

INTERIM REPORT

Per 30 September 2023



MINERALS FOR A SUSTAINABLE FUTURE

Safety – Environment – Innovation

Nordic Mining ASA ("Nordic Mining" or the "Company") is a resource company with focus on high-end industrial minerals and metals. The Company is undertaking a large-scale industrial development at Engebø on the west coast of Norway through its wholly owned subsidiary, Engebø Rutile and Garnet AS, which has mining rights and permits to a substantial eclogite deposit with rutile and garnet.

In addition, Nordic Mining holds interests in other initiatives at various stages of development. This includes patented rights for a new technology for production of alumina. Nordic Mining's project portfolio is of high international standard and holds significant economic potential.

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

Group interim report for the quarter ended 30 September 2023

Nordic Mining ASA ("Nordic Mining" or the "Company") is a Norwegian mining and minerals company incorporated in Oslo, Norway. With ongoing construction of one of the worlds' largest resources of natural rutile in a dual mineral project ("Engebø" or the "Engebø Project"), the Company is committed to deliver critical minerals to Europe and international markets producing the worlds' most climate friendly titanium feedstock.

The Engebø deposit has among the highest grades of rutile (TiO₂) compared to existing producers and other projects under development. The deposit also contains significant quantities of high-quality garnet. The Engebø life of mine is 39 years, comprising of 15 years of open pit mining followed by 24 years of underground mining. Favorable location, topography and local hydropower enables efficient and climate friendly production of high-quality natural rutile and garnet. Engebø was fully financed by USD 277 million in March 2023. Following completion of project financing of the Engebø Project the four lump-sum EPC ("Engineering, Procurement and Construction") contracts with Sunnfjord Industripartner AS, Åsen & Øvrelid AS, Nordic Bulk AS and Normatic AS were fully activated. Offtake agreements have been secured for up to the full production of rutile and garnet for the first 5 years of production.

Highlights

- The Company reported NOK 266.1 million in capitalized costs related to the construction of the Engebø Project in the third quarter, compared to NOK 368.2 million in the second quarter. For the nine months ending 30 September 2023, the total capitalized costs related to *Mine under construction* ended at NOK 766.5 million.

Main events

- The Company continued construction of the Engebø Project on cost and time, with focus on establishment of concrete foundations for underground crushing chamber and process plant buildings, as well as finalization of laydown areas for the SMPP ("Structural, Mechanical, Piping and Platework") and ECI ("Electro, Instrumentation and Control") EPCs. Reduced activity during summer holidays and less capital-intensive construction activities during the quarter resulted in less capitalized cost compared to the previous quarter.
- The Company entered into a Memorandum of Understanding ("MoU") with Saferock AS for a joint product development project on applicability of residual mineral streams from Nordic Mining's Engebø Project in production of cement binders, targeting a climate friendly alternative to traditional cement.
- During the year the Company completed the financing required to fully fund the Engebø Project, consisting of share issues with gross proceeds of NOK 1.0 billion, a USD 100 million 5-year secured bond (on Nordic ABM, ticker: ERUGA01 PRO) and a USD 50 million royalty financing agreement, the last two subject to certain pre-disbursement conditions precedents. The Company is focused on finalizing the remaining conditions precedent for the first drawdown during November.

Engebø project development

- The main parts of the Detail Engineering were completed in second and third quarter 2023 and main processing areas has accomplished design freeze. The certified information from the mechanical packages has led to finalization of process design and HAZOP ("Hazard and Operability Study") for all main process plants. The maturing engineering process and consequent update of the process design has significantly reduced operational risk for the Project.
- SMPP EPC contract with Nordic Bulk has been renewed in line with the final process design and a new fixed price with the updated scope of work has been agreed between the parties. Changes to scope of work on SMPP were within the parameters of the construction budget.
- Fabrication of long lead mechanical packages are well underway, and first part of packages are being transported to local intermediate warehouse, for easy logistics to site when required. The client provided items ("CPIs") are procured directly by the Company and handed over to the SMPP EPC for mechanical

installation. Issues with long fabrication time for certain mechanical packages led management to initiate mitigative actions, with changes in fabrication location to facilitate the project schedule for several packages. The current fabrication time and costs for the CPI packages are in-line with project schedule and construction budget.

- SMPP EPC contractor Nordic Bulk AS and EIC EPC contractor Normatic AS established presence at Engebø in the third quarter, and a significant part of steel infrastructure for the primary crushing station are already received at site.
- With several key resources onboarding in third quarter, the operations team successfully executed another recruiting program with a significant number of relevant applications received during the recruitment period.

Market development

- Titanium-related markets, such as welding and especially the titanium sponge (metal) market, are experiencing strong demand. This is based on high activity in the aerospace and defense industry combined with increased demand for non-Russian titanium sponge.
- The titanium pigment market continues to experience weakness due to low global housing activity and increased interest rates. Major pigment producers respond by adjusting production utilization rates to demand.
- Demand for garnet abrasives declined in both North America and Europe in the third quarter. The rising interest rates slowed machine sales and strikes in US automotive industry combined with slowed industrial output Europe made that demand softened in the third quarter. With freight costs below pre-pandemic levels, prices are under pressure in Europe.
- Nordic Mining has offtake agreements in place for the first five years of production on both rutile and garnet, covering up to the full production.

Financial performance in third quarter 2023¹

The Engebø Project is under construction and the Group has, so far, no sales revenues from operations. Reported operating loss for the third quarter was NOK -13.4 million (NOK -8.9 million) and NOK -36.8 million Year to date (NOK -37.9 million), with around NOK -8.2 million and NOK -21.2 million resulting from non-capitalizable pre-production operating costs related to the development and construction of the Engebø Project, respectively.

Net financial items were NOK 5.1 million in the third quarter and NOK -31.9 million Year to date (NOK -8.2 million), with the main financial items in the third quarter being net loss on foreign exchange related to the bond and bond Escrow of NOK -0.4 million, other foreign exchange gain of NOK 1.0 million, interest on cash held of NOK 4.8 million and transaction costs from financing of NOK -0.2 million. Please see note 7 for further information. Borrowing costs on bond loan, net of interest on bond Escrow, has been capitalized under *Mine under construction* following satisfaction of financing conditions in March 2023, in total NOK 23.5 million in the third quarter and NOK 55.7 million Year to date.

Reported net loss in the third quarter was NOK -8.3 million and NOK -65.4 million Year to date, compared to a net profit of NOK 243.2 million Year to date of 2022 driven by the fair value gain in the period on the now sold stake in the Finnish lithium project Keliber Oy of NOK 283.8 million.

In the third quarter, the Group has capitalized NOK 266.1 million in the balance sheet under *Mine under construction* direct costs related to the construction work at Engebø, down from NOK 368.2 million in the second quarter, resulting from reduced activity during summer holidays and less cost intensive construction activities in the third quarter compared to the previous quarter. Nordic Mining's consolidated carrying amount for *Mine under construction* was NOK 1.1 billion as of 30 September 2023 (Second quarter 2023: NOK 788.9 million).

¹ Unless other information is given, numbers in brackets for comparison relate to the corresponding period in 2022.

Net cash outflow from operating activities Year to date was NOK –76.1 million as compared to NOK –25.4 million in the same period in 2022. Net cash flow from the Group’s investment activities related to investment in *Mine under construction* Year to date was NOK –626.5 million (NOK –103.9 million). Interest on the bond loan for the third quarterly interest rate period of USD 3.1 million (corresponding to NOK 31.7 million) is included in interest and financing fees paid. Please see note 6 for further information related to the bond Escrow account. In March 2023, the Group finalized the remaining part of the project financing for the Engebø Project in a private placement with gross proceeds of NOK 940 million followed up by a subsequent offering with gross proceeds of NOK 81.9 million, resulting in net cash flow from financing activities Year to date of in total NOK 902.8 million (NOK 133.7 million) after payment transaction costs related to the share issues of NOK –41.5 million and interest and other financing fees of NOK –77.5 million.

The Group’s cash and cash equivalents as of 30 September 2023 was NOK 362.8 million (Second quarter 2023: NOK 687.3 million). In addition, the Group had NOK 1.11 billion on restricted Escrow account for bond and NOK 8.4 million on restricted account pledged toward Directorate of Mining (“DirMin”) for clean-up measures in accordance with the operating license. Please see note 6 for further information.

Nordic Mining’s total assets as of 30 September 2023 was NOK 2.60 billion (31 December 2022: NOK 1.51 billion), and total equity was NOK 1.51 billion (31 December 2022: NOK 454.5 million).

For further information relating to the Company’s risk assessments, reference is made to the annual report for 2022 which is available on the Company’s webpage www.nordicmining.com.

Oslo, 6 November 2023
The Board of Directors of Nordic Mining ASA

CONSOLIDATED INCOME STATEMENT

		2023	2022	2023	2022	2022
		01.07-30.09	01.07-30.09	01.01-30.09	01.01-30.09	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Note	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Other income		-	-	-	-	-
Payroll and related costs		(4 943)	(2 816)	(12 161)	(8 741)	(11 650)
Depreciation and amortization		(79)	(33)	(238)	(100)	(164)
Other operating expenses		(8 378)	(6 085)	(24 432)	(29 102)	(34 106)
Operating profit/(loss)		(13 400)	(8 934)	(36 831)	(37 943)	(45 920)
Fair value gains/losses on investments		-	(10 697)	-	283 844	283 844
Fair value gains/losses on convertible loan	4	-	1 880	3 354	(10 884)	(10 476)
Net exchange rate gain/loss (-)	7	571	21 735	1 721	21 605	9 590
Financial income	7	4 769	142	21 027	235	7 370
Financial costs	7	(227)	(7 588)	(54 630)	(13 687)	(41 996)
Profit/(loss) before tax		(8 287)	(3 462)	(65 359)	243 170	202 412
Income tax		-	-	-	-	-
Profit/(loss) for the period		(8 287)	(3 462)	(65 359)	243 170	202 412
Earnings per share						
<i>(Amounts in NOK)</i>						
Basic earnings per share		(0.00)	(0.01)	(0.04)	1.05	0.88
Diluted earnings per share		(0.00)	(0.01)	(0.04)	0.91	0.75

STATEMENTS OF COMPREHENSIVE INCOME

	2023 01.07-30.09	2022 01.07-30.09	2023 01.01-30.09	2022 01.01-30.09	2022 01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Net profit/(loss) for the period	(8 287)	(3 462)	(65 359)	243 170	202 412
Other comprehensive income: <i>Items that will not be reclassified subsequently to profit or loss:</i>					
Changes in pension estimates	-	-	-	-	(1 009)
Other comprehensive income directly against equity	-	-	-	-	(1 009)
Total comprehensive income/(loss) for the period	(8 287)	(3 462)	(65 359)	243 170	201 403

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30.09.2023	31.12.2022
(Amounts in NOK thousands)	Note	Unaudited	Audited
ASSETS			
Non-current assets			
Mine under construction	3	1 054 956	288 410
Property, plant and equipment		3 102	1 090
Right-of-use assets		6	106
Total non-current assets		1 058 064	289 606
Current assets			
Trade and other receivables		66 118	23 297
Bond Escrow	6	1 107 965	1 032 597
Restricted cash		8 430	4 215
Cash and cash equivalents		362 844	164 703
Total current assets		1 545 357	1 224 812
Total assets		2 603 421	1 514 418
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	5	1 300 938	139 390
Share premium		277 928	319 430
Other paid-in capital		16 038	16 038
Retained earnings/(losses)		(81 494)	(16 135)
Other comprehensive income/(loss)		(4 232)	(4 232)
Total equity		1 509 178	454 491
Non-current liabilities			
Bond loan	6	941 925	-
Pension liabilities		856	1 812
Total non-current liabilities		942 781	1 812
Current liabilities			
Trade payables		83 475	37 168
Bond loan	6	-	850 825
Convertible loan	4	-	142 976
Other current liabilities		67 987	27 146
Total current liabilities		151 462	1 058 115
Total liabilities		1 094 243	1 059 927
Total shareholders' equity and liabilities		2 603 421	1 514 418

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

Attributed to equity holders of the parent							
<i>(Amounts in NOK thousands)</i>	Note	Share capital	Share premium	Other-paid-in capital	Other comprehensive income/(loss)	Accumulated losses	Total equity
Equity 1 January 2022		137 695	313 699	16 038	(3 223)	(218 547)	245 662
Profit/(loss) for the period		-	-	-	-	243 170	243 170
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	243 170	243 170
Share issue		1 695	5 731	-	-	-	7 426
Equity 30 September 2022		139 390	319 430	16 038	(3 223)	24 622	496 257
Equity 1 January 2023		139 390	319 430	16 038	(4 232)	(16 135)	454 491
Profit/(loss) for the period		-	-	-	-	(65 359)	(65 359)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	(65 359)	(65 359)
Share issue	4,5	1 161 548	(0)	-	-	-	1 161 548
Transaction costs		-	(41 501)	-	-	-	(41 501)
Equity 30 September 2023		1 300 938	277 928	16 038	(4 232)	(81 494)	1 509 178

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		2023	2022
		01.01-30.09	01.01-30.09
<i>(Amounts in NOK thousands)</i>	Note	Unaudited	Unaudited
Operating activities:			
Net cash used in operating activities		(76 068)	(25 400)
Investing activities:			
Investment in mine under construction		(626 465)	(103 864)
Acquisition of property, plant and equipment		(2 150)	-
Proceeds from sale of financial investments		-	474 363
Net cash used in investing activities		(628 615)	370 499
Financing activities:			
Share issuance	4,5	1 021 926	7 426
Transaction costs, share issue		(41 501)	-
Gross proceeds from borrowings, Convertible loan	4	-	132 500
Transaction costs, Convertible loan		-	(6 089)
Interest and financing fees paid		(77 510)	-
Payment of lease liabilities		(113)	(113)
Net cash from financing activities		902 801	133 724
Net change in cash and cash equivalents		198 118	478 824
Cash and cash equivalents at beginning of period		164 703	32 086
Effect of exchange rate fluctuation on cash held		23	14 568
Cash and cash equivalents at end of period		362 844	525 477
Net change in restricted cash		4 215	-
Restricted cash at beginning of period		4 215	-
Restricted cash at end of period		8 430	-
Restricted and unrestricted cash at end of period		371 274	525 477

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

Note 1 – ACCOUNTING PRINCIPLES

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". They do not include all the information required for full annual financial reporting and should be read in conjunction with the consolidated financial statements of Nordic Mining ASA and the Group for the year ended 31 December 2022.

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

The accounting policies adopted are consistent with those followed in the preparation of the Company's and the Group's annual financial statements for the year ended 31 December 2022. New standards, amendments and interpretations to existing standards effective from 1 January 2023 did not have any significant impact on the financial statements.

Note 2 – SEGMENTS

The Group presents segments based on of the Group's mineral projects. The only reportable segment of the Group is the Titanium and Garnet segment. These are the minerals which can be produced from the mineral deposit at Engebø. The zoning plan and the discharge permit for the project are approved and final, without possibility for appeals, and the operating license for the project was granted in June 2020. The Definitive Feasibility Study was presented in January 2020 and an Updated Feasibility Study was presented in May 2021.

For further information relating to the Company's risk assessments, reference is made to the annual report for 2022 which is available on the Company's webpage www.nordicmining.com.

Note 3 - MINE UNDER CONSTRUCTION

In April 2022 Nordic Mining, through its wholly owned subsidiary Engebø Rutile and Garnet AS (former Nordic Rutile AS), exercised the agreements with landowners to acquire the main properties at Engebø, which includes immediate access to the process plant area. The Group is in construction of the Engebø Project, which work includes continuation of Detail Engineering of the process plant, procurement and fabrication of critical process equipment, groundwork on the mine access road and ground – and building works on the process plant area, tunnel work and raise drilling of the vertical ore pass.

The direct costs related to the work described above has in 2023 been capitalized in the balance sheet as *Mine under construction*.

Note 4 - 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.

In March 2023, Nordic Mining completed a private placement of 1,566,666,667 new shares at a subscription price per new share of NOK 0.60 with gross proceeds of NOK 940 million. The convertible loan was converted as a consequence of the private placement. The convertible loan with accrued interests, in total NOK 139,621,875, was converted at the same subscription price as in the private placement, i.e. NOK 0.60 per share. Fjordavegen Holding received 232,703,125 new shares in the company at a subscription price per share of NOK 0.60.

The Group recognized a fair value gain on the convertible loan up to the conversion in Q1-2023 of NOK 3.4 million.

Note 5 - SHARE CAPITAL

Following registration of the new shares from the private placement in Q1 2023, the conversion of the convertible loan in Q1-2023 as described in note 4, and the new shares from the subsequent offering in Q2 2023, Nordic Mining's share capital has increased by NOK 1,161,548,330 to NOK 1,300,938,393.40 divided into 2,168,230,655 shares, each with a par value of NOK 0.60.

Note 6 - BOND LOAN AND BOND ESCROW

In November 2022 Nordic Mining ASA's wholly owned subsidiary Engebø Rutile and Garnet 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 is listed on Nordic ABM with ticker: ERUGA01 PRO.

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, transferred by Engebø Rutile and Garnet AS in line with the bond terms. Following conditions of the Engebø Project being fully funded, which were satisfied on 8 March 2023, the bonds are reclassified to non-current liability in the statement of financial position. The proceeds from the bond will be released in three tranches from the Bond Escrow account after satisfaction of certain pre-disbursement conditions precedent, to be used for costs and expenditures to bring the Engebø Project into commercial production.

Note 7 - FINANCIAL INCOME AND FINANCIAL COSTS

Exchange rate gains and losses have in previous periods before Q3-23 been classified under financial income and financial costs. From Q3-23 onwards, the Group has classified exchange rate gains and losses on a separate line item in the income statement; Net exchange rate gain/loss (-). The income statement from previous periods are reclassified accordingly.

Net exchange rate gain/loss (-) in the third quarter and YTD 2023 consists mainly of:

- foreign exchange loss of NOK -15.3 million on bond Escrow in USD (YTD 2023: gain NOK 77.9 million);
- foreign exchange gain of NOK 14.9 million on the USD bond loan (YTD 2023: loss NOK -76.5 million), and;
- other foreign exchange gain of NOK 1.0 million (YTD 2023: gain NOK 0.4 million).

Financial income in the third quarter and YTD 2023 consists mainly of:

- interest on cash held and bond Escrow of NOK 4.8 million (YTD 2023: NOK 21.0 million).

Financial costs in the third quarter and YTD 2023 consists mainly of:

- interest and transaction costs on bond loan of NOK 0.0 million as borrowing costs has been capitalized to *Mine under construction* (YTD 2023: NOK 30.1 million), and;
- transaction costs from financing of NOK 0.2 million (YTD 2023: NOK 24.5 million).

Definitions

Alternative Performance Measures

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

The main APMs used are the following:

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