NORDIC MINING

ANNUAL 2022 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

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CEO'S REPORT

A global call for more minerals

Dear shareholder,

The global financing for mining projects hit a record low in 2022 and being the lowest overall amount in the last 11 years. Total financing of both equity and debt was at around USD 42 billion in 2022, down from USD 65 billion in 2021. Equity represented an almost 50% drop and debt financing with a 20% drop from the 2021 levels. This significant reduction was a surprise as there seemed to be a growing concern over reduced mineral supplies while many nations and companies were making strategies towards metal intensive de-carbonization and regional and local sourcing of minerals.

Obviously, Russia's invasion of Ukraine with the strong wave of inflation to follow played an important role and caused the positive momentum to halt. The reluctance to invest was widespread and not limited to the mining sector and may last for further months due to the current fear of recession. However, the fundamentals are strong and positive. Another pattern seems to appear; while governments and institutions try to encourage investments and growth towards the green shift, we see that investments are much higher in the downstream part of the value chains compared to the upstream sector of mining. This may cause a further increased demand of primary raw material and strengthen the supply crunch in the coming years.

Engebø under construction, a local and national alliance

In April last year, the first EPC contractor broke ground at Engebø. Since then, the groundwork contractor Sunnfjord Industripartner AS has carried out preparatory groundworks that has progressed and widened through the year. The primary activities during 2022 were related to levelling of the process plant area and to construct a whole new access to road up to the mine service are for the open pit operations. Last year brought important team building and valuable interaction between us as miners and our contracting partners.
Different ground conditions at Engebø brought other challenges related to drain off water from clay deposits at site and demanded the whole team to be constructive and collaborative.

Safety and Environment in focus

Being the first new greenfield mine in Norway for almost 40 years, the operation will take place in a new era of all aspects related to health, safety and environment. At Engebø we have developed a rigorous system of management plans in order to mitigate the inherent risks in constructing and operating a mineral producer. When establishing the rules and procedures at site we have leveraged

on several decades of experience from the oil and gas industry in Norway. This serve as a valuable foundation when a new culture is being established at site and into operations.

A diverse resource group of various local stakeholders was established in 2022 and put in force our long-term value of being open and transparent about our challenges and actions. In a forward-looking perspective, we are preparing to report in line with the system Towards Sustainable Mining (TSM), a transparent scorecard system that dynamically maps each operators status on sustainability.

A strategic position in supply of needed minerals

Engebø Rutile and Garnet will become a prominent supplier and a global player within two strategic industrial minerals. Further it will be the only garnet producer in Europe and the second (after Ukraine) producer of rutile. The importance of a localized value-chain and the ability to secure strategic minerals from friendly nations has increased significantly during the last year. The lists over critical and strategic minerals have been expanded and underlined by the major countries in the western world. Hence the strategic position of Engebø as a long-term producer in Europe and with excellent logistics to overseas markets has improved beyond what we expected just a few years ago. For example, titanium has been listed as critical by Europe, US and Canada.

Towards a decarbonized society, protection of mineral resources needed?

There is no doubt, the green shift needs a substantial increase in the world's mineral production. However, a real gain comes if the new additional production is compliant to the latest ESG principles and seeking higher goals. At Engebø we are doing exactly that; sustainable production of minerals needed by a modern society. A complete Life Cycle Assessment documents that the minerals from Engebø are setting new records for environmental impact and carbon footprint. Governments and politicians need to have a forward-looking perspective to secure available mineral resources for coming generations. In Europe, large areas are protected and defined as natural habitats towards eternity. Maybe it is time to protect mineral rich areas from being developed by infrastructure, city expansion or housing as a parallel to the national parks?

Oslo, 25 April 2023

Ivar S. Fossum
CEO

Sustainable mining

Minerals for a sustainable future

Minerals and metals are essential for the global economy and provide crucial raw materials for industry and daily use. The global demand for minerals is increasing. With population growth and the transition towards low carbon energy, this trend is forecast to steadily increase.

The mining industry plays a key role in enabling sustainable development by providing raw materials to improve living standards and contribute to green technologies. With growing demand, transformation towards sustainable mining is more important than ever. To achieve this, the industry must reduce its environmental and social footprint, and take climate action. By adopting systems to avoid, reduce, restore, and compensate negative impact, the mining industry can be become more sustainable. The implementation of the Towards Sustainable Mining (TSM)[1] initiative in Norway is an important step to achieve this. TSM is a globally recognized sustainability program that supports mining companies in managing key environmental and social risks. The Norwegian Mineral Industry Association is leading the work of bringing this score card system to the Norwegian Mining Industry. This means that Norwegian mines must report according to eight TSM protocols related to community and people, environmental stewardship, and energy efficiency. The mine will be given a score based on several performance indicators, where A-level is considered to reflect industry best practice. The reporting will start in 2024 and the first scores will be made publicly available in 2025. Nordic Mining is implementing TSM for its operations and with the target of A-level. We believe that TSM will drive sustainable change in the mining sector. The system originated in Canada and is now being adapted around the world.

Our sustainability goals

The United Nations Sustainable Development Goals ("SDGs") define universal targets to address global challenges. Nordic Mining's sustainability goals are based on these goals to drive economic, environmental, and social performance. We focus on eight goals where Nordic Mining's activities can have a positive or negative contribution, and where we will focus on enhancing positive effects. Our goals are integral parts of all stages of project development from exploration, development, production, and closure.

ENVIRONMENT AND BIODIVERSITY

Mining is in general land and water intensive with the potential to affect wildlife and vulnerable species. The loss of biodiversity is happening at an alarming rate around the world. There is a growing recognition that biodiversity is a global asset of great value to humanity's economic and social development. The UN Convention on Biological Diversity has released The Post-2020 Global Biodiversity Framework[2], to guide actions to put biodiversity on a path to recovery by 2030.

In 2022 Nordic Mining adopted a goal of net biodiversity gain[3] for our operations. We are implementing management systems to avoid, reduce, and restore loss of biodiversity from our activities. Where we are not able to fully restore loss, we are exploring and identifying ways to compensate.

Extractive waste is one of the biggest environmental challenges facing the mining sector. Nordic Mining will use best available techniques for waste management to reduce environmental risk and promote safe deposition of waste. We will maximize resource utilization, explore backfill options and contribute to innovation to find alternative use of waste materials for existing or new value chains.

ENERGY EFFICIENCY AND CLIMATE ACTION

The impact of climate change is widely recognized. The Paris Agreement sets ambitious goals to limit global warming to below 2°C and the European Union aims to be a climate neutral economy by 2050. Realizing a low-carbon future requires a large-scale transition to clean energy sources such as solar photovoltaic ("PV"), wind, hydroelectric and geothermal heat. Mining companies play a vital role in supplying minerals for transitioning to green energy. The manufacture of solar panels, wind turbines, and batteries and electrical vehicles will shape the supply and demand for critical minerals for the foreseeable future. Although clean energy initially will consume substantially more metals, the carbon emissions for these technologies are only a fraction (6%) of the emissions generated by fossil-based technologies[4].

Nordic Mining will contribute to green technologies with our mineral production. Our goal is net zero emissions form our operations. We will implement systems to reduce energy consumption and explore solutions to avoid fossil fuel dependency leveraging the availability of renewable hydropower in Norway. We are committed to be transparent regarding the carbon footprint, by publicly disclose carbon emissi-ons from our operations and provide benchmarking data for our products when possible. By collaborating with suppliers and customers, we aim to reduce emissions throughout the value-chain.

SOCIAL RESPONSIBILITY

Mining companies are often located alongside communities that are dependent on the mine to maintain its livelihood through employment, and social functions. This places a large responsibility on the mining companies to provide a safe and predictable future for the communities. By supporting economic diversification and education enabled through employment and upskilling the local workforce, companies can contribute to enhance the community's resilience.

Nordic Mining aims to establish cornerstones in the communities we operate in. To contribute with long-term local employment, education, and positive impact on people's livelihood. We honor the well-fare of these communities, also post mining, by supporting initiatives to promote new development.

A Nordic Mining goal is to build platforms, to share meaningful information, to create forums where good interaction with communities and key stakeholder can take place based on transparency and trust. We will respect the cultural, political, and social diversity in areas we operate and value local-knowledge and capabilities in building joint solutions between the Company and the community.

1. www.tsminitiative.com
2. www.cbd.int
3. Net-gain means that the positive contribution outweighs the negative impact on biodiversity from the operation
4. https://pubdocs.worldbank.org/en/961711588875536384/Minerals-for-Climate-Action-The-Mineral-Intensity-of-the-Clean-Energy-Transition.pdf

OPERATIONS

ENGEBØ – rutile and garnet

In April 2022 Nordic Mining commenced, through its wholly owned subsidiary Nordic Rutile AS, construction works at of the Engebø Rutile and Garnet Project ("the Project") on the west coast of Norway, which included 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 underground infrastructure. Planned start of production is in the second half of 2024.

Final investment decision for Engebø in 2023, following completion of project financing

In January 2022, Nordic Mining secured the first part of the project financing from the Engebø Project financing in a NOK 132.5 million convertible loan. In June 2022 Nordic Mining entered into USD 20 million investment agreement with Iwatani Corporation ("Iwatani"), as one of the offtakers of rutile from the Engebø Project, and sold its stake in Keliber for EUR 46.9 million (corresponding to NOK 474.4 million at the time of close of sale). The sale of the shares in Keliber closed on 15 September 2022 and the funds from the sale has been contributed to Nordic Rutile to advance construction works at Engebø. In October 2022 Nordic Rutile issued a USD 100 million senior secured Bond. Further, Nordic Rutile entered in February 2023 into a USD 55 million investment agreement with the mining investment firm Orion Resource Partners ("Orion"), following the announcement of a conditional agreement in October 2022. The investment comprise a USD 50 million non-dilutive royalty instrument to Nordic Rutile and USD 5 million in equity to Nordic Mining. In March 2023, the remaining equity component of the total USD 277 million project financing package for the Engebø Project was with successfully secured in a private placement of NOK 940 million in Nordic Mining ASA. The private placement was resolved by the extraordinary general meeting and board of directors on 3 March 2023 and contributed to Nordic Rutile on 8 March 2023, satisfying all relevant financing conditions for the long stop date. The gross proceeds from the private placement, together with the equity from the sale of the shares in Keliber, the USD 100 million in senior secured bond and the USD 50 million non-dilutive royalty financing, is expected to fund all costs and expenditures to bring the Engebø Project into commercial production, including a project reserve of USD 30 million.

Engebø construction work progressing; on track to start production in 2024

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 underground infrastructure. The main construction works has been undertaken by local contractor Sunnfjord Industripartner AS, under the lump-sum EPC ("Engineering, Procurement and Construction") contract, with focus on preparation of the process plant area, groundwork of the mine access road, and tunnel work. The mine access road is functional all the way up to the open pit tunnel portal and is around 70% complete. The conveyor tunnel is finalized, with the contractors now working on the crushing and preparing for the raise drilling of the vertical ore pass. The building application for the administration building and workshop buildings has been submitted, with concrete work started in late February 2023. In addition, Detail Engineering on the process plant is ongoing by the remaining EPCs, Åsen & Øvrelid AS, Nordic Bulk AS and Normatic AS. The EPCs expect to complete the main parts of this Detail Engineering in the first half of 2023. This will allow start of mechanical and electronic installation work. The procurement of the time-critical long lead mechanical packages ; Customer Provided Items ("CPIs") is close to complete. The agreements are made with leading global suppliers of sustainable solutions for the mineral industry, including an agreement with Metso Outotec, a supplier of sustainable end-to-end technologies, solutions, and services for the minerals industry globally, for delivery of a comprehensive comminution technology package. Fabrication of the mechanical packages were commenced after completion of the project financing for the Engebø Project in March 2023. The contracts for long lead packages for the process plant that has been completed ensures access to technical documentation needed for completion of Detailed Engineering of the process plant. The current estimates for delivery time and costs for the packages are in line with expectations. The start-up of mechanical installation is expected during Q3 2023. The four lump-sum EPC contracts with Sunnfjord Industripartner AS, Åsen & Øvrelid AS, Nordic Bulk AS and Normatic, which cover around 60% of the remaining plant and mine capital expenditure of around USD 177 million were fully activated in March 2023.

Engebø 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 from late 2022, as the project continues to progress towards production.

High-margin cash flow and short pay-back support bankability (unlevered)[5]:

- NPV@8% of USD 491 million
- Post-tax IRR of 25.9%
- Remaining initial capital investment of around USD 187 million
- Life of Mine EBITDA of USD 3.2 billion, corresponding to an EBITDA-margin of 76%
- Life of Mine Operating Cash Flow of USD 2.55 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

Updated Definitive Feasibility Study reconfirmed 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 Definitive Feasibility Study ("DFS") which was completed in January 2020. The UDFS unlocked considerable environmental, technical, and financial optimizations of the project. Reduction of 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 prefabricated

5. For description of Alternative Performance Measures ("APM") used for Engebø Rutile see page 64.

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 reduction of 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, which was confirmed by the Ministry of Climate and Environment in November 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 working environment. The complete summary report is available at the corporate website, and main improvements and risk-reducing measures in the UDFS were:

- Reduced environmental footprint; 99% reduction in consumption of approved chemicals in the production process (compared with the 2016 environmental permit), around 80% reduction of CO_2 emissions and approximately 40% reduction of the process plant facilities physical 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 minimizing transportation
  - 1st quartile revenue-to-cash cost position for rutile production
- 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

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 high standards for sustainability. We are in the process of adopting the Towards Sustainable Mining ("TSM") initiative for the Engebø Project. Nordic Mining aims to reach an A-level for the Engebø Project and will report according to the system when in we are in operation. We are implementing a comprehensive Environmental and Social Management System ("ESMS") for the Engebø Project. Through the ESMS we aim to ensure that the Project adheres to permits and regulation and best international practices[6] from construction, operation, and closure.

The Engebø Project has an ambitious goal of biodiversity net gain for life of mine. We will work to reduce, restore, and compensate biodiversity loss at the mine site. If we are not able to restore 100 percent, we will compensate by increasing biodiversity in the region. A Biodiversity Action Plan is under development in collaboration with consultants DNV and Asplan Viak. Comprehensive biodiversity mapping has been carried out as part of this work. Based on a scoring system the biodiversity impact will be tracked on an annual basis. The biodiversity data will be made publicly available. We have already started the biodiversity work at the construction site- Initiatives such as removing planted forest (alien spices). This will allow expansion of valuable habitats such as deciduous forest with red listed elm trees.

Old growth Elm trees with mosses and lichens within the project area with a high biodiversity value.

The Biodiversity Action Plan will be optimized over time and used as a tool to ensure we reach our biodiversity targets. The Plan will be used to ensure we meet annual reporting requirements from authorities, investors, standards such as TSM and internal goal set by Nordic Mining.

In order to ensure that the construction phase meet our standards on sustainability, we have made a Construction Environmental Management Plan

6. The ESMS is made in accordance with the IFC Performance Standards.

("CEMP") to ensure adherence to environmental obligations for owners' team, contractors, and suppliers throughout the construction phase. Potential environmental risks are identified, and actions plans are prepared to reduce the risk of environmental incidents, accidents and to enhance performance.

To learn and control how we impact the environment, a comprehensive environmental monitoring program has been developed using state of the art technology. Monitoring is ongoing to supervise potential effects from construction activities related to airborne dust, vibrations and noise, and risk for emissions to fjord surface water and fresh-water bodies. In line with the provisions of the environmental permit, a monitoring program for migrating smolt (juvenile salmon) was completed in 2022. The program covered two migration seasons, 2021 and 2022, and has secure valuable information of migration prior to production start-up at Engebø.

The Company will ensure that the communities and other stakeholders that are potentially affected by our operations are well informed and are given opportunities to engage with us. We will work proactively to understand people's needs and concerns and seek solutions to mitigate these throughout the construction phase and into operation. In 2020 the Company established a resource group consisting of key local stakeholders that serves as a platform for participation in our environmental monitoring. We have adjusted our monitoring program, based on input from the resource group, to meet stakeholder expectations.

One of the greatest challenges in the mining industry is to sustainably manage extractive waste. To address this, we have made a waste management plan for waste handling throughout our operation. The plan builds on the EU's Best Available Techniques for extractive waste management[7]. 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 our waste rock and seabed tailings facility. The plan also addresses measures to reduce and utilize waste streams.

We have a long-term planning perspective for the Engebø mining operation. A conceptual rehabilitation and closure plan was completed early in 2022 and outline a management system to ensure that we can successfully rehabilitate the mine site at closure. In line with our biodiversity goal, we aim for a high degree of restoration to return the area to nature and enable meaningful use for the local population's post-closure.

Supplying sustainable products

Engebø Rutile will be a source of raw material for several end use products that can positively impact human life. Titanium is contributing to human health by its use as long-lasting implants in the human body. It is also used in creating more healthy living environments, when used in concrete to capture air pollution. Titanium metal plays a role in lowering carbon footprint. The metal is used in constructing light weight airplanes to lower their fuel consumption and carbon emissions. It is also a critical ingredient for equipment to withstand high temperatures and corrosion in geothermal energy plants.

In general, natural rutile is an environmentally superior raw material for the titanium raw material industry compared to other sources. Due to its high purity can be used directly in chlorination plants to make titanium pigment or as feed for titanium metal production. Other sources of raw materials such as ilmenite, must go through additional processing steps and upgrading. This is done through carbon intensive leaching or smelting processes that increases the climate footprint and produces substantial amounts of waste.

Engebø Garnet is an industrial mineral suitable for water jet cutting applications. Water jet cutting is an efficient high precision cutting process used for cutting a wide range of materials including plastics, glass to steel. The cutting technology provides a safe and environmentally friendly alternative as it can be done without any chemicals or heat, and produces no vapor, smoke, or airborne dust. Since Garnet particles are trapped in water in the cutting process, they can be filtered out to be recycled or safely disposed after use. Garnet is a silica free, non-toxic product and can be safely handled by operators.

Contribution to fight climate change

The Engebø mining operations has a limited Green House Gas ("GHG") emission footprint due to available hydroelectric power in the area and a tight infrastructure with minimal transportation. The annual GHG emissions are calculated to be 3085 $tCO_2eq.$ per annum and an energy consumption of 0,08 TWh. SRK Study from 2020 showed how to the Project will achieve an 85% reduction in GHG emissions by replacement of gas dryers with electrical dryers. The main source of GHG for the Project is diesel consumption from the mining fleet. Nordic Mining has investigated options for electrification of the fleet and will when feasible transfer to a fully electrified mining operation.

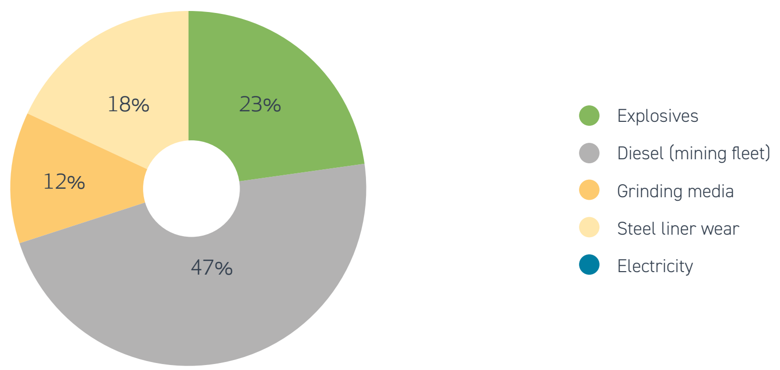
The Engebø Project has a target of net zero GHG emissions. To achieve this goal, Nordic Mining has initiated the development of a Climate Strategy Plan together with SRK.

Minviro, UK has carried out an independent Life Cycle Assessment ("LCA") of the rutile product to be produced at Engebø. The LCA is a cradle-to-gate assessment it covers all stages of the production of natural rutile concentrate from Engebø. The study calculates the Global Warming Potential ("GWP") and covers scope 1, 2 and 3[8] calculations of GHG emissions. The GWP impact of the Engebø Rutile was determined to be 0,17 kg CO_2 eq. The main drivers of the GWP are the consumption of diesel in the mining operation and the explosive consumption related to the ore extraction.

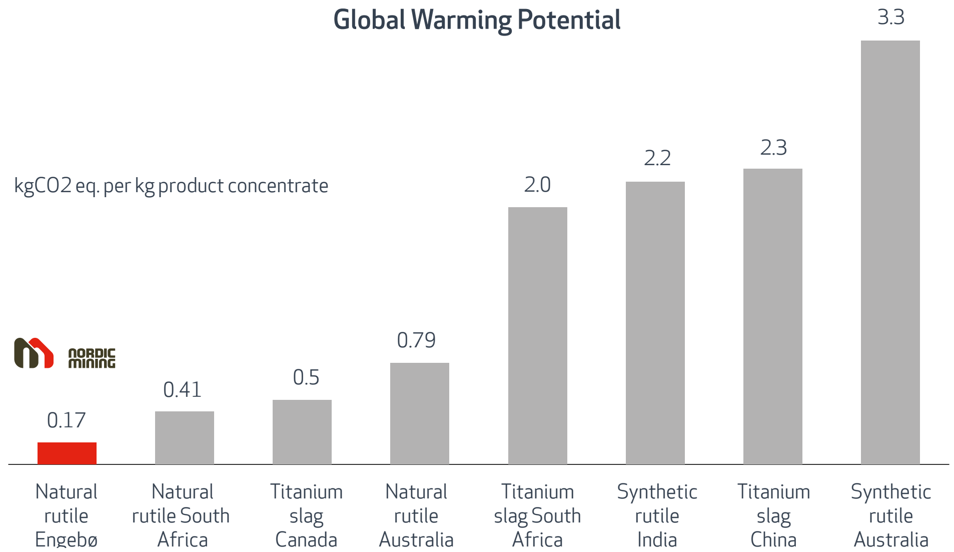
Minviro conducted a benchmarking study to compare rutile from Engebø with a wide range of titanium-bearing feedstocks, including other natural rutile products, synthetic rutile, and titanium slag. The analysis showed that the GWP impact of the Engebø Rutile was superior and substantially lower than the alternative sources. Result from the GWP benchmarking is summarized in the graph on the next page.

7. Best Available Techniques (BAT) Reference Document for the Management of Waste from Extractive Industries in accordance with Directive 2006/21/EC.
8. Scope 1: Direct GHG emissions (e.g. furnace off-gas, combustion of fuels) Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat, or steam (e.g. emissions embodied in grid power) Scope 3: Other indirect emissions such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, and outsourced activities.

Contribution to Global Warming Potential %



Global Warming Potential



Engebø 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 Engebø deposit, confirming the resolution from the Directorate of Mining from June 2020 and later confirmed in November 2020. 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. The operational license was activated towards the Directorate of Mining in November 2022, following start of construction work of conveyor tunnel, primary crushing chamber, and preparatory work to drill the vertical ore pass

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 ground-works for the Engebø Project. The permit is in line with the UDFS and the EPC contracts. All building permit complaints were 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 Engebø. 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.

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. The ruling of the appeal court was appealed to the Supreme Court. The Supreme Court's appeals committee decided in March 2023 that the appeal will be heard before the Supreme Court. The hearing is tentatively scheduled to take place before summer 2023. 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.

Long-term offtake agreements secured for all production from Engebø

In June 2022, Nordic Mining, through its wholly owned subsidiary Nordic Rutile AS, entered into a 5-year rutile offtake agreement with Iwatani, a reputable Japanese trading house. Iwatani will as part of the agreement make an equity investment of NOK 191.7 million, corresponding to USD 20 million at the time of the signing of the agreement, in Nordic Mining ASA for the Engebø Project. Highlights of the agreements executed with Iwatani:

- Long-term offtake for sale of 20,000 tonnes per annum of natural rutile from the Engebø Project over 5 years based on the market price for 95% natural rutile concentrate, adjusted for actual TiO_2 content
- Equity investment of NOK 191.7 million at the same subscription price as for the contemplated broader equity raise, subject to close of the project financing package for the Engebø Project.

In October 2022, Nordic Rutile AS signed the final rutile offtake agreement to secure committed sales for up to the full annual production of rutile from Engebø for the first 5 years of production. The consideration under the rutile offtake agreements will be based on the market price for 95% natural rutile concentrate, adjusted for actual TiO_2 content, as determined from TZMI index or annual price discussions between the parties.

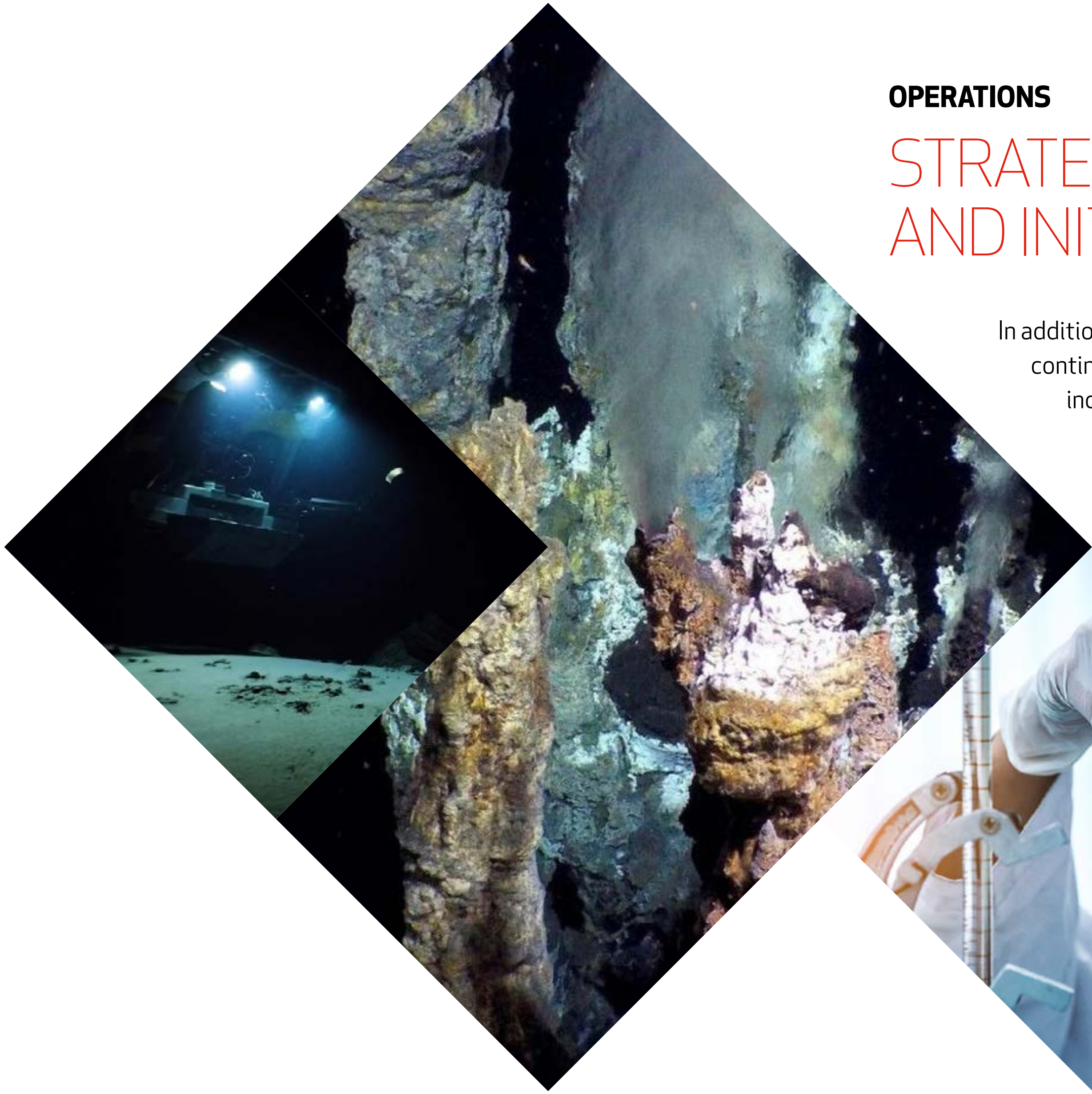
Nordic Mining increased over the course of 2022 the marketing efforts to secure offtake for garnet and in January 2023 the Nordic Rutile AS entered into a global exclusive offtake agreement the full planned garnet production from Engebø for the first 5 years of production in January 2023. The offtake 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 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.

Long-term fundamentals for rutile and garnet supply continue to improve the outlook for Engebø

2022 was a tumultuous year for the titanium industry. The war in Ukraine, rising inflation and interest and the increase in energy costs all had a great impact. Due to implemented sanctions, non-Russian titanium metal was in high demand, resulting in a record production of the non-Russian titanium sponge producers and high demand of high-grade titanium feedstock. Titanium pigment, which makes up roughly 90% of titanium feedstock demand, had a strong start to the year. Throughout the second half of 2022, demand of pigment slowed in China, Europe, and US but demand for high grade titanium feedstock remained firm. Several pigment plants in Europe adjusted production due to the lower demand and rising energy costs. Due to this adjustment of production in the fourth quarter, pigment inventories remained low. Natural rutile prices continued to increase in 2022 and are at the highest level in a decade. Reported natural rutile prices increased from approx. US$ 1,400/mt FOB in Q1 2022 to US$ 1,550/mt FOB and above in Q4 2022 and with all major producers selling higher volumes than production in 2022. The tight supply has limited producers from rebuild inventories resulting in inventory levels below average norms. Several major rutile deposits will be depleted in the coming years as well an increase in titanium sponge and metal produced at western producers is expected. Nordic Mining is excellently placed to supply rutile, a critical mineral, to this segment.

The garnet market, with its main applications in waterjet cutting and sand blasting, regained ground in 2022. Industrial activity in the oil and gas industry as well as shipbuilding underpinned increased demand for sandblast grades. General manufacturing and aerospace had solid gains versus 2021. The sale of new Waterjet machines returned to pre-Covid levels and the demand for waterjet garnet was strong. Selling prices in the main markets in Europe and USA have stabilized following the inflationary pressures from the pandemic and are now moving downward as freight costs abate.

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.



OPERATIONS

STRATEGIC ASSETS AND INITIATIVES

In addition to Nordic Mining's flagship project at Engebø, 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.

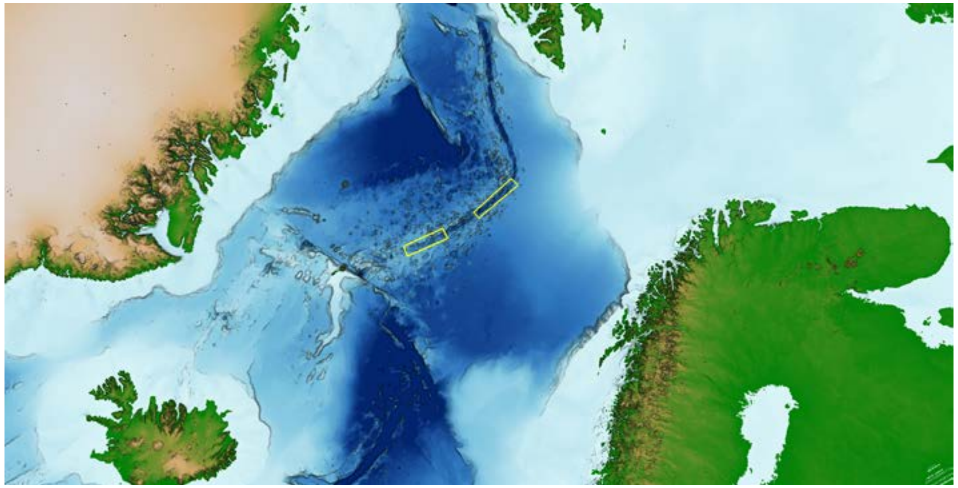
SEABED MINERALS
– Research and Knowledge Building

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.



Map of area mapped by Norwegian Petroleum Directorate in 2021 on northern and central areas of the Knipovich Ridge in the Norwegian Sea for mineral deposit.

ALUMINA
– Sustainable 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 AlSiCal project to further develop the patented 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 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 CO_2 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 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 patented 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. The project will be completed early 2024.

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

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, hold significant economic potential and provide a solid value basis for Nordic Mining's shareholders. For more information about the Group's Projects, see page 7-14 of this annual report.

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.

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 as the project continues to progress towards production.

High-margin cash flow and short pay-back support bankability (unlevered)[9]:

- NPV@8% of USD 491 million
- Post-tax IRR of 25.9%
- Remaining initial capital investment of around USD 187 million
- Life of Mine EBITDA of USD 3.2 billion, corresponding to an EBITDA-margin of 76%
- Life of Mine Operating Cash Flow of USD 2.55 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

In March 2023, Nordic Mining secured the final part of the project financing package for the Project of USD 277 million, comprising equity, senior secured bond, and non-dilutive royalty financing. The project financing package is expected to fund all costs and expenditures to bring the Engebø Project into commercial production, including a contingency of USD 25 million and project reserve of USD 30 million.

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 Engebø 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 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 underground infrastructure. The main construction works has been undertaken by local contractor Sunnfjord Industripartner AS, under the lump-sum EPC ("Engineering, Procurement and Construction") contract. In addition, Detail Engineering on the process plant is ongoing by the remaining EPCs, Åsen & Øvrelid AS, Nordic Bulk AS and Normatic AS. The EPCs expect to complete the main parts of this Detail Engineering in the firste half of 2023. The procurement of the time-critical long lead mechanical packages ("CPIs") is close to complete. The current estimates for delivery time and costs for the packages are in line with expectations. The start-up of mechanical installation is expected during Q3 2023.

In June 2022 Nordic Rutile entered into offtake agreement for close to 60% of the planned rutile production for the first 5-year with Iwatani and in in October 2022 a second rutile offtake agreement for up to the remaining annual planned production. The rutile offtake agreements together secure committed sales for up to the full annual production of rutile from Engebø for the first 5 years of production. The consideration under the rutile offtake agreements will be based on the market price for 95% natural rutile concentrate, adjusted for actual TiO_2 content, as determined from TZMI index or annual price discussions between the parties. In January 2023, Nordic Rutile entered into an exclusive offtake agreement for up to the full planned garnet production from Engebø for the

9. For description of Alternative Performance Measures ("APM") used for Engebø Rutile see page 64.

first 5 years of production. Further to the initial garnet offtake, the parties shall discuss extension of the cooperation, comprising for example joint marketing, sales, and distribution of garnet from the Engebø Project. The consideration under the garnet offtake agreement will be based on a pre-agreed price schedule. In February 2023, Nordic Rutile entered into a Memorandum of Understanding ("MoU") for a long-term joint cooperation for the offtake of pyrite from the Project with Green Trail Holding Ltd. Pyrite is a mineral that is present in the Engebø Eclogite-ore and that will be separated in the process of purifying the rutile concentrate and that has previously been considered as a residual waste stream from the Engebø Project.

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.

FINANCIAL PERFORMANCE

For comparison, numbers in brackets relate to the comparable 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 2022 was NOK 45.9 million (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 13 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 loss of NOK 10.5 million in 2022. Please see note 19 for further information. Net financial items in 2022 was -25.0 million (NOK -0.3 million), with the main net financial items being gain on foreign exchange of NOK 13.3 million, interest cost of NOK -12.7 million, and other finance costs of NOK -25.6 million. Please see note 7 for further information. Reported net result for the Group in 2022 was NOK 202.4 million (NOK 5.4 million), with the net profit for the year being driven by the realized gain on the sale of the shares in Keliber. 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 2022 the Group has capitalized in the balance sheet under Mine under construction direct costs related to the construction work of NOK 259.6 million, in addition to NOK 0.9 million in property, plant and equipment related to the Engebø Project. In addition, Evaluation and exploration assets related to Engebø of NOK 28.8 million was in 2022 been reclassified in the balance sheet to Mine under construction. Nordic Mining's carrying amount for Mine under construction was NOK 288.4 million as of 31 December 2022.

Net cash outflow from operating activities in 2022 was NOK 48.8 million (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 million, 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, four months bond interest of USD 4.2 million and transaction costs of USD 3.3 million to Bond Escrow, as well as financing fees of NOK 17.4 million (NOK 75.7 million). Please see note 15 for information on senior secured bond. The Group's cash and cash equivalents as of 31 December 2022 was NOK 164.7 million (NOK 32.1 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 for clean-up measures in accordance with the operating license. 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).

In March 2023, Nordic Mining secured the final part of the project financing package for the Project of USD 277 million, comprising equity, senior secured bond, and non-dilutive royalty financing. The project financing package is expected to fund all costs and expenditures to bring the Engebø Project into commercial production, including a contingency of USD 25 million and project reserve of USD 30 million. The bond and royalty financing and is subject to certain pre-disbursement conditions precedent before the proceeds can be released to the Project, including standard conditions and utilization in full of the equity and royalty funds, respectively.

Based on current forecasts and plans, the Board considers that the Group's financing and 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 number of risks that may affect its business, including political and 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.

Political and regulatory risk

Nordic Mining depends as resource company in the mining industry on permits and licenses from relevant authorities.

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 Engebø 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. 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. 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 finally granted with no possibilities for appeal.

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 management is coordinated by the Group's Chief Financial Officer with the assistance of SumitUp AS, which has been engaged to provide accounting services. The Board has established rules governing the authorizations of the CEO, and the CEO has established rules governing the authorizations of the CFO.

Nordic Mining's cash balances are deposited in bank accounts in Norwegian Kroner (NOK), United States Dollars (USD) and Euro (EUR). The Group's main foreign currency exposure at current relates is related to its bond loan and Bond Escrow, both which are denominated in USD. The Groups and cash receipts from the Engebø Project is expected to a large extent be denominated in USD, with a large percentage of income taxes, operating expenses, capital expenditures and future dividends in NOK. The Group has as result a large part of the Group's financial indebtedness in USD, to reduce the overall economic currency risk related to the Engebø Project. Net investment hedge accounting will be considered applied, when possible, to reduce effects of foreign exchange translation in the Group's Profit and Loss.

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 had as of 31 December 2022 NOK 993.8 million in interest-bearing debt, comprising USD 100 million senior (corresponding to NOK 985.7 million) secured bond measured at amortized cost using the effective interest method and NOK 132.5 million convertible loan measured at fair value.

In March 2023, Nordic Mining secured the final part of the project financing package for the Project of USD 277 million, comprising equity, senior secured bond, and non-dilutive royalty financing. The project financing package is expected to fund all costs and expenditures to bring the Engebø Project into commercial production, including a contingency of USD 25 million and project reserve of USD 30 million. The bond and royalty financing and is subject to certain pre-disbursement conditions precedent before the proceeds can be released to the Project, including standard conditions and utilization in full of the equity and royalty funds, respectively.

Market risk

Mineral prices can be affected by factors such as changes in supply and demand, global economic developments, competition etc. which are beyond the Group's control. Further, there is a risk that not all the Group's products can be sold at favorable terms and conditions. Mitigating these market risks are done by measures which include e.g. business strategies and selling in different geographies and industries, pricing structures and fixed volumes in offtake agreements and long contract term lengths.

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.

Climate-related risks

Sustainability is integrated and embedded into Nordic Mining's strategy and decision-making processes. The Group's Sustainability Policy states that the aim is to reach an A-level performance standard for all our operations according to the Towards Sustainable Mining ("TSM") Standard. Comprehensive Environmental and Social Management Systems ("ESMS") to avoid, mitigate, restore and compensate environmental and climate impacts are implemented for all projects. Overall, the climate-related financial risk for Nordic Mining is considered to be low and there is minimal risk for stranded assets. Climate-related financial risks can be described as physical risks, including extreme weather events and natural disasters, as well as transition risks, including emerging policy and legislation, technological innovation and market and reputation risk. Nordic Mining will implement the Task Force on Climate--related Financial Disclosures ("TCFD") framework to ensure a transparent and effectively disclose climate-related financial risks and opportunities. For details on the Group's strategy for Environmental, Social and Governance ("ESG") see Environmental and Social Governance on page 18.

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 GOVERNANCE

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

- Business ethics and anti-corruption
- Environment and climate responsibility
- Social responsibility
- Safe and healthy work environment

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 laws and regulations and with good inter-national industry practice[10]. 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.

In July 2022, the Norwegian Transparency Act entered into force, requiring companies to conduct human rights due-diligence assessments across their operations, supply chains, and business partners. The Group support and respect internationally proclaimed human and labor rights and is committed to implement and enforce systems and practices to minimize any risks of infringement associated with human and labour rights. Nordic Mining's reporting on the Norwegian TransparencyAct will be made available on the company's webside by 30 June 2023.

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 policies, international standards, as well as prevailing permits and regulations. In 2022 the Group's ESG policy documents have been further developed to include targeted commitments on ethical, environmental, and social issues as referred in the following sections.

Business ethics and anti-corruption

Fair play, honesty, and openness are important values for Nordic Mining. Our ability to create value is dependent on applying high ethical standards in relation to the market, its owners, employees, partners, stakeholders, customers, and suppliers.

OUR COMITMENTS

- Promote honest and ethical conduct of all employees, officers, directors, and persons acting on behalf of the Group
- Compliance with all applicable government, regulatory and stock exchange laws, rules, and regulations
- Promote transparency through fair, accurate, understandable, and timely disclosure of information internally and in public communication
- Ensure ethical interactions with government officials and local communities
- Zero tolerance of any form of bribery, corruption, and facilitation payments
- Ensure that employees endeavor to deal fairly and responsibly with the Group's customers, suppliers, and competitors
- No person may use, or contribute to others using, insider information about Group or other companies to subscribe for or trade insecurities, either privately or on Group's behalf
- Any person receiving confidential information entrusted to them by the Group shall keep such information confidential also after the person leaves the Group
- Promptly manage conflicts of interest between personal and professional relationships
- No acceptance for any form of -discrimination of employees or others involved in the Group's activities
- Ensure that Policy commitments are made known to all employees, contractors, consul-tants, officers, and directors of the Group
- Promote accountability for adherence to the Policy
- Provide mechanisms to report unethical conduct

Environment and Climate responsibility

Nordic Mining is committed to sustainable exploration, development, and extraction of minerals. We aim to reach an A-level -performance standard for all our operations according to the Towards Sustainable Mining ("TSM") Standard. Comprehensive -Environmental and Social Management Systems ("ESMS") are implemented for all projects to ensure that our commitments are met.

OUR COMITMENTS

- Conduct comprehensive environmental impact assessments and utilize state of the art environmental monitoring technology to identify environmental risk
- Implement management systems to assess, avoid, reduce, and monitor negative impact on environ-ment and biodiversity throughout the project cycle
- Restore and compensate loss of biodiversity with the long-term goal of net biodiversity gain
- Support conservation of ecosystem services
- Promote development of innovative solutions to alleviate environmental impact
- Minimize footprint of extractive waste
- Contribute to innovation to develop use of waste rock and tailings as raw materials for existing or new value chains
- Use best available techniques for waste management to promote safety and reduce environmental risk
- Be energy efficient by implementing manage-ment practices and routines for reducing energy consumption and encourage innovative solutions for energy saving
- Work towards zero emission for our operations, and contribute to reducing value chain emissions by collaboration with suppliers and customers
- Publicly disclose greenhouse gas emissions from Group's operation and provide benchmarking data on emissions for products when possible

10. All projects are developed in accordance with IFC performance standards

Social responsibility

Our social responsibility is closely linked to the local communities where the Group operates. Minerals are often found in scattered-populated areas where mineral production opens new opportunities for local development 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 stake-holders to build sustainable relations throughout the life of mine.

OUR COMITMENTS

- Establish relations based on transparency, trust, and respect with communities and stakeholders in the areas where we operate
- Form platforms for meaningful information sharing, interaction, and engagement with communities and stakeholders
- Respect the cultural, political, and social diversity of communities and value local knowledge and capabilities in building joint solutions
- Identify, analyze, and mitigate negative impact on communities' health and well-being
- Promote initiatives to strengthen economic diversification and positive impact on communities which contributes to their development and resilience
- Recognize the right of access to land and water for Indigenous peoples, and respect their cultures, customs, heritage, and livelihood
- Promote open and timely consultation with Indigenous peoples

Safe and healthy work environment

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

OUR COMITMENTS

- Build operations with safety embedded in the culture and mindset of the way we work and conduct business
- Map and analyze hazards and risks associated with our activities and products
- Employ measures necessary to eliminate, reduce or control the risks of injuries and health issues related to work environment
- Promote well-being and mental health of employees
- Promote mutual respect among employees regardless of an individual's ancestry, race, gender, religious beliefs, or sexual -orientation
- Create inclusive workplaces, in which employees feel valued and are enabled to reach their full potential
- No tolerance for harassment or discrimination

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

At the end of 2022 Nordic Mining had 10 employees (7), of which 6 (4) are employed in the subsidiary Nordic Rutile, and 4 (3) 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 2022 comprised five (five) men and one (one) woman. Sick absence in 2022 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 11,800 shareholders. As per late-March 2023, around 3% 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. In April 2021, an additional 400,000 options were granted at a strike price of NOK 2.62 per share. These options vest at grant date. All options have been exercised during 2022 and there are no outstanding options at year end.

In January 2022, Nordic Mining completed the first part of the project financing equity for the Engebø Rutile and Garnet Project of NOK 132.5 million from a group of local Sunnfjord investors, Fjordavegen Holding AS, led by two of the EPC partners for the Engebø Project. The equity contribution is structured as a loan with conversion rights to shares in Nordic Mining ASA, with certain obligations on specific terms and milestones as the project development progresses. The investment was resolved in an extraordinary general meeting on 4 February 2022.

In March 2023, Nordic Mining completed a private placement of 1,566,666,667 shares with gross proceeds of NOK 940 million to secure remaining equity component of the project financing package for the Engebø Project of USD 277 million. As a result of the private placement the convertible loan with accrued interests, in total NOK 139,621,875, was converted to 232,703,125 at the same subscription price as in the private placement. In April 2023, the Company completed a subsequent offering of 136,544,091 shares of in total 216,666,667 shares available in the offering, at a subscription price of NOK 0.60 per share. Following registration of the new share capital the Company's share capital is NOK 1,300,938,393 divided into 2,168,230,655 shares, each with a par value of NOK 0.60.

PARENT COMPANY FINANCIAL RESULTS

The net profit for the parent company Nordic Mining ASA for 2022 was NOK 399.5 million (NOK -5.2 million). As per 31 December 2022, the total equity for the parent company amounted to NOK 873.3 million (NOK 467.4 million).

The Board proposes that the year's profit of NOK 399,457,607.5 in Nordic Mining ASA shall be transferred to retained earnings.

Oslo, 25 April 2023
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

Kjell 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 macroeconomics, 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

Kjell 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 serves as board member of several companies. Sletsjøe is a Norwegian citizen and resides in Sandefjord, Norway.

Eva Kaijser
Board Member

Eva Kaijser holds a Bachelor of Science in Business Administration and Economics with advanced studies in Finance from the University of Stockholm, Sweden. Kaijser has 25 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, CEO in Nordic Mines and CFO in Nynas. 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

Benedicte Nordang is a Naval Architect with a Master of Science from the Norwegian Institute of Technology. She has more than 30 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 Chief Engineer Project Management & Control at Equinor ASA. Nordang is a Norwegian citizen and resides in Oslo, Norway.

Antony Beckmand
Board Member

Antony 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 CEO of Kuniko Limited in Australia and has previous experience within the mining industry with Kalium Lakes Ltd, Exxaro Resources, Perilya Ltd and Robe River Iron Associates across a range of commodities including iron ore, sulphate of potash, minerals sands, base metals, and gold. Beckmand is an Australian citizen and resides in Norway.

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, Canada, Ethiopia, and Finland. Gjerde 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.

Maurice Kok
Commercial Director

Kok holds a Master of Science in Business Administration from Erasmus University in Rotterdam, the Netherlands. He has more than 15 years' experience in sales, marketing, and business development positions in Elkem, TiZir/Eramet and Kalbar Operations. He has been involved with mining projects in Senegal and Australia, at an early stage ahead of operations commencing. Responsibilities included among others business development, sales strategy, and the introduction of its products in the global market and managing mineral sands sales contracts and off-take negotiations. Kok is a Dutch citizen and resides in Haugesund, Norway.

Terje Gundersen
Project Director, Engebø

Gundersen holds a Master of Science in Industrial Economics with specializations in contract administration and project management from the University of Stavanger. He has a broad experience from industry and consulting, of which 15 years as Project and Portfolio Manager for major projects and project portfolios in Sweco and Aibel. Gundersen has a significant foreign experience, and has worked project-based in Sweden, France, the Netherlands, Italy, China and Singapore and has been an expat for almost a decade. Gundersen is a Norwegian citizen and resides in Askøy, Norway.

Kenneth Nakken Angedal
Operations Director, Engebø

Angedal holds a Bachelor of Automation Technology, Control Engineering from the Western Norway University of Applied Science. Angedal has had the position as Project Manager for the Engebø Project from August 2018 to January 2022. 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 shareholder 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 on 14 October 2021, 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.

As an issuer of shares on Euronext Expand Oslo, Nordic Mining complies with and operates in accordance with rules governing the Norwegian stock exchange, including the at any time applicable rules of Continuing Obligations of Oslo Rule Book II Section 4.4, as well as the corporate governance principles and practices as required by the Norwegian Accounting Act section 3-3b. The Company has fulfilled its corporate governance reporting requirements.

Business

Nordic Mining's objectives are defined in the Company's Articles of Association which are published on page 69 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 7-14 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").

Equity and dividends

As per 31 December 2022, the Group's equity amounted to NOK 454.5 million, which is equivalent to 30% 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 2022 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 was in the annual general meeting in May 2022 extended to 30 June 2023, 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 2022, 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 2022 was held on 19 May 2022. The date of the forthcoming annual general meeting is 25 May 2023.

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 11,800 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 2022, 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 2022, 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 24 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 2022, and at the date of this report, the Board consists of:

- **Kjell Roland, Chair**
  Participated in 20 of 20 meetings in 2022
- **Kjell Sletsjøe, Deputy Chair**
  Participated in 20 of 20 meetings in 2022
- **Eva Kaijser, Board Member**
  Participated in 19 of 20 meetings in 2022
- **Benedicte Nordang, Board Member**
  Participated in 18 of 20 meetings in 2022
- **Antony Beckmand, Board Member**
  Participated in 20 of 20 meetings in 2022

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 2022 is included in Note 23 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 2022 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, nationally as well as internationally.

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 and NOK 2.62 per share for options granted in November 2018 and April 2021 respectively, which was 5% above the share price at the allocation dates) and stipulates that 1/3 of the options become exercisable (vest) each year. The options granted in 2021 vest at grant date. All options have been exercised during 2022 and there are no outstanding options at year end.

Information regarding remuneration of Management in 2022 is presented in Note 20 in the consolidated financial statements.

Pursuant to the new requirements under section 6-16b in the Public Limited Liability Companies Act a more detailed remuneration report will be prepared for advisory vote by the annual general meeting in May 2023.

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 measures to limit the opportunity to acquire shares in the Company. In the event of a take-over bid for Nordic Mining, the Board will handle bid in accordance with Norwegian law and the Norwegian Code of Practice for Corporate Governance and 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.

Nordic Mining places importance on independence and has clear guidelines regarding the use of other services from external auditors. All services from the external auditor, including non-audit services, are subject to pre-approval as defined by the Board of Directors in line with the Public Audit Act that entered into force on 1 January 2021.

Information of the remuneration to the auditor in 2022, including breakdown between statutory auditing and non-audit services, is presented in Note 6 to the consolidated financial statements.

From the left: Antony Beckmand, Kjell Roland, Mona Schanche, Maurice Kok, Terje Gundersen, Ivar S. Fossum and Christian Gjerde.

Oslo, 25 April 2023
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**	**2022**	**2021**
Other income		-	188
Payroll and related costs	4,22	(11 650)	(16 220)
Depreciation and amortization	12	(164)	(138)
Other operating expenses	6	(34 106)	(44 504)
Operating profit/(loss)		**(45 920)**	**(60 674)**
Fair value gains/losses on investments	13	283 844	66 374
Fair value gains/losses on convertible loan	19	(10 476)	-
Financial income	7	63 487	127
Financial costs	7	(88 523)	(456)
Profit/(loss) before tax		**202 412**	**5 371**
Income tax	8	-	-
Profit/(loss) for the period		**202 412**	**5 371**

(Amounts in NOK)			
EARNINGS PER SHARE			
Basic earnings per share	9	0.88	0.02
Diluted earnings per share	9	0.75	0.02

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in NOK thousands)	Note	2022	2021
Net profit/(loss) for the period		202 412	5 371
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified subsequently to profit or loss:			
Changes in pension estimates	17,24	(1 009)	(100)
Other comprehensive income directly against equity		**(1 009)**	**(100)**
Total comprehensive income/(loss) for the period		201 403	5 271

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK thousands)	Note	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Evaluation and exploration assets	10	-	28 800
Mine under construction	11	288 410	-
Property, plant and equipment	12	1 090	200
Right-of-use assets	12	106	239
Financial investments	13	-	190 519
Total non-current assets		**289 606**	**219 758**
Current assets			
Trade and other receivables	14,20	23 297	3 444
Bond Escrow	15	1 032 597	-
Restricted cash	16	4 215	-
Cash and cash equivalents	16	164 703	32 086
Total current assets		**1 224 812**	**35 530**
Total assets		**1 514 418**	**255 288**

(Amounts in NOK thousands)	Note	31.12.2022	31.12.2021
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	17	139 390	137 695
Share premium	17	319 430	313 699
Other paid-in capital		16 038	16 038
Retained earnings/(losses)		(16 135)	(218 547)
Other comprehensive income/(loss)	17	(4 232)	(3 223)
Total equity		**454 491**	**245 662**
Non-current liabilities			
Lease liabilities	25	-	113
Pension liabilities	24	1 812	1 062
Total non-current liabilities		**1 812**	**1 175**
Current liabilities			
Trade payables	20	37 168	3 093
Bond loan	15,20	850 825	-
Convertible loan	19,20	142 976	-
Other current liabilities	18	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**

Oslo, 25 April 2023
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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributed to equity holders of the parent					
(Amounts in NOK thousands)	**Note**	**Share capital**	**Share premium**	**Other-paid-in capital**	**Other comprehensive income/(loss)**	**Retained earnings/(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**

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in NOK thousands)	Note	2022	2021
Operating activities			
Income/loss (-) before income tax		202 412	5 371
Depreciation	12	164	138
Gain on sale of fixed assets		-	(188)
Gains/losses on investments	13	(283 844)	(66 374)
Gains/losses on on convertible loan	19	10 476	-
Interest and fees, loans and borrowings		41 961	-
Interest Bond Escrow	15	(5 795)	-
Foreign exchange, net		(2 442)	-
Share-based expenses		-	234
Change in working capital		(7 285)	1 255
Transfer to restricted account	16	(4 215)	-
Difference between pension expense and payment		(259)	(406)
Net cash used in operating activites		**(48 826)**	**(59 970)**
Investing activities			
Acquisition of licenses and properties	10	-	(2 211)
Investment in mine under construction	11	(233 733)	-
Acquisition of property, plant and equipment	12	(921)	-
Financial investments	13	-	(24 030)
Proceeds from sale of financial investments	13	474 363	-
Sale of property, plant and equipment		-	363
Net cash used in investing activities		**239 709**	**(25 879)**

(Amounts in NOK thousands)	Note	2022	2021
Financing activities			
Share issuance	17	7 426	80 000
Transaction costs, share issue	17	-	(4 133)
Gross proceeds from borrowings, Convertible loan	19	132 500	-
Transaction costs, Convertible loan	19	(6 089)	-
Transfer to Bond Escrow	15	(178 782)	-
Interest and financing fees paid		(17 440)	-
Payment of lease liabilities	25	(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		-	-
Restricted cash at end of period		4 215	-
Restricted and unrestricted cash at end of period		**168 918**	**32 086**

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 25 April 2023.

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 exceptions being Financial investments and Convertible loan at fair value through profit or loss. The annual accounts are based on the going concern assumption.

Going concern assumption

The Group has historically used equity financing to finance research, operations, purchase of licenses and other investments. In order to secure financing of the Engebø project, the Group has in 2022 issued a bond loan and a convertible loan in addition to divesting its investment in Keliber. At the date of these annual financial statements the Group has fully financed the Engebø Rutile and Garnet Project. The project financing comprises of equity, debt, and royalty financing. For more information on liquidity risk see Board of Directors' report and note 20.

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:

- *Impairment of non-financial assets (Note 11 and 12):*
  The Group reviews whether its non-financial assets have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is written down to its recoverable amount when the recoverable amount is lower than the carrying value of the asset. The recoverable amount is the higher of fair value less expected cost to sell and value in use (present value based on the future use of the asset).

  All impairment assessments require a high degree of estimation, including assessments of expected future cash flows from the cash generating unit and the estimation of applicable discount rates. Impairment testing requires long-term assumptions to be made concerning a number of economic factors such as future production levels, market conditions, production expense, discount rates and political risk among others, in order to establish relevant future cash flow estimates. There is a high degree of reasoned judgement involved in establishing these assumptions and in determining other relevant factors.

- *Classification of bond loan and Bond Escrow (Note 15):*
  The Group issued in 2022 a USD 100 million senior secured bond. The proceeds from the bonds will following satisfaction of certain pre-disbursement conditions precedent, including conditions of the full amount of equity financing and royalty financing having been spent towards the development and construction of the Engebø Project, be released in three tranches from the Bond Escrow account. The bonds are until satisfaction of the pre-disbursement conditions precedent results in drawdown of the bond proceeds from the bond escrow account classified as a current liability in the statement of financial position. The restricted cash balances from the bonds are classified as "Bond Escrow" in the consolidated statement of financial position and will first be recognized as cash in the consolidated statement of financial position once the funds are released from the escrow account. Interest expenses up to the satisfaction of the condition of the Engebø Project being fully financed are recognized as expense in the income statement at amortized cost using the effective interest-rate method. The conditions were satisfied on 8 March 2023. Following the satisfaction of the financing conditions, borrowing costs related to the bond loan a be capitalized as part of "Mine under construction" at amortized cost using the effective interest-rate method.

- *Valuation of convertible loan (Note 19):*
  The Group entered in 2022 into a convertible loan with a local investor group. The loan is measured at fair value with changes in the fair value recognized in the income statement.

  As there is no observable market price for the convertible loan, the Group is assessing the fair value of the convertible loan using valuation techniques. Fair value is the price that would be received to divest the convertible loan in an orderly transaction between market participants at the measurement date. The fair value of the convertible loan is measured using the assumptions that market participants would use when pricing the loan. The Group uses 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 convertible loan still requires significant judgment from management. The valuation of the convertible loan has been based on level 3 inputs in the fair value hierarchy.

As there were no observable market price for the convertible loan at year end 2022, the fair value of the loan is based on Management's internal assessment of the market value at year end, see note 19 for further information.

Basis for consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. 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 costs related to business combinations are expensed as incurred.

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 re-classified as "Mine under construction". 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 costs are 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 costs are expensed. Cost of acquiring licenses is capitalized and assessed for impairment at each reporting date.

Mine under construction
During 2022, Evaluation and exploration assets related to Engebø was reclassified in the balance sheet to Mine under construction. The Group's accounting policy is to test Evaluation and exploration assets for impairment and transfer to Mine under construction as soon as a project has been sanctioned for construction. After transfer of the evaluation and exploration assets, all subsequent expenditure of the construction, installation or completion of infrastructure facilities is capitalized as Mine under construction. After production starts, all costs included in Mine under construction are transferred to the category 'Producing mine'. Mine under construction is not depreciated until construction is completed and the assets are available for their intended use.

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 Group 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 Group's calculated borrowing rate. Right-of-use assets are measured at an amount equal to the lease liability.

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.

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.

Financial liabilities
Initial recognition and measurement:
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings, including bond loan and convertible loan.

Subsequent measurement:
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortized cost (loans and borrowings and trade and other payables)
- Financial liabilities at fair value through profit or loss

Financial liabilities at amortized cost
After initial recognition, interest-bearing loans and borrowings and trade and other payables 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.

Financial liabilities at fair value through profit or loss
After initial recognition, financial liabilities measured at fair value through profit or loss are measured at fair value at each balance sheet date, with changes in fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Group has designated its convertible loan into this category.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss and other comprehensive income.

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.

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.

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 11 and 27 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 2022 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 2023 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 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. 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 Engebø deposit, confirming the resolution from the Directorate of Mining. The Definitive Feasibility Study was presented in January 2020 and an Updated Feasibility Study was presented in May 2021.

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 underground infrastructure.

NOTE 4 - SALARIES

(Amounts in NOK thousands)	**2022**	**2021**
Wages and salaries	11 404	10 982
Social security costs	2 089	2 266
Pension costs defined benefit plan	734	862
Pension costs defined contribution plan	431	272
Board members, etc	1 300	1 300
Share-based compensation	-	234
Other personnel costs	588	304
Capitalized payroll costs	(4 896)	-
Total	**11 650**	**16 220**
Average number of full time employees	9	8

Reference is made to Note 23 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 expired on 30 June 2022 and were conditional on the employee remaining in the Group's employment for the duration of the vesting period.

In April 2021 additional 0.4 million options were granted at a strike price of NOK 2.62 per share. These options vested at grant date and expired on 30 June 2022.

All options have been exerciced during 2022 and there are no outstanding options at year end.

	2022		2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding 1 January	2 825 000	2,63	2 425 000	2,63
Granted during the year	-	-	400 000	2,62
Cancelled during the year	-	-	-	-
Exercised during the year	(2 825 000)	2,63	-	-
Expired during the year	-	-	-	-
Outstanding 31 December	**-**	**-**	**2 825 000**	**2,63**
Exercisable 31 December	**-**	**-**	**2 825 000**	**2,63**

The average fair value of options granted in 2018 was NOK 0.59 at time of grant, and the average fair value of options granted in 2021 was NOK 0.33 at time of grant. The average remaining contractual life for options outstanding as per 31 December 2021 was 0.5 years.

The Group has no expenses for share based payment in 2022 (2021: NOK 234 thousand).

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

Weighted-average assumptions	2022	2021
Volatility *	41 %	41 %
Expected life	2,35	2,35
Risk free interest	1,05 %	1,05 %
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)	2022	2021
Lease expenses	2 932	2 329
Project costs – Engebø Rutile and Garnet	17 994	31 999
Consulting and legal fees	9 807	7 181
Other costs	7 191	3 342
Other operating expenses capitalized	(3 818)	-
Total	**34 106**	**44 504**

Auditor fees

(Amounts in NOK thousands)	2022	2021
Statutory audit	1 117	704
Other attestation services	191	62
Total	**1 308**	**766**

The amounts exclude VAT.

NOTE 7 - FINANCE INCOME AND FINANCE COSTS

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

(Amounts in NOK thousands)	2022	2021
Interest income on bank deposits	1 575	40
Interest income, Bond Escrow	5 795	-
Foreign exchange gains	56 117	87
Finance income	**63 487**	**127**
Interest cost	(20 056)	(28)
Other finance costs	(25 605)	(184)
Foreign exchange losses	(42 862)	(244)
Finance costs	**(88 523)**	**(456)**

Other finance costs relates to fees in relation to the convertible loan (see Note 19 for details on convertible loan), transaction costs related to USD 50 milllion non-dilutive royalty financing agreement entered into with between Nordic Rutile AS and Orion Resource Partner in February 2023, including the intercreditor agreement entered into between Nordic Trustee on behalf of the senior secured bonds and Orion Resource Partner, and other finance costs.

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 year end 2022, 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 2022. Tax losses can be carried forward indefinitely in Norway.

Amounts in NOK thousands	2022	2021
Taxes payable	-	-
Deferred tax	-	-
Income tax expense/(income)	**-**	**-**

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

Amounts in thousands	2022	2021
Mine under construction/PP&E	9 563	9 591
Pensions	399	234
Bond loan	(16 455)	-
Tax loss carryforwards	162 428	128 922
Total net deferred tax assets	**155 935**	**138 747**
Nominal tax rate (used for measurement)	22 %	22 %
Recognized in the statement of financial position		
Deferred tax asset	-	-
Deferred tax liability	-	-

The Group recognized nil in gross transaction cost of the 2022 share issues directly in equity (in 2021: NOK 4.1 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	2022	2021
Income/loss (-) before tax	202 412	5 371
Nominal tax rate	22 %	22 %
Expected income tax	**44 531**	**1 182**
Non-deductible costs	(39)	119
Non-taxable income	-	(332)
Effect of non-taxable gains/losses on convertible loan	989	-
Effect of non taxable gains/losses on investments	(62 446)	(14 602)
Non-recognized tax assets on current year result	16 965	13 633
Tax expense/(income)	**-**	**-**

NOTE 9 - EARNINGS PER SHARE

(Amounts in NOK thousands and number of shares in thousands)	2022	2021
Earnings		
Attributable to ordinary shareholders	202 412	5 371
Number of shares		
Weighted average number of ordinary shares outstanding - basic	231 249	224 569
Weighted average number of ordinary shares outstanding - diluted	268 286	227 272
(Amounts in NOK)		
Earnings per share attributable to ordinary shareholders		
Basic earnings per share	0,88	0,02
Diluted earnings per share	0,75	0,02

The effect of potentially dilutive shares arising from the convertible loan (ref. Note 19) is included in the calculation of diluted earnings per share for 2022.

The effect of potentially dilutive shares arising from options (ref. Note 5) was included in the calculation of diluted earnings per share for 2021 since the options were in-the-money in 2021.

NOTE 10 - EVALUATION AND EXPLORATION ASSETS

(Amounts in NOK thousands)	License cost	Capitalized exploration	Total
Cost at 1 January 2021	13 447	18 621	32 068
Additions	451	-	451
Cost at 31 December 2021	**13 898**	**18 621**	**32 519**
Additions	-	-	-
Reclassified to Mine under construction	(13 898)	(14 902)	(28 800)
Cost at 31 December 2022	**-**	**3 719**	**3 719**
Provision for impairment at 1 January 2021	-	(3 719)	(3 719)
Impairments	-	-	-
Provision for impairment at 31 December 2021	**-**	**(3 719)**	**(3 719)**
Impairments	-	-	-
Provision for impairment at 31 December 2022	**-**	**(3 719)**	**(3 719)**
Net book value 31 December 2022	**-**	**-**	**-**
Net book value 31 December 2021	13 898	14 902	28 800
Net book value 1 January 2021	13 447	14 902	28 349

NOTE 11 - MINE UNDER CONSTRUCTION

(Amounts in NOK thousands)	**Mine under construction**
Cost at 1 January 2022	-
Transfer from evaluation and exploration assets	28 800
Additions	259 610
Cost at 31 December 2022	**288 410**
Impairment	-
Provision for impairment 31 December 2022	**-**
Net book value 31 December 2022	**288 410**
Net book value 31 December 2021	-
Net book value 1 January 2021	-

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 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 underground infrastructure. 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.

Mining concessions Engebø
The carrying amount for licenses related to the Engebø area is included in the transfer from Evaluation and exploration assets. 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 2022.

NOTE 12 - PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS

(Amounts in NOK thousands)	**Machinery & equipment**	**Right-of-use assets**	**Total**
Cost			
1 January 2021	941	664	1 605
Additions	-	-	-
Disposals	(285)		(285)
31 December 2021	**656**	**664**	**1 320**
Additions	921	-	921
Disposals	-	-	-
31 December 2022	**1 577**	**664**	**2 241**
Depreciation			
1 January 2021	(567)	(287)	(854)
Depreciation expense	-	(138)	(138)
Disposals	111		111
31 December 2021	**(456)**	**(425)**	**(881)**
Depreciation expense	(31)	(133)	(164)
Disposals	-	-	-
31 December 2022	**(487)**	**(558)**	**(1 045)**
Net book value			
31 December 2022	**1 090**	**106**	**1 196**
31 December 2021	200	239	439
1 January 2021	374	377	751

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

In 2021 the Group has sold a vehicle to its Senior Advisor, Lars K. Grøndahl, for NOK 363,000, which represented the estimated market value.

NOTE 13 - FINANCIAL INVESTMENTS

The Group's only financial investment in 2022 and 2021 has been the holding of shares in the Finnish mining company Keliber Oy. At year end 2021 the Group had a 12.7% interest in Keliber. 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 consieration of EUR 157.28 per share, in total EUR 46.9 million. The sale of the shares was completed in Q3 2022, with a gain on investment in 2022 of NOK 283.8 million. In addition, the consideration received in EUR resulted in foreign exchange gains from the close of the sale to the funds was recieved and sold to NOK, included in financial income in 2022 of NOK 16.1 million.

2021

At year end 2021 the Group assessed the fair value of Keliber to EUR 64 per share, corresponding to NOK 190.5 million. This resulted in a gain on the investment of NOK 66.3 million for the year. The valuation as per 31 December 2021 was based on level 3 inputs in the fair value hierarchy.

Summary of effects from Keliber investment in 2022 and 2021

(Amounts in NOK thousands)	**Balance sheet**	**Statement of profit or loss**
Fair value 1 January 2022	190 519	
Gain on investment 2022	283 844	283 844
Disposal	(474 363)	
Fair value 31 December 2022/ Total effects on statement of profit or loss	-	**283 844**
Fair value 1 January 2021	100 114	
Addition in 2021	24 030	
Gain on investment 2021	66 374	66 374
Fair value 31 December 2021/ Total effects on statement of profit or loss	**190 519**	**66 374**

NOTE 14 - TRADE AND OTHER RECEIVABLES

(Amounts in NOK thousands)	**2022**	**2021**
Other financial receivables	918	802
Prepayments	829	821
Skattefunn (receivable tax credit)	-	347
VAT receivable	21 550	1 474
Totalt	**23 297**	**3 444**

NOTE 15 - BOND LOAN AND BOND ESCROW

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 bond loan is 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 was 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 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, four months bond interest of USD 4.2 million, and transaction costs of USD 3.3 million (in total NOK 178.8 million), transferred by Nordic Rutile AS in line with the bond terms. Following conditions of the Engebø Project being fully funded, which were satisfied on 8 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.

2022

(Amounts in thousands)	**Carrying amount Bond Loan**	**Carrying amount Bond Escrow**	**Cash transferred to Bond Escrow**
Loan at nominal value	1 025 220	1 025 220	-
10% discount	(102 522)	(102 522)	-
Fees paid at inception	(33 361)	(33 361)	-
Other fees	(1 606)	-	-
Amortization of fees	2 583	-	-
Future interest transferred to Bond Escrow	-	42 900	(42 900)
Discount and fees transferred to Bond Escrow	-	135 883	(135 883)
Accrued interest	-	5 795	-
Foreign exchange	(39 490)	(41 318)	-
Total at year end	**850 825**	**1 032 597**	**(178 782)**

NOTE 16 - CASH AND CASH EQUIVALENTS

(Amounts in NOK thousands)	**2022**	**2021**
Bank deposits	164 703	32 086
Total cash and cash equivalents	**164 703**	**32 086**
Restricted cash in tax withholding account	720	478

In addition to the amounts referred to above, the Group has a deposit of NOK 4.2 million on a restricted account at year end pledged toward the Directorate of Mining. The purpose of the deposit is clean-up measures in accordance with the operating license.

NOTE 17 - SHARE CAPITAL

Number of shares outstanding	Ordinary Shares
2021	
Opening balance	197 491 772
Share issuance	32 000 000
31 December 2021	**229 491 772**
2022	
Opening balance	229 491 772
Share issuance	2 825 000
31 December 2022	**232 316 772**

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

Share issues in 2022
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.

Share issues in 2021
In February 2021, Nordic Mining completed a private placement of 32,000,000 shares with gross proceeds of NOK 80 million. Following registration of the new share capital the Company'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.

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

(Amounts in NOK thousands)	Actuarial gain/loss	Total OCI
Balance on 1 January 2021	(3 123)	(3 123)
Actuarial gain/(loss)	(100)	(100)
Balance on 31 December 2021	**(3 223)**	**(3 223)**
Actuarial gain/(loss)	(1 009)	(1 009)
Balance on 31 December 2022	**(4 232)**	**(4 232)**

NOTE 18 - OTHER CURRENT LIABILITIES

(Amounts in NOK thousands)	2022	2021
Tax withholding and social security accrual	1 230	1 131
Employee salary and holiday pay accrual	1 395	1 120
VAT payable	342	193
Lease liability	116	132
Accrued interest bond loan	17 456	-
Accrued expenses	6 607	2 781
Total	**27 146**	**5 358**

NOTE 19 - CONVERTIBLE LOAN

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 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 the fair value of the convertible loan to be NOK 143.0 million at year end 2022 and the recognized a fair vale loss of NOK 10.5 million in 2022. The valuation as per 31 December 2022 has been based on level 3 inputs in the fair value hierarchy.

The fair value of the convertible loan is calculated as the fair value of the loan plus the fair value of the conversion option determined using Black Scholes option model for three (3) different scenarios for conversion date to provide probability weighted maturity. The key unobservable input to the valuation include: 1) risk free NOK interest rate curve at the valuation date constructed from effective yields on Norwegian Treasury bills, 2) volatility of Nordic Mining share price calculated based on historical share prices, and 3) expected conversion date based on managements expectation for final investment devision.

The convertible loan with accrued interests, in total NOK 139.6 million, was converted into 232,703,125 new shares in Nordic Mining ASA on 4 March 2023, in relation to the private placement to fully fund the Engebø Project. See note 28 for more information.

2022

(Amounts in NOK thousands)	Carrying amount	Cash flow
Convertible loan	132 500	132 500
Fees paid at inception	-	(6 089)
Change in fair value	10 476	-
Total	**142 976**	**126 412**

NOTE 20 - 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), United States Dollars (USD) and Euro (EUR). At year end 2022, the Group's main currency exposure is related to its bond loan and Bond Escrow, both wich are denominated in USD.

The Group has at year end 2022 interest-bearing debt in the form of a bond loan and a convertible loan. The Group does not have recurring revenues since the Group's projects are still in the development phase. The Group's financial instruments at year end 2022 mainly consist of the bond loan and Bond Escrow, a convertible loan, bank deposits, customary short-term receivables, trade and other 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 historicalley used equity financing in order to meet liquidity requirements related to financial obligations, covering operational losses, exploration activities and investments. In order to secure financing of the Engebø project, the Group has in 2022 issued a bond loan, and a convertible loan.

Of the Group's financial liabilities as at 31 December 2022 NOK 188.1 million mature within 6 months from balance sheet date (31 December 2021: all financial liabilities of NOK 7.0 million mature within 6 months).

At the date of these annual financial statements the Group has secured the full project financing package for the Engebø Rutile and Garnet Project Project of USD 277 million, comprising equity, senior secured bond, and non-dilutive royalty financing. The project financing package is expected to fund all costs and expenditures to bring the Engebø Project into commercial production, including a contingency of USD 25 million and project reserve of USD 30 million. The bond and royalty financing and is subject to certain pre-disbursement conditions precedent before the proceeds can be released to the Project, including standard conditions and utilization in full of the equity and royalty funds, respectively. The bond loan is 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.

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.

(i) Interest rate risk
The Group's interest bearing debt at year end is at fixed interest rates. Changes in interest rates affect the fair value of the debt. The Group will going forward calculate the sensitivity on the change in fair value of the debt of a defined parallel shift in the yield curve of the relevant curreny. The Group's bank deposits and the Bond Escrow are exposed to changes in the market interest rate. The Group's exposure on the result at year end 2022 is approximately +/-NOK 12 015 thousand per percentage-point change in the variable market interest rate (2021: NOK 321 thousand).

(ii) Currency exchange risk
At year end 2022, the Group's main currency exposure is related to its bond loan and Bond Escrow, both wich are denominated in USD. A 10% increase or decrease in the USD currency rates would increase/decrease the net income by approximately NOK 4.7 million at year end.

At year end 2021, the Group's only currency exposure of significance was 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 19.1 million at year end 2021.

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 in addition to the Bond Escrow represent a large portion of the Group's financial assets at 31 December 2022. There has been no recognized loss on trade receivables in 2022 or 2021.

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.

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.

The Group operates in an industry which is subject to extensive laws and regulations relevant for mining operations, in particular in relation to environmental and operational issues, which has become more stringent over time, and this development is expected to continue. Compliance with respect to environmental regulations, closure and other matters may involve significant costs and/or other liabilities.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include obligations to take corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. There is a risk that the Group due to its engagement in mining and mineral processing activities will be required to compensate those suffering loss or damage by reason of such activities and may incur civil or criminal fines or penalties for violation of applicable laws or regulations.

Current environmental laws, regulations and permits governing operations and activities of mining companies may be changed. Regulatory requirements surrounding site reclamation and remediation activities, or more stringent implementation thereof, could have a material adverse impact on the Group and cause increases in capital expenditures or production costs or reduction in levels of operational production, or require abandonment or delays in the development of new sites. There are no current amendments that the Group is aware of that may impact the assets of the Group.

Nordic Mining's climate-related financial risk is considered to be low. The mining operations at the Group's main asset, the Engebø Project, is expected to have the lowest greenhouse gas footprint of all titanium feedstock producers due to available hydroelectric power in the area and a tight infrastructure with minimal transportation. Nordic Mining has a target of zero greenhouse gas emissions at Egnebø and has initiated the development of a Climate Strategy Plan. The Group considers that there is minimal risk for stranded assets.

Categories and fair value of financial instruments
The carrying amounts on the balance sheet of cash and cash equivalents, receivables, payables to suppliers, and other short-term financial items are close to fair value due to the short time period till maturity. For the convertible loan the carrying amount equals fair value.

The bond loan was issued in November 2022 and it is assessed that the fair value at year end was around the redemption price of 92% of the nominal value of USD 100 million, provided the condition of the Engebø Project being fully funded by 9 March 2023, and assuming no significant change in interest rate level and credit spread since the completion of the transaction. It is further assessed that the fair value of Bond Escrow is approximately equal to book value of USD 104.8 million.

Year ended 31 December 2022

(Amounts in NOK thousands)	Amortized cost	Fair value through profit or loss	Carrying amount
Financial assets by category			
Trade and financial receivables	918		918
Bond Escrow	1 032 597		1 032 597
Restricted cash	4 215		4 215
Cash and cash equivalents	164 703		164 703
Total financial assets	**1 202 433**	**-**	**1 202 433**
Financial liabilities by category			
Accounts payable	37 168		37 168
Bond loan	850 825		850 825
Convertible loan	-	142 976	142 976
Other current financial liabilities	8 002		8 002
Total financial liabilities	**895 995**	**142 976**	**1 038 971**

Year ended 31 December 2021

(Amounts in NOK thousands)	Amortized cost	Fair value through profit or loss	Carrying amount
Financial assets by category			
Financial investments		190 519	190 519
Trade and financial receivables	802		802
Cash and cash equivalents	32 086		32 086
Total financial assets	**32 888**	**190 519**	**223 407**
Financial liabilities by category			
Accounts payable	3 093		3 093
Other current financial liabilities	3 901		3 901
Total financial liabilities	**6 994**	**-**	**6 994**

Capital management

The Group has historically used equity financing to finance research, operations, purchase of licenses and other investments. In order to secure financing of the Engebø project, the Group has in 2022 issued a bond loan and a convertible loan in addition to divesting its investment in Keliber. At the date of these annual financial statements the Group has fully financed the Engebø Rutile and Garnet Project. The project financing comprises of equity, debt and royalty financing. For more information on liquidity risk see Board of Directors' report. The ratio of net debt (debt less cash) divided by total capital (net debt and equity) as of 31 December 2022 is 59% (as of 31 December 2021 -9%).

NOTE 21 - INVESTMENTS IN SUBSIDIARIES

The table below provides an overview of Nordic Mining ASA's subsidiaries as at 31 December 2022:

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

NOTE 22 - SHAREHOLDERS

The table below shows the Company's 20 largest shareholders as at 31 December 2022:

Shareholder	Number of shares	% ownership
Nordnet Bank AB	21 023 753	9,05 %
Clearstream Banking S.A.	8 663 269	3,73 %
Nordea Bank Abp	5 404 701	2,33 %
Knut Fosse AS	4 870 161	2,10 %
Nordnet Livsforsikring AS	4 270 190	1,84 %
Carlsen	3 607 500	1,55 %
Danske Bank A/S	3 593 285	1,55 %
Citibank, N.A.	2 549 660	1,10 %
Naturlig Valg AS	2 300 000	0,99 %
Magil AS	2 140 000	0,92 %
Infoinvest AS	2 015 000	0,87 %
Fossum	1 759 230	0,76 %
Stavanger Forvaltning AS	1 736 913	0,75 %
Dybvad Consulting AS	1 710 000	0,74 %
Snati AS	1 700 000	0,73 %
Joma Invest AS	1 500 000	0,65 %
Melum Mølle AS	1 500 000	0,65 %
Espmart Invest AS	1 500 000	0,65 %
Huldrastølen AS	1 484 124	0,64 %
Nordenfjeldske Management AS	1 375 000	0,59 %
Total 20 largest shareholders	**74 702 786**	**32,16 %**
Other shareholders	157 613 986	67,84 %
Total	**232 316 772**	**100,00 %**

NOTE 23 - RELATED PARTIES AND COMPENSATION OF MANAGEMENT

Compensation to Board members and Senior Management in 2022

(Amounts in NOK thousands)	Salary	Board member fees	Other compensation	Pension costs	Share based compensation	Total
Ivar S. Fossum, CEO	2 355	-	218	389	-	2 962
Christian Gjerde, CFO	1 727	-	21	104	-	1 851
Kenneth N. Angedal, Operations Director	1 591	-	7	86	-	1 684
Mona Schanche, VP Resource and Sustainability	1 535	-	21	253	-	1 808
Maurice Kok, Commercial Director	521	-	8	40	-	568
Terje Gundersen, Project Director	1 356	-	9	88	-	1 453
Ole Klevan, Nomination Committee (Chair)	-	50	-	-	-	50
Brita Eilersen, Nomination committee	-	30	-	-	-	30
Torger Lien, Nomination committee	-	30	-	-	-	30
Kjell Roland, Chair of the Board	-	350	-	-	-	350
Kjell Sletsjøe, Deputy Chair of the Board	-	210	-	-	-	210
Eva Kaijser, Board member	-	210	-	-	-	210
Benedicte Nordang, Board member	-	210	-	-	-	210
Antony Beckmand, Board member	-	210	-	-	-	210
Total	**9 085**	**1 300**	**283**	**959**	**0**	**11 627**

1. Maurice Kok started as Commercial Director on 1 August 2022.

2. Terje Gundersen started as Project Director for Engebø on 1 February 2022.

Compensation to Board members and Senior Management in 2021

(Amounts in NOK thousands)	Salary	Board member fees	Other compensation	Pension costs	Share based compensation	Total
Ivar S. Fossum, CEO	2 427	-	225	414	45	3 110
Christian Gjerde, CFO	1 822		28	94	131	2 075
Lars K. Grøndahl, Senior Advisor[1]	1 301	-	126	222	17	1 665
Kenneth N. Angedal, Operations Director	1 635	-	7	81	17	1 740
Mona Schanche, VP Resource and Sustainability	1 572	-	28	268	17	1 886
Ole Klevan, Nomination Committee (Chair)	-	50	-	-	-	50
Brita Eilersen, Nomination committee	-	30	-	-	-	30
Torger Lien, Nomination committee	-	30	-	-	-	30
Kjell Roland, Chair of the Board	-	350	-	-	-	350
Kjell Sletsjøe, Deputy Chair of the Board	-	210	-	-	-	210
Eva Kaijser, Board member	-	210	-	-	-	210
Benedicte Nordang, Board member	-	210	-	-	-	210
Antony Beckmand, Board member	-	210	-	-	-	210
Total	**8 757**	**1 300**	**414**	**1 079**	**227**	**11 777**

1. Lars K. Grøndal left the Company on 30 June 2021.

In 2021, all employees in the Group were paid a bonus for finalization of the UDFS for the Engebø Project under the on-year Short-Term Incentive Program. No bonuses were paid under the Short-Term Incentive Program in 2022. 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.

Other transactions with related parties

In 2021 the Group has sold a vehicle to its Senior Advisor, Lars K. Grøndahl, for NOK 363,000, which represented the estimated market value.

Shares owned/controlled by members of the Board and senior management and those related to them as of 31 December 2022

Name	No of shares	% owned
Kjell Roland, Chairman of the Board	290 475	0,13 %
Kjell Sletsjøe, Board member	21 676	0,01 %
Ivar S. Fossum, CEO	1 759 230	0,76 %
Christian Gjerde, CFO	400 000	0,17 %
Kenneth N. Angedal, Operations Director	445 822	0,19 %
Mona Schanche, VP Resource and Sustainability	441 063	0,19 %
Terje Gundersen, Project Director	66 333	0,03 %
Total	**3 424 599**	**1,47 %**

Shares owned/controlled by members of the Board and senior management and those related to them as of 31 December 2021

Name	No of shares	% owned
Kjell Roland, Chairman of the Board	190 475	0,08 %
Kjell Sletsjøe, Board member	21 676	0,01 %
Eva Kaijser[1]	110 472	0,05 %
Ivar S. Fossum, CEO	732 755	0,32 %
Kenneth N. Angedal, Operations Director	45 822	0,02 %
Mona Schanche, VP Resource and Sustainability	41 063	0,02 %
Total	**1 142 263**	**0,49 %**

1. The shares are owned by the the company Fågelsången AB.

NOTE 24 - 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 2 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)	2022	2021
Pension cost - employee benefit	617	880
Pension cost - interest expense	24	24
Total pension related costs	**642**	**904**
Remeasurement gains/(losses) recorded to OCI	(1 009)	(100)

Movement in pension obligation during the year

(Amounts in NOK thousands)	2022	2021
Pension obligations January 1	15 704	14 785
Current value of pension benefits for the year	642	904
Interest costs	263	222
Payments	(365)	(133)
Remeasurement loss/ (gain)	1 080	(4)
Other	81	(71)
Pension obligations as of 31 December	**17 404**	**15 704**

Movement in pension funds during the year

(Amounts in NOK thousands)	2022	2021
Pension funds 1 January	14 641	13 417
Expected return on plan assets	212	179
Contributions	994	1 271
Payments	(365)	(133)
Other	40	11
Remeasurement (loss)/ gain	71	(104)
Pension funds as of 31 December	**15 593**	**14 641**

Pension liability is classified in the balance sheet as follows

(Amounts in NOK thousands)	2022	2021
Pension funds	15 593	14 641
Pension obligations	(17 404)	(15 704)
Net pension asset	**(1 812)**	**(1 062)**
Pension asset/(liability) is shown in the balance sheet as		
Other long-term asset	-	-
Pension liabilities	(1 812)	(1 062)

Assumptions

	2022	2021
Discount interest rate	3,00 %	1,90 %
Annual projected increase in salary	3,50 %	2,75 %
Annual projected G- regulation	3,25 %	2,50 %
Annual projected regulation of pension	1,50 %	0,00 %

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

	2022	2021
Equities	10,20 %	9,70 %
Bonds	14,60 %	19,60 %
Money market	4,20 %	10,60 %
Hold to maturity bonds	38,10 %	26,70 %
Loans and receivables	20,90 %	19,10 %
Real estate	11,00 %	13,60 %
Other	1,00 %	0,70 %

NOTE 25 - 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)	2022	2021
Lease liability 1 January	245	373
Additions lease contracts	-	-
Accretion lease liability, included in finance cost	22	28
Payments of lease liability	(151)	(156)
Total lease liability 31 December	**116**	**245**

Specification of lease liability in the balance sheet

(Amounts in NOK thousands)	2022	2021
Current *	116	132
Non-current	-	113
Total lease liability 31 December	**116**	**245**

* 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)	2022	2021
Within a year	725	744
From year 2-5	-	132
Total	**725**	**876**

NOTE 26 - 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 0.6 million in 2022 (2021: NOK 0.2 million). Estimated total payment to the Group from various Norwegian governmental institutions was NOK 0.0 million in 2022 (2021: NOK 1.2 million).

NOTE 27 - 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 2022.

In October 2021 the Oslo District Court has ruled in favour of the subsidiary Nordic Rutile in the court case against Artic Mineral Resources (AMR). The ruling confirms that Nordic Rutile's extraction rights are valid and that the company has the right to extract and - within the limits of the Norwegian Mining's Act - utilize garnet and all other minerals on the Vevring side of the Engebø deposit. AMR appealed the ruling.

The Borgarting Court of Appeal ruled in October 2022 in favour of the subsidiary, Nordic Rutile. The ruling received confirms 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 licence granted by the Ministry of Trade, Industry and Fisheries in May 2022. The court ruled that AMR shall pay all legal expenses. AMR appealed the verdict to the Supreme Court in November 2022. In April 2023 the Supreme Court's appeals committee concluded that the appeal by AMR will be heard before the Supreme Court, tentatively scheduled to take place before the summer 2023.

NOTE 28 - 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.

In February 2023 Nordic Rutile AS has signed binding agreements with a fund managed by Orion Resource Partners for USD 55 million investment in the Engebø Rutile and Garnet Project. The investment comprises a USD 50 million non-dilutive royalty financing to Nordic Rutile AS and USD 5 million in equity, which will be contributed to Nordic Mining ASA. The royalty instrument is secured, subordinate to the USD 100 million senior secured bond issued on 9 November 2022, subject to the terms of an Intercreditor Agreement.

In March 2023 the Company raised NOK 940 million in gross proceeds in a private placement through the allocation of 1,566,666,667 new shares, at a subscription price of NOK 0.60 per share. The new capital subscribed is, together with other sources of committed equity, debt, and other financing, expected to fully finance the Engebø Project up to start of production.

Following the subscription mentioned above the Company's convertible loan was converted. The convertible loan with accrued interests, in total NOK 139.6 million was converted at the same subscription price as in the private placement referred to above, i.e. NOK 0.60 per share.

In April 2023, the Company completed a subsequent offering of 136,544,091 shares of in total 216,666,667 shares available in the offering at the same subscription price as the private placement of NOK 0.60 per share.

In April 2023 the Supreme Court's appeals committee concluded that the appeal by AMR will be heard before the Supreme Court, tentatively scheduled to take place before the summer 2023.

Corporate accounts for Nordic Mining ASA

INCOME STATEMENT

(Amounts in NOK thousands)	Note	2022	2021
Revenues from Group companies		9 723	9 723
Other income		-	188
Payroll and related costs	3	(9 632)	(11 245)
Other operating expenses	4	(8 918)	(7 004)
Operating loss		**(8 827)**	**(8 338)**
Impairment of investment and loans to subsidiary	11	(689)	(687)
Financial income	5	424 725	4 042
Financial costs	5	(15 752)	(184)
Profit/(loss) before tax		**399 457**	**(5 167)**
Income Tax	6	-	-
Net profit/(loss)		**399 457**	**(5 167)**
ALLOCATION OF PROFIT/(LOSS):			
Allocated to/(from) other equity		399 457	(5 167)

BALANCE SHEET

(Amounts in NOK thousands)	Note	2022	2021
ASSETS			
Non-current assets			
Investment in subsidiaries	11	468 085	302 013
Financial investments	11	-	75 190
Long term receivables from group companies	7	415 753	63 819
Total non-current assets		**883 838**	**441 022**
Current assets			
Other receivables and prepayments	7	1 721	1 667
Cash and cash equivalents	8	132 320	29 637
Total current assets		**134 041**	**31 304**
Total assets		**1 017 879**	**472 325**

(Amounts in NOK thousands)	Note	2022	2021
SHAREHOLDERS' EQUITY & LIABILITIES			
Shareholders' equity			
Share capital	9	139 390	137 695
Share premium	9	319 430	313 699
Other paid-in capital	9	16 038	16 038
Other equity		398 449	(0)
Total equity		**873 307**	**467 432**
Non-current liabilities			
Pension liabilities	3	1 812	1 062
Total non-current liabilities		**1 812**	**1 062**
Current liabilities			
Trade payable		1 486	901
Convertible loan	12	132 500	-
Provision and other current liabilities	10	8 774	2 929
Total current liabilities		**142 760**	**3 831**
Total liabilities		**144 572**	**4 893**
Total shareholders' equity and liabilities		**1 017 879**	**472 325**

Oslo, 25 April 2023
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	2022	2021
Operating activities			
Profit/(loss) before income tax		399 457	(5 167)
Gain on sale of fixed assets		-	(188)
Gain on sale of financial investment	11	(399 173)	
Impairment of investment and loans to subsidiary	11	689	687
Share-based expenses	3	-	209
Fees expensed, convertible loan	12	6 089	
Changes in assets and liabilities			
Receivables, operating receivables from/(to) subsidiaries, prepayments	7	(54)	(59 297)
Trade payables		585	327
Accrued expenses and other current liabilities	10	5 843	178
Difference between pension expense and payment		(259)	(405)
Net cash used in operating activites		**13 177**	**(63 656)**

(Amounts in NOK thousands)	Note	2022	2021
Investing activities			
Financial investments	12	-	(24 030)
Proceeds from sale of financial investments	11	474 363	-
Investment in subsidiary	7	(518 695)	-
Sale of property, plant and equipment	12	-	363
Net cash from/(used) in investing activities		**(44 332)**	**(23 668)**
Financing activities			
Share issuance	9	7 426	80 000
Transaction costs, share issue		-	(4 133)
Gross proceeds from borrowings, Convertible loan		132 500	-
Transaction costs, Convertible loan		(6 089)	-
Net cash from financing activities		**133 838**	**75 867**
Net change in cash and cash equivalents		102 682	(11 457)
Cash and cash equivalents at beginning of period	8	29 637	41 094
Cash and cash equivalents at end of period	8	**132 320**	**29 637**
Non-cash transactions			
Conversion of debt to equity in subsidiaries		166 759	36 559

NOTES TO THE 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 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 25 April 2023.

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
At the date of these annual financial statements the Company and the Group has fully financed the Engebø Rutile and Garnet Project.

For a more complete description of Nordic Mining Group's liquidity risk, reference is made to Note 13 in these annual financial statements, Note 20 and 28 in the consolidated annual financial 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.

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.

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 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 equity in the period in which they occur. Past service costs 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.

NOTE 3 - SALARIES, SHARE-BASED COMPENSATION, RELATED PARTY AND MANAGEMENT COMPENSATION, AND PENSIONS

(Amounts in NOK thousands)	2022	2021
Wages and salaries	6 028	6 951
Social security costs	1 261	1 389
Pension costs defined benefit plan	734	862
Pension costs defined contritbution plan	144	94
Board members, etc	1 300	1 300
Share-based compensation	-	447
Other personnel costs	165	202
Total	**9 632**	**11 245**
Average number of full time employees	3,5	3,5

Option granted to employees
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 expired on 30 June 2022 and were conditional on the employee remaining in the Group's employment for the duration of the vesting period.

In April 2021 additional 0.4 million options were granted at a strike price of NOK 2.62 per share. These options vested at grant date and expired on 30 June 2022.

All options have been exerciced during 2022 and there are no outstanding options at year end.

	2022		2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding 1 January	2 250 000	2,63	1 850 000	2,63
Granted during the year	-	-	400 000	2,62
Cancelled during the year	-	-	-	-
Exercised during the year	(2 250 000)	2,63	-	-
Expired during the year	-	-	-	-
Outstanding 31 December	**-**	**-**	**2 250 000**	**2,63**
Exercisable 31 December	**-**	**-**	**2 250 000**	**2,63**

The average fair value of options granted in 2018 was NOK 0.59 at time of grant, and the average fair value of options granted in 2021 was NOK 0.33 at time of grant. The average remaining contractual life for options outstanding as per 31 December 2021 was 0.5 years.

The company has no expenses for share based payments in 2022 (2021: NOK 141 thousand).

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

Weighted-average assumptions	**2022**	**2021**
Volatility	41 %	41 %
Expected life	2,35	2,35
Risk free interest	1,05 %	1,05 %
Share price	2,47	2,47
Exercise price	2,63	2,63

Reference is made to Note 4, 5, 23 and 24 in the consolidated financial statements for information regarding salaries, share-based compensation, related party and Senior Management, pensions etc.

The disclosure in Note 24 – Pensions regarding the defined benefit plan - relates in its entirety to Nordic Mining ASA as the subsidiaries only has defined contribution plans.

NOTE 4 – OTHER OPERATIONAL COSTS

(Amounts in NOK thousands)	2022	2021
Leasing costs	1 955	1 898
Consulting and legal fees	2 539	1 802
Other costs	4 424	3 304
Total	**8 918**	**7 004**

Auditor fees

(Amounts in NOK thousands)	2022	2021
Statutory audit	1 049	590
Other attestation services	140	12
Total	**1189**	**602**

The amounts exclude VAT.

NOTE 5 – FINANCIAL INCOME AND FINANCIAL COSTS

(Amounts in NOK thousands)	2022	2021
Interest income on bank deposits	1 527	40
Interest from Group companies	7 419	4 002
Gain on sale of financial investment	399 173	-
Foreign exchange gains	16 606	-
Finance income	**424 725**	**4 042**
Interest expense convertible loan	12 069	-
Foreign exchange losses	3 665	168
Other finance costs	18	16
Finance costs	**15 752**	**184**

NOTE 6 - TAXES

The Company has incurred tax loss carry forwards of NOK 257.9 million as per 31 December 2022. 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 2022. There is no time limitation for utilization of tax losses carried forward in Norway.

Income taxes for the year

(Amounts in thousands)	2022	2021
Taxes payable	-	-
Deferred tax	-	-
Income tax expense/(income)	**-**	**-**

Tax impact of temporary differences as of 31 December

(Amounts in thousands)	2022	2021
Property, plant & equipment	2 291	2 285
Current liabilities	-	52
Pensions	399	234
Tax loss carryforwards	56 735	56 859
Net deferred tax assets	**59 425**	**59 430**
Nominal tax rate (used to measure deferred tax items)	22 %	22 %
Recognized in the balance sheet:		
Deferred tax asset	-	-
Deferred tax liability	-	-

The Company recognized nil in gross transaction cost of the 2022 share issues directly in equity (in 2021: NOK 4.14 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)	2022	2021
Net profit/(loss) before tax	399 457	(5 167)
Nominal tax rate	22 %	22 %
Expected tax expense/(income)	87 881	(1 137)
Non-deductible costs	12	1
Gain on sale of financial investment	(87 818)	
Impairment of investment and loans to subsidary	152	151
Non-deductible share compensation costs	-	46
Change in non-recognized deferred tax asset	(227)	939
Tax expense/(income)	-	-

NOTE 7 - OTHER RECEIVABLES, PREPAYMENTS AND LOANS TO RELATED PARTIES

Other receivables and prepayments

(Amounts in NOK thousands)	2022	2021
Other financial receivables	918	915
Prepayments	803	752
Totalt	**1 721**	**1 667**

Specification of intercompany loans/receivables

(Amounts in NOK thousands)	2022	2021
Nordic Rutile AS	415 753	63 819
Nordic Quartz AS	-	-
Nordic Ocean Resources AS	-	-
Total	**415 753**	**63 819**
Classified as current liabilities	-	-
Classified long-term receivables	415 753	63 819

During 2022, the Company converted NOK 166.1 million of debt in Nordic Rutile AS to equity, NOK 0.3 million of debt in Nordic Quartz AS to equity, and NOK 0.3 million of debt in Nordic Ocean Resources AS to equity.

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

NOTE 8 - CASH AND CASH EQUIVALENTS

(Amounts in NOK thousands)	2022	2021
Bank deposits	132 320	29 637
Total cash and cash equivalents	**132 320**	**29 637**
Included in cash and cash equivalent - Employee witholding tax	396	314

NOTE 9 - SHARE CAPITAL AND CHANGES IN EQUITY

Number of shares outstanding	**Ordinary Shares**
2021	
Opening balance	197 491 772
Share issuance	32 000 000
31 December 2021	**229 491 772**
2022	
Opening balance	229 491 772
Share issuance	2 825 000
31 December 2022	**232 316 772**

Reference is made to Note 17 in the consolidated financial statements for information regarding share issues in 2022 and 2021. Reference is made to Note 22 for information regarding the 20 largest shareholders in Nordic Mining ASA as per 31 December 2022.

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

Changes in equity

(Amounts in NOK thousands)	Share capital	Share premium	Other paid-in equity	Other equity	Total
Equity at 1 January 2021	**118 495**	**472 824**	**15 805**	**(210 526)**	**396 598**
Share-based Compensation	-	-	233	-	233
Share issue	19 200	60 800	-	-	80 000
Transaction costs on share issue	-	(4 133)	-	-	(4 133)
Reduction of share premium to cover loss	-	(215 792)	-	215 792	-
Actuarial gains/losses (-) on pensions	-	-	-	(99)	(99)
Loss for period	-	-	-	(5 167)	(5 167)
Equity at 31 December 2021	**137 695**	**313 699**	**16 038**	**(0)**	**467 432**
Share issue	1 695	5 731	-	-	7 426
Actuarial gains/losses (-) on pensions	-	-	-	(1 009)	(1 009)
Profit for the period	-	-	-	399 457	399 457
Equity at 31 December 2022	**139 390**	**319 430**	**16 038**	**398 448**	**873 306**

NOTE 10 - PROVISION AND OTHER CURENT LIABILITIES

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

(Amounts in NOK thousands)	2022	2021
Tax withholding and social security accrual	661	543
Employee salary and holiday pay accrual	701	688
VAT payable	342	193
Accrued interest convertible loan	5 981	-
Accrued expenses and other current liabilities	1 088	1 505
Total	**8 774**	**2 929**

NOTE 11 - INVESTMENTS IN SUBSIDIARIES, ASSOCIATE AND EQUITY INSTRUMENTS

Nordic Mining ASA's investment in subsidiaries as at 31 December 2022 is shown in the following table:

(Amounts in NOK thousands)	Location	Year incorp.	Share capital	Owner-ship	Equity 31.12.22	Net loss 2022	Carrying amount 31.12.22
Nordic Rutile AS	Oslo, Norge	2006	24 705	100 %	101 790	(77 211)	468 085
Nordic Ocean Resources AS	Oslo, Norge	2011	123	100 %	(332)	(347)	-
Nordic Quartz AS	Oslo, Norge	2011	128	100 %	(339)	(339)	-
Total							**468 085**

During 2022, the Company converted NOK 166.1 million of debt in Nordic Rutile AS to equity, NOK 0.3 million of debt in Nordic Quartz AS to equity, and NOK 0.3 million of debt in Nordic Ocean Resources AS to equity.

Despite relatively low equity, the carrying value of shares in Nordic Rutile AS is deemed recoverable based on currently available information regarding the discovered resources and the progress in the early works for constructing the mine at Engebø.

Due to the expiration of the exclusive rights for investigation and development of the Kvinnherad quartz deposit in 2019, the carrying amount of the Company's investment in Nordic Quartz was written off at year end 2022.

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 2022.

Financial investments

As per 31 December 2021, the Company held approximately 12,7% of the shares in Keliber Oy in Finland. In June 2022, the Company accepted an offer from Sibanye-Stillwater Limited to divest its shares in Keliber for a cash consieration of EUR 157.28 per share, in total EUR 46.9 million. The sale of the shares was completed in Q3 2022.

(Amounts in NOK thousands)	Carrying amount
Carrying amount 1.1.21	51 160
Additional investment 2021	24 030
Carrying amount 31.12.21	**75 190**
Disposal	(75 190)
Carrying amount 31.12.22	-

NOTE 12 - CONVERTIBLE LOAN

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 was the first step in the project financing of the Engebø Project.

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 loan is measured at amortized cost. The convertible loan with accrued interests, in total NOK 139.6 million, was converted into 232,703,125 new shares in Nordic Mining ASA on 4 March 2023, in relation to the private placement to fully fund the Engebø Project. See note 28 in the consolidated financial statements for more information.

NOTE 13 - 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 risk related to bank deposits in foreign currency 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 historically to a large degree used equity financing to meet liquidity demands related to financial obligations, cover operational losses and for investments. In 2022 Nordic Mining ASA has issued a convertible loan.

At the date of these annual financial statements the Company together with its subsidiary Nordic Rutile AS has fully financed the Engebø Rutile and Garnet Project. For a more complete description of Nordic Mining Group's liquidity risk, reference is made to Note 20 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 2022, the Company has limited exposure to currency exchange risk. Cash holdings are placed in bank accounts in Norwegian Kroner (NOK), United States Dollars (USD) and Euro (EUR). The investment in Keliber Oy (EUR) was divested in 2022.

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.

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

NOTE 14 - EVENTS AFTER BALANCE SHEET DATE

In March 2023 Nordic Mining ASA increased the share capital in Nordic Rutile AS through conversion of NOK 977,220,000 in intercompany loans provided to Nordic Rutile following the completion of the NOK 940 million private placement in Nordic Mining ASA to fully finance the Engebø Project and satisfy the financing conditions related to Nordic Rutile ASs project financing package for the Engebø Project. For more details see note 28 in the consolidated financial statements.

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 toward peers. 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

Nordic Mining ASA

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RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the consolidated financial statements for 2022 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 2022 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, 25 April 2023

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

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Nordic Mining ASA

Opinion

We have audited the financial statements of Nordic Mining ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2022 and the income statement, cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2022, the statement of profit and loss, statement of comprehensive income, statement of cash flows and statement of 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 comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and 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 give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with 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 requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 16 years from incorporation on 23 February 2006 for the accounting year 2006.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Chief Executive Officer) is 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.

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In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and 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 or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

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 2022. 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.

Accounting for costs related to mine under construction

Basis for the key audit matter	*Our audit response*
In April 2022 Nordic Mining ASA ("The Group") commenced early construction work at the Engebø Rutile and Garnet Project. The Group capitalized costs amounting to NOK 259.6 million as mine under construction during the year. Only directly attributable costs are to be capitalized. Due to the materiality of the amount and the judgement applied in determining capitalization versus expensing of cost incurred, we considered the capitalization as a key audit matter.	Our audit response included an assessment whether the costs meet the criteria for capitalization, evaluating the assumptions and methodologies used by management. Further we had discussions with management and we performed detailed testing of capitalized external and internal costs against supporting documentation including external invoices, and allocation of payroll expenses for a sample of costs to assess that the criteria for capitalization was met. We refer to note 11.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern

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and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, 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 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 and the Group'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 and the Group'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 and the Group 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 the board of directors 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 the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 the board of directors, 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

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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 requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of our audit of the financial statements of Nordic Mining ASA we have performed an assurance engagement to obtain reasonable assurance whether the financial statements included in the annual report, with the file name nordicmining-2022-12-31-en, has been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation given with legal basis in Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements included in the annual report have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of an annual report and iXBRL tagging of the consolidated financial statements that complies with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary to enable the preparation of an annual report and iXBRL tagging of the consolidated financial statements that is compliant with the ESEF Regulation.

Auditor's responsibilities

Our responsibility is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its annual report in XHTML format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 26 April 2023
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The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

FINANCIAL CALENDAR 2023

May 2023
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First quarter results 2023

May 2023
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Annual General Meeting

August 2023
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Half yearly results 2023

November 2023
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Third quarter results 2023

February 2024
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Fourth quarter results 2023

Photos:
Page 4, 21, 22, 23, 27 (Management + BOD): Ihne Pedersen / ihnebilder.no
Page 5: Mining Association of Canada, Towards Sustainable Mining
Page 6, 18, 19: United Nations
Page 9: Heiko Liebel, Asplan Viak
Page 13: AlSiCal and Center for Deep Sea Research at the University of Bergen
Page 14: Norwegian Petroleum Directorate
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All other photos by Nordic Mining.

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ARTICLES OF ASSOCIATION

for Nordic Mining ASA per 3 March 2023

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 on 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 1,219,011,938.40 divided on 2,031,686,564 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 can jointly 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 shareholders request it.

9. Shareholders that plan to attend a general meeting have to 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.

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