



Minerals for a sustainable future



**NORDIC
MINING**

Q3 2023 interim presentation

07 November 2023

EUROPEAN
RAW MATERIALS
ALLIANCE

ERMA



SUSTAINABLE
DEVELOPMENT GOALS

Towards Sustainable Mining

Bærekraft i Norsk Bergindustri



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1. Introduction

2. Engebø Rutile and Garnet

3. Financial update Q3-2023

4. Q & A

Q3 2023 Highlights



Safety & ESG

- *No Lost Time Injuries (LTI) in the 3rd quarter*
- *565 days to date without LTI*
- *Baseline environmental measurements continued*



Progress

- *NOK 266 million invested in Engebø in 3rd quarter*
- *Approx. NOK 1,1 billion invested in total*
- *100% of process equipment contracted and in fabrication to date*



Construction

- *Admin and workshop buildings 80% completed*
- *Steel components for primary crusher arrived at site*
- *EPC3 and EPC4 established presence at site*



Human resource

- *Recruitment of operational staff according to plan*
- *Positive response on recruitment campaign*
- *Key admin functions and lead operator positions contracted*

MoU with Saferock on product development to utilize tailings

- Joint product development project to use residual mineral waste streams from Engebø Rutile and Garnet project in the production of cement binders
- Saferock is a Norwegian technology company developing a product that may reduce carbon emissions from the concrete industry and utilize residual minerals from the i.a. the mining industry.
- The Saferock technology may reduce carbon emissions from cement production by more than 80% compared to the current norm and recycles waste streams to value-adding products.



Mr. Jens G. Schnelle hired as new CFO

Mr. Jens Gisle Schnelle has been employed as Chief Financial Officer (CFO) as from October 15th, 2023.

Schnelle has broad financial background from various shipping companies both national and internationally in the position as financial analyst, finance manager, CFO and CEO. Mr. Schnelle resides in Oslo.





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Health & Safety

Key Performance indicator	Q3	Project to date ³	Target
Lost time injuries (1/1 million working hours)	0	0	<2,5 ¹
Total recordable injuries (1/1 million working hours)	0	0	<8,8 ¹
High potential incidents ²	0	3	0
Low potential incidents ²	34	143	-



HSE status

- No lost time injuries recorded in the period.
- Focus on working in heights and lifting operations
- Campaign to get everyone to register non-conformances
- 80 - 120 workers on average at site.

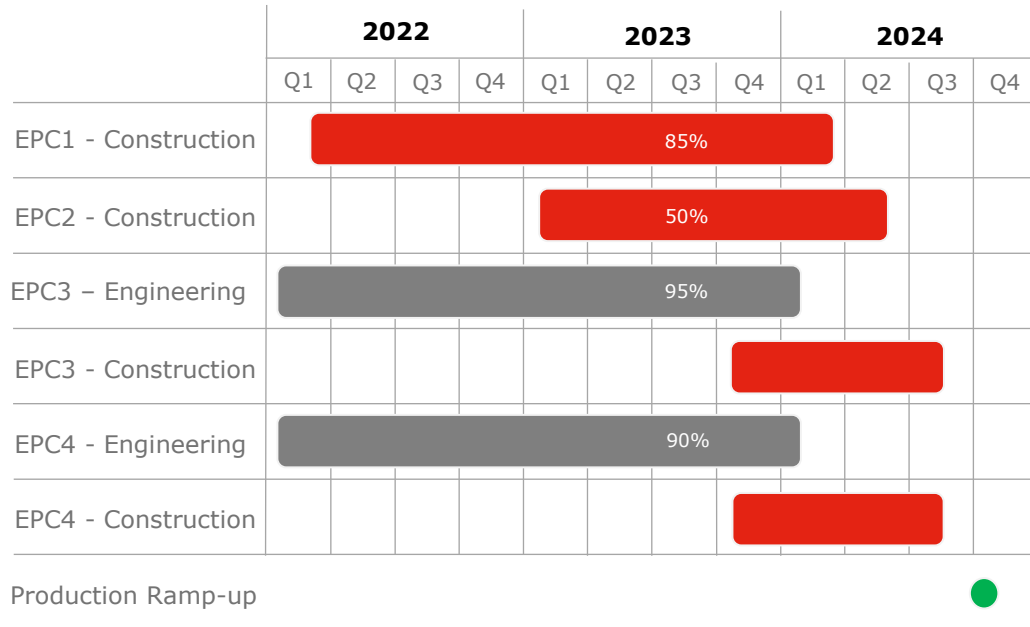
Incidents

- Ongoing review of non-conformances could lead to a new “High potential incident” in relation to working in heights.

1) Source: The Federation of Norwegian Industries
 2) Health, Safety and Security reported Non-Conformances
 3) Project to date as of 5th November 2023

Construction on track to start production in Q4 2024 at budget

PROGRESS



Highlights

- Progress in engineering with i.a. completion of Design Freeze.
- Certified information from mechanical packages incorporated into design and HAZOP¹ completed for main processing lines.
- EPC1 has ramped down activity in Q3. Main activity has been to support EPC2 during concrete foundation work.
- Finalization of laydown areas and preparations for construction of waste rock deposit and water management infrastructure.
- EPC2 progress in the quarter:
 - Administration and workshop buildings approx. 80% complete with expected finalization in early Q1 2024.
 - >70% of concrete foundation works for main process lines finalized.
- EPC3 and EPC4 established with site teams at Engebø
 - EPC3 is receiving steel structures, ready for mechanical installation
 - EPC4 has started earthing works as part of concrete foundations

Laydown areas ready for arrival of steel, pipes and mechanical equipment



- 1) Left: Laydown area with steel structures for primary crushing station, piping and cable sleeves
- 2) Right: Laydown area with crane ready for mechanical installations

Concrete works close to finalized for main process buildings



- 1) Left: View over main process area
- 2) Top right corner: Concrete foundation for comminution plant
- 3) Bottom right corner: Concrete foundation for wet plant

Groundworks; preparing for site wide utilities and product silos



- 1) Left: Cable sleeves for electrical cables laid down and covered in the main process area.
- 2) Top right corner: Prefabricated E-house for Transformer and MCC installed in Primary crushing chamber. Concrete foundation work is ongoing.
- 3) Bottom right corner: Preparation for concrete foundations for product silos has commenced. Will be used as laydown area until installations of silos

Fabrication of mechanical packages are well underway

CPI ¹ Package name	In fabrication
Wet Vibrating Screens	✓
Stack Sizer Screens	✓
Rod Mill	✓
Vertical Stirred Mill	✓
Thickener	✓
Spiral Concentrators	✓
WHIMS	✓
HTRS	✓
Rare Earth Magnetic Separators	✓
RER Magnetic Separators	✓
Up-Current Classifier	✓
Hydro cyclones	✓
Floatation Banks	✓
Vacuum Belt Filters	✓
Electric Dryers	✓
Samplers	✓
Dry Stream Analyzer	✓
Mineral Quantifier	✓
Low Intensity Magnetic Separators	✓
Cone Settler	✓
Desalination Plant	

Fabrication

- All CPI¹ packages for the process plant are in fabrication. Technical clarifications are finalized and certified information have been issued to EPCs
- Management has seen requirements to initiate mitigative actions on several packages to keep the Project schedule. Main mitigative actions has been to change manufacturing location.
- The Project has established a risk-based approach towards quality supervision of the packages and are following up the fabrication of critical process equipment
- >50% completion of fabrication of mechanical packages with several part deliveries on the way to site or warehouse

Logistics and warehousing

- The project is using a global logistic company to manage and support all logistics. The agreement includes intermediate warehousing close to site.
- Local logistic companies are used to transport the CPI packages to site when required for installation.
- The Management is following the logistics close to ensure arrival to site in time for installation

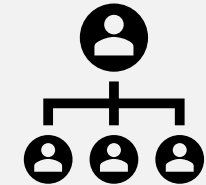
1) Client Provided Items(CPI) are procured directly by the Company and handed over to the SMPP EPC for mechanical installation.

Progress of process plant aligned with arrival of mechanical packages



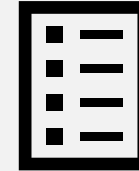
Comminution

- Primary crushing station steel has arrived site awaiting finalization of concrete. E-houses for transformers and MCCs are constructed and ready for E&I Installation.
- Concrete foundations for intermediate silos are completed and handed over to EPC3. Silos are expected to arrive site pre-fabricated in early Q2-24
- Concrete for comminution and milling building is close to complete, with foundation for rod mill as only remaining work
- All materials handling equipment and steel is in fabrication with deliveries in transit to site
- Primary steel installations planned start in Week 46



Wet Plant

- >85% of concrete foundation work is completed, enabling startup of mechanical installation
- Through detail engineering significant improvements have been introduced in the wet plant to reduce start-up and operational risks
- All materials handling equipment and steel is in fabrication with deliveries in transit to site
- Sumps arriving site in week 45 will be first mechanical installation in week 46.

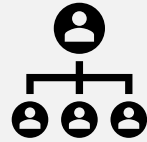


Dry Plant

- Detail engineering has optimized the requirement for material handling, resulting in less complexity in the overall dry plant.
- Concrete foundations for dry plant is planned to be finalized in early Q1-24
- All materials handling equipment and steel is in fabrication

Installation of mechanical equipment will start in week 46 for Comminution and Wet Plant.

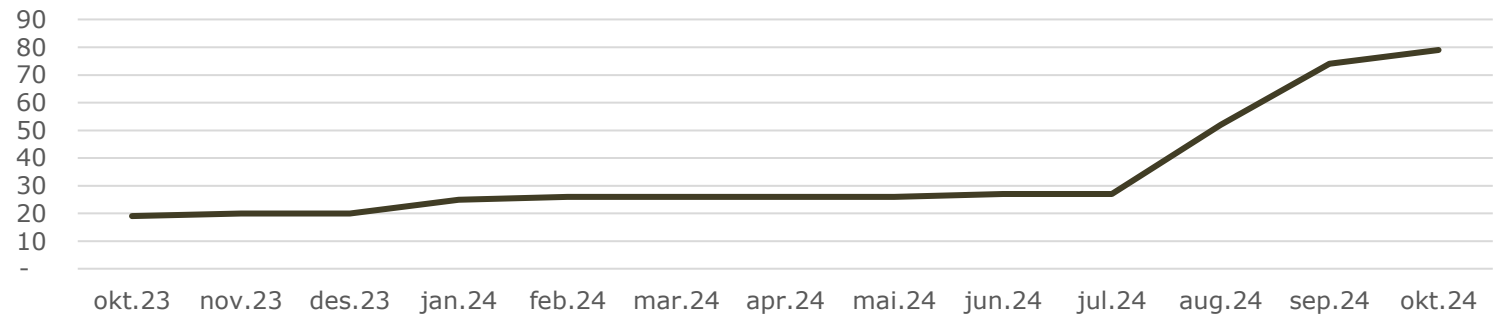
Recruitment of operational resources according to plan



Operational Readiness

- Onboarding of key management resources complete and already focusing on building up business systems for operations
- Successful recruitment program in Q3 securing planned onboarding in Q1-24
- Maintenance management and Performance management systems in testing phase
- Control room expected to be functional in Q1-24 and ready for commissioning activities to start on part of the plant in Q2-24

Planned resource ramp-up¹



Strong Rutile demand in the Ti-metal market segment

TiO₂ market:

- Titanium-related markets, such as welding and especially the titanium sponge market, are experiencing thriving demand
 - high activity in the aerospace and defense industry
 - high 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 align with demand.

Garnet market:

- Demand for garnet abrasives declined in both North America and Europe in the third quarter
 - Rising interest rates slowed machine sales
 - Strikes in US automotive industry
 - Slowed industrial output in Europe
 - Freight costs below pre-pandemic levels; price 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 full production.





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Fully funded up to production: ~ NOK 1 billion invested in Engebø mine

- Engebø construction expenditures of NOK 266 million capitalized under «Mine under construction» in Q3.
 - «Mine under construction» consolidated carrying amount at end of Q3 of NOK 1.1 billion.
- The Group's financial position is solid, but construction progress dependent on timely drawdown of secured financing:
 - NOK 363 million in cash and cash equivalents at quarter-end, whereof NOK 250 million in Engebø.
 - NOK 1.1 billion on bond Escrow; requires drawdown and expenditure of royalty financing to be utilized.
 - USD 50 million royalty financing; not yet reflected on balance sheet.
- Management focused on fulfilling conditions precedent ("CPs") to enable drawdown of USD 50 million royalty financing in November.

For details, see full interim report on <https://www.nordicmining.com/>

Highlights and Q&A



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Consolidated income statement

<i>NOK million</i>	Q3 2023	Q2 2023	Q3 2022	YTD 2023	FY 2022
Other income	-	-	-	-	-
Payroll and related costs	(4.9)	(2.8)	(2.8)	(12.2)	(11.7)
Depreciation and amortization	(0.1)	(0.1)	(0.0)	(0.2)	(0.2)
Other operating expenses	(8.4)	(7.1)	(6.1)	(24.4)	(34.1)
Operating profit/(loss)	(13.4)	(10.0)	(8.9)	(36.8)	(45.9)
Fair value gains/losses on investments	-	-	(10.7)	-	283.8
Fair value gains/losses on convertible loan	-	-	1.9	3.4	(10.5)
Net exchange rate gain/loss (-)	0.6	0.0	21.7	1.7	9.6
Financial income	4.8	3.8	0.1	21.0	7.4
Financial costs	(0.2)	(1.2)	(7.6)	(54.6)	(42.0)
Profit/(loss) before tax	(8.3)	(7.4)	(3.5)	(65.4)	202.4
Income tax	-	-	-	-	-
Profit/(loss) for the period	(8.3)	(7.4)	(3.5)	(65.4)	202.4

- ① Main financial items in Q3:
- net loss on foreign exchange related to the bond and bond escrow of NOK -0.4 million
 - net gain on foreign exchange related to bank accounts and payables of NOK 1.0 million
 - interest income on cash held of NOK 4.8 million
 - transaction costs from financing of NOK -0.2 million

Borrowing costs net of interest on bond Escrow capitalized under "Mine under construction" following satisfaction of financing conditions in March 2023, in total NOK 55.7 million Year to date.

Consolidated statement of financial position

<i>NOK million</i>		Q3 2023	Q2 2023	YE 2022
Mine under construction	①	1 055.0	788.9	288.4
Property, plant and equipment		3.1	1.0	1.1
Right-of-use assets		0.0	0.0	0.1
Total non-current assets		1 058.1	789.9	289.6
Trade and other receivables		66.1	50.1	23.3
Bond Escrow		1 108.0	1 109.0	1 032.6
Restricted cash		8.4	8.4	4.2
Cash and cash equivalents	②	362.8	687.3	164.7
Total current assets		1 545.4	1 854.8	1 224.8
TOTAL ASSETS		2 603.4	2 644.7	1 514.4
Total equity		1 509.2	1 517.5	454.5
Bond loan	③	941.9	951.7	0.0
Pension liabilities		0.9	1.7	1.8
Total non-current liabilities		942.8	953.5	1.8
Trade payables		83.5	91.7	37.2
Bond loan		0.0	0.0	850.8
Convertible loan		0.0	0.0	143.0
Other current liabilities		68.0	82.1	27.1
Total current liabilities		151.5	173.8	1 058.1
Total liabilities		1 094.2	1 127.3	1 059.9
TOTAL EQUITY AND LIABILITIES		2 603.4	2 644.7	1 514.4

- ① Engebø construction works of NOK 266 million, capitalized under «Mine under construction» in Q3, down from NOK 368 million in Q2.
- «Mine under construction» carrying amount as of Q3 of NOK 1.1 billion.
- ② Cash balance of NOK 363 million, of which NOK 250 million in Engebø Rutile and Garnet.
- NOK 1.1 billion on bond Escrow to be used for costs and expenditures related to the Engebø Project.
- ③ Engebø Rutile and Garnet bonds classified as non-current liability in the statement of financial position following satisfaction of financing conditions in March 2023.