond.

The Group's cash and cash equivalents as of 31 December 2022 was NOK 164.7 million (Q3 2022: NOK 525.5 million). In addition, the Group had NOK 1.03 billion on restricted Escrow account for bond and NOK 4.2 million on restricted account pledged toward Directorate of Mining ("DirMin") for clean-up measures in accordance with the operating license. Please see note 7 for information related to pre-disbursement conditions precedent before the proceeds from the bond Escrow account will be released to the Engebø Project.

Nordic Mining's total assets as of 31 December 2022 was NOK 1.51 billion (31.12.2021: NOK 255.3 million), and total equity was NOK 454.5 million (31.12.2021: NOK 245.7 million).

The Group has secured around 76% of the long-term financing to develop the Engebø Rutile and Garnet Project towards production. There is no assurance that the Group will be successful in obtaining the remaining financing, however the Company expects that the significant economic potential of the Engebø flagship, combined with a solid balance sheet, will provide a solid foundation for financing going forward.

For further information relating to the Company's risk assessments, reference is made to the annual report for 2021 which is available on the Company's webpage www.nordicmining.com.

MAIN PROJECTS AND ACTIVITIES

Engebø Rutile and Garnet Project (100% ownership)

World-class mineral resource developed according to world-class standards

The Engebø deposit is one of the largest unexploited rutile deposits in the world and has among the highest grades of rutile (TiO₂) compared to existing producers and other projects under development. The deposit also contains significant quantities of high-quality garnet. The scale of the mineral resource secures long-term operations.

The project will be developed in accordance with high international standards for environment, health, and safety. Regional hydroelectric power will supply the process plant with renewable energy. The deposit has a favorable location next to a deep-water quay and with efficient shipping/logistics to European and overseas markets. This limits the project's physical footprint and reduces environmental effects.

The Engebø deposit will be developed as a dual mineral operation with production and sale of high-quality rutile and garnet. The business concept provides efficient resource utilization, risk reduction, attractive and robust economics, and valuable future expansion opportunities.

Updated Definitive Feasibility Study reconfirms Engebø as a world class mineral project

In May 2021 Nordic Mining ASA completed the Updated Definitive Feasibility study ("UDFS") for the Engebø Rutile and Garnet Project. The UDFS is an update of the DFS which was completed in January 2020. The updated study confirmed Engebø as a sustainable and economically robust mineral project with reduced financing risk, improved financial resilience, and attractive financial returns. The complete summary report is available at the corporate website, and main improvements and risk-reducing measures in the UDFS are:

- Reduced environmental footprint; 99% reduction in consumption of approved chemicals in the production process (compared with the 2016 environmental permit), around 80% reduction of CO₂ emissions and approximately 40% reduction of the process plant facilities footprint compared with the DFS
- Contract and execution strategy based on EPC partnerships and early vendor engagement
- Stick-build construction methodology and improved ore flow logistics
- Reduced initial investment needed to realize the project from USD 311 million to USD 218 million, maintaining a Run-of-Mine ("ROM") of 1.5 Mtpa
- Reduced process operating cost by more than 25% following from flowsheet optimizations, including reduction in energy costs from use of electrical dryers for drying of minerals
- Improved mining design for open pit and underground focusing on practical and cost-effective operations. Mining schedule in open pit has been optimized for the initial years and the underground mining schedule targets higher grades and a simplified infrastructure

- Reduced market risk based on post-pandemic market forecasts for rutile and garnet, retaining flexibility to increase garnet production in line with increasing demand
- Robust project economics with considerable reductions in market, financing, and execution risks
- Optimized schedule and dual mineral production provide competitive strength:
 - Outcropping and geotechnically stable orebody
 - Low stripping ratio (waste to ore ratio) of 0.6 in open pit
 - High-grade rutile and garnet
 - Short distance and gravity supported ore transportation minimize transportation
 - 1st quartile revenue-to-cash cost position for rutile
- Optimized mining plan and scheduling support an initial 39-year Life of Mine:
 - 15 years of open pit mining and high-grade processing, and stockpiling of medium/low-grade ore
 - 19 years underground production
 - 6 years production based on stockpiled ore
 - Extension of Life of Mine expected based on substantial inferred resources
- All main permits granted:
 - Extraction permits for the whole deposit
 - Operational license for open pit and underground mining
 - Landowner agreements for open pit, infrastructure, and process plant areas
 - Detailed zoning plan
 - Environmental permit
- High environmental and social standards in accordance with IFC Performance Standards and relevant Equator Principles

For latest key economic figures see page 2.

Engebø construction advances

In April 2022, Nordic Rutile commenced early construction works at Engebø, which includes preparing the properties for construction, continuation of detailed project planning and process for procurement of critical process equipment, and commencement of groundworks on process plant area and preparatory works for tunnelling. The main construction works has been undertaken by local contractor, Sunnfjord Industripartner AS, under the lump sum EPC contract, with focus on preparation on the process plant area, groundwork of the access road, and tunnel work. The building application for the administration building and workshop buildings has been submitted, with concrete work expect to start in Q1 2023. In addition, Detail Engineering on the process plant is ongoing by Åsen & Øvrelid AS, Nordic Bulk AS and Normatic AS. The EPCs expect to complete the main parts of this Detail Engineering in H1 2023. In parallel the Owner's team has been running a procurement process for the mechanical packages ("CPIs") for the process plant, with the procurement to secure time critical long lead packages now close to complete. The completion of Detail Engineering will allow start of mechanical and electro procurement and installation work.

Engebø rutile superior carbon footprint

Natural rutile (~95% TiO₂) is known as a superior titanium feedstock due to its high purity and TiO₂ content. While other raw materials have to go through additional carbon intensive processing steps to be used in in chlorination plants to make titanium pigment or as feed for titanium metal, rutile is a direct feedstock. This makes rutile a preferred raw material, which enables a lower carbon footprint.

In June 2022, Minviro, UK concluded an independent Life Cycle Assessment ("LCA") of the rutile product to be produced at Engebø. The LCA is a cradle-to-gate assessment of the production of rutile concentrate from Engebø and covers all production stages from the mine to the final product with estimations of scope 1, 2 and 3 Green

House Gas (“GHG”) emissions² The study shows that the Engebø rutile is top rated in terms of Global Warming Potential (“GWP”) compared to other titanium feedstocks globally, including natural and synthetic rutile, and titanium slag.

Earlier in 2022, SRK Consulting (UK) Ltd, conducted an analysis to compare the GHG emissions associated with the Engebø Rutile and Garnet Project, with existing operators in the global titanium value-chain. The comparative study shows that the Engebø Project has the lowest carbon footprint compared to five major operators. The study was based on available information published by the respective companies, predominantly in annual reports³. The comparative study was based on reported Scope 1 and Scope 2 emissions.

Taking action to ensure sustainability at Engebø

Nordic Mining is taking a proactive approach to ensure that the Engebø Project will be developed based on the highest standards for sustainability. A comprehensive Environmental and Social Management System (“ESMS”) is being implemented for the Project. The aim is to ensure that the project adheres to permits and regulation and best international practices⁴ in construction, operation, and closure.

Further, an ambitious goal of biodiversity net-gain has been adopted for the Engebø Project. This means that there will be continuous work to reduce, restore, and compensate loss of biodiversity at the mine site. Where it is not able to restore 100 percent, focus will be at increasing biodiversity in the region. A Biodiversity Action Plan is under development in collaboration with DNV and Asplan Viak.

A Construction Environmental Management Plan (“CEMP”) has been implemented to ensure adherence to environmental obligations for Owners’ team, contractors, and suppliers throughout the construction phase. Potential environmental risks are identified, and action plans are put in place to reduce the risk of environmental accidents and to enhance performance.

An Environmental Monitoring Program has been put in place at Engebø to supervise environmental effects from construction activities. The program includes measurements related to airborne dust, vibrations, noise, biodiversity and water quality at the constructions site.

A Waste Management Plan has been developed for extractive waste handling. The plan builds on the EU’s Best Available Techniques for extractive waste management⁵. The aim is to ensure that proper measures and procedures are in place to reduce effects on the environment, and any resultant risks to human health related to the waste rock and tailings facility. The plan also addresses measures to reduce and utilize waste streams. The Waste Management plan was submitted to the Environment Agency July 2022. The plan has been subject to public hearings and is awaiting approval.

A Conceptual Rehabilitation and Closure plan was completed early 2022 and outlines a management system to ensure successful rehabilitation of the mine site at closure. In line with the goals for biodiversity, the aim is for a high degree of restoration to return the mine site to nature and enable meaningful use for the local population post-closure.

Lump sum EPC contracts signed for over 60% of the remaining construction cost

The execution strategy for the Project was as part of the UDFS 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. In second half of 2021 and early 2022, Nordic Rutile has signed lump sum contracts for the Engineering, Procurement and Construction for the Engebø Rutile and Garnet project with selected EPC partners Sunnfjord Industripartner AS, Åsen & Øvrelid AS and Nordic Bulk AS and Normatic AS. The four EPC contracts comprise lump sum price for the agreed scope of work agreed in the EPC contracts and cover around 60% of the remaining plant and mine capital expenditure of around USD 177 million.

² Scope 1 refers to direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the reporting company. Scope 3 covers indirect emissions related to the value chain such as the extraction and production of purchased materials

³ GHG is reported in tons of CO2 equivalent (tCO2e), meaning emission of non- CO2 GHGs have been “normalized” to CO2 using their 100-year global warming potentials.

⁴ In accordance with the IFC Performance Standards and the Towards Sustainable Mining Initiative

⁵ Best Available Techniques (BAT) Reference Document for the Management of Waste from Extractive Industries in accordance with Directive 2006/21/EC.

Engerbø operating license completes the main regulatory permits

In May 2022, the Ministry of Trade, Industry and Fisheries ("MTIF") resolved that Nordic Mining's operating license is maintained as granted with full rights to the Engerbø deposit, confirming the resolution from the Directorate of Mining. The decision from MTIF is final and cannot be appealed. 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 operating license completes the main regulatory framework required for the project, including extraction permits, approved zoning plan for the mining and processing areas and the environmental permit.

In June 2020, the Company submitted, after extensive test work proving that the consumption of chemicals could be significantly reduced, an application to the Environment Agency for substitution of chemicals from the original environmental permit of 2015. In January 2021, the Agency granted the revised environmental permit, commenting that the significant reduction in chemical consumption will have lower impact on the environment than the previous planned consumption. The decision was confirmed by the Ministry of Climate and Environment in November 2021 concluding that the complaints received in relation to the revised discharge permit do not provide any basis to revoke or change the permit. The decision from the Ministry of Climate and Environment is final and cannot be appealed.

In February 2022, Sunnfjord Municipality approved the building permit for all infrastructure groundworks for the Engerbø Project. The permit is in line with the UDFS and the EPC contracts. The building permit complaints was rejected by the Municipality Body of Complaints in April 2022 following an appeals process. The approved building permit for infrastructure groundworks with already approved demolition permit for existing buildings and agreement with county road authority, completes the formal requirements for starting construction work at Engerbø. Permits for general and process plant buildings will be applied for in due course according to finalization of detail engineering by the EPC in line with the construction plan.

Positive commercial outlook for rutile and garnet

Europe has a significant supply deficit of titanium feedstock, including rutile, and no garnet production. Supply from Engerbø represent a substantial opportunity for logistical optimization. The long-term fundamentals are strong and support a new source of supply in Europe.

Fourth quarter 2022 showed strong results for titanium feedstock producers. Sales volumes of rutile exceeded production volumes and prices for rutile further increased during the quarter. Titanium metal demand, being an important driver for rutile, remained robust due to the ongoing revival of air traffic as well as demand for non-Russian products. Titanium metal producers reported strong demand and increasing sales prices. Further, there was continuous strong demand for titanium metal into general industrial and semiconductor applications.

The titanium dioxide pigment market adjusted production levels during the fourth quarter, especially in Europe and Asia, to match the lower demand and prevent building inventories. The lifting of the COVID-19 restrictions in China as well as the easing energy prices in Europe have led to an earlier than expected restart of production and to maintain a steady demand for titanium feedstocks. Reported bulk natural rutile prices in Q4 2022 have been in around USD 1,550/mt FOB and above, with main producers expecting pricing to soften slightly in Q1 2023.

Strong and steady demand for high quality garnet in both waterjet cutting and abrasive blasting was reported in Q4 2022. Drivers were mainly the investments in infrastructure, oil, and gas industry as well as shipbuilding and manufacturing. The aerospace industry was an important driver as well.

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. Selling prices in the main markets in Europe and USA have to a large extent been reported to remain unaffected, despite demand having contracted with an estimated 20–25%.

There is currently no production of garnet in Europe and the global supply of high-quality garnet for high-end applications has over the last years been short of the demand. The existing main producers are in Australia, China, India, and South-Africa. Regulatory measures introduced by the Indian government in 2016 continue to affect a substantial part of the Indian garnet production. It is uncertain when and to what extent Indian production will re-enter the market. In the USA, domestic production is significantly short of the demand.

Strategic assets and initiatives

Alumina technology development

Nordic Mining has since 2009 been engaged in development of a new technology for 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 AISiCal project to further develop the patented technology. AISiCal 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 which is mainly based on bauxite resources refined through the Bayer process. Bauxite mining and processing is known to have substantial environmental impact due to production of toxic waste, substantial carbon emissions and extensive 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. Aluminum is extracted through a sparging process and subsequently calcined to form alumina. Precipitated calcium carbonate ("PCC") is produced as a by-product by integrating CO₂ utilization in the process. Silica forms a residue in the leaching process and is also extracted as a by-product. 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 CO₂ per million tonne of alumina which corresponds to the emission from a medium sized oil and gas platform. The CO₂ 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 AISiCal project an ambitious 4-year work plan is in place to further develop the patented technology. The AISiCal 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 CO₂ capture. Nordic Mining is actively participating in the project, leading one of the work packages focused on raw material sources and leaching optimization.

Seabed minerals

Nordic Mining has taken pioneering initiatives related to seabed mineral exploration and knowledge building in Norway through the fully owned subsidiary Nordic Ocean Resources. Research assessments indicate an attractive potential for discovery of metallic ore deposits with possible significant economic values within Norway's exclusive economic zone.

Nordic Mining participated in the MarMine project on marine mineral resources which was concluded in 2020. The project was coordinated by the Norwegian University of Science and Technology. The Norwegian Research Council granted NOK 25 million to the project which had a strong industrial basis and participation, with an exploration cruise including mineral sampling and assessments related to seabed mineral operations having been executed in selected areas along the Mid-Atlantic Ridge.

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 extraction, an environmental impact assessment must be carried out and in January 2021 the Ministry of Petroleum and Energy on sent out a proposal for an impact assessment program.

Nordic Mining have, 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, increased the efforts to commercializing the Groups understanding and positioning on seabed minerals developed through the pioneering initiatives of NORA.

Oslo, 6 February 2023

The Board of Directors of Nordic Mining ASA

CONSOLIDATED INCOME STATEMENT

	Note	2022	2021	2022	2021
		01.10-31.12	01.10-31.12	01.01-31.12	01.01-31.12
<i>(Amounts in NOK thousands)</i>					
		Unaudited	Unaudited	Unaudited	Audited
Other income		-	-	-	188
Payroll and related costs		(2 909)	(3 757)	(11 650)	(16 220)
Depreciation and amortization		(64)	(34)	(164)	(138)
Other operating expenses		(5 004)	(12 131)	(34 106)	(44 504)
Operating profit/(loss)		(7 977)	(15 922)	(45 920)	(60 674)
Fair value gains/losses on investments	4	-	(3 360)	283 844	66 374
Fair value gains/losses on convertible loan	5	408	-	(10 476)	-
Financial income	8	41 498	62	63 487	127
Financial costs	8	(74 687)	(80)	(88 523)	(456)
Profit/(loss) before tax		(40 758)	(19 300)	202 412	5 371
Income tax		-	-	-	-
Profit/(loss) for the period		(40 758)	(19 300)	202 412	5 371
Earnings per share					
<i>(Amounts in NOK)</i>					
Basic earnings per share		(0.18)	(0.08)	0.88	0.02
Diluted earnings per share		(0.18)	(0.08)	0.75	0.02

STATEMENTS OF COMPREHENSIVE INCOME

	2022		2021	
	01.10-31.12	01.10-31.12	01.01-31.12	01.01-31.12
(Amounts in NOK thousands)	Note	Unaudited	Unaudited	Audited
Net profit/(loss) for the period		(40 758)	(19 300)	5 371
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Changes in pension estimates		(1 009)	(100)	(100)
Other comprehensive income directly against equity		(1 009)	(100)	(100)
Total comprehensive income/(loss) for the period		(41 767)	(19 400)	5 271

CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁶

<i>(Amounts in NOK thousands)</i>	<i>Note</i>	31.12.2022 Unaudited	31.12.2021 Audited
ASSETS			
Non-current assets			
Evaluation and exploration assets		-	28 800
Mine under construction	3	288 410	-
Property, plant and equipment		1 090	200
Right-of-use assets		106	239
Financial investments	4	-	190 519
Total non-current assets		289 606	219 758
Current assets			
Trade and other receivables		23 297	3 444
Restricted cash		4 215	-
Bond Escrow	7	1 032 597	-
Cash and cash equivalents		164 703	32 086
Total current assets		1 224 812	35 530
Total assets		1 514 418	255 288
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	6	139 390	137 695
Share premium		319 430	313 699
Other paid-in capital		16 038	16 038
Retained earnings/(losses)		(16 135)	(218 547)
Other comprehensive income/(loss)		(4 232)	(3 223)
Total equity		454 491	245 662
Non-current liabilities			
Lease liabilities		-	113
Pension liabilities		1 812	1 062
Total non-current liabilities		1 812	1 175
Current liabilities			
Trade payables		37 168	3 093
Bond loan	7	850 825	-
Convertible loan	5	142 976	-
Other current liabilities		27 146	5 358
Total current liabilities		1 058 115	8 451
Total liabilities		1 059 927	9 626
Total shareholders' equity and liabilities		1 514 418	255 288

⁶ In relation to the Annual Report for 2021 the share premium NOK 215.8 million was reduced cover loss of NOK 215.8 million. This was by omission not reflected in the consolidated statement of financial position in the Annual Report for 2021, however was reflected in e.g. the consolidated statement of changes in equity.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

Attributed to equity holders of the parent							
<i>(Amounts in NOK thousands)</i>	<i>Note</i>	Share capital	Share premium	Other-paid-in capital	Other comprehensive income	Accumulated losses	Total equity
Equity 1 January 2021		118 495	472 824	15 804	(3 124)	(439 711)	164 288
Profit/(loss) for the period		-	-	-	-	5 371	5 371
Other comprehensive income		-	-	-	(100)	-	(100)
Total comprehensive income		-	-	-	(100)	5 371	5 271
Share issue		19 200	60 800	-	-	-	80 000
Transaction costs		-	(4 133)	-	-	-	(4 133)
Reduction of share premium to cover loss		-	(215 792)	-	-	215 792	-
Share-based compensation		-	-	234	-	-	234
Equity 31 December 2021		137 695	313 699	16 038	(3 223)	(218 547)	245 662
Equity 1 January 2022		137 695	313 699	16 038	(3 223)	(218 547)	245 662
Profit/(loss) for the period		-	-	-	-	202 412	202 412
Other comprehensive income		-	-	-	(1 009)	-	(1 009)
Total comprehensive income		-	-	-	(1 009)	202 412	201 403
Share issue	6	1 695	5 731	-	-	-	7 426
Equity 31 December 2022		139 390	319 430	16 038	(4 232)	(16 135)	454 491

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		2022	2021
<i>(Amounts in NOK thousands)</i>	<i>Note</i>	01.01-31.12 Unaudited	01.01-31.12 Audited
Operating activities:			
Net cash used in operating activities		(48 826)	(59 970)
Investing activities:			
Acquisition of licenses and properties		-	(2 211)
Investment in mine under construction		(233 733)	-
Acquisition of property, plant and equipment		(921)	-
Financial investments		-	(24 030)
Proceeds from sale of financial investments	4	474 363	-
Sale of property, plant and equipment		-	363
Net cash used in investing activities		239 709	(25 879)
Financing activities:			
Share issuance	6	7 426	80 000
Transaction costs, share issue		-	(4 133)
Net proceeds from borrowings, convertible loan	5	126 412	-
Transfer to Bond Escrow	7	(178 782)	-
Interest and financing fees paid		(17 440)	-
Payment of lease liabilities		(151)	(156)
Net cash from financing activities		(62 536)	75 711
Net change in cash and cash equivalents		128 347	(10 137)
Cash and cash equivalents at beginning of period		32 086	42 223
Effect of exchange rate fluctuation on cash held		4 269	-
Cash and cash equivalents at end of period		164 703	32 086
Net change in restricted cash		4 215	-
Restricted cash at beginning of period		-	-
Effect of exchange rate fluctuation on restricted cash held		-	-
Restricted cash at end of period		4 215	-
Restricted and unrestricted cash at end of period		168 918	32 086

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 22

Note 1 – ACCOUNTING PRINCIPLES

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". They do not include all the information required for full annual financial reporting and should be read in conjunction with the consolidated financial statements of Nordic Mining ASA and the Group for the year ended 31 December 2021.

This report was authorized for issue by the Board of Directors on 6 February 2023.

The accounting policies adopted are consistent with those followed in the preparation of the Company's and the Group's annual financial statements for the year ended 31 December 2021. In the second quarter of 2022, Evaluation and Exploration assets ("E&E assets") related to Engebø was reclassified in the balance sheet to Mine under construction. The Company's accounting policy is to test E&A assets for impairment and transfer to Mines under construction as soon as a project has sanctioned for construction. Accounting policies regarding new convertible loan in 2022 are described in note 5. New standards, amendments, and interpretations to existing standards effective from 1 January 2022 did not have any significant impact on the financial statements.

Note 2 – SEGMENTS

The Group presents segments based on of the Group's mineral projects. 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 for the project was granted in June 2020. The Definitive Feasibility Study was presented in January 2020 and an Updated Feasibility Study was presented in May 2021.

For further information relating to the Company's risk assessments, reference is made to the annual report for 2021 which is available on the Company's webpage www.nordicmining.com.

Note 3 - MINE UNDER CONSTRUCTION

In April 2022 Nordic Mining has, through its wholly owned subsidiary Nordic Rutile AS, exercised the agreements with landowners to acquire the main properties at Engebø, which includes immediate access to the process plant area. The Group has started early construction works at Engebø, which includes preparing the properties for construction, continuation of detailed project planning and process for procurement of critical process equipment, and commencement of groundworks on process plant area and preparatory works for tunnelling.

The direct costs related to the work described above has since Q2 been capitalized in the balance sheet as Mine under construction, together with the cost of acquiring the land properties at Engebø. In addition, Evaluation and exploration assets related to Engebø was in Q2 reclassified in the balance sheet to Mine under construction.

Note 4 - FINANCIAL INVESTMENTS

Keliber Oy

In Q3 2022 the Group completed the sale of the shares in the Finnish mining company Keliber Oy. The investment has been measured at Fair Value Through Profit and Loss under IFRS 9 ("FVPL Method").

2022:

In June 2022, the Group accepted an offer from Sibanye-Stillwater Limited to divest its shares in Keliber for a cash consideration of EUR 157.28 per share, in total EUR 46.9 million. The sale of the shares was completed in Q3 2022. This value was assessed to represent fair value as of 30.06.2022. The consideration received in EUR has resulted in foreign exchange gains included in financial income in 2022 of NOK 16.1 million.

2021:

In February 2021 Keliber Oy and leading international mining company Sibanye-Stillwater Limited announced that they had entered into an investment agreement for an initial phased equity investment of EUR 30 million for approximately 30% shareholding in Keliber at a share price of EUR 40 per share. In line with the agreement the final tranche of SSWs initial investment was closed on 14 March 2022 with SSW subscribing for 125,000 shares for EUR 5 million. The Group assessed the fair value of Keliber to EUR 64 per share at year end 2021, corresponding to NOK 190.5 million.

Note 5 - CONVERTIBLE LOAN AND RESTRICTED CASH

In January 2022, Nordic Mining entered into a NOK 132.5 million 5% interest bearing convertible loan in favor of Fjordavegen Holding AS, a local investor group led by two of the EPC partners for the Engebø Project. This transaction is the first step in the project financing of the Engebø Project. The convertible loan will upon conversion contribute as part of the equity for the project financing package.

The loan has been released in tranches upon agreed milestones, at the decision of Nordic Mining. Per month end 31 December 2022, the entire loan of NOK 132.5 million has been drawn down.

The lenders may, and is contractually obliged to, convert all tranches from the loan, together with accrued interests, into shares in Nordic Mining upon a share issue in Nordic Mining in relation to final investment decision (or delay of final investment decision) for the Engebø Rutile and Garnet Project, however, at latest 1 August 2023. The conversion price will as a starting point be NOK 3.355 per share, however, shall be the lowest of NOK 3.355 and the subscription price in a subsequent share issue in Nordic Mining in relation to final investment decision/delay of final investment decision, or if no such share issue occurs, the lowest of NOK 3.355 and the volume-weighted average trading price the Nordic Mining's share for the last 20 trading days prior to 30 June 2023.

The convertible loan is measured at fair value with changes in fair value recognized in the income statement. The Group has assessed at quarter end Q4 2022 the fair value of the convertible loan to NOK 143.0 million and the Group recognized a fair value loss of NOK 10.5 million in 2022 (gain of NOK 0.4 million in the fourth quarter of 2022). The valuation as per 31 December 2022 has been based on level 3 inputs in the fair value hierarchy.

Note 6 - SHARE CAPITAL - EXERCISE OF SHARE OPTIONS

In May 2022 a total of 2,825,000 options held by Management were exercised. Following the exercise there are no outstanding options for shares in the Company held by Management. Gross proceeds were NOK 7.4 million in accordance with the authorization to the Board to increase the share capital granted by the general meeting on 14 May 2020. Following registration of the new share capital Nordic Mining's share capital has increased by NOK 1,695,000 to NOK 139,390,063.20 divided into 232,316,772 shares, each with a par value of NOK 0.60.

Note 7 - BOND LOAN AND RESTRICTED CASH

In November 2022 Nordic Mining ASA's wholly owned subsidiary Nordic Rutile AS completed the issue of a USD 100 million 5-year senior secured bond. The bonds are administered by Nordic Trustee. The bond has fixed coupon of 12.5% per annum, with interest payable quarterly in arrears, and an issue price of 90%.

The net proceeds of the bonds of USD 90 million was on issue deposited into a Bond Escrow account, together with issue discount of USD 10 million and four-months bond interest of USD 4.2 million, transferred by the Group in line with the bond terms. Following conditions of the Engebø Project being fully funded, which in accordance with the bond terms needs to be satisfied or waived by 9 March 2023, and certain pre-disbursement conditions precedent, the proceeds from the bonds will be released in three tranches from the bond Escrow account to be used for costs and expenditures to bring the Engebø Project into commercial production. The bonds are classified as a current liability in the statement of financial position until satisfaction of the pre-disbursement conditions precedent results in drawdown of the bond proceeds from the bond Escrow account.

The bond loan is initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing (inclusive the 10% discount). After initial recognition, the bond loan is subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction cost including the 10% discount) and the redemption value is recognized on the income statement over the period of the loan. The bond terms contain an option for the Nordic Rutile to call the bonds from the month 42 the issue date until maturity.

Note 8 - FINANCIAL INCOME AND FINANCIAL COSTS

Financial income in 2022 consist mainly of:

- foreign exchange gain of NOK 16.1 million from consideration received in EUR in connection with the sale of Keliber Oy;
- foreign exchange gain of NOK 39.5 on the USD bond loan, and;
- interest on cash held and bond Escrow of NOK 7.3 million.

Financial costs in 2022 consist mainly of:

- foreign exchange loss of NOK 46.1 million on bond Escrow in USD;
- interest on bond loan of NOK 17.5 million, and;
- transaction costs from financing of NOK 24.4 million.

Note 9 - EVENTS AFTER BALANCE SHEET DATE

In January 2023 Nordic Mining ASA, through its wholly owned subsidiary Nordic Rutile AS, has entered into a globally exclusive offtake agreement for the full planned garnet production from Engebø for the first 5 years of production. The Offtake Agreement is for the supply and delivery of minimum total of 762,500 metric tonnes of garnet concentrate in the 5-year contract period, up to a total of 785,000 metric tonnes, which is the full planned garnet production the first 5-years. The consideration will be based on a pre-agreed price schedule for the 5-year period. Nordic Mining has through this Offtake Agreement secured, together with the rutile offtake agreements announced earlier, committed sales for up to the full production of both rutile and garnet from Engebø for the first 5 years of production, all with highly reputable buyers. In addition to materially de-risk the market side, Nordic Rutile will with the three offtake agreements in place satisfy the offtake related conditions in the company's financing agreements. Further to the initial Offtake Agreement, the parties shall discuss extension of the cooperation, comprising for example joint marketing, sales, and distribution of garnet from the Engebø Rutile and Garnet Project. The agreement is inter alia subject to certain conditions precedent.

Nordic Mining has in 2022 successfully secured around USD 211 million in financing for the Engebø Rutile and Garnet Project, including around USD 19 million in equity from strategic rutile offtake partner Iwatani, USD 55 million investment conditionally agreed Orion Resource Partners, USD 90 million in a senior secured bond that was successfully raised in November 2022, and around USD 47 million from the sale of the shares in Keliber Oy. The USD 211 million that is secured to date covers around 76% of the project financing package for the Engebø Project of USD 277 million, which will include both a contingency of around USD 25 million and a project reserve of USD 30 million.

Nordic Mining has started a process for a private placement to raise the remaining USD 66 million (or more) in equity to fully finance the Engebø Project, and satisfy relevant financing conditions. The Board of Directors resolved on 2 February to call for an Extraordinary General Meeting to be held on Friday 3 March 2023 to approve the private placement. The Company intends, subject to completion and the final terms of the private placement and equal treatment considerations and other considerations, to propose a subsequent repair offering (subsequent offering) of new shares at the subscription price in the private placement.

Definitions

Alternative Performance Measures

Nordic Mining's financial information is prepared in accordance with International Financial Reporting standards ("IFRS"). In addition, the Group use selected Alternative Performance Measures ("APMs") intended to enhance the understanding and comparability of the project economics of the Engebø Rutile and Garnet Project. Nordic Mining's experience is that these APMs are used by analysts, investors, and other parties. The Alternative Performance Measures presented may be determined or calculated differently by other companies.

The main APMs used are the following:

- EBITDA: Projected revenues minus projected operating costs and royalties
- EBITDA-margin: Projected EBITDA divided by total projected revenues
- Free Cash Flow (Unlevered): Projected operating cash flow minus net cash flow from investing activities
- IRR: Projected Internal Rate of Return ("IRR") derived from the Free Cash Flow
- NPV: Net Present Value ("NPV") of the Free Cash Flow discounted using a real discount rate of 8%
- Operating Cash Flow (Unlevered): Projected EBITDA minus projected corporate income tax and changes in net operating working capital

APPENDIX

Interim report for the period ended 31 December 2022 for Nordic Rutile AS

Summary of important events in the fourth quarter of 2022 and year to date:

For detailed description of the Engebø Rutile and Garnet Project (the "Engebø Project") and summary of important events in the fourth quarter of 2022 and year to date, see Board of Directors Report for Nordic Mining ASA.

FINANCIAL PERFORMANCE IN Q4

Unless other information is given, numbers in brackets for comparison relate to the corresponding period ended in 2021.

Nordic Rutile is under construction of the Engebø Project and has, so far, no sales revenues from operations. Reported operating loss for 2022 was NOK -36.4 million (NOK -51.7 million).

Net financial items in 2022 was NOK -40.8 million (NOK -4.1 million), with main financial items being net loss on foreign exchange related to the senior secured bond of NOK -3.0 million, net interest cost of NOK -19.1 million, of which NOK -7.4 million in interest on liability to parent company, and transaction costs from financing of NOK -18.4 million. Please see note 4 for information.

Reported net loss for Nordic Rutile was in 2022 NOK -77.2 million (NOK -55.8 million).

Nordic Rutile started construction of the Engebø Rutile and Garnet Project in April 2022, which includes preparing the properties for construction, continuation of detailed project planning and process for procurement of critical process equipment, and commencement of groundworks on process plant area and tunnelling work. The direct costs related to the construction work has been capitalized in the balance sheet as Mine under construction for the second quarter of 2022, together with the cost of acquiring the land properties at Engebø. In addition, Evaluation and exploration assets related to the Engebø Project has in 2022 been reclassified in the balance sheet to Mine under construction. Nordic Rutile's carrying amount for Mine under construction was NOK 336.4 million as of 31 December 2022.

Net cash outflow from operating activities in 2022 was NOK -46.7 million. Net cash flow from the Nordic Rutile's investment activities was in 2022 NOK -234.7 million, with all investments being related to the development and construction of the Engebø Project. Net cash inflow from financing activities in 2022 was NOK 312.5 million, resulting from transfer to bond Escrow account of NOK -178.8 million for issue discount of USD -10 million and NOK -4.2 million for bond interest for four-months, as well as financing fees of NOK -17.4 million, offset by NOK 508.8 million in net proceeds from borrowings from the parent company. Please see note 4 for information on senior secured bond.

Nordic Rutile's cash and cash equivalents as of 31 December 2022 was NOK 32.4 million (NOK 2.4 million). In addition, Nordic Rutile had NOK 1.03 billion on restricted bond Escrow account and NOK 4.2 million on restricted account pledged toward DirMin for clean-up measures in accordance with the operating license. Please see note 4 for information related to pre-disbursement conditions precedent before the proceeds from the bond Escrow account will be released to the Nordic Rutile.

Total assets as of 31 December 2022 was NOK 1.43 billion (31.12.2021: NOK 81.3 million) and total equity NOK 101.8 million (31.12.2021: NOK 12.9 million).

The Group has secured around 76% of the long-term financing to develop the Engebø Rutile and Garnet Project towards production, including conditionally agreed USD 50 million Royalty Agreement with Orion Resource Partners and USD 100 million senior secured bond, both which are with Nordic Rutile. There is no assurance that the Group will be successful in obtaining the remaining financing for the Engebø Rutile and Garnet Project, however the Company expects that the significant economic potential of the Engebø Project, combined with a solid consolidated balance sheet, will provide a solid foundation for financing going forward.

For further information relating to the Company's risk assessments, reference is made to the annual report for 2021 which is available on the Company's webpage www.nordicmining.com.

INCOME STATEMENT - NORDIC RUTILE AS

		2022		2021
		Note	01.01-31.12 Unaudited	01.01-31.12 Audited
<i>(Amounts in NOK thousands)</i>				
Other income			-	
Payroll and related costs			(2 019)	(4 975)
Depreciation and amortization			(31)	-
Other operating expenses			(34 393)	(46 714)
Operating profit/(loss)			(36 442)	(51 689)
Financial income	4		45 355	87
Financial costs	4		(86 124)	(4 212)
Profit/(loss) before tax			(77 211)	(55 813)
Income tax			-	-
Profit/(loss) for the period			(77 211)	(55 813)

BALANCE SHEET - NORDIC RUTILE AS

<i>(Amounts in NOK thousands)</i>	<i>Note</i>	31.12.2022	31.12.2021
		Unaudited	Audited
ASSETS			
Non-current assets			
Evaluation and exploration assets		-	76 798
Mine under construction	2	336 423	-
Property, plant and equipment		1 090	200
Total non-current assets		337 513	76 998
Current assets			
Trade and other receivables		21 584	1 903
Restricted cash		4 215	-
Bond Escrow	3	1 032 597	-
Cash and cash equivalents		32 377	2 447
Total current assets		1 090 774	4 350
Total assets		1 428 287	81 348
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		24 705	23 333
Share premium		164 700	-
Retained earnings/(losses)		(87 615)	(10 404)
Total equity		101 790	12 929
Non-current liabilities			
Liability to parent company		413 885	63 819
Total non-current liabilities		413 885	63 819
Current liabilities			
Trade payables		37 549	2 191
Bond loan	3	850 825	-
Other current liabilities		24 238	2 409
Total current liabilities		912 612	4 600
Total liabilities		1 326 497	68 419
Total shareholders' equity and liabilities		1 428 287	81 348

STATEMENT OF CHANGES IN EQUITY - NORDIC RUTILE AS
Unaudited

Attributed to equity holders of the parent					
<i>(Amounts in NOK thousands)</i>	<i>Note</i>	Share capital	Share premium	Accumulated losses	Total equity
Equity 1 January 2022		23 333	-	(10 404)	12 929
Profit/(loss) for the period		-	-	(77 211)	(77 211)
Other comprehensive income		-	-	-	-
Total comprehensive income				(77 211)	(77 211)
Share issue conversion of debt	6	1 373	164 700	-	166 073
Equity 31 December 2022		24 705	164 700	(87 615)	101 790

CONDENSED STATEMENT OF CASH FLOWS - NORDIC RUTILE AS

Unaudited

	2022
	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited
Operating activities:	
Net cash used in operating activities	(46 682)
Investing activities:	
Investment in mine under construction	(233 748)
Acquisition of property, plant and equipment	(921)
Net cash used in investing activities	(234 669)
Financing activities:	
Transfer to Bond Escrow	(178 783)
Interest and financing fees paid	(17 440)
Net proceeds from borrowings from parent company	508 751
Net cash from financing activities	312 528
Net change in cash and cash equivalents	31 176
Cash and cash equivalents at beginning of period	2 447
Effect of exchange rate fluctuation on cash held	(1 245)
Cash and cash equivalents at end of period	32 378
Net change in restricted cash	4 215
Restricted cash at beginning of period	-
Restricted cash at end of period	4 215
Restricted and unrestricted cash at end of period	36 593

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022 - NORDIC RUTILE AS

Note 1 – ACCOUNTING PRINCIPLES

These interim financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. They do not include all the information required for full annual financial reporting and should be read in conjunction with the annual financial statements of Nordic Rutile AS for the year ended 31 December 2021.

The accounting policies adopted are consistent with those followed in the preparation of Nordic Rutile's annual financial statements for the year ended 31 December 2021.

Note 2 - MINE UNDER CONSTRUCTION

In April 2022 Nordic Rutile AS has exercised the agreements with landowners to acquire the main properties at Engebø, which includes immediate access to the process plant area. The Company has started early construction works at Engebø, which includes preparing the properties for construction, continuation of detailed project planning and process for procurement of critical process equipment, and commencement of groundworks on process plant area and preparatory works for tunnelling.

The direct costs related to the work described above has been capitalized in the balance sheet as Mine under construction, together with the cost of acquiring the land properties at Engebø. In addition, Evaluation and exploration assets related to Engebø has in 2022 been reclassified in the balance sheet to Mine under construction.

Note 3 - BOND LOAN AND RESTRICTED CASH

In November 2022, Nordic Rutile AS completed the issue of a USD 100 million 5-year senior secured bond. The bonds are administered by Nordic Trustee. The bond has fixed coupon of 12.5% per annum, with interest payable quarterly in arrears, and an issue price of 90%.

The net proceeds of the bonds of USD 90 million was on issue deposited into a Bond Escrow account, together with issue discount of USD 10 million and four-months bond interest of USD 4.2 million, transferred by Nordic Rutile AS in line with the bond terms. Following conditions of the Engebø Project being fully funded, which in accordance with the terms of the bond is to be satisfied or waived by 9 March 2023, and certain pre-disbursement conditions precedent, the proceeds from the bonds will be released in three tranches from the bond Escrow account to be used for costs and expenditures to bring the Engebø Project into commercial production. The bonds are classified as a current liability in the statement of financial position until satisfaction of the pre-disbursement conditions precedent results in drawdown of the bond proceeds from the bond Escrow account.

The bond loan is initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing (inclusive the 10% discount). After initial recognition, the bond loan is subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction cost including the 10% discount) and the redemption value is recognized on the income statement over the period of the loan.

Note 4 - FINANCIAL INCOME AND FINANCIAL COSTS

Financial income in 2022 consist mainly of:

- foreign exchange gain of NOK 39.5 on the USD bond loan, and;
- interest on cash held and bond Escrow of NOK 5.8 million

Financial costs in 2022 consist mainly of:

- foreign exchange loss of NOK 42.5 million on bond Escrow in USD;
- interest on bond loan of NOK 17.5 million;
- transaction costs from financing of NOK 18.4 million, and;
- interest on liability to parent company of NOK 7.4 million

Note 5 - EVENTS AFTER BALANCE SHEET DATE

In January 2023 Nordic Rutile AS entered into a globally exclusive offtake agreement for the full planned garnet production from Engebø for the first 5 years of production. The offtake agreement is for the supply and delivery of minimum total of 762,500 metric tonnes of garnet concentrate in the 5-year contract period, up to a total of 785,000 metric tonnes, which is the full planned garnet production the first 5-years. The consideration will be

based on a pre-agreed price schedule for the 5-year period. Nordic Rutile has through this offtake agreement secured, together with the rutile offtake agreements announced earlier, committed sales for up to the full production of both rutile and garnet from Engebø for the first 5 years of production, all with highly reputable buyers. In addition to materially de-risk the market side, Nordic Rutile will with the three offtake agreements in place satisfy the offtake related conditions in the company's financing agreements. The offtake agreements are inter alia subject to certain conditions precedent.